

**K. J. SOMAIYA INSTITUTE OF MANAGEMENT STUDIES AND RESEARCH**

**Program: MHRDM - I Sem. (2017-20 Batch)**

**Subject: Legal Aspects of Business**

**Maximum Marks: 50  
21/11/2017**

**Duration: 3 hours**

**Date:**

**Notes:**

- 1. Question No. 1 is compulsory and carries 20 marks.**
- 2. Answer any three questions from Q.No.2 to Q.No.6 each question carries 10 marks**
- 3. Substantiate your answers with suitable examples.**

**Question 1**

**A) Case Laws : (10 marks)**

- 1) X agreed to sell to Y sugar, out of the 2000 bags stock in his godown for Rs 12000/- @ Rs 3000/- per bag. Before the delivery of the sugar there is a fire in the godown which completely destroys all the sugar. **Can Y compel X to supply the sugar as per the agreement? Give reasons.****
- 2) A sells goods to B. B pays to A through a cheque. Before B could obtain delivery of the goods, his cheque was dishonoured by the bank. A, therefore, refuses to deliver the goods until paid. **Is A's action justified? Give reasons.****
- 3) X, a minor took a loan of Rs 10000 from B for payment of his college fees and to purchase books and agreed to repay in 6 months. X possesses assets worth 2 lakhs. X fails to repay to B in 6 months time. B wants to recover the loan from X's assets. **Can B do so? Give reasons.****
- 4) A, a money lender advances Rs 1000 to B, an agriculturist and by undue influence, induces B to execute a bond for Rs 2000 with 6% interest per month. **Advise B. Give reasons.****
- 5) B requests A to sell and deliver to him certain goods on credit. A agrees to do so provided C will guarantee the payment of the price of the goods. C promises to guarantee the payment in consideration of A's promise to deliver the goods. **Is this sufficient consideration for C's promise? Give reasons.****
- 6) Amit promises to procure an employment for Bimal in a government department and Bimal promises to pay Rs 5000 to Amit for the same, Amit gets the said job for Bimal. However, Bimal refuses to pay the promised money to Amit who files a suit in the court to recover Rs 5000 from Bimal. **Will Amit succeed? Give reasons.****
- 7) H entered into a hire purchase agreement with B in relation to a piano on the condition that on paying 12 instalments of Rs 100 each, the piano should be his property. After H paid 6 instalments, B pawned the piano with M who took it in**

- good faith. **Can H take back the piano from M? Give reasons.**
- 8) A pledges jewels with B worth Rs 60000 and borrows Rs 30000 at 12% pa, promising to repay the amount and redeem the goods in a years time. Due to increasing burglaries in the town, B insures the jewels and buys a strong safe at a cost of Rs 800, and keeps the jewels in that safe, there being no safety vaults in that town. Now when A repays the loan with interest, B claims the amount due cost of insurance and cost of safe, **Can he do so?**
- 9) A and B agree that A should pay Rs 1000 to B if India wins the World cup and that B should pay A if South Africa wins. **Is this a valid contract? Give reasons.**
- 10) X owes Rs 1000 to Y. X sells sugar worth Rs 5000 to Y. X is acting as an agent of Z in this transaction, but Y has no knowledge of the same. Y pays only Rs 4000 to X after adjusting Rs 1000 due to him from X. Z demands payment of full amount of Rs 5000 from Y stating that X was only acting as his agent. **Discuss the legal rights of X, Y and Z. Give reasons.**

**B) Multiple choice questions (10 marks)**

- 1) The rights and obligations of the company are regulated in
- A.O.A
  - M.O.A
  - Partnership deed.
  - None of these
- 2) In a contract of sale of goods there is implied warranty and not implied condition that
- the bulk shall correspond with the sample in quality
  - the buyer shall have and enjoy quiet possession of the goods
  - the goods shall correspond with the description given in the contract
  - the seller has a right to sell the goods
- 3) **The distinction between sale and agreements to sell determines**
- rights and liabilities of the parties to contract
  - nature of goods in the contract
  - nature of property in the contract
  - price of the contract.
- 4) In the MOA there are 6 classes. We can alter all clauses except one clause. What is that clause?
- Objects clause
  - Name clause
  - Association clause
  - None of these
- 5) **When, at the desire of the promisor, the promisee or any other person has done or abstained from doing or, does or abstain from doing or promises to do or to abstain from doing something, such act or abstinence or promise is called**
- reciprocal promise
  - consideration for the promise

- (c) counter offer
  - (d) acceptance.
- 6) An offer and its acceptance is the basic requirement of an agreement and as per this requirement an offer by one party**
- (a) should be made to the other who is related to him
  - (b) May also be made to himself
  - (c) should be made to another who may or may not be related to him
  - (d) should be made to another before the register
- 7) A contingent contract based on the specified uncertain event not happening within a fixed time**
- (a) can be enforced if the event does not happen within the time fixed
  - (b) can be enforced if before the expiry of time fixed, it becomes certain that such an event shall not happen
  - (c) cannot be enforced at all, being void
  - (d) both (a) & (b).
- 8) Where one of the joint promisors makes a default in contribution of performance**
- (a) the other joint promisors have no right against the defaulter
  - (b) have to bear the loss in equal share
  - (c) not supposed to bear the loss
  - (d) the contract becomes void to that extent.
- 9) When the consent to the contract is caused by coercion, the contract is**
- (a) valid
  - (b) voidable
  - (c) void
  - (d) illegal.
- 10) XYZ Company conducted an AGM on 1 st Sept.2007. On that day due to fire accident in the hall. All shareholders died. Will the company will be in existence.**
- a) Yes
  - b) No

**Question 2**

- i) Write a note on Composition and Jurisdiction of the different Consumer Dispute Redressal Agencies under the Consumer Protection Act?**
- ii) Define Combinations.** Write a note on Anti-Competitive agreements and agreements that have adverse effect on Competition.

**Question 3**

- i) Differentiate between Contract and Quasi Contract. Explain the types of Quasi contract?**
- ii) Define 'Condition' and 'Warranty'. Explain the Conditions and Warranties that are implied in a contract of sale**

**Question 4**

- i) What are the different classification of goods as per Sale of Goods Act?**  
Differentiate between Sale and Agreement to Sell.
- ii) Write short note on a) Audit and Auditors and b) Corporate Social Responsibility with reference to Companies Act 2013**

**Question 5**

- i) When can we say the Consent is not free under the Indian Contract Act? Explain.**
- ii) What are the Characteristics of a Company. Differentiate between Private Company and Public Company.**

**Question 6**

- i) Write short notes on :- a) Memorandum and Articles of Association b) Meetings.**
- ii) What is Continuing guarantee and how can it be revoked? When does property in goods pass in case of Specific goods?**

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