

**Jagan Institute of Management Studies**  
**End-Term Examination, September-October, 2017**  
**Trimester I – PGDM 2017-19**

**Legal Aspects of Business**  
**ET\_PG\_LAB\_0510**

Time: 3 Hrs.

M. Marks: 70

**INSTRUCTIONS: Attempt any FIVE questions including Q1 & Q8 which are compulsory.**

- Q 1** Comment upon any **FOUR** of the following:
- a) A deceit which does not deceive is no deceit.
  - b) Unilateral mistake of fact makes the agreement void.
  - c) Doctrine of Quantum meruit entitles a person to get payment for work actually done.
  - d) Bailment is a delivery of goods for temporary purpose.
  - e) Risk prima facie passes with property.
  - f) The transferee of a negotiable instrument acquires a title superior to that of the transferor. **16**
- Q 2** Explain the differences between any **FOUR** of the following:
- a) Conditions and warranties.
  - b) ‘Account Payee’ crossing and ‘Not negotiable’ crossing.
  - c) Indemnity and guarantee
  - d) Coercion and undue influence.
  - e) Promissory note and bill of exchange.
  - f) Sale and Agreement to sell. **12**
- Q 3**
- a) “A negotiable instrument is not money but serves the purpose of money”. Explain, and describe the features of a negotiable instrument.
  - b) Write short notes on:
    - i) Bearer and Order instruments.
    - ii) Dishonor of cheque due to insufficiency of funds in accounts **12**
- Q 4**
- a) The redressal of Consumer Disputes is handled at various levels. Describe the various levels of Redressal Agencies.
  - b) The following terms are used in the Consumer Protection Act, 1986. Explain their meaning:
    - i) Consumer
    - ii) Complaint
    - iii) Unfair Trade Practices
    - iv) Deficiency in services. **12**
- Q 5**
- a) Explain the rules regarding a minor’s agreements.

- b) “A stranger to contract cannot sue”. Explain the rule and describe the exceptions to the rule. 12
- Q 6 a) Describe the following:
- i) “Condition as to suitability of goods for a particular purpose of buyer”.
  - ii) “Condition as to merchantability of goods”
- b) “Law grants to the unpaid seller some special rights on the goods”. Explain the rights. 12
- Q 7 Explain briefly any **FOUR** of the following:
- a) Revocation of offer.
  - b) Consideration.
  - c) Types of Bailee’s lien.
  - d) Pledge.
  - e) Holder in due course.
  - f) Agency by ratification 12
- Q 8 Attempt any **FOUR** of the following problems giving reason for your answer:
- a) L makes a contract with G to get his machine repaired. Repair work was started by G but before the repair work could complete, machine is lost in a fire accident. L wants to treat it as a void contract on ground of supervening impossibility. Decide.
  - b) A letter of offer was sent by R on June 1, 2017. S posts the letter of acceptance on June 5, 2017. R wants to withdraw his offer and posts his letter of revocation of offer to S on June 4, 2017 which is received by S on June 6, 2017. Is there an enforceable contract in this case?
  - c) S contracted to purchase a machine from P and paid Rs 3,00,000. The machine is different from the contracted model and is available in market for Rs. 2,50,000. Decide on the rights of S.
  - d) J paid a cheque of Rs. 80,000 to R for payment of his liability on 2nd June 2016. R presented it in the bank for encashment. The cheque was dishonoured by the bank on the ground of “insufficiency of funds” on 7<sup>th</sup> June 2016. On 5<sup>th</sup> July 2016 R gave notice to J for dishonor and demanded payment. Thereafter R filed a case against J under Sec 138 of the N.I. Act on 30th July 2016. Will he succeed?
  - e) R owes B Rs 50000 but the debt is barred by limitation. R promise orally to pay Rs.30000 to B in full and final settlement. Is this a valid agreement?
  - f) A man by the name of Akshay Khanna called at a jeweler’s shop. The jeweler showed him some items and he chose a costly ring. He tendered in payment a cheque which he signed in the name of Rajesh Khanna, a person of credit. He took the ring and pledges it to Sunil, who took it in good faith. Can the jeweler recover the ring from Sunil? 18

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