

FOUNDATION COURSE EXAMINATION

June 2017

P-3(FLE)
Syllabus 2016

Fundamentals of Laws and Ethics

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

*All questions are compulsory,
subject to instruction provided against each question.*

Where necessary, suitable assumptions may be made and disclosed by way of a Note.

Please: (1) Answer all bits of a question at one place.

(2) Open a new page for answer to a new question.

Section A

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

1×25=25

- (i) Law of contract
 - (A) is the whole law of obligations.
 - (B) is the whole law of agreements.
 - (C) deals with only such legal obligation which arise from agreement.
 - (D) deals with social agreements.
- (ii) For an acceptance to be valid, it must be
 - (A) partial and qualified.
 - (B) absolute and unqualified.
 - (C) partial and unqualified.
 - (D) absolute and qualified.
- (iii) If the communication is made by an unauthorised person, it does not result in a/an
 - (A) Contract
 - (B) Agreement
 - (C) Offer
 - (D) Consideration
- (iv) An offer does not lapse if the
 - (A) offeror dies before acceptance.
 - (B) 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.

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- (v) An agreement without consideration is void under
(A) Sec. 25(1) of the Contract Act
(B) Sec. 25(3) of the Contract Act
(C) Sec. 25(2) of the Contract Act
(D) None of the above clauses in sec. 25
- (vi) An agreement without consideration is void except in case of compensation for
(A) voluntary services rendered.
(B) voluntary services rendered at the request of the other party to the agreement.
(C) voluntary services rendered at the request of third person.
(D) reimbursement of expenses incurred.
- (vii) Which of the following is not competent to contract?
(A) A minor
(B) A person of unsound mind
(C) A person who has been disqualified from contracting by some law.
(D) All of the above
- (viii) 'Active concealment of fact' is associated with which one of the following?
(A) Misrepresentation
(B) Undue influence
(C) Fraud
(D) Mistake
- (ix) The validity of contract is not affected by
(A) Mistake of fact
(B) Mistake of Indian law
(C) Misrepresentation
(D) Fraud
- (x) A promises B to pay ₹100 if it rains on Monday and B promises A to pay ₹100 if it does not rain on Monday. This agreement is
(A) a valid agreement.
(B) avoidable agreement.
(C) a wagering agreement.
(D) an illegal agreement.
- (xi) A borrows from B ₹500 to bet with C. Can B recover the amount of his loan?
(A) Yes, the agreement between them is collateral to a wagering agreement and hence enforceable.
(B) Yes, the agreement is not opposed to public policy.
(C) No, the agreement is a voidable agreement and can be avoided by A.
(D) No, the agreement is wagering agreement and falls under section 23 and hence void.

- (xii) Which of the following statements is true in connection with the contingent contract?
- (A) The collateral event is contingent.
 - (B) The collateral event may be certain or uncertain.
 - (C) The contingency event may be the mere will of the promisor.
 - (D) The main event should be contingent.
- (xiii) Quasi-contracts are
- (A) not contracts in the real sense of the word.
 - (B) relations which create certain obligations resembling those created by a contract.
 - (C) implied contracts.
 - (D) unenforceable contracts.
- (xiv) If the performance of contract becomes impossible because the subject matter of contract has ceased to exist then
- (A) both the parties are liable.
 - (B) neither party is liable.
 - (C) only offerer is liable.
 - (D) only acceptor is liable.
- (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 for work and labour.
- (xvi) 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 the above
- (xvii) Right of Stoppage in transit can be exercised by the Unpaid Seller, where he
- (A) has lost his right of lien.
 - (B) still enjoys his right of lien.
 - (C) Either (A) or (B)
 - (D) Neither (A) nor (B)
- (xviii) The Sale of Goods Act, 1930 governs the transfer of property in
- (A) movable property
 - (B) immovable property
 - (C) both movable and immovable property
 - (D) all type of properties

- (xix) Property in the goods 'in the Sale of Goods Act 1930 means'
 - (A) Ownership of goods
 - (B) Possession of goods
 - (C) Asset in the goods
 - (D) Custody of goods
- (xx) 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
- (xxi) Right of Stoppage in transit may be exercised by the Unpaid Seller, by
 - (A) taking actual possession of goods.
 - (B) giving notice of his claim to the Carrier/Bailee who holds the goods.
 - (C) Either (A) or (B)
 - (D) Both (A) and (B)
- (xxii) The term 'Negotiable Instrument' is defined in the Negotiable Instruments Act, 1881, under section
 - (A) 12
 - (B) 13
 - (C) 13A
 - (D) 2(d)
- (xxiii) The Negotiable Instrument Acts 1881 came into force on
 - (A) 9th December, 1881
 - (B) 19th December, 1881
 - (C) 1st March, 1882
 - (D) None of the above
- (xxiv) 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
- (xxv) A Promissory Note must be
 - (A) in writing
 - (B) unconditional
 - (C) signed by the maker
 - (D) All of the above

2. Match the following:

	Column A		Column B
(I)	Offeror	(P)	Agreement to receive less than what is due
(II)	General Offer	(Q)	Three days
(III)	Remission	(R)	An offer made to a specific person
(IV)	Price	(S)	The person who makes the proposal
(V)	Grace days	(T)	Money Consideration

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

1×12=12

- (i) All contracts are agreements.
- (ii) An acceptance will be revoked at any time before the communication of acceptance is complete against the acceptor, but not afterwards. Is it true or not?
- (iii) A contract is said to be executed when it has been performed wholly on two sides.
- (iv) Can a mere mental resolve to make an offer unless such intention is also communicated to the other party has agreed to make such statement?
- (v) After a transaction has ripened into a contract, does it require the consent of both parties to revoke or modify it?
- (vi) 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.
- (vii) An officer enters into a contract with his subordinate to sell his (subordinate's) house at a lower price than that of market price. The subordinate may challenge the contract on the ground of mistake.
- (viii) Breach of condition give the aggrieved party right to repudiate the contract.
- (ix) Seller can sue for price only when property in goods has passed on to the buyer.
- (x) Right of Stoppage of goods in transit can be exercised subject to fulfilment of some conditions.
- (xi) Negotiable Instruments can be transferred *ad infinitum*.
- (xii) Share Certificates with Blank Transfer Deeds, Deposit Receipts and Mate's Receipts are Negotiable Instruments.

4. Answer any four of the following questions:

7×4=28

- (i) Under what conditions promise to compensate for voluntary services is valid?
- (ii) State the Rules regarding contingent contract.
- (iii) List out remedies for breach of contract.
- (iv) What are the essential elements of contract of sale?

- (v) State the rules regarding an Auction.
- (vi) What are the requisites of a Bill of Exchange?

Section B

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

1×12=12

- (i) Ethics has evolved with evolution of
 - (A) Society
 - (B) Culture
 - (C) Problems
 - (D) Politics
- (ii) Which one is not the 7 Principles of Public Life?
 - (A) Leadership
 - (B) Integrity
 - (C) Honesty
 - (D) Content
- (iii) "It is difficult but not impossible to conduct strictly honest business" is famous quote by
 - (A) Adam Smith
 - (B) Mahatma Gandhi
 - (C) Peter Drucker
 - (D) Indira Gandhi
- (iv) Which of the following is not a 'Code of Conduct'?
 - (A) Code of Ethics
 - (B) Code of Practices
 - (C) Code of Behaviour
 - (D) Code of Management
- (v) Reasons why a "good understanding of business ethics" is important, can be stated as follows:
 - (A) Healthy Competition
 - (B) Conduct
 - (C) Accountability
 - (D) Application
- (vi) The main aim or objective of business is
 - (A) increase in profit.
 - (B) consumer satisfaction.
 - (C) to become a business leader.
 - (D) creation of job opportunities.

- (vii) Business Ethics is based on well accepted
 - (A) Moral and Social values
 - (B) Social values
 - (C) Moral values
 - (D) None of the above
- (viii) Business Ethics helps to
 - (A) create wealth
 - (B) stop business malpractices
 - (C) expand business
 - (D) None of the above
- (ix) Ethics has become important because of
 - (A) Globalization
 - (B) Communication
 - (C) Both (A) and (B)
 - (D) Computerisation
- (x) The study of Ethics is divided into _____ operational areas.
 - (A) 3
 - (B) 4
 - (C) 2
 - (D) 5
- (xi) Business Ethics is also called as
 - (A) Absolute Ethics
 - (B) Permanent Ethics
 - (C) Corporate Ethics
 - (D) None of the above
- (xii) Following is not a Professional characteristics:
 - (A) Competition
 - (B) Character
 - (C) Competency
 - (D) Compensation

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

1×6=6

- (i) Business Ethics has no universal applications.
- (ii) Ethics is about obeying and adhering to Rules and Authority.
- (iii) Ethics refers to the study of one's ethical standard.

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- (iv) Holder of Public Office is not accountable to the Public.
- (v) Compliance is about obeying and adhering to Rules and Authority.
- (vi) The relevance of Ethics is in its application.

3. Answer any two of the following questions:

6×2=12

- (i) What is the relationship between Ethics and Law? 6
 - (ii) What is Professional Ethics? 6
 - (iii) How Business Ethics can prevent 'business malpractices' and improve customers' confidence? 6
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