



Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2019-21)
END TERM EXAMINATION (TERM -III)**

Subject Name: Legal Environment of Business

Time: **02.30 hrs**

Sub. Code: PG 21

Max Marks: **60**

Note:

- 1. Writing anything except Roll Number on question paper will be deemed as an act of indulging in unfair means and action shall be taken as per rules.**
- 2. All questions are compulsory in Section A & C. Section A carries 10 questions of 2 marks each, Section B carries 5 questions of 04 marks each and Section C carries 1 Case Study of 20 marks.**

SECTION - A

Attempt all multiple choice questions. All questions are compulsory. **02×10 = 20 Marks**

Q. 1 (A): A person fixed up an appointment on the phone with a doctor's clinic for 11 AM but he did not turn up. The doctor claimed damages from the patient for not turning up as the doctor wasted his time waiting for him. The patient refuses to pay it.

- a. The appointment is an agreement for the doctor to examine the person and the person to pay for the service at the appointed hour. The patient is in breach of the contract and would be required to pay damages.**
- b. As the appointment was fixed on the phone, there is no valid agreement between the two parties. Thus, the person has no obligation to the doctor.
- c. As the person has not availed any service from the doctor, there is no consideration for the parties. Thus, the agreement for appointment has not matured in a contract for the person to be required to pay damages to the doctor.
- d. An appointment is only to facilitate business. It does not lead to rights and obligations for either of the parties.

Q. 1 (B): What is the difference between sale and agreement to sell.

- a. In an agreement to sell, the seller need not transfer the ownership.
- b. An agreement to sell becomes a sale when the ownership is transferred to the buyer.
- c. Once a sale has been done, the ownership cannot be re-vested in the seller.
- d. All the options.**

Q.1(C) In auctions, it is a tradition that the auctioneer announces acceptance of offer by striking a hammer.

- a. The striking of hammer is an express communication of acceptance.
- b. The striking of hammer is an implied communication of acceptance.**
- c. The striking of hammer is both, an express and implied communication.
- d. The striking of hammer is neither an express nor an implied communication towards formation of an agreement.

Q.1 (D) A retail store published pamphlets advertising its products. The pamphlets were distributed along with the daily newspapers. It later turned out that there was a mistake in printing the prices.

The customers insist that they have a right to purchase the advertised products at the price mentioned in the pamphlet.

- a. **The store is not bound to sell at the advertised price as the pamphlet is only an invitation to offer.**
- b. The pamphlet is an offer to the customers; thus, the store is bound to supply at the price.
- c. The pamphlet is an offer to the customers, but the store is not bound to supply unlimited quantities
- d. The pamphlet is an invitation to offer, thus, the store is bound to sell at the advertised price

Q 1 (E) A display window of a shop had put an item with a price label on it.

- a. The display is an express offer from the store.
- b. The display is an implied offer from the store.
- c. **The display is implied invitation to offer.**
- d. The display is an express invitation to offer.

Q. 1 (F):A entered in a contract with B where B was to pay for a mobile phone in 18 instalments, one each month. The ownership in the mobile was to pass on paying the last instalment.

- a. The transaction is a hire-purchase contract.
- b. **The transaction is a sale contract with installment payment.**
- c. The transaction is not a sale contract as the ownership has not transferred to the buyer.
- d. The transaction is only a hiring arrangement as B can breach the agreement whenever he wants.

Q. 1 (G):When does an agreement to sell become a sale?

- a. When the buyer pays the money.
- b. **When the seller transfers the ownership.**
- c. When the sale contract is made.
- d. When the delivery of the goods is done.

Q. 1 (H):When a contract has been agreed on the basis of a fraudulent misrepresentation, which of the following remedies is/are available?

- a. **Both damages and rescission**
- b. Damages only
- c. An injunction only
- d. Rescission only

Q. 1 (I):_____ means a written document by which someone's legal right is created in favor of someone

- a. negotiable
- b. **instrument**
- c. Negotiable Instrument
- d. All of Above

Q. 1 (J): _____ of a company are its by-laws or rules and regulations that govern the management of its internal affairs and conduct of its business.

- a. The memorandum of association
- b. **The article of association**
- c. prospectus
- d. None of the above

SECTION- B

Attempt any five out of six questions (Practical Approach)

04×05 = 20 Marks

Q. 2: Discuss the various sources of Law in India.

Q. 3: What are the essentials of valid Contract?

Q. 4: What are the consequences of breach of contract?

Q. 5: Discuss the kinds of partnership with suitable example.

Q. 6: Discuss the rights of unpaid seller

Q. 7: Discuss the silent features of company act 2013

SECTION - C

Read the case and answer the questions

10×02 = 20 Marks

Q 8(A):The procurement manager of Fair-Trading Ltd. enquired with a bookstore for the immediate supply of 5 copies of a book. The store replied that they only had hard bound copies priced at Rs. 1100 a copy. The manager said, "Go ahead and send it over to me. You have our address and contact details." The bookstore had dealt with them once before, a month back. In this while, the manager found another supplier who could give him paperback edition of the book for Rs. 500 a copy. The manager called back the store and said, "We do not want the books. Kindly do not send them." The store replied, "We have already sent the books over to you with an employee. He should already be there." While the manager was still on the phone, the employee arrived with the books. The manager refused to take delivery of the books and pay the money. A dispute developed between the parties.

- 1) Is there an agreement between the parties?
- 2) Discuss the legal implications in the above case.

Q8(B):A buyer signed on a 'Customer Order Form' for the supply of 100 pieces of electronic cards used in the Magnetic Resonance Machine of a particular make and model. The seller sent a printed form with the following: "We accept your order. The goods would be supplied to you within 10 days ...". The seller exported the goods to the buyer. On delivery, the buyer realized that the cards were not of the mentioned model. The seller received back the cards and supplied the appropriate one. The seller, however, instead of reimbursing the cost incurred by the buyer in sending back the defective goods, claimed RS 5, 000 for the transportation charges for arranging to send replacement for the defective cards. The seller pointed out terms in the 'Customer Order Form', running into 10 pages. The term was "The Purchaser shall return the defective parts at his own expense to the Supplier and pay for the transportation costs incurred by the seller in sending the replacement for the defective parts."

1. **The parties are in dispute whether the term is binding on them.**
2. **Even if buyer signed the form but had no knowledge of the term, the term would not be binding on him.**

Question Number	CLO
Qusetion 1	1,2,3,4
Qusetion 2	1
Qusetion 3	4
Qusetion 4	3
Qusetion 5	2
Qusetion 6	2
Qusetion 7	4
Qusetion 8	1,3,4

Note: Font: Times New Roman, Font size: 12.