

## **Paper 3- Fundamentals of Laws and Ethics**

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Full Marks : 100

Time allowed: 3 hours

**Section – A  
Part A**

1. (a) Choose the correct answer from the given four alternatives: [25 × 1 = 25]

- (i) Consideration is  
(a) Doing or abstaining from doing something at the desire of promisor  
(b) Essential condition of a contract  
(c) Elements of exchange in a contract  
(d) **All of the above**
- (ii) Delivery of goods means-  
(a) **Voluntary transfer of possession**  
(b) Compulsory transfer of possession  
(c) Exchange of goods  
(d) Voluntary transfer of ownership
- (iii) Cheque is a  
(a) Promissory note  
(b) **Bill of exchange**  
(c) Both (a) and (b)  
(d) None of the above
- (iv) 'Future goods'  
(a) **Can be the subject matter of sale**  
(b) Cannot be subject matter of sale  
(c) Sometimes may be the subject matter of sale  
(d) Depends on circumstances
- (v) Agreement by way of wager are  
(a) Valid and enforceable by law  
(b) **Void**  
(c) Voidable at the option of party  
(d) Illegal
- (vi) Contingent contract to do or not to do anything, if an impossible event happens are :-  
(a) Valid  
(b) **Void**  
(c) Voidable  
(d) Illegal
- (vii) Mental acceptance is  
(a) **No acceptance at all**  
(b) Valid  
(c) Binding promise  
(d) None of the above
- (viii) A warranty is stipulation  
(a) Essential to the main purpose of the contract  
(b) **Collateral to the main purpose of the contract**  
(c) Very important to the seller  
(d) Very important to the buyer

- (ix) Who among the following cannot cross a cheque?  
(a) Drawer  
(b) Holder  
(c) Banker  
(d) **Foreigner**
- (x) A cheque is always payable on -  
(a) The date mentioned therein  
(b) **On demand**  
(c) 3 days after presentation  
(d) Within 24 hrs of presentation
- (xi) An offer does not lapse if the  
(a) Offeror dies before acceptance  
(b) The offeree dies before acceptance  
(c) **Acceptance is made by the offeree in ignorance of the death of the offeror**  
(d) Acceptance is made by the offeree with knowledge of the death of the offeror
- (xii) A contract is a contract  
(a) **From the time it is made**  
(b) From the time its performance is due  
(c) At the time from its performance  
(d) None of the above
- (xiii) A bill lading is a-  
(a) Bill of exchange  
(b) Promissory note  
(c) Cheque  
(d) **Document of title to goods**
- (xiv) There are \_\_\_\_\_ modes of delivery  
(a) **Three**  
(b) Two  
(c) Four  
(d) Five
- (xv) How many parties are involved in a bill of exchange  
(a) 2  
(b) **3**  
(c) 4  
(d) 1
- (xvi) A bill of exchange does not requires –  
(a) Crossing  
(b) Acceptance  
(c) **Both**  
(d) Either (a) or (b)
- (xvii) A finder of goods can :  
(a) File a suit to recover his expenses  
(b) Sell the goods if he likes  
(c) **Can sue for a reward , if any**  
(d) None of the above

- (xviii) An agreement to create legal liability  
 (a) Is not enforceable by law  
 (b) Is a void agreement  
 (c) **Is enforceable by law**  
 (d) None of the above
- (xix) A stranger to a consideration  
 (a) **Can file a suit**  
 (b) Cannot file a suit  
 (c) Can file , only with consent of court  
 (d) Is similar to stranger to a contract
- (xx) Factors vitiating consent are :  
 (a) Coercion,undue influence  
 (b) Fraud ,misrepresentation  
 (c) Mistake  
 (d) **All of these**
- (xxi) Liability of the joint promisor is  
 (a) Joint  
 (b) Several  
 (c) **Joint and several**  
 (d) None of the above
- (xxii) Property in the goods 'In the sale of goods act means'  
 (a) **Ownership of goods**  
 (b) Possession of goods  
 (c) Asset in the goods  
 (d) Custody of goods
- (xxiii) A brearer instrument is negotiated by\_\_\_\_  
 (a) **Delivery only**  
 (b) Delivery and endorsement  
 (c) Endorsement  
 (d) Stamping and attention
- (xxiv) A valid tender or offer of performance must be :  
 (a) Made at proper time  
 (b) Made at proper place  
 (c) Made to the proper person  
 (d) **All of the above**
- (xxv) When a minor has been supplied with necessaries in credit-  
 (a) The minor is not liable  
 (b) **The minor's property ' is liable**  
 (c) The minor is personally liable  
 (d) The minor is liable at his option

(b) Match the following:

[5×1=5]

|    | Column 'A'                      |    | Column 'B'                         |
|----|---------------------------------|----|------------------------------------|
| 1. | Consensus-ad-idem               | A. | Dock-Warrants                      |
| 2. | Condition as to Merchantability | B. | From the very beginning it is void |
| 3. | Document of Title to goods      | C. | Unconditional order                |
| 4. | Void-ab-initio                  | D. | Acceptability in the market        |
| 5. | Bill of Exchange                | E. | Identity of minds                  |

**Answer :**

- 1.(E)
- 2.(D)
- 3.(A)
- 4.(B)
- 5.(C)

**(c) State whether the following statements are True (or) False.**

**[12×1=12]**

- (i) A cheque is a bill of exchange drawn on a specified banker payable on demand.
- (ii) A bill which is not an inland bill is deemed to be a foreign bill.
- (iii) Sale is an executed contract.
- (iv) Caveat emptor means buyer be aware.
- (v) Condition as to title, condition as to description, condition in a sale by sample, condition as to wholesomeness and condition as to merchantability etc are express conditions.
- (vi) A pawnee may under certain circumstances sell the goods pledged to him on giving the pawnor reasonable notice of the sale.
- (vii) An offer need not be made to a ascertained person.
- (viii) Can the mere writing on bills of medical practitioners that interest at one per cent, per mensem be charged, amount to a contract?
- (ix) Silence is fraud when silence is, in itself equivalent to speech.
- (x) An officer enters into a contract with his subordinate to sell his (subordinate's) house at a lower price than the market price. The subordinate may challenge the contract on the ground of Mistake.
- (xi) A Negotiable Instrument may be transferred by delivery.
- (xii) If a finder of lost goods could not trace the owner or the owner refuses to pay the lawful charges of the finder, the finder can resell the goods when the thing is perishable or when his lawful charges for finding the owner amount to 1/3rd of value of goods.

**Answer :**

- (i) True.
- (ii) True.
- (iii) True.
- (iv) True.
- (v) False.
- (vi) True.
- (vii) False.
- (viii) False.
- (ix) True.
- (x) False.
- (xi) False.
- (xii) False.

**PART B**

**Answer any four questions out of six questions**

**[4×7=28]**

**2. How is revocation made ?**

**[7]**

**Answer :**

Section 6 of the Act provides the modes for revocation of an offer or acceptance.

- (i) By the communication of notice of revocation by the proposer to the other party. The offer or may revoke his proposal any time before the letter of acceptance is posted to him and not afterwards. Similarly acceptance can be revoked any time before the letter of acceptance is received by the offer or.

- (ii) By the lapse of the time prescribed in such proposal for its acceptance, or, if no time is so prescribed, by the lapse of a reasonable time, without communication of the acceptance; What is a reasonable time is a question of fact in each case.
- (iii) By the failure of the acceptor to fulfill a condition precedent to acceptance.
- (iv) By the death or insanity of the proposer, if the fact of the death or insanity comes to the knowledge of the acceptor before acceptance. Where an offeree writes his acceptance but dies before posting, the offer lapse and posting of the letter after his death will not create a contract.
- (v) If a counter offer is made to it. Where the offer is accepted with some modification in terms of the offer or with some other condition not forming part of the offer, such qualified acceptance amounts to a counter offer.
- (vi) If an offer not accepted according to prescribed or usual mode. However, the offeror gives notice to the offeree within the reasonable time that the acceptance is not according to the prescribed or usual mode of acceptance.
- (vii) An offer comes to an end if the law is changed so as to make the contract contemplated by the offer illegal or incapable of performance.

### 3. Define consideration. What are the legal rules regarding consideration?

[7]

#### Answer :

Consideration means - Sec.2(d) defines consideration as, 'When at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing, or promises to do or to abstain from doing, something, such act or abstinence or promise is called a consideration for the promise.'

#### Legal Rules Regarding Consideration:

1. **Consideration must move at the desire of the promisor:** It must move at the desire of the promisor. Any act or abstinence at the desire of third party is not consideration.
2. **Consideration may move from the promisee or any other person:** Consideration may be furnished even by a stranger under Indian Law. Consideration can be from any direction, even a stranger to contract can offer consideration. Under English law consideration must move from promisee and no one else.
3. **Consideration must be something of value:** One of the important thing to note about consideration is that consideration need not be adequate. So long as the consent of the parties is free inadequacy of consideration is immaterial. However inadequacy of consideration may be taken into account by the courts in determining the question whether the consent of the parties is free or not.
4. **It may be an act, abstinence or forbearance or a return promise:** Promise to not to smoke is a negative act (abstinence), Promise to not to refer the matter to court (abstinence). Promise to perform at the wedding anniversary or birthday party (promise to do).
5. **It may be past, present or future which the promisor is already not bound to do:** According to Indian Law Consideration may be past, present or future. But under English Law Consideration may be present or future. Past consideration is no consideration according to English Law.
6. **It must not be unlawful:** The consideration or object of an agreement is lawful, unless —
  - It is forbidden by law;
  - or is of such a nature that, if permitted, it would defeat the provisions of any law;
  - or is fraudulent;
  - or involves or implies injury to the person or property of another;
  - or the Court regards it as immoral, or opposed to public policy.

### 4. what is breach of contract? Describe remedies for breach of contract.

[7]

#### Answer :

**Breach of Contract:** Parties to a contract are bound to perform their respective obligations. If any party fails to perform the obligation imposed upon him, he is said to have committed breach of contract. Thus breach means "failure or refusal of a party to perform his obligation

under a contract without any lawful excuse". The breach of contract may be: a) Actual breach of Contract b) Anticipatory breach of Contract.

### **Remedies for breach of contract:**

- 1. Suit for Rescission of the contract:** Rescission means the cancellation of a contract. When there is a breach of contract by one party, the other party may sue to treat the contract as rescinded. When the court grants rescission, the aggrieved party is free from all his obligations under the contract. He becomes entitled to compensation for any damage which he suffered.
- 2. Suit for damages:** Remedy by way of damages is the most common remedy available to the injured party. When a contract is breached, the injured party is entitled to file a suit for damages. Damages are a monetary compensation allowed to the injured party by the court for the loss or injury suffered by him. The fundamental principle underlying damages is not punishment but compensation.
- 3. Suit upon Quantum meruit:** Quantum meruit means as much as is merited or as much as earned. In other words, it means payment in proportion to the amount of work done. A right to sue on a quantum meruit arises where a contract partly performed by one party has become discharged by the breach of the other party. The claim on quantum meruit arises in the following cases. a. where the contract is discovered to be void. b. When something has been done without any intention to do so gratuitously. c. Where one party refuses to perform the contract.
- 4. Suit for specific performance of the contract:** In certain special cases of breach of contract, damages are not an adequate remedy. The court may, in such cases, order specific performance of the contract. The defaulting party will be forced to perform the act promised under the contract. It is granted only in the following cases: a. Where compensation in money is not an adequate relief. b. Where there is no standard for ascertaining the actual damage caused by the nonperformance. c. Where compensation in money cannot be obtained.
- 5. Suit for Injunction:** Injunction is an order of the court restraining a person from doing a particular act. The court, by issuing injunction restrains a person from doing what he has promised not to do. Injunction may be temporary or permanent. It is a preventive relief granted at the discretion of the court.

### **5. State the types of implied conditions.**

[7]

**Answer :**

#### **Types of Implied Conditions:**

**Implied Conditions:** Implied conditions are those which the law incorporates into the contract unless the parties agree to the contrary. Sections 14 to 17 of the Sale of Goods Act lay down implied conditions. They are as follows:

- 1. Condition as to title:** In every contract of sale, there is an implied condition that the seller has the right to sell the goods. This condition is called "condition as to title". If a person sells goods without having title to it, the buyer is entitled to reject the goods and can recover the purchase price from the seller.
- 2. Condition as to description:** Where goods are sold by description, there is an implied condition that the goods shall correspond with the description. If they are not, the buyer may reject them or accept them and claim damages.
- 3. Condition as to sample:** Where goods are sold by sample, there is an implied condition:
  - a) that the bulk of the goods shall correspond with the sample in quality.
  - b) that the buyer shall have a reasonable opportunity of comparing the bulk with the sample, and
  - c) that the goods shall be free from latent defects. Defects which are not discoverable on reasonable examination.
- 4. Condition as to description and sample:** Where the goods are sold by sample as well as by description, there is an implied condition that the goods shall correspond both with the sample and with the description. If the goods supplied correspond only with

the sample and not with the description or vice versa, the buyer is entitled to reject the goods.

5. **Condition as to fitness or quality:** As a general rule in a contract of sale, there is no implied condition as to quality, or fitness of the article for any particular purpose. It is the buyer's duty to select the goods of his requirement. If subsequently the goods are found unsuitable for his purpose, the seller will not be responsible. But there is implied condition as to quality or fitness of goods for the purpose of the buyer under the following conditions:
  - a) Where the buyer has made known to the seller the particular purpose for which he needs the goods.
  - b) The buyer should rely on the skill and judgement of the seller.
  - c) Where the consent of buyer was obtained by the seller by fraud or misrepresentation.
6. **Conditions as to merchantability:** Merchantability means "acceptability in the market". In a contract of sale, there is an implied condition that the goods purchased are of merchantable quality. A watch that will not keep time and a pen that will not write cannot be regarded as merchantable.
7. **Condition as to wholesomeness:** This condition is implied only in a contract of sale of eatables and provisions. In such cases, the goods supplied must not only answer to description and be merchantable but also be wholesome. In other words, the goods must be free from any defect which makes them unfit for human consumption.

**6. Define Auction sales. What are the legal rules relating auction sales?**

**[7]**

**Answer :**

Auction sale is a model of selling property by inviting bids publicly and the property is sold to the highest bidder. In an Auction sale, the auctioneer warrants the following:

- (a) The auctioneer warrants his authority to sell.
- (b) He warrants that he has no knowledge of any defect in his principal's title.
- (c) He warrants to give quiet possession of the goods to the buyer against payment of price.

**Rules regarding an auction. (Sec. 64)**

In the case of sale by auction-

- (a) Where goods are put up for sale in lots, each lot is prima facie deemed to be the subject of a separate contract of sale. [Sec 64(1)]
- (b) The sale is complete when the auctioneer announces its completion by the fall of the hammer or in other customary manner, and, until such announcement is made, any bidder may retract his bid. [Sec 64(2)]
- (c) A right to bid may be reserved expressly by or on behalf of the seller and, where such right is expressly so reserved, but not otherwise, the seller or any one person on his behalf may, subject to the provisions hereinafter contained, bid at the auction, [Sec 64(3)]
- (d) Where the sale is not notified to be subject to a right to bid on behalf of the seller, it shall not be lawful for the seller to bid himself or to employ any person to bid at such sale, or for the auctioneer knowingly to take any bid from the seller or any such person, and any such person, and any sale contravening this rule may be treated as fraudulent by the buyer. [Sec 64(4)]
- (e) The sale may be notified to be subject to a reserved or upset price.
- (f) If the seller makes use of pretended bidding to raise the price, the sale is voidable at the option of the buyer.

**7. Explain the classification of Negotiable Instruments.**

**[7]**

**Answer :**

**Classification of Negotiable Instruments:**

1. **Bearer and order instruments:** A negotiable instrument is said to be payable to bearer when :
  - (i) It is expressed to be so payable



- (ii) Only or last endorsement is a blank endorsement.  
A negotiable instrument is said to be payable to order when:
- (i) It is expressed to be so payable
  - (ii) Expressed to be payable to a particular person with restricting its transferability.
- 2. Inland and foreign instruments:** A bill, promissory note or cheque if both drawn and payable in India or drawn on a person resident in India is said to be an inland bill.  
A bill which is not an inland bill is deemed to be a foreign bill. Foreign bill must be protested for dishonor if such protest is required by the law of the place where it was drawn, this is not case with Inland bills where protest for nonpayment is optional as per section 104 of the Act.
- 3. Demand and time instruments** An instrument is payable on demand when it is expressed to be so payable or when no time is specified on it. A cheque is always payable on demand.  
A note or bill if payable after a specified period or happening of a specified event which is certain, it is a time instrument. If a promissory note or bill of exchange bears the expression "at sight" and "on presentation" means on demand (section 21). The words "on demand" are usually found in a promissory note, where the words "at sight" are found in a bill of exchange.
- 4. Genuine, accommodation and fictitious bill:** When a bill is drawn, accepted, or endorsed for consideration it is a genuine bill. When it is drawn, accepted, or endorsed without consideration it is accommodation bill. When drawer or payee or both are fictitious the bill is called fictitious bill. If both drawer and payee of a bill are fictitious person, the acceptor is liable to a holder in due course, if the holder in due course can show that the signature of the supposed drawer and that of first payee are in the same handwriting.
- 5. Clean and documentary bill:** When no documents relating to goods are annexed to the bill, it is clean bill. When documents of title or other documents relating to goods are attached, it is documentary bill.
- 6. Ambiguous instrument:** When an instrument due to faulty drafting may be interpreted either as bill or note, it is an ambiguous instrument. It is for holder to decide how he wants the bill to be treated. Ambiguity may also arise when the amount is stated differently in words and figures. In such case the amount stated in words will be taken into account.
- 7. Inchoate instrument:** An instrument incomplete in some respect is known as inchoate instrument. When a person signs and delivers to another a blank or incomplete stamped paper, he authorizes the other person to make or complete upon it a negotiable instrument for any amount not exceeding the amount covered by the stamp. The effect of such signing is that the person signing the instrument is liable upon such instrument in the capacity in which he signed it to holder in due course of the instrument.
- 8. Escrow Instrument:** When an instrument is drawn conditionally or for a special purpose as a collateral security and not for the purpose of transferring property therein, it is called Escrow instrument. The liability to pay in case of an Escrow instrument does not arise if the conditions agreed upon are not fulfilled or the purpose for which the instrument was delivered is not achieved.

**Section – B**  
**PART A**

**8. Answer all the questions :**

**(a) Choose the correct answer:**

**[12×1=12]**

- (i) Law is \_\_\_\_\_ of ethics.
- (a) No connection
  - (b) Decodification
  - (c) **Codification**
  - (d) Visualization

- (ii) Business ethics relates to
- (a) Society's decision
  - (b) **An individual's or work group's decision**
  - (c) Customers decision
  - (d) Government decision
- (iii) Ethics has become important because of
- (a) Globalization
  - (b) Communication explosion
  - (c) **Both (a)&(b)**
  - (d) None of the above
- (iv) Corporate codes of ethics
- (a) Are always externally audited
  - (b) **Create guidelines for employees to work by**
  - (c) Are always compliance based
  - (d) Are always integrity based
- (v) Which of the following is not a 'code of conduct'?
- (a) code of ethics
  - (b) code of practices
  - (c) code of behavior
  - (d) **code of management**
- (vi) Business ethics has a \_\_\_\_\_ application.
- (a) Natural
  - (b) Practical
  - (c) **Universal**
  - (d) None of the above
- (vii) The word ethics is derived from:
- (a) Latin word 'ethike'
  - (b) Greek word 'ethik'
  - (c) **Greek word 'ethike'**
  - (d) Latin word 'ethik'
- (viii) An expert who is confidentially available to solve the ethical dilemmas is known as \_\_\_\_\_
- (a) **Ethic coach**
  - (b) Ethics trainer
  - (c) Ethics guide
  - (d) None of the above
- (ix) Compliance is about obeying and adhering to \_\_\_\_\_
- (a) **Rules an authority**
  - (b) Discipline
  - (c) Laws
  - (d) All of the above
- (x) \_\_\_\_\_are beliefs about what is right and wrong or good or bad.
- (a) Mores
  - (b) Motivators
  - (c) Cultures
  - (d) **Ethics**
- (xi) The term 'business ethics' came into common use in year \_\_\_\_\_
- (a) 1680

- (b) 1780
- (c) 1980
- (d) **1970**

(xii) Feature that is not presented in business ethics are

- (a) It has universal application
- (b) **It is absolute in nature**
- (c) It depends from business to business
- (d) It cannot be enforced by law

(b) State whether the following statements are True (or) False.

[6×1=6]

- (i) Morals refers to well founded standards of right and wrong that describe what humans ought to do in terms of rights, obligations, benefits to society.
- (ii) The study of Ethics is divided into four operational areas.
- (iii) " Business ethics is the study of business situations, activities and decisions where issues of right and wrong are addressed"
- (iv) Holders of public office are not accountable for their decisions and actions to the public.
- (v) The concept of 'value-free' business ethics appears to be quite appealing to businessmen.
- (vi) The study of ethics is a systematic science.

**Answer :**

- (i) **False**
- (ii) **True**
- (iii) **True**
- (iv) **False**
- (v) **True**
- (vi) **True**

## **PART B**

**Answer any two questions out of three questions:**

[2×6=12]

**9. Explain about evaluation of ethics.**

[6]

**Answer:**

### **EVOLUTION OF ETHICS:**

Social conduct has evolved along with the evolution of society over hundreds of years. The codes of conduct have been passed down from generation to generation, and there is a pattern to the evolution of such codes. Acceptable behaviour is promoted and elevated as a social value, and unacceptable behaviour is rejected and condemned. In ancient India, there was no moral problem with the custom of sati-immolating the wife on the funeral pyre or the deceased husband. But society has evolved humanely and has condemned the act as unacceptable and morally reprehensible.

The laws of a country are based on the customs or moral codes of its society. Penalties are prescribed for bad actions-actions that contradict the established laws. The laws are a measure against those people who cross the limits of the code of social conduct, and ensure that good citizens are protected from the negative consequences of the law-breakers.

The object of the social codes of conduct is to maintain, promote, and elevate harmonious relationships. 'Honour your parents' is one such code. It maintains a peaceful relationship between parents and children and promotes respect for each other in the family. It is because of its salutary effects, it is considered as one of the fundamental values to be cultivated.

**10. Describe Ethics as a principle.**

**[6]**

**Answer :**

**Ethics as a Principle**

We have established that social evolution has developed definite principles of civic behaviour, which have attained the status of principles. By principle, we understand that something proceeds and depends on it for its cause. For instance, when one kicks a football, force is the principle that propels it into motion and the ball remains in motion till the force lasts. In other words, the physical world functions strictly according to the laws of physics. It is expected that people also submit their behaviour, both in thoughts and in actions, to these principles. An action is valid as long as it reflects the principle, just as the speed of the moving ball depends on the force it receives.

All moral actions are directed towards their object, the good, which is the principle of all happiness. This is not only the sole purpose of our existence but our co-existence with others as well. We cannot be happy alone; we can only be happy together. The universal idea of the good is applied to individual instances. Individuals are good in their own particular way, and are good in so far as they share the essence of goodness. The universal good is a pure or general idea. It is formed through a process of abstraction of the essence from individuals or particulars.

**11. State the need for Business Ethics.**

**[6]**

**Answer :**

**NEED FOR BUSINESS ETHICS**

- 1. Stop business malpractices :** Some unscrupulous businessmen do business malpractices by indulging in unfair trade practices like black-marketing, artificial high pricing, adulteration, cheating in weights and measures, selling of duplicate and harmful products, hoarding, false claims or representations about their products etc. These business malpractices are harmful to the consumers. Business ethics help to stop these business malpractices.
- 2. Improve customers' confidence :** Business ethics are needed to improve the customers' confidence about the quality, quantity, price, etc. of the products. The customers have more trust and confidence in the businessmen who follow ethical rules. They feel that such businessmen will not cheat them.
- 3. Survival of business :** Business ethics are mandatory for the survival of business. The businessmen who do not follow it will have short-term success, but they will fail in the long run. This is because they can cheat a consumer only once. After that, the consumer will not buy goods from that businessman. He will also tell others not to buy from that businessman. So this will defame his image and provoke a negative publicity. This will result in failure of the business. Therefore, if the businessmen do not follow ethical rules, he will fail in the market. So, it is always better to follow appropriate code of conduct to survive in the market.
- 4. Safeguarding consumers' rights :** Consumer sovereignty cannot be either ruled out or denied. Business can survive so long it enjoys the patronage of consumer. The consumer has many rights such as right to health and safety, right to be informed, right to choose, right to be heard, right to redress, etc. But many businessmen do not respect and protect these rights. Business ethics are must to safeguard these rights of the consumers.
- 5. Protecting employees and shareholders :** Business ethics are required to protect the interest of employees, shareholders, competitors, dealers, suppliers, etc. It protects them from exploitation through unfair trade practices.
- 6. Develops good relations :** Business ethics are important to develop good and friendly relations between business and society. This will result in a regular supply of good quality goods and services at low prices to the society. It will also result in profits for the businesses thereby resulting in growth of economy.