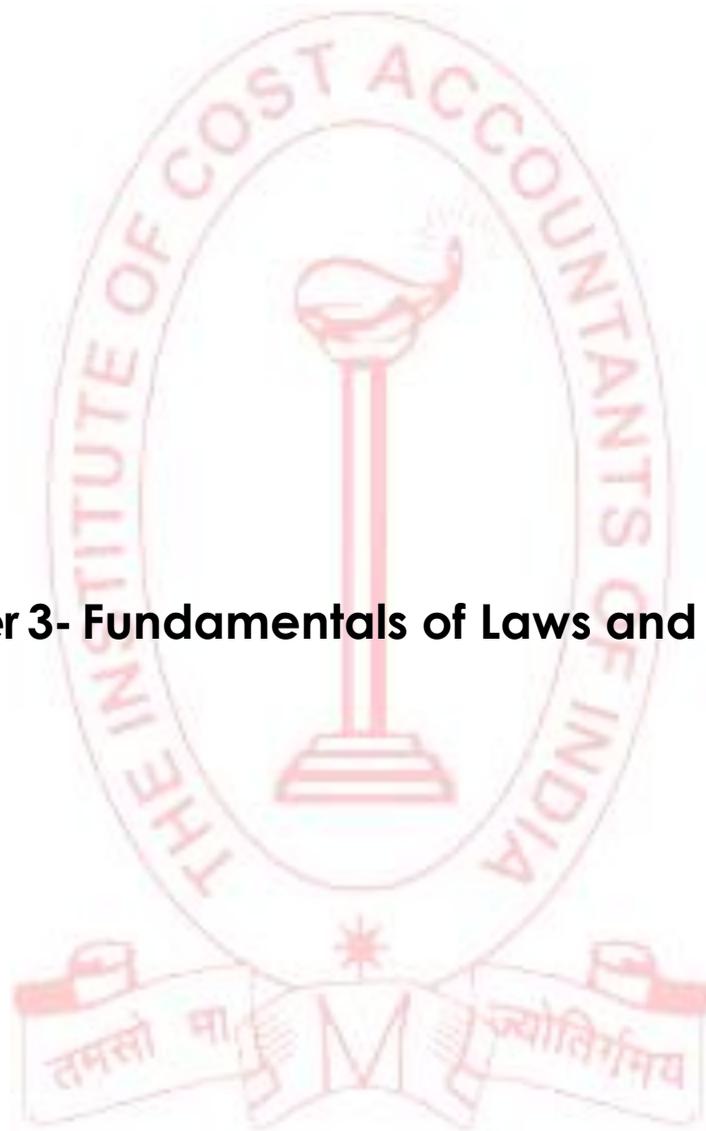


Paper 3- Fundamentals of Laws and Ethics



Paper-3: Fundamentals of Laws and Ethics

Full Marks: 100

Time allowed: 3 hours

Section A Part A

1. Answer all the following questions:

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

[25 × 1 = 25]

- (i) Acceptance in ignorance of the offer is
- (A) Valid
 - (B) Invalid
 - (C) Void
 - (D) Voidable
- (ii) Which of the following statement is incorrect
- (A) Consideration must be real
 - (B) Performance of existing obligation is no consideration
 - (C) Forbearance to sue is good a consideration
 - (D) Agreements without consideration are always void
- (iii) Transfer of documents of title to the goods sold to the buyer, amounts to
- (A) actual delivery
 - (B) symbolic delivery
 - (C) constructive delivery
 - (D) none of these
- (iv) A bill of exchange contains a/an
- (A) unconditional undertaking
 - (B) unconditional order
 - (C) conditional undertaking
 - (D) conditional order
- (v) Obligation between parties that form contract
- (A) Are all kinds of obligations
 - (B) Are legal obligation which spring from agreements
 - (C) Are not voluntary in nature
 - (D) None of the above
- (vi) If a minor draws, endorses, delivers 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
- (vii) The doctrine of Caveat emptor is not applicable
- (A) in case of sale under a patent name

MTP_Foundation_Syllabus 2016_Jun 2020_Set 2

- (B) in case of sale under a trade name
- (C) where the seller is guilty of fraud
- (D) where the buyer relies on the skill and judgment of the seller

(viii) Acceptance is to offer what a lighted match is to a train of gun powder. This statement indicates

- (A) Once an offer is accepted it results in binding contract
- (B) Communication of acceptance is necessary
- (C) Acceptance must be absolute & unqualified
- (D) All the above

(ix) The grace period for payment of a negotiable instrument other than payable on demand is----- days/months

- (A) 7 Days
- (B) 3 days
- (C) 1 month
- (D) 15 days

(x) In case of appropriation of goods, which are the essential requirements:

- (A) The goods should conform to the description and quality stated in the contract.
- (B) The goods must be in a deliverable state.
- (C) The appropriation must be by the seller with the assent of the buyer.
- (D) All the above

(xi) The term "Unpaid Seller" includes —

- (A) Buyer's agent to whom the Bill of Lading is endorsed
- (B) Buyer's agent to whom the goods have been delivered
- (C) Seller's agent to whom the Bill of Lading is endorsed
- (D) Seller's agent to whom the goods have been delivered

(xii) The term consensus ad-idem means

- (A) Formation of the contract
- (B) Reaching of agreement
- (C) Meeting of minds
- (D) General consensus

(xiii) _____ parties are involved in a Cheque.

- (A) 2
- (B) 3
- (C) 4
- (D) 1

(xiv) Communication of acceptance is not necessary

- (A) By performance of conditions of the offer by offeree
- (B) By acceptance of consideration by the offeree
- (C) By acceptance of benefit/service by the offeree
- (D) All the above

(xv) A valid contract of sale

- (A) includes 'an agreement to sell'
- (B) does not include 'an agreement to sell'
- (C) includes hire purchase contract

(D) includes contract a work and labour

(xvi) When a cheque is payable across the counter of a bank it is called—

- (A) OTC Cheque
- (B) Open cheque
- (C) Crossed cheque
- (D) Restricted cheque

(xvii) The difference between an advertisement for sale and a proposal is

- (A) No difference at all
- (B) That a proposal becomes a promise as soon as the party to whom it is made accepts it but an advertisement does not
- (C) Every case will be viewed according to the circumstances
- (D) None of these

(xviii) A contracts to sing for B for a consideration of Rs. 5,000 which amount is paid in advance. A becomes unwell and is not able to perform. B suffers a loss of Rs 10,000. A is liable to pay B

- (A) Rs. 15,000
- (B) Rs. 10,000
- (C) Rs. 5,000
- (D) Nothing

(xix) Merchantable quality of goods means

- (A) that the goods are commercially saleable
- (B) they are fit for the purpose for which they are generally used
- (C) both 'a' and 'b'
- (D) The quality should be of high standard

(xx) A promise to pay a time-barred debt must be

- (A) Oral
- (B) Written and signed
- (C) Registered
- (D) Written and registered

(xxi) When both the parties to an agreement are under a mistake as to a matter of fact essential to an agreement, the agreement is:

- (A) Void
- (B) Valid
- (C) Voidable
- (D) Illegal

(xxii) In case of contractual obligations where the promisor dies before performance:

- (A) The legal representatives of the promisor must perform the promise irrespective of the promise
- (B) The legal representatives of the promisor must perform the promise provided it is not one dependent on the personal qualifications of the promisor
- (C) The legal representatives need not perform the promise
- (D) The legal representative is not liable to pay damages for non-performance of the promise

(xxiii) Where the sale is not notified to be subject to a right to bid on behalf of seller, it shall not be lawful for the seller-

MTP_Foundation_Syllabus 2016_Jun 2020_Set 2

- (A) to bid for himself
- (B) to employ any person to bid at such sale
- (C) either (a) or (b)
- (D) neither (a) nor (b)

(xxiv) The term Negotiable instrument is defined in section---of the Negotiable Instrument Act, 1881

- (A) 2
- (B) 13
- (C) 12
- (D) 10

(xxv) Section 19 of the Sale of Goods Act, deals with passing of property of.....goods.

- (A) Unascertained Goods
- (B) Future Goods
- (C) Specific or Ascertained Goods
- (D) Contingent Goods

(b) Match the following:

[5 X 1=5]

	Column A		Column B
(i)	Right to lien	(A)	Offers made to an individual group
(ii)	Cross Offer	(B)	Stock and Shares
(iii)	Goods	(C)	Always payable on demand
(iv)	Specific Offer	(D)	Sec 47 of Sale of Goods Act
(v)	Bearer Instrument	(E)	Identical offers made in ignorance of each other.

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

[12 X 1=12]

- (i)** Seller can sue for price only when property in goods has passed on to the buyer.
- (ii)** All kinds of obligations between the parties form part of the contract.
- (iii)** In the absence of any express or implied directions from the offeror to the contrary, can an offer be accepted by a letter?
- (iv)** Negotiable instrument we mean a written document by which a right is given to a person and which is transferable in accordance with provisions of Negotiable Instrument Act, 1881.
- (v)** Quiet possession, freedom from encumbrance, disclosing dangerous nature of goods etc are implied conditions.
- (vi)** Conditions and warranties can be implied or expressed.
- (vii)** If the agreement is made by obtaining consent by doing an act forbidden by the Indian Penal Code, the agreement would be caused by fraud.
- (viii)** Negotiable Instruments can be transferred ad infinitum.
- (ix)** Is telegraphing lowest price on request a mere invitation for an offer?
- (x)** A buys an article thinking that it is worth Rs. 100 when in fact it is worth only Rs. 50. There has been no misrepresentation on the part of the seller. The contract is unenforceable.
- (xi)** When goods are physically handed over by the seller to the buyer it is called symbolic delivery.
- (xii)** P renders some service to D at D's desire. After a month D promises to compensate P for the service rendered to him, it is a future consideration.

Part B

Answer any four of the following questions:

[4X7=28]

2. Explain the meaning of 'Quasi Contracts'. State the circumstances which are identified as quasi-contracts by the Indian Contract Act, 1872
3. What are 'reciprocal promises'? State the law relating to them.
4. What is Bilateral mistake? State the conditions and various types of bilateral mistake.
5. Define Goods. Explain the classification of goods under the Sale of Goods Act, 1930.
6. Define Condition and Warranty. State the differences between Condition and Warranty.
7. Define Promissory Note. Explain the requisites of a Promissory Note.

Section B Part A

8. Answer all the following questions:

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

[12X1=12]

(i) This is not of the 7 principles of Public Life

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

(ii) Business malpractice does not include:

- (A) Black marketing
- (B) Adulteration
- (C) Advertising
- (D) Duplication

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

- (A) Code of conduct
- (B) Code of ethics
- (C) Code of practice
- (D) Any of the above

(iv) Business Ethics is a code of conduct which businessmen should follow while conducting their

- (A) Normal activities
- (B) Special activities
- (C) Specific activities
- (D) None of the above

(v) Administrative corruption includes "gifts" to the

- (A) Factory inspector
- (B) Boiler inspector
- (C) Pollution control board inspectors
- (D) All of the above

(vi) Business Ethics isin nature

- (A) Absolute
- (B) Not Absolute
- (C) Permanent
- (D) None of the above

(vii) Business ethics has a application

- (A) Universal
- (B) Natural
- (C) Practical
- (D) None of the above

(viii) are beliefs about what is right and wrong or good or bad.

- (A) Mores
- (B) Motivators
- (C) Cultures
- (D) Ethics

(ix) Compliance is about obeying and adhering to

- (A) Rules an authority
- (B) Discipline
- (C) Law
- (D) All of the above

(x)is about obeying and adhering to rule and authority.

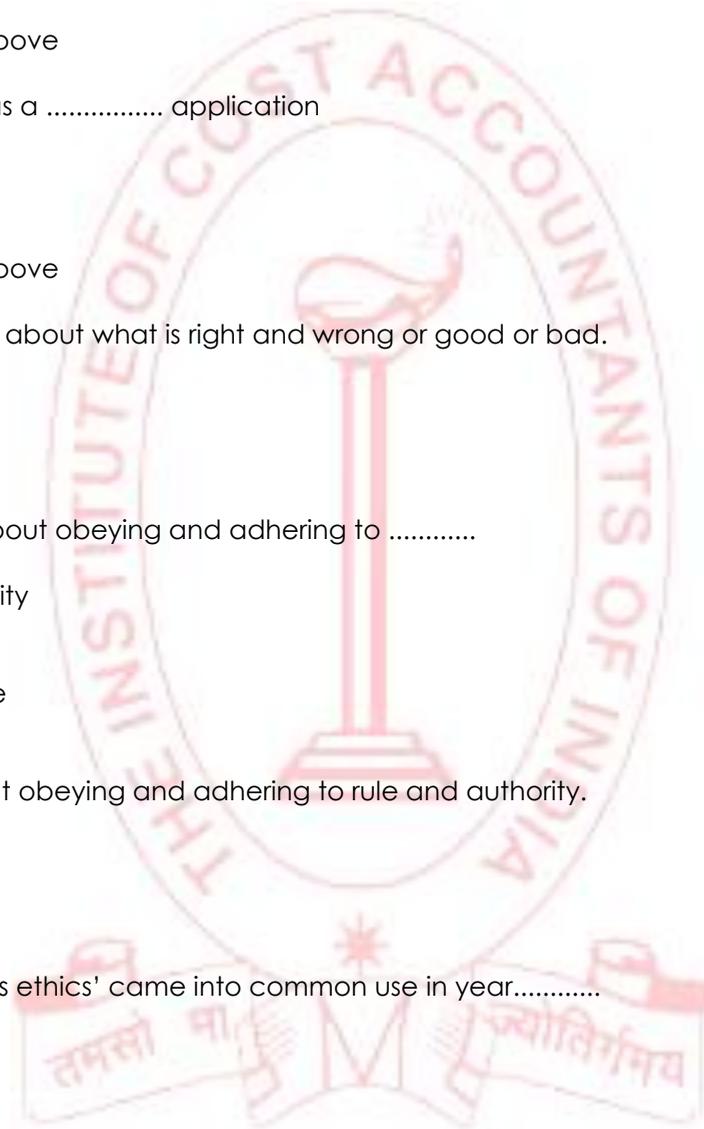
- (A) Ethics
- (B) Code
- (C) Conduct
- (D) Compliance

(xi) The term 'business ethics' came into common use in year.....

- (A) 1680
- (B) 1780
- (C) 1980
- (D) 1970

(xii) The idea of business ethics caught the attention of academics, media and business firms by the end of the.....

- (A) First world war
- (B) Second world war
- (C) Cold War
- (D) None of the above



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

[6 X 1=6]

- (i) Ethics refers to the study and development of one's ethical standards.
- (ii) Ethics is a requirement for human life.
- (iii) Holders of public office are not accountable for their decisions and actions to the public.
- (iv) The term 'ethics' derived from French word 'ethos' which means character.
- (v) Business malpractices are harmful to the consumers.
- (vi) Compensation, Competency and Character are the Three C's of Business Ethics.

Part B

Answer any two of the following question:

[6 X 2=12]

- 9. Can ethics be treated as a principle? Comment
- 10. Explain the difference between ethics and morals.
- 11. State the needs of Business Ethics.

