

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

## Paper-3: Fundamentals of Laws and Ethics

Full Marks: 100


Time allowed:3 hours

### Section A

**1. Answer the following questions:**

**Choose the correct answer from the given four alternatives:**

**[1 × 25 = 25]**

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- (i) All Contracts  
(A) Should be in writing  
(B) Should be oral  
(C) Should be registered  
(D) None of the above
- (ii) A void agreement  
(A) is illegal  
(B) is not void ab-intio  
(C) may or may not be illegal  
(D) none of the above
- (iii) Which of the following statements is false in respect of formal contract?  
(A) It should be in a particular form  
(B) It should be in writing and witnessed  
(C) It should have consideration  
(D) Consideration is not necessary
- (iv) An advertisement for sale goods by auction  
(A) Amount to an invitation to offer  
(B) Amount to an offer to hold such sale  
(C) Amount to an implied offer  
(D) Amount to a general offer
- (v) The communication of acceptance through telephone is regarded as complete when  
(A) Acceptance is spoken on phone  
(B) Acceptance comes to the knowledge of party proposing  
(C) Acceptance is put in course of transmission  
(D) Acceptor has done whatever is required to be done by him
- (vi) Consideration contemplated under Indian Law is  
(A) Past consideration only  
(B) Present consideration only  
(C) Past present or future consideration  
(D) Monetary consideration only
- (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 stranger  
(D) Both(A) & (B)
- (viii) While obtaining the consent of the promise, keeping silence by the promisor when he has a duty to speak about the material facts, amounts to consent obtained by:  
(A) Coercion  
(B) Misrepresentation  
(C) Mistake  
(D) Fraud
- (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) The grace period for payment of a negotiable instrument other than payable on demand is ..... days/month  
(A) 7 days  
(B) 3 days  
(C) 1 month  
(D) 15 days
- (xi) Is offer of performance discharge of obligation  
(A) Yes  
(B) No  
(C) Depends  
(D) Any of the above
- (xii) A contracts to sing for B for a consideration Rs 5,000 which amount is paid in advance.A becomes unwell and is not able to perform 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
- (xiii) Ordinary damages will be awarded in cases where  
(A) The loss naturally flows from the breach of contract  
(B) The loss is remotely connected with the breach of contract  
(C) The loss is unusual and arises out of special circumstances peculiar to the contract  
(D) None of these
- (xiv) The Negotiable Instruments Act is applicable to  
(A) Whole of India  
(B) Whole of India except Jammu & Kashmir state  
(C) Whole of India except Jammu & Kashmir City  
(D) None of the above

- (xv) Cheque is a
- (A) Promissory note
  - (B) bill of exchange
  - (C) both (A) and (B) above
  - (D) None of the Above
- (xvi) An Auction sale is complete on the
- (A) Delivery of goods
  - (B) Payment of price
  - (C) Fall of hammer
  - (D) None of the above
- (xvii) A promises to pay B a sum of money if a certain ship does not return within a year. The ship is sunk within a year. The contract is
- (A) Enforceable
  - (B) Void
  - (C) Voidable
  - (D) illegal
- (xviii) In a Contingent contract which even is contingent
- (A) Main Event
  - (B) Collateral event
  - (C) Both(A) & (B)
  - (D) None of the above
- (xix) Liability of the joint promisor
- (A) Joint
  - (B) Several
  - (C) Joint and several
  - (D) None of the above
- (xx) The Exceptions to the rule A Stranger to a contract cannot sue are
- (A) Beneficiaries in the case of trust
  - (B) Family settlement
  - (C) Assignment of contract
  - (D) All of the above
- (xxi) 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
- (xxii) An offer stands revoked
- (A) If the fact of the death or insanity is known to offeree
  - (B) By counter offer
  - (C) By rejection of offer
  - (D) All the above

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- (xxiii) which one of the following does not connote 'goods' as defined in the sale of goods Act
- (A) money
  - (B) animals
  - (C) debt
  - (D) both 'a' & 'c'
- (xxiv) In case of appropriation of goods, which are the essential requirement:
- (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 of the above
- (xxv) A paid Rs 500 to a government servant to get him a contract for the canteen. The Government servant could not get the contract. Can A recover RS 500 paid by him to the Government servant?
- (A) yes, the agreement is opposed to public policy
  - (B) no, the agreement is opposed to public policy
  - (C) no, the agreement is a voidable agreement and can be avoided by A
  - (D) no, the agreement falls under section 23 and hence illegal

**2. Match the following:**

**[1 X5=5]**

	Column A		Column B
(i)	Insurance Contract	(A)	Invitation to offer
(ii)	Advertisement for sale in newspaper	(B)	sec.12(3) of Sale of Goods Act,1930
(iii)	Warranty	(C)	Contingent Contract
(iv)	Right Lien	(D)	Exp. 1 (a) to Sec.6
(v)	Cheque in electronic form	(E)	Sec 47 of the Sale of Goods Act

**3. State whether the following statement is True or False:**

**[1 X 12=12]**

- (i) The Indian Contract Act,1872 does not cover all types of contract.
- (ii) Should both offer and acceptance be absolute, unqualified and unconditional.
- (iii) Voluntary transfer of possession of goods from one person to another is called delivery of goods.
- (iv) Conditions and warranties can be implied or expressed.
- (v) When the promisee does not accept the offer of performance, the promisor is not responsible for non-performance.
- (vi) Stranger to consideration can file a suit.
- (vii) Restitution of benefit is allowed in case of a minor.
- (viii) Caveat emptor means buyer be aware.
- (ix) 2 parties are involved in a Promissory note.
- (x) A bill which is Not an Inland bill is deemed to be a foreign bill.
- (xi) Generally the owner or any other person can transfer the property in goods.
- (xii) Is telegraphing lowest price on request a mere invitation for an offer.

**4. Answer any four of the following questions:**

**[7X4=28]**

- (i) Undue Influence as per sec 16
- (ii) Remedies for Breach of contract(Any 3)
- (iii) Revocation of Offer
- (iv) What is a sound mind for the purpose of contracting
- (v) Define Knockout Agreement & Damping
- (vi) Distinction between a condition and a warranty
- (vii) Difference between Bill of Exchange and Cheque

**Section B**

**5. Choose the correct answer from the given four alternatives:**

**[1X12=12]**

(i) The society for Business Ethics was Started in

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

(ii) 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

(iii) 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

(iv) An expert who is confidentially available to solve the ethical dilemmas is known as.....

- (A) Ethics guide
- (B) Ethics trainer
- (C) Ethic Coach
- (D) None of the above

(v) 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

(vi) ..... 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

(vii) Following is not a professional characteristics:

- (A) Competition(Under Cutting)
- (B) Competency
- (C) Character
- (D) Compensation

(viii) Business ethics calls for avoidance of

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

(ix) Ethics executives abide by..... relating to their business activities

- (A) Laws
- (B) Rules
- (C) laws,rules and regulations
- (D) None of above

(x) Business ethics is ..... in nature

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

(xi) Feature that is Not present 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

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

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

6. State whether the following statement is True or False:

[1 X 6=6]

- (i) The Study of ethics is a Systematic Science
- (ii) Corporation ethics is the study of business situations, activities and decisions where issues of right and wrong are addressed.
- (iii) Holders of public office should take decisions solely in terms of the public interest.
- (iv) Ethics refers to the study and development of one's ethical standards.
- (v) In Business ethics, 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) "It is Difficult but not impossible to conduct strictly honest business" is famous quote by Adam Smith

7. Answer any two of the following question:

[6 X 2=12]

- (i) Discuss Ethics as a Principle
- (ii) Difference between Ethics and Morals
- (iii) Need for Business Ethics
  - (a) Survival of Business
  - (b) Safeguarding consumers right

