

According to Companies Act, 1956, how directors of a company are appointed and what are their powers and duties ?

- 6 Described different forums constituted for appeals, in the light of Consumer Protection Act. What are jurisdiction of different forums and their powers ?

OR

How do digital signature acquire legal recognition? What is meant by 'Attribution of electronic records'?



(Following Paper ID and Roll No. to be filled in your Answer Book)

PAPER ID : 7111

Roll No.

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M. B. A.
(SEM. II) **EXAMINATION, 2008-09**
BUSINESS LAWS

Time : 3 Hours]

[Total Marks : 100

- Note :**
- (1) The question paper contains three parts.
 - (2) All questions are compulsory. The figures given in the right hand side indicate marks.

PART - I

- 1 Answer each of the following, each part carries **1×20=20** one mark.
- (a) In a promissory note, the person who makes the promise to pay is called
 - (i) Promisor
 - (ii) Promisee
 - (iii) Drawer
 - (iv) Drawee
 - (b) Which of the following are negotiable instruments?
 - (i) Currency notes ()
 - (ii) Coins ()
 - (iii) Postal orders ()
 - (iv) Money orders ()
 - (v) Cheques ()



- (c) A bill payable on demand is called Time bill.
 (i) True
 (ii) False
- (d) A agrees to pay B Rs. 15,000 if two straight lines should enclose a space. This agreement is:
 (i) Valid
 (ii) Void due to impossibility of performance
 (iii) Voidable at the option of B
 (iv) None of the above
- (e) A agrees with B to discover treasure by magic. The agreement is :
 (i) Void ()
 (ii) Voidable at the option of B ()
 (iii) Valid agreement ()
 (iv) None of the above ()
- (f) To be a valid contract, an agreement must have :
 (i) Consideration ()
 (ii) Lawful object ()
 (iii) Free consent ()
 (iv) All ()
- (g) Which of the following is an example of "invitation to offer" :
 (i) A tender ()
 (ii) Railway time table ()
 (iii) Catalogue of a bookseller/menu card in hotel ()
 (iv) All of the above ()
- (h) Consensus ad idem means :
 (i) Contracting parties agree to a thing with the same meaning ()
 (ii) Consequence of agreement without proper meaning ()
 (iii) Consent of one of the parties ()
 (iv) None of the above ()

- (i) 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 :
 (i) A valid proposal ()
 (ii) Promise ()
 (iii) Consideration ()
 (iv) None of the above ()
- (j) A' has a car. He writes a letter to B proposing to sell it for Rs. 50,000/-. The communication of proposal is complete against A :
 (i) When 'B' acknowledges the letter ()
 (ii) When 'A' writes the letter ()
 (iii) When 'A' drops the letter in post box ()
 (iv) When 'B' receives the letter and accepts it ()
- (k) 'A', for natural love and affection, promises to give his son, B, Rs. 20,000/-. A puts his promise to 'B', into writing and registers it. This is without consideration. Which of the following is true :
 (i) Void agreement ()
 (ii) Voidable agreement ()
 (iii) A valid agreement ()
 (iv) No agreement ()
- (l) Privity of contract means :
 (i) In contract between private parties, Govt can sue ()
 (ii) A stranger to a contract cannot sue ()
 (iii) A contract between the private parties ()
 (iv) None of the above ()



- (m) Which of the following statements is not correct?
Every private and public company is a juristic person. Hence the company:
- (i) Can enter into contracts on their own name ()
 - (ii) Can sue or be sued for breach of contracts ()
 - (iii) Enter into any contract which shall be within the bounds of the articles of association and memorandum of association.
 - (iv) All of the above
- (n) In some instances, mere silence becomes fraud, and it is the duty of the person who enters that contract to reveal the truth. Which one is an exception?
- (i) Insurance contracts
 - (ii) Partnership agreements
 - (iii) Family settlement agreements
 - (iv) None of the above
- (o) "A" promises to obtain for "B" employment in Railways by using his official position. In return "B" promises to pay Rs. 50,000/- to "A". The agreement is :
- (i) Void
 - (ii) Voidable
 - (iii) Enforceable
 - (iv) B can file a case for specific performance of the agreement.
- (p) "A" agrees to sell to "B" hundred tons of oil. There is nothing whatever to show what kind of oil was intended. The agreement is :
- (i) Void for uncertainty
 - (ii) Voidable agreement at the option of "B"
 - (iii) A Valid agreement
 - (iv) Void as it is against public law.

- (q) Sale is a contract plus
- (i) Conveyance
 - (ii) Commitment
- (r) For the existence of a partnership there must be an association of
- (i) Two or more persons
 - (ii) Minimum seven persons
 - (iii) Three or more Persons
 - (iv) 30 or more persons
- (s) Novation means:
- (i) A new contract is substituted for an existing one, but the parties must be the same.
 - (ii) Novation should take place before expiry of the time of the performance of the original contract.
 - (iii) Consensus of the parties is necessary, and if there is breach of contract arises, there could be no novation.
 - (iv) All of the above.
- (t) Persons who have entered into partnership with one another are called individually partners and they are collectively "a firm".
- (i) True
 - (ii) False

PART - II

- 2 Read the following problems and answer the questions : 2×15=30

Problem - 1

A Taxi service had several cars. All the cars had air conditioners fitted inside them. However, taxis were hired out with or without the use of the air conditioner. The rate for hiring a taxi with the air



conditioner was Rs. 10 per km. While the rate for hiring it without the air conditioner was only Rs. 5 per km. A person hired a taxi without the air conditioner. After getting into the car, he realized that it was hot and uncomfortable. He, then, decided to run the air conditioner. A dispute arose between the two parties as to the charges for the hire of the taxi. The customer was willing to pay a higher amount than what he had agreed to pay, but he did not want to pay at the rate of Rs. 10 per kilometer. He argued that the latter was an exorbitant rate.

Questions to be discussed

- (i) Should the passenger be made to pay the charges as per the rates fixed by the taxi service?
- (ii) If yes, there must have been an agreement. In this case, who had made the offer? Who had accepted that offer?
- (iii) What was the modality of communication that had taken place?

Problem - 2

A person saw an electric iron in the showcase of a shop. A label below the iron mentioned the price as Rs. 600/-. He had been looking for that model of electric iron for a long time. He approached the shop to buy one such iron. However, he was told that the shop did not have that model in stock. The shopkeeper also said that he could not promise him one later either, as the manufacturing company of that iron was facing financial difficulties and it was being closed down. The person insisted that he had a right to buy the one kept in the showcase.

Question for exploration :

Who offers and accepts when

- (i) We go in to a shop;
- (ii) A shop advertises its goods with a price list;
- (iii) Some bargaining as to the price of the goods being sold takes place; or
- (iv) An auction takes place?

PART - III

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| 3 | Illustrate the distinction between void, voidable and illegal agreements. Discuss the validity of agreements collateral to such agreements. | 12.5 |
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OR

How can an offer be accepted? State briefly the rules relating to the communication of offer and Acceptance. Is there any limit in time after which revocation of a proposal cannot be made?	12.5
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| 4 | What is meant by Dissolution of a firm? In what different cases a court shall order dissolution of a firm at the suit of a partner? What are the rights of creditors after dissolution of a firm? | 12.5 |
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OR

What do you understand by contract of sale? What are essential requirements of sale contract? Explain in the light of sales of goods act, 1930.

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| 5 | Describe different kinds of negotiable instruments. How Negotiable Instrument Act, 1881 is useful for business? |
|---|---|

OR

