

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

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**Full Marks :100**

**Time allowed: 3 hours**

**1. Choose the correct answer from the given four alternatives**

**[10×1 = 10]**

- (i)** A contract or an obligation to perform a promise could arise in the following ways
- (a) By agreement and contract
  - (b) By standard form of contracts
  - (c) By promissory estoppel
  - (d) None of the above
- (ii)** Voidable contract
- (a) are enforceable by law if they are not avoided
  - (b) are not enforceable by law
  - (c) can be enforced if the court directs
  - (d) can be enforced with prior permission of Court / Government
- (iii)** A contract is made where:
- (a) A buys a book from a shop
  - (b) X bids at a public auction.
  - (c) X agrees with Y to discover a treasure by magic
  - (d) Z agrees to attend the birthday party of his friend
- (iv)** An agreement created by words spoken or written is called
- (a) express agreement
  - (b) execute agreement
  - (c) implied agreement
  - (d) voidable agreement
- (v)** An offer comes to an end by
- (a) acceptance
  - (b) communication
  - (c) revocation
  - (d) none of the above
- (vi)** Delivery of goods means-
- (a) Voluntary transfer of possession
  - (b) Compulsory transfer of possession
  - (c) Exchange of goods
  - (d) Voluntary transfer of ownership

- (vii) Which of these is NOT a Document of Title to Goods?
- (a) Bill of Lading
  - (b) Railway Receipt
  - (c) Dock Warrant
  - (d) Bearer Cheque
- (viii) The general rule of Sale of Goods Act is, risk prima facie passes with
- (a) Ownership
  - (b) Possession
  - (c) Delivery
  - (d) Custody
- (ix) Cheque is a
- (a) promissory note
  - (b) bill of exchange
  - (c) both (a) and (b) above
  - (d) None of the above
- (x) Invariably business have unethical practice because
- (a) Of government
  - (b) Fear of tax
  - (c) Greed
  - (d) None of the above

**2. Fill in the blanks:**

**[10×2 = 20]**

- (i) Mercantile Law is applicable to \_\_\_\_\_.
- (ii) Section 2(b) defines, "When the person to whom the proposal is made, signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted becomes a/an \_\_\_\_\_.
- (iii) A contract is a contract from the time \_\_\_\_\_.
- (iv) Parol contracts are also known as \_\_\_\_\_.
- (v) For transfer of property in unascertained goods, the basic condition is that goods must be \_\_\_\_\_ and \_\_\_\_\_.
- (vi) The process of identifying the goods and setting apart as per the intended quality or description is called \_\_\_\_\_.
- (vii) 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".
- (viii) Cheque is a \_\_\_\_\_.
- (ix) Companies which are responsive to employees' needs have \_\_\_\_\_ staff turnover.
- (x) Compliance is about obeying and adhering to \_\_\_\_\_.

**3. Match the following:****[1×5 = 5]**

	Column A		Column B
(i)	Payment by an interested person	(a)	Corporate Ethics
(ii)	Money consideration	(b)	Section 22 of Indian Contract Act
(iii)	An erroneous belief about something	(c)	Quasi- contract
(iv)	Business Ethics	(d)	Price
(v)	Unilateral Mistake as to fact	(e)	Mistake

**4. State whether the following statements are true (or) false:****[10×1 = 10]**

- (i) An agreement and contract are one and same thing.
- (ii) Silence is fraud when silence is, in itself equivalent to speech.
- (iii) A person is competent to contract if he is literate.
- (iv) Both offer and acceptance be absolute, unqualified and unconditional.
- (v) Seller can sue for price only when property in goods has passed on to the buyer.
- (vi) Delivery of goods can be actual and constructive.
- (vii) When a bill is drawn, accepted, or endorsed for consideration it is a fictitious bill.
- (viii) A Negotiable Instrument may be transferred by delivery.
- (ix) Ethics refers to the study and development of one's ethical standards.
- (x) Holders of public office are not accountable for their decisions and actions to the public.

**5. Define any five of the following:****[5×3 = 15]**

- (i) Coercion
- (ii) Silence amounts to fraud
- (iii) Features of Quasi contract
- (iv) Responsibility of finder to goods
- (v) Novation
- (vi) Transfer of property of specific goods in a deliverable state
- (vii) Condition as to fitness or quality
- (viii) Effects of special crossing

**6. Answer any four of the following questions:****[4×10 = 40]**

**(i)** State the essential elements of a valid contract and discuss about them. **[10]**

**(ii)** Define revocation. How can a revocation of offer and acceptance made.

**[3+7=10]**

**(iii) (a)** Raju, UG degree student was induced by his lecturer to sell his brand new car to the later at less the purchase price to secure more marks in the University examination. Accordingly the car was sold. However, the father of Raju persuaded him to sue his lecturer. State whether Raju can sue against the lecturer? **[5]**

- (b) Mr. Joseph found a wrist watch in shopping mall. He made all efforts to trace the true owner of the wrist watch but could not find him. He sold the same to Nilesh, who buys without any knowledge that Joseph is merely a finder. Is sale by Joseph to Nilesh valid? **[5]**
- (iv) "Nemo dat qui habet" – State the exceptions to it. **[10]**
- (v) Discuss about the parties to a negotiable instrument. **[10]**
- (vi) (a) State the difference between Ethics and Morals. **[5]**  
(b) Concept of Value-free Ethics. **[5]**