

**Jagan Institute of Management Studies**  
**End-Term Examination, December 2017 – January 2018**  
**Trimester V – PGDM (IB) 2016-18**

***Legal Aspects of Business***  
***ET\_IB\_LAB\_0501***

Time: 3 Hrs.

M. Marks: 70

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

- Q 1** Comment on any **FOUR** of the following:
- a) Role of Independent Directors.
  - b) Difference between Patents & Trade Marks.
  - c) Winding up of the company.
  - d) Rights and Duties of Partners under the Partnership Act.
  - e) Sale by Auction under Sales of Goods Act.
  - f) Difference between doctrine of constructive notice and doctrine of indoor management. **16**
- Q 2** Define "consideration" What is the importance of consideration in a contract? Can there be a valid contract without consideration? **12**
- Q 3** Who is 'consumer' under Consumer Protection Act, 1986. Explain briefly the redressal machinery established for the settlement of consumer disputes. **12**
- Q 4** "It is an essential condition for challenging a contract on the basis of undue influence that one of the parties should be in a position to dominate the will of the other". Examine this statement and explain the effect of undue influence on the validity or otherwise of a contract. **12**
- Q 5** Discuss the rights of "Unpaid Seller" when the property in goods has already passed to the buyer. State the various rights which an unpaid seller may have against the goods by implication of law. **12**
- Q 6** Explain the term "valid" "void" and "voidable" agreement and give reasons whether the following agreement are valid, void or voidable agreement:
- a) Kamla promises Ramesh to lend Rs.50,000 in lieu of consideration that Ramesh gets Kamla's marriage dissolved and later he will marry her.
  - b) Sohan agrees with Mohan to sell his black horse. Unknown to both the

- parties, the horse was dead at the time of agreement.
- c) Ram sells the goodwill of his shop to Shyam for Rs.4,00,000 and promises not to carry on such business forever and anywhere in India.
  - d) In an agreement between Prakash and Girish, there is a condition that they will not institute legal proceeding against each other without consent.

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**Q 7** Explain briefly any **FOUR** of the following:

- a) Doctrine of ultra vires.
- b) Sale by description and sample.
- c) Goods sent on approval or 'on sale or return'.
- d) Prevention of Oppression & Mismanagement.
- e) Doctrine of Caveat Empter.
- f) Consequences of Misstatement in the Prospectus

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**Q 8** Attempt any **FOUR** of the following with valid reasons as per the provisions of the Law.

- a) "Good Girl" soap co. advertised that it would give a reward of Rs.1,000 who developed skin disease after using "Good Girl" soap of the company for a certain period of time according to the printed directions. Rakhi purchased the "Good Girl" soap and developed skin disease in spite of using the same according to the printed instructions. She claimed reward of Rs.1,000. The company refused the reward on the ground that offer was not made to her and she had not communicated her acceptance of the offer. Decide whether Rakhi can claim the reward or not.
- b) Jagdish boarded an Express train at Mumbai to go the Delhi on some professional work. He was carrying with him a suit case in which there were research material and cash of Rs.10,000. He complained to the ticket examiner that a stranger without reservation had entered into the compartment and despite protest from him and other co-passengers, the stranger occupied the berth and the ticket examiner did not do anything to detain the stranger. When Jagdish woke up at 4.00 a.m the next day, to his surprise, he found that his suit case was ransacked, and important documents and cash were missing. He alleged that both the ticket examiner and the guard were unwilling to receive his complaint. After coming to Delhi, he filed a complaint before the District Forum. Advise Jagdish.
- c) X sells a car by auction to Y, who is the highest bidder. Y offers to pay for the car by a cheque and he is allowed to do so provided he signs a document stating that the property in the car would not pass to him. Until the amount of the cheque has been credited to the seller's account. The cheque is subsequently dishonored. X asks Y to return back the car,

as he has not become the owner of the car because the cheque given by him has been dishonored. Is 'X's contention justified?

- d) X delivers some jewelry to Y on "sale or return" without specifying any time for its return in case of no-acceptance. Y allows the jewelry to remain with himself without signifying his approval or refusal. After a month a burglary takes place in Y's house and the jewelry is stolen. Can X sue Y for the price of the jewelry?
- e) The directors of the company were authorized "to make payment towards any charitable/benevolent object or for any general public interest object". The main object of the company was to manufacture and sell readymade garments. In accordance with a shareholder's resolution, the directors paid 10 lakhs to a group staging Durga Puja. Is the payment to the group ultra vires?
- f) Mohan purchased a fan for installation in his business premises and the fan has been found defective. Mohan approaches you to lodge a complaint against the manufacturer. Will Mohan be treated as a 'consumer' under the Consumer Protection Act, 1986?

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