



Paper 3- Fundamentals of Laws and Ethics

Paper-3: Fundamentals of Laws and Ethics

Full Marks: 100

Time allowed:3 hours

Section A Part-A

1. Answer the following questions:

(a) Choose the correct answer from the given four alternatives:

[25 × 1 = 25]

(i) A contract consist of-

- (A) **Mutual promises or agreement enforceable by law**
- (B) Agreement not enforceable by law
- (C) Involuntary obligations
- (D) None of the above

(ii) "Goods" means

- (A) **every kind of movable property other than actionable claims and money**
- (B) some kinds of immovable property only
- (C) every kind of movable property including actionable claims and money
- (D) Both 'a' and 'b'

(iii) A cheque is crossed when it bears across its face an addition of the name of a banker, either with or without the words "not negotiable".

- (A) General
- (B) **Specially**
- (C) Restrictive
- (D) None of the above

(iv) The term "Unpaid Seller" includes —

- (A) Agent of the Buyer
- (B) **Agent of the Seller**
- (C) Agent of the Carrier/Transporter
- (D) All of the above

(v) An advertisement for sale goods by auction

- (A) **Amounts to an invitation to offer**
- (B) Amounts to an offer to hold such sale
- (C) Amounts to an implied offer
- (D) Amount to a general offer

(vi) Right in rem implies:

- (A) a right available against the Government
- (B) a right available against a particular individual
- (C) **a right available against the whole world**
- (D) none of the above

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- (vii) Which one of the following statements about the doctrine of privity is correct?
(A) Only a party to the contract can sue
(B) Stranger to a contract cannot sue
(C) A contract is enforceable by a stranger
(D) **Both (a)&(b)**
- (viii) Past consideration means
(A) Money received in the past without making even a proposal
(B) The price which is more than the promisee's expectation
(C) **A past act done before the promise is made**
(D) None of the above
- (ix) If the words "not negotiable" are used with special crossing in a cheque, the cheque is-
(A) **Not transferable**
(B) Transferable
(C) Negotiable under certain circumstances
(D) None of the above.
- (x) Select the false statement
(A) There can be no ratification of contract entered by a minor during his minority, even after becoming major
(B) **Restitution of benefit is allowed in case of a minor**
(C) Agreement with a minor is void ab initio
(D) The rule of estoppel cannot be applied against a minor
- (xi) "Active concealment of fact" is associated with which one of the following?
(A) Misrepresentation
(B) Undue influence
(C) **Fraud**
(D) Mistake
- (xii) 'A' threatened to commit suicide if his wife did not execute a sale deed in favour of his brother. The wife executed the sale deed. This transaction is:
(A) Voidable due to under influence
(B) **Voidable due to coercion**
(C) Void being immoral
(D) Void being forbidden by law
- (xiii) Who is liable for necessaries supplied to a minor?
(A) The guardian of the minor
(B) The minor
(C) **His property**
(D) None of the above
- (xiv) _____ parties are involved in a Promissory note.
(A) **2**
(B) 3
(C) 4
(D) 1

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- (xv) S sells certain goods to B of Bombay. The goods are handed over to the railways for transmission to B. In the mean time B sells the goods to a third party T for consideration without the consent of S. B. becomes insolvent. In this case —
- (A) S has the right of stoppage in transit
 - (B) S has lost his right of stoppage in transit
 - (C) **Station Master has the right of stoppage in transit**
 - (D) None of the above
- (xvi) If neither the debtor nor the creditor appropriates the payment, the payment will be appropriated:
- (A) As per the desire of the promisor,
 - (B) As per the desire of the promisee,
 - (C) **In order of time,**
 - (D) None of the above.
- (xvii) A and B agree to deal in smuggled goods and share the profits. A refuses to give B's share of profit. In this case
- (A) B can enforce the agreement in the court.
 - (B) B can only claim damages.
 - (C) **B has no remedy as the contract is illegal.**
 - (D) B can enforce the contract or claim damages.
- (xviii) Whether a stipulation is a condition or a warranty depends on
- (A) **the construction of the contract**
 - (B) the conduct of the parties
 - (C) the trade custom
 - (D) the local law
- (xix) Voluntary transfer of possession from one person to another is called as
- (A) Ownership
 - (B) **Delivery**
 - (C) Gift
 - (D) License
- (xx) If a minor draws, indorses, deliver or negotiates an instrument, such instrument binds-
- (A) All parties to the instrument including the minor
 - (B) Only the minor and not other parties to the instrument
 - (C) **All parties to the instrument except the minor**
 - (D) None of the above.
- (xxi) If a party stands in a fiduciary relation to the other:
- (A) He cannot dominate
 - (B) **He can dominate the will of another**
 - (C) The trust should be maintained
 - (D) None of these
- (xxii) The term 'quasi-contracts' is:
- (A) Defined by section 68 of the Indian Contract Act

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- (B) Named 'implied in fact contract' by Section 69 of the Indian Contract Act
- (C) Found as 'unjust' enrichment' is Section 70 only of the Indian Contract Act
- (D) **Conspicuous by its absence in the Indian Contract Act**

(xxiii) _____ is a form of combination of buyers to prevent competition among themselves at an auction sale.

- (A) **Knock-out agreement**
- (B) monopoly agreement
- (C) oligopoly agreement
- (D) puffing agreement

(xxiv) _____ is not a negotiable instrument as per customs and usage

- (A) Delivery note
- (B) Railway Receipt
- (C) **Cheque**
- (D) Government promissory note

(xxv) Reciprocal promises include

- (A) Mutual and independent promises
- (B) Mutual and dependent promises
- (C) Mutual and concurrent promises
- (D) **All of these**

(b) Match the following:

[5 X 1=5]

	Column A		Column B
(i)	Grace Days	(A)	Which ceases to be enforceable by law
(ii)	Void Contract	(B)	Money Consideration
(iii)	Price	(C)	Three days
(iv)	Void Agreement	(D)	Identical offers made in ignorance of each other.
(v)	Cross Offer	(E)	Section 2(g)

Answer:

(i) C	(ii) A	(iii) B	(iv) E	(v) D
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(c) State whether the following statement is True or False:

[12 X 1=12]

- (i) Negotiable Instruments can be transferred ad infinitum
- (ii) Risk is associated with possession of goods
- (iii) Unpaid seller has right of lien, stoppage of goods in transit, resale, sue for price, sue for specific damages, sue for interest etc.
- (iv) Communication of offer is complete when the offeror writes the letter but does not post it.
- (v) A contract is said to be executed when it has been performed wholly on two sides.
- (vi) If consent is not free due to coercion, undue influence, fraud, and misrepresentation then the agreement is void.
- (vii) The Holder in due course of a Negotiable Instrument can sue on the instrument in his own name.
- (viii) An instrument incomplete in some respect is known as inchoate instrument.

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- (ix) A master asks his servant to sell his cycle to him at less than the market price. This contract can be avoided by the servant on grounds of mistake.
- (x) The doctrine of Nemo dat quod habet seeks to protect the interest of buyer.
- (xi) Change in possession of goods without any change in their actual and visible custody, which has the effect of delivery, is called Constructive delivery.
- (xii) When a bill is drawn, accepted, or endorsed for consideration it is a fictitious bill.

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

Part B

Answer any four of the following questions:

[4X7=28]

2. What is Capacity to contract? Define persons who are disqualified from entering into a contract.

Ans. Capacity to Contract- As per Section 11 every person is competent to contract who is of the age of majority and who is of sound mind, and is not disqualified from contracting by any law to which he is subject. From the above provisions of the section it means the following types of persons are not competent to contract:

- A person who has not attained the age of majority, i.e. minor.
- A person of unsound mind
- A person who is disqualified from contracting by some law.

The persons who are disqualified from entering into contract due to certain other reasons may be from legal status, political status or corporate status. Some of such categories of persons are given below:

- 1. Alien Enemy:** An agreement with an Alien Enemy is void. But agreement with an Alien friend is perfectly valid and enforceable. When the Government of an Alien is at war with the Government of India, the alien is called Alien enemy who cannot enter into any contract with any Indian citizen without the permission of Government of India as the same is against the public policy. Contract entered into with an alien before war is put into suspension during the duration of war.
- 2. Foreign Sovereign and Ambassadors:** Foreign sovereigns and their representatives enjoy certain privileges and immunities in every country. They cannot enter into contract except through their agents residing in India. They can sue the Indian citizen but an Indian citizen cannot sue them.
- 3. Convicts:** A convict cannot enter into a contract while he is undergoing imprisonment.
- 4. Insolvents:** An insolvent person is one who is unable to discharge his liabilities and therefore has applied for being adjudged insolvent or such proceedings have been initiated by any of his creditors. An insolvent person cannot enter into any contract relating to his property.
- 5. Company or Statutory bodies:** A contract entered into by a corporate body or statutory body will be valid only to the extent it is within its Memorandum of Association and is entered into with authorised persons.
- 6. Drunken or intoxicated person** cannot enter into valid contracts while such drunkenness lasts

3. "No Consideration No Contract" – State the exceptions to it

Ans: The general rule is *ex-nudopacto non oritur action* i.e. an agreement made without consideration is void. For example if A promises to pay B ` 1000 without any obligation from B. This is a void agreement for want of consideration. However, the Act itself provides exceptions to this rule in section 25 itself. As per section 25, an agreement made without consideration is not void in the following circumstances:

1. Promise made out of natural love and affection: An agreement made without consideration is valid if it is in writing and registered and is made on account of natural love and affection between parties standing in a near relation to each other. Thus, an agreement without consideration will be valid provided.

- a. It is expressed in writing.
- b. It is registered under the law.
- c. It is made on account of natural love and affection.
- d. It is between parties standing in near relation to each other.

2. Promise to compensate for voluntary services: Voluntary service means service done without any request. An agreement made without consideration is valid if it is a promise to compensate a person who has already voluntarily done something for the promisor. To apply this rule the following essentials must exist.

- a. The service should have been done voluntarily.
- b. The service should have been done for the promisor.
- c. The promisor must have been in existence at the time when the service was done.
- d. The intention of promisor must have been to compensate the promisee.
- e. The service rendered must also be legal.

3. Promise to pay time-barred debt: A promise by a debtor to pay a time-barred debt is also enforceable. But the promise must be in writing. It must be signed by the promisor or his authorised agent. The promise may be to pay the whole or part of the debt.

4. Creation of Agency: According to Section 185 of the Contract Act, no consideration is necessary to create an agency. Thus when a person is appointed as an agent, his appointment is valid even if there is no consideration.

2. Completed Gifts: Gifts once made cannot be recovered on the ground of absence of consideration. Absence of consideration will not affect the validity of any gift already made. Thus if a person gives certain properties as gift to another according to the provisions of the Transfer of Property Act, he cannot subsequently demand the property back on the ground there was no consideration.

6. Contract of guarantee: Under section 127, no consideration is needed for a contract of guarantee. In other words, contract of guarantee needs no consideration.

7. Remission: Remission means lesser performance of the contract than what is actually to be performed.

4. What is Contingent Contract? Explain the rules relating to contingent contracts.

Ans: Contingent contracts- A contract may be an absolute contract or a contingent contract. An absolute contract is one where the promisor undertakes to perform the contract in all events without any conditions. Hence, it is also known as 'unconditional contract'. A contingent contract is also called 'conditional contract'. It is a contract in which the

performance becomes due, only upon the happening of some event, which may or may not happen. Contracts of insurance, indemnity and guarantee are good examples of contingent contracts.

Section 31 of the Indian Contract Act, defines a contingent contract as "a contract to do or not to do something if some event, collateral to such contract, does or does not happen".

Rules regarding contingent contracts are contained in section 32 to 36 of the Indian Contract Act. They are as follows:

1. Enforcement of contracts contingent on an event happening: [Sec. 32]

Contracts, contingent upon the happening of a future uncertain event cannot be enforced by law unless and until that event has happened. If the event becomes impossible, such contracts become void.

2. Enforcement of contracts contingent on an event not happening: [Sec. 33]

Contracts contingent upon the non-happening of an uncertain future event can be enforced when the happening of that event becomes impossible.

3. When event on which contract is contingent to be deemed impossible, if it is the future conduct of a living person (Sec. 34)

If the future event on which a contract is contingent is the way in which a person will act at an unspecified time, the event shall be considered to become impossible when such person does anything which renders it impossible that he should so act within any definite time, or otherwise than under further contingencies.

4. When contracts become void which are contingent on happening of specified event within fixed time (Sec. 35)

Contingent contracts to do or not to do anything if a specified uncertain event happens within a fixed time become void if, at the expiration of the time fixed, such event has not happened, or if, before the time fixed, such event becomes impossible.

5. Agreements contingent on impossible events void [Sec. 36]

Contingent agreements to do or not to do anything if an impossible event happens, are void, whether the impossibility of the event is known or not to the parties to the agreement at the time when it is made.

5. What is meant by Doctrine of Caveat Emptor? State the exceptions to it.

Ans: Doctrine Of Caveat Emptor- The term Caveat Emptor is a Latin word which means 'let buyer be aware'. This principle underlines the concept that it is for the buyer to satisfy himself that the goods which he is purchasing are of the quality required by him. It is a fundamental principle of law of sale of goods and implies that the seller is under no obligation to point out the defects in his own goods. The buyer must take care while purchasing the goods and if he makes a wrong selection he cannot blame the seller if the goods turn out to be defective or do not serve his purpose. However the doctrine of Caveat Emptor does not mean that the buyer must take a chance, it only means he must take care. However this rule is not without any exception. With the passage of time this doctrine has been considered to be too unreasonable to the buyers.

The doctrine is however subject to following exceptions as provided in section 16 of the Act.

- (i) Where the buyer expressly or by implication makes known to the seller the particular purpose for which the goods are required and relied upon the skill and judgment of the seller and the goods are of description which it is the course of the sellers business to supply, there is an implied condition that the goods shall be reasonably fit for such purpose. Accordingly the seller cannot get any immunity on the grab of

- Caveat Emptor.
- (ii) Implied condition as to Merchantability where the goods are bought by description from the seller in goods of that description.
 - (iii) Condition as to Wholesomeness in case of foodstuffs and other goods meant for human consumption.
 - (iv) When the seller commits fraud.
 - (v) When there is a usage of trade.

6. Who is an Unpaid Seller? What are the rights of an unpaid seller?

Ans: Unpaid Seller: The seller who has not received the whole of the price of the goods sold is called an "unpaid seller". According to Section 45, the seller of goods is deemed to be an unpaid seller: (a) When the whole of the price has not been paid, or (b) When a bill of exchange or other negotiable instrument has been received as conditional payment, and the same has been dishonored. A seller who has been partly paid is also an unpaid seller.

The Rights of an Unpaid Seller are-

A. Rights against the goods: An unpaid seller has some rights against the goods sold when the property in the goods has passed to the buyer. They are as follows:

1. Right of Lien: [Sec. 47]

Lien is a right to retain possession of goods until payment of price. According to section 47(1) an unpaid seller can exercise the right of lien in the following cases:

- i. Where the goods have been sold without any stipulation as to credit.
- ii. Where the goods have been sold on credit, but the period of credit has expired.
- iii. Where the buyer becomes insolvent.

Conditions for the exercise of lien:

The following are the conditions precedent to the exercise of the lien.

- i. The ownership must have passed to the buyer.
- ii. The goods must be in the possession of the seller.
- iii. The whole or part of the price must remain unpaid.

2. Right of stoppage of goods in transit: [Sec. 50]

The right of stoppage in transit is a right of stopping the goods, while they are in transit and retaining the possession until payment of the price. This right is conferred on the seller by Section 50 of the Act. This right can be exercised under the following cases:

- i. the seller must be an unpaid seller.
- ii. the goods must be in-transit.
- iii. the buyer must have become insolvent.
- iv. the property in the goods must have passed from the seller to the buyer.

3. Right of Re-sale: [Sec. 54]

An unpaid seller who has exercised either the right of lien or the right of stoppage-in-transit can resell such goods. The right to resell the goods is called 'right of resale'. This right is conferred by section 54. An unpaid seller can exercise the right of resale in the following cases:

- i. where the goods are of a perishable nature,
- ii. where the seller expressly reserves the right of resale in case the buyer makes a default in the payment of price.
- iii. where the seller has exercised his right of lien or stoppage in transit, and gives notice to the buyer of his intention to resell the goods.

B. Rights against the buyer personally:

An unpaid seller in addition to his rights against the goods, has the following rights against the buyer personally.

1. Suit for price: [Sec. 55]

Where the property in goods has passed to the buyer, and the buyer wrongfully neglects or refuses to pay the price, the seller can sue the buyer for price.

2. Suit for damages for non-acceptance: [Sec. 56]

Where the buyer wrongfully neglects or refuses to accept and pay for the goods, the seller can sue him for damages for non-acceptance of the goods.

3. Suit for repudiation:

Where the buyer repudiates the contract before the date of delivery, the seller may wait till the date of delivery or may treat the contract as cancelled and sue for damages for breach.

4. Suit for interest: [Sec. 61]

Where there is specific agreement between the seller and the buyer regarding interest on the price of goods, the seller may claim it from the date when payment becomes due. If there is no specific agreement, the interest is payable from the date notified by the seller to the buyer

7. Define Cheque. What are the requisites of a cheque?

Ans: Cheque- Section 6 of the Negotiable Instruments Act, 1881 defines "Cheque": "A cheque is a bill of exchange drawn upon a specified banker and payable on demand and it includes the electronic image of a truncated cheque and a cheque in the electronic form".

The Requisites of a Cheque are:

- (1) A cheque must be an order in writing.
- (2) It must contain an unconditional order.
- (3) A cheque must be signed by the maker.
- (4) The amount must be specifically mentioned in figures and words.
- (5) A cheque may be drawn payable to order or bearer. There are two kinds of cheques prevailing now a days. They are:
 - a. it may be a bearer or order cheque; and
 - b. it may be a self cheque.
- (6) The cheque must contain the date.
- (7) Payee to be certain.

Section B Part-A

8. Answer all the questions;

(a) Choose the correct answer from the given four alternatives:

[12X1=12]

(i) Ethics in compliance means.....

- (A) It is about obeying to rules and authority
- (B) It deals with the moral principles behind the operation and regulation of marketing
- (C) It deals with the duties of a company to ensure that products and production processes do not cause harm
- (D) None of the above

(ii) The society for Business Ethics was Started in

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- (A) 1950
- (B) 1960
- (C) 1970
- (D) **1980**

(iii) A set of principles and expectations that are considered binding on any person who is member of a particular group is known as -

- (A) **Code of ethics**
- (B) Values
- (C) Ethics
- (D) None of the above

(iv) Which of the following statements about business ethics is true?

- (A) It concerns the impact of a business activities on society
- (B) **It refers the principles and standards that determine acceptable behavior in the world of business**
- (C) It relates to an individual's values and moral standards and the resulting business decisions he or she makes
- (D) What is ethical is determined by the public, government regulators, interest groups, competitors and individual's personal moral values

(v) made it important for business to have an ethics code, something in writing about what one ought to do, and what to strive for:

- (A) The Ethics & Code Conduct Act,2000
- (B) The Sarbanes-Ethics of Code Conduct Act,2001
- (C) **The Sarbanes-Oxley Act,2002**
- (D) None of the above

(vi) Which functional area in business ethics is about obeying and adhering to rules and authority

- (A) **Ethics in compliance**
- (B) Ethics in finance
- (C) Ethics in production
- (D) None of the above

(vii) Ethics has evolved with evolution of:

- (A) Culture
- (B) Value
- (C) Moral
- (D) **Society**

(viii) Business ethics calls for avoidance of

- (A) Competition
- (B) Publicity
- (C) **Monopoly**
- (D) Self Interest

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(ix) Following is not a professional characteristics:

(A) **Competition (Undercutting)**

- (B) Competency
- (C) Character
- (D) Compensation

(x) Business ethics is based on well accepted

- (A) **Moral and social values**
- (B) Social values only
- (C) Moral values only
- (D) None of the above

(xi) This is not of the 7 Principles of Public Life

- (A) Integrity
- (B) Honesty
- (C) **Content**
- (D) Accountability

(xii) The crucial step in understanding business ethics is

- (A) Establishing codes of ethics
- (B) **Learning to recognize ethical issues**
- (C) Having efficient operations
- (D) Implementing a strategic plan

(b) State whether the following statement is True or False:

[6 X 1=6]

- (i) Holders of public office should take decisions solely in terms of the public interest.
- (ii) Ethics is known as Moral Philosophy.
- (iii) Law is decodification of ethics.
- (iv) The word ethics is derived from Greek word.
- (v) the stakeholder theory of business ethics maintains that managers have an ethical responsibility to manage a firm for the benefit of all its stockholders, and for people who have a claim on a company.
- (vi) Business Ethics is a code of conduct which society should follow while conducting their social activities.

A

(i) True	(ii) True	(iii) False	(iv) True	(v) False	(vi) True
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Part-B

Answer any two of the following question:

[2 X 6=12]

- (i) Explain the following-
 - (a) Application of Ethics
 - (b) Ethics as a principle

9. What is Value free ethics. Explain the concept of value free ethics

Ans:Value-free Ethics-

It would seem that business is an ethically neutral or value-free activity. In other words, the only value business is concerned with is the monetary value. It is not in the interest of business to mix ethical values. An ancient Arabic wisdom states, 'Live together like brothers and do business like strangers.' Business should be kept free from other social relationships and obligations. The only successful relationship that exists in business is that of a vendor and a customer. It is also said that 'for the merchant, even honesty is a financial speculation.' Indeed, for a businessman every factor in the business is measured in terms of money. The volatility that we see in the stock market is a clear example of the speculative nature of business, which is directly proportional to the prevailing attitude of the people

Concept of Value-free Ethics-

The concept of 'value-free' business ethics appears to be quite appealing to businessmen. It is as though it may be pursued devoid of all rules within a social vacuum. The concept of value-free ethics found application in economics in a rather ironical fashion. Ludwig von Mises, known as the father of the Austrian School of Economics, proposed the pure theory of economics, stating that economic concepts are a priori, that is, they are not dependent on experience, but are purely virtual concepts. The concept of choice, for instance, is a pure concept. It is immaterial whether one chooses water or wine, but the concept in itself is free of such particular elements. Hence, choice is value-free (wertfrei). Applied to ethics, it would mean that we should be able to study the principles of this discipline, such as goodness, truth, justice, honour, etc. in their pure form. It is obvious that such value-free ethics, when understood in the right sense, leads us to study metaethics or the fundamental principles of ethics as a pure science. However, if we are to apply an ethical standard to such a study, it would be called a pure study of values, not value-free ethics.

10. Define Professional Ethics. What are the 3 C's of Business Ethics?

Ans: Professional Ethics-The aforementioned discussion may be understood through the following distinctions: ethics and business ethics. We have studied the distinction between normative and practical ethics and have established that business ethics comes under practical ethics and is applied to a particular activity. Just as a society functions on the social codes of conduct and a country is governed by its constitution, a business is run on corporate codes. In other words, there is a professional code of conduct for any business. These codes keep evolving as other things around evolve and develop. Therefore, not only should business be defined within the confines of ethics, but it should be practised strictly under its own professional code of conduct. This distinction helps to orient the general principles of ethics and business to a particular activity. The principles, however, do not change. For instance, there is a manager who is doing very well in his career because he is both efficient and honest. To his neighbours and friends, he is not only a very successful businessman, but also a very good family man. To a question asked by a journalist on how he divided his time between his family and business despite his busy schedule, he replied, 'Efficiently. 'What is the secret of your success?' asked the journalist. He replied 'Honesty.' The journalist looked inquiringly as if to say, 'Look, business and family are separate.' The businessman said, 'Both efficiency and honesty work equally well at work and at home.' The character of a true professional remains undivided, whether at work or at home. Our roles may change from time to time and from place to place but the integrity of our character should be maintained.

The Three C's of Business Ethics are-

1. Character

2. Compensation
3. Competency

11. Explain the following-

(a) Application of Ethics

(b) Ethics as a principle

Ans:

(a). Application of Ethics:

The relevance of ethics is in its application. Just as when we study the theory of relativity in physics, we ensure that the laws or principles of relativity are applied to the factors and elements being considered, so too in our study of ethics, the universal principles have to be applied to individual contexts and situations. We have to abandon the absolutism of universal principles. For instance, killing a man is wrong. But we approve the killing of the enemy in a war and the government honours the act with medals for bravery. This is due to the fact that such an act has served a higher principle, that is, the protection of countrymen. Ethics, in the practical sense, is also known as moral action and is an applied discipline that deals with a particular human action and also assesses to what extent it is compatible with the general principles.

(b). Ethic 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.

