



# GL BAJAJ

Institute of Management & Research

Approved by A.I.C.T.E., Ministry of HRD, Govt. of India

Roll No.....

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

## POST GRADUATE DIPLOMA IN MANAGEMENT (2017-19) END TERM EXAMINATION (TERM -III )

Subject Name: Legal Environment of Business

Time: 02.00 hrs

Sub. Code: PG21

Max Marks: 50

**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, B & C. Section A carry 2 Case Studies of 10 marks each, Section B carries 2 questions of 10 marks each and Section C carries 5 questions 2 marks each.**

### SECTION - A

**10×02 = 20 Marks**

Q. 1: Read the Case Study and answer the questions given below:

We have seen landmark shift in Indian Economy since the adoption of new economic policy in 1991. This had far reaching impacts on all spheres of life in India. There can be no concrete conclusions about their impact on Indian people. But there is no doubt in the fact that those reforms were unavoidable and very compelling. The effect of liberalization on Indian economy and society

India's annual average growth rate from 1990 – 2010 has been 6.6 % which is almost double than pre reforms era. GDP growth rate surpassed 5% mark in early 1980's. This made impact of 1990's reforms on growth unclear. Some believe that 1980's reforms were precursor to LPG reforms. It was IMF loan which gave government to adjust its economy. Barring few years industrial growth rate has been not much impressive. Share of Industry still remains stagnantly low at 25%. Worst is that India has transitioned to be a service led economy, directly from an agrarian one. One explanation of this is end of policy of imports substitution which derived industrial growth upto 1990. Foreign companies got free access to Indian markets and made domestic products uncompetitive. They obviously had better access to technology and larger economies of scale.

Share of agriculture in domestic economy has declined to about 15%. However, people dependent upon agriculture are still around 55%. Cropping patterns has undergone a huge change, but impact of liberalization can't be properly assessed. We saw under series relating to agriculture that there are still all pervasive government controls and interventions starting from production to distribution. India's largely self-sufficient and high value distinguished products like Basmati Rice are in high demand all over. Apart from these, Farm Mechanization i.e. use of electronic/solar pumps, Tractors, combines etc. all are fruits of globalization. Now moving a step further, Information technology is being incorporated into agriculture to facilitate farming.

In this case globalization has been boon for developing countries and bane for developed ones. Due to historic economic disparity between two groups, human resources have been much cheaper in developing economies. This was further facilitated by IT revolution and this all culminated in exodus of numerous jobs from developed countries to developing countries. Software, BPO, KPO, LPO industry boom in India has helped India to absorb a big chunk of demographic dividend, which otherwise could have wasted. Best part is that export of services result in export of high value. Now India is better placed to become a truly Knowledge Economy.

Since reforms, there have been three rounds of License Grants for private banks. Private Banks such as ICICI, HDFC, Yes Bank and also foreign banks, raised standards of Indian Banking Industry. Here too IT is on path of bringing banking revolution. New government schemes like Pradhan Mantri Jan dhan Yojana aims to achieve their targets by using Adhaar Card. Having said this, Public Sector Banks still remain major lender in the country. Similarly Insurance Industry now offers variety of

products such as Unit Linked Insurance plans, Travel Insurance etc. But, in India life Insurance business is still decisively in hands of Life Insurance Corporation of India. Stock Markets are platforms on which Corporate Securities can be traded real time. Importance can be estimated from the fact that, behavior of stock markets of a country is strongest indicator of health and future prospects of an economy. Conventionally, Telecom sector was a government owned monopoly and consequently service was quite substandard. After reforms, private telecom sector reached pinnacle of success. And Indian telecom companies went global. Entry of modern **Direct to Home** services saw improvements in quality of Television services on one hand and loss of livelihood for numerous local cable operators.

Unfortunately, in developing countries there is market failure in all these sectors and majority of people can't afford beyond a certain limit (or can't afford at all). Free markets provide goods and services to people who can afford paying for them, not to those who deserve and need these. Now if we consider these sectors from angle of our inclination towards free markets, certainly there has been lot of progress. There has been world class education available in India and but, deregulation has resulted in mushrooming of private engineering and Medical Colleges. But in reality, this had far reaching devastating effect on society. On Social front India's performance is deplored all over the world and it is probably behind all important developing economies. This lacuna has been recognized and government has taken the charge. In case of education almost universal enrollments has been achieved upto primary level and now impetus should be on improving quality, so that student of public schools comes at par with at least average private ones.

- a) What are the sectors where the liberalization policy has positively affected India's economy?
- b) Critically analyze which sector witnessed a decline in quality despite the entry of private as well as foreign sectors. Cite out the reason and recommend for betterment.

Q. 2: Read the Case Study and answer the questions given below:

Ramesh aged 16 years was studying in an engineering college. On March 2011 he took a loan of Rs 1 Lakh from Suresh for the payment of his college fees and agreed to pay by 30<sup>th</sup> May, 2012. Ramesh possesses assets worth Rs 10 Lakhs. On due date Ramesh fails to payback the loan to Suresh. Suresh now wants to recover the loan from Ramesh out of his assets .

- a) Whether the Suresh would succeed against Ramesh in recovering the amount?
- b) Decide the same by referring the relevant provisions of the Indian Contract Act, 1872 ?

### **SECTION - B**

**10×02 = 20 Marks**

Q. 3: Explain the meaning of the term 'negotiable instrument' as per the Negotiable Instruments Act, 1881. What are its important characteristics ? Whether a currency note is a promissory note or not?

Justify with the reasons?

Q. 4: What do you understand by the term Memorandum of Association & Articles of Association of a Company under the Companies Act, 2013 , draft a sample Objective and Capital clause of a Company's MOA.?

### **SECTION - C**

**02×05 = 10 Marks**

Q. 5 (A): What are the rights of an Unpaid Seller against the buyer and the Goods under the Sale of Goods Act, 1930 ?

Q. 5 (B): Differentiate between Conditions & Warranties under the Sale of Goods Act, 1930 ?

Q. 5 (C): What are the Steps involved in the formation of a Company in India under the Indian Companies Act, 2013 ?

Q. 5 (D): Explain the difference between 'fraud' and 'misrepresentation' under the Indian Contract Act, 1872.

Q. 5 (E): ' Distinguish between "Void agreement' and 'illegal agreement'?