

**X 1017**

M.B.A. DEGREE EXAMINATION – MARCH 2008.

SECOND TRIMESTER

MBA 026 — LEGAL ENVIRONMENT OF BUSINESS

Time : Three hours

Maximum : 100 marks

PART A — (20 × 1 = 20 marks)

Answer ALL questions.

STATE TRUE / FALSE

1. "Ignorance of law" is no excuse. — 1
2. A contract is void if one of the parties to the contract is under a mistake of fact. — 1
3. The Principal is liable for all acts of his agent. — 1
4. The insolvency of the promisor always discharges the contract. — 1
5. A seller need not disclose the defect of his goods to the buyer before sale. — 1
6. Delivery of goods amounts to acceptance of goods. — 1
7. In case of delivery of wrong quantity, the buyer may reject the whole lot. — 1
8. It is compulsory to have a partnership deed. — 2
9. A minor can become a partner. — 2
10. A post dated cheque is not negotiable. — 1
11. P, Q and R JOINTLY PROMISE TO PAY Z Rs. 5000. P and Q are not traceable. Can Z compel R to pay him full? — 1
12. X sells goods to Y. Y pays to X through a cheque. Before Y could obtain the delivery of goods, his cheque has been dishonoured by the bank X therefore refuses to give delivery of goods until paid. Is X's action justified? — 1

13. Z was shopping in a self service super market. He picked up a bottle Orange squash from a shelf. While he was examining it, the bottle exploded in his hand and injured him. Can Z claim damages for the injury? - 1
14. A and B execute a promissory note in favour of C and D for Rs 5000. Will C succeed if he alone sues A on the pro-note? - 1
15. X offers to sell Y, a painting which X knows is a copy of a well known masterpiece. Y thinking that the painting is an original one and that X must be unaware of this, immediately accepts X's offer. Does this result in a contract? - 1
16. \_\_\_\_\_ is a primary document of the company (Memorandum of Association/ Prospectus)
17. The memorandum contains \_\_\_\_\_ Clauses (two/Six)
18. A Bill of exchange is a / an \_\_\_\_\_ (Promise/order)
19. Partnership is based on \_\_\_\_\_ (profit/ agreement)
20. Consumer protection act has a \_\_\_\_\_ set-up (two-tier/three tier)

PART B — (10 × 2 = 20 marks)

Answer any TEN questions.

#### CONCEPT TESTING

21. Distinguish between void and voidable contracts. - 1
22. An invitation to offer is not an offer—Elucidate this statement. - 1
23. Distinguish between coercion and undue influence. - 1
24. What are the differences between conditions and warranties? - 1
25. How is an offer made, revoked and accepted? - 1
26. Explain the rights of a buyer. - 1
27. Define "consumer" under consumer protection act 1986. - 5
28. What is the "doctrine of indoor management?" - 1

29. What are the differences between holder and holder in due course? — 1
30. Define the term "good" as per sale of good act. — 1
31. Define quasi contracts. — 1
32. What the rights of the unpaid seller against the goods. — 1

PART C — (5 × 10 = 50 marks)

Answer any FIVE Questions

DESCRIPTIVE TYPE

33. What is a contract of sale of goods? Discuss the essential characteristics of it. — 1
34. Define the term "negotiable instrument". What are its essential characteristics? — 1
35. State who can demand performance and by whom contracts must be performed. — 1
36. Enumerate different types of partners and briefly explain the extent of their liabilities. — 2
37. Discuss the various remedies that the consumer courts may award under Consumer Protection Act 1986. — 2
38. A company is a legal person and it has identity separate from members comprising it — bring out the truth of this statement. — 2
39. Explain the features of VAT system. — 4
40. An existing private limited company has decided to convert itself into a public limited company. Enumerate in detail the procedure to be adopted for this — 2

PART D — (1 × 10 = 10 marks)

41. Compulsory Question

CASE STUDY

VICCO is a manufacturer of various ayurvedic products including 'VICCO VAJRADANTI' tooth powder. The VICCO trade mark has been registered with it since 1982. Over a period of time, VICCO has carved a niche for itself in the

market and gained consumer acceptance. EKCCO HERBS (INDIA) launched a tooth powder called 'Primo Vajradanti' tooth powder. It used an identical shape, size and colour of the container/ bottle as that of VICCO VAJRADANTI. VICCO's stockists reported that the packages were so identical that not only the consumers, but even the retailers were getting confused. VICCO alleges that EKCCO is indulging in an unfair trade practice.

Explain the term "Unfair Trade practice" as defined under the Consumer Protection Act 1986 and offer your comments to decide the above case.

