

Plot No. 2, Knowledge Park-III, Greater Noida (U.P.) –201306

**POST GRADUATE DIPLOMA IN MANAGEMENT (2023-25)
END TERM EXAMINATION (TERM- II)**

Subject Name: **Legal Environment of Business**

Time: **02.00 hrs**

Sub. Code: **PG27**

Max Marks: **40**

Note:

All questions are compulsory. Section A carries 5 marks: 5 questions of 1 mark each, Section B carries 21 marks having 3 questions (with internal choice question in each) of 7 marks each and Section C carries 14 marks one Case Study having 2 questions of 7 marks each.

SECTION - A

Attempt all questions. All questions are compulsory.

1×5 = 5 Marks

| Questions | CO | Bloom's Level |
|---|-----------|----------------------|
| <p>State the significant point of difference between the terms of each question with an example.</p> <p>Q. 1: (A). Void Contracts and Voidable Contracts Q. 1: (B). Condition and Warranty Q. 1: (C). Cross Offer and Counter Offer Q. 1: (D). Declaration of Intention and Invitation to Offer Q. 1: (E). Digital Signatures and Electronic Signatures (Entire Sec A to be assigned one CO.)</p> | CO1 | L1 |

SECTION – B

All questions are compulsory (Each question has an internal choice. Attempt any one (either A or B) from the internal choice)

7 x 3 = 21 Marks

| Questions | CO | Bloom's Level |
|---|-----------|----------------------|
| <p>Q. 2: (A). X is an artist who specializes in creating custom paintings. She receives a request from a client, Y, to paint a portrait of their family. They discuss the details of the painting, including the size, style, and delivery date. After the discussion, X sends a detailed email outlining the specifications and quoting a price for the custom family portrait. In the light of this situation, provide relevant explanation in the following questions:</p> <ul style="list-style-type: none"> • Does the email from X constitute a valid offer, and if so, how can Y accept it? • How does the consideration, in this case, contribute to the validity of the contract, and what might be considered unlawful in the context of consideration? • How does the capacity of the parties ensure the validity of the contract, and what could jeopardize their capacity in this situation? • How does the legality of the object contribute to the validity of the contract, and what potential issues should be avoided in determining the object's legality? <p style="text-align: center;">Or</p> <p>Q. 2: (B). P, an elderly woman, lives alone and relies on her nephew, X, for assistance with her finances. X has been helping P manage her affairs for years.</p> | CO3 | L3 |

| | | |
|---|-----|----|
| <p>P intends to sell her property to downsize and move to a smaller house. X, aware of P's intentions, insists that she sell the property to him for a significantly lower price than its market value, stating that it would ease her burden of finding a buyer and handling the transaction.</p> <p>Evaluate the situation in terms of factors affecting P's free consent in selling her property to her nephew, X. Discuss the elements that constitute that factor and explain how they apply in this scenario. Additionally, outline the potential legal consequences or actions that P could take to address this situation.</p> <p>(internal choices with two questions corresponding to the same CO)</p> | | |
| <p>Q. 3: (A). Celina, the owner of a small boutique, is looking to expand her business by entering into a contract with a marketing agency, StarPromos. Celina wants StarPromos to handle the promotion and marketing of her boutique, including online advertising, social media management, and promotional events. They have a meeting to discuss the terms, and both parties seem interested in working together. Celina wants StarPromos to act on behalf of her boutique in marketing activities and StarPromos is expected to perform specific marketing tasks. Celina is also looking for a long-term marketing partnership.</p> <ul style="list-style-type: none"> • How can Celina and StarPromos establish a clear principal-agent relationship in the contract, and what responsibilities does each party have in this relationship? • How can the contract outline the duties and obligations of StarPromos as the marketing agency, and what measures can be taken to ensure the quality and timeliness of their services? • How can the contract address the duration of the agency relationship, and what conditions might allow either party to terminate the contract? <p style="text-align: center;">Or</p> | CO4 | L4 |
| <p>Q. 3: (B). Mr. Gupta is indebted to Mr. Sharma and Mr. Malik is the surety. When Mr. Gupta and Mr. Malik refused to pay, Mr. Sharma sued the surety who paid the amount and the cost as per the orders of the court. Can the surety recover the amount from Mr. Gupta. Discuss the legal rule applicable in this situation.</p> <p>(internal choices with two questions corresponding to the same CO)</p> | | |
| <p>Q. 4: (A). Zuber is in the market for a used car, and he visits a local dealership, FastWheels, to purchase a vehicle. He finds a car that meets his requirements and decides to buy it. During the transaction, Zuber asks the salesperson about the condition of the car, and the salesperson assures him that it's in excellent condition. After driving the car for a week, Zuber discovers several hidden mechanical issues that were not disclosed at the time of purchase. Frustrated, he approaches the dealership seeking a resolution.</p> <ul style="list-style-type: none"> • How does the initial representation by the salesperson align with the doctrine of caveat emptor, and what responsibility does Zuber bear as a buyer? • How do consumer protection laws interact with the doctrine of caveat emptor, and can Zuber leverage any legal protections to address the issues with the purchased car? <p style="text-align: center;">Or</p> | CO4 | L5 |
| <p>Q. 4: (B). What is your comprehension of the Memorandum of Association and</p> | | |

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|---|------------------------|----------------------|
| Articles of Association of a company within the framework of the Companies Act, 2013, as you embark on the registration process for a new company? (internal choices with two questions corresponding to the same CO) | | |
| <u>SECTION - C</u> | | |
| Read the case and answer the questions | 7×02 = 14 Marks | |
| Questions | CO | Bloom's Level |
| <p>Q. 5: Case Study: Sheetal, the owner of a small business, issues a cheque to her supplier, Mahesh, as payment for a bulk order of goods. To ensure the security of the payment, Sheetal decides to cross the cheque with two parallel lines and writes "Account Payee Only" between the lines. Mahesh, in turn, endorses the cheque and transfers it to his friend, Ritesh. Unfortunately, the goods delivered to Sheetal are defective, and she refuses to accept them, leading to a dispute.</p> <p>Questions: Q. 5: (A). How does the crossing of the cheque impact its negotiability, and what level of security does it provide to the payer and payee? Q. 5: (B). In the context of the Negotiable Instruments Act, what conditions must be met for Ritesh to be considered a holder in due course, and how does this status affect his rights in the dispute?</p> <p>(Entire Sec C to be assigned one CO. Both questions corresponding to the same CO)</p> | CO2 | L2 |

Kindly fill the total marks allocated to each CO's in the table below:

| COs | Marks Allocated |
|-----|-----------------|
| CO1 | 5 |
| CO2 | 14 |
| CO3 | 7 |
| CO4 | 14 |
| | |

(Please ensure the conformity of the CO wise marks allocation as per your TLEP.)

Blooms Taxonomy Levels given below for your ready reference:

- L1= Remembering**
- L2= Understanding**
- L3= Apply**
- L4= Analyze**
- L5= Evaluate**
- L6= Create**