

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

POST GRADUATE DIPLOMA IN MANAGEMENT (2025-26)
END TERM EXAMINATION (TERM -II)

Subject Name: **Legal Environment of Business**

Time: **02.00 hrs**

Sub. Code: **PG203**

Max Marks: **40**

Note: All questions are compulsory. Section A carries 12 marks: 5 questions of 2 marks each, Section B carries 18 marks having 3 questions (with internal choice question in each) of 6 marks each and Section C carries 10 marks one Case Study having 2 questions of 5 marks each.

Kindly write the all the course outcomes as per your TLEP in the box given below:

S. No.	Course Outcomes (COs)	Bloom's Taxonomy Level
CO1	Explain the legal framework for business in India, including the scope, sources of law and role of legal departments in corporate governance.	L2
CO2	Apply the key elements of a valid contract and evaluate different types of contracts under the Indian Contract Act, 1872.	L3
CO3	Analyze the formation, rights and obligations under the Indian Partnership Act and distinguish it from Limited liability partnership.	L4
CO4	Interpret the legal aspects of Negotiable Instruments and evaluate implications of digital financial transactions	L4/5
CO5	Evaluate legal provisions of the Sale of Goods Act for ensuring business compliance and governance.	L5
CO6	Analyze the impact of emerging legal issues such as competition and data privacy laws on business decisions	L4

SECTION - A

Attempt all questions. All questions are compulsory.

2×6 = 12 Marks

Questions	CO	Bloom's Level
Q. 1: (A). Karan offered to sell his motorcycle to Meera for ₹3,50,000. Meera agreed to buy it but stated that the payment would be made after three months. Does this constitute a valid contract? Give reasons for your answer.	CO1	L1
Q. 1: (B). Amit, acting as an authorized broker, was instructed by his principal to sell a commercial shop for ₹80,00,000. Without obtaining prior consent, Amit sold the shop for ₹70,00,000. Can the principal initiate legal proceedings against Amit? If so, identify the applicable legal principle.	CO2	L2
Q. 1: (C). Rohit digitally signed an online contract using his valid Digital Signature Certificate issued by a licensed Certifying Authority. Later, he denied having signed the document. State whether the digital signature is legally valid under the Information Technology Act, 2000, and mention one objective of using digital signatures.	CO2	L2
Q. 1: (D). Rohit was compelled through undue pressure to execute an agreement for the sale of his land. Subsequently, he sought to repudiate the	CO1	L1

<p>agreement. Under what circumstances can such a contract be treated as voidable under the Indian Contract Act, 1872? Explain.</p> <p>Q. 1: (E). Neha accidentally delivered office equipment intended for Kavita to Sanjay, who knowingly retained and used it. Is Sanjay legally bound to compensate Neha? Name and explain the relevant principle of contract law applicable in this case.</p> <p>Q. 1: (F). Arjun handed over his laptop to a repair center for servicing. Due to careless handling by the staff, the laptop was damaged. Examine whether the repair center is liable to compensate Arjun under the provisions relating to bailment.</p> <p>(Three questions each from CO1 & CO2)</p>	CO2	L2
<u>SECTION – B</u>		
<p>All questions are compulsory (Each question has an internal choice. Attempt anyone (either A or B) from the internal choice) 6 x 3 = 18 Marks</p>		
Questions	CO	Bloom's Level
<p>Q. 2: (A). PQR Ltd., a company incorporated under the Companies Act, 2013, incurred substantial losses due to market downturns. Creditors demanded that the shareholders personally repay the company's outstanding debts. The shareholders argued that they were not personally liable for such debts.</p> <p>Analyze this situation by explaining the essential features of a company, particularly separate legal entity and limited liability, that support the shareholders' claim.</p> <p style="text-align: center;">Or</p> <p>Q. 2: (B). Ramesh, a partner in a registered partnership firm, entered into a contract with a supplier for the purchase of machinery on behalf of the firm. As per the partnership deed, Ramesh did not have the authority to enter into such contracts without the consent of all partners. The firm later refused to be bound by the contract. Discuss whether the firm is liable for Ramesh's act and explain the relevant provisions relating to the authority of partners under the Indian Partnership Act, 1932.</p>	CO3	L3
<p>(internal choices with two questions corresponding to the same CO)</p> <p>Q. 3: (A). Ritu purchased a second-hand car from a dealer who assured her that the car was in excellent running condition. After a week of use, Ritu discovered serious engine defects that existed at the time of sale. The dealer claimed that the assurance given was only a warranty and not a condition.</p> <p>Discuss the distinction between conditions and warranties under the Sale of Goods Act, 1930, and examine the remedies available to Ritu.</p> <p style="text-align: center;">Or</p> <p>Q. 3: (B). Neeraj agreed to buy machinery from a supplier for use in his factory, relying on the seller's expertise to provide suitable equipment. After installation, the machinery failed to perform the intended function. Examine the legal remedies available to Neeraj under the Sale of Goods Act, 1930, focusing on the implied condition as to fitness for a particular purpose.</p> <p>(internal choices with two questions corresponding to the same CO)</p>	CO4	L4

<p>Q. 4: (A). Neha issued a written instrument directing her bank to pay a fixed sum of ₹75,000 to Aman on demand. Aman endorsed the instrument to Riya, who later transferred it to another person. Identify the type of negotiable instrument involved and explain its essential characteristics under the Negotiable Instruments Act, 1881.</p> <p style="text-align: center;">Or</p> <p>Q. 4: (B). A promissory note was made by Arvind in favour of Bhavesh for valuable consideration. Bhavesh transferred the note to Chetan before its maturity for consideration and without knowledge of any defect in title. Later, it was discovered that the promissory note was originally obtained by fraud.</p> <p>Discuss the legal position of Chetan as a holder or holder in due course, and explain the rights available to him under the Negotiable Instruments Act, 1881.</p> <p>(internal choices with two questions corresponding to the same CO)</p>	CO5	L5
<p><u>SECTION - C</u></p> <p>Read the case and answer the questions 5×02 = 10 Marks</p>		
Questions	CO	Bloom's Level
<p>Q. 5: Case Study:</p> <p>ABC Infotech Pvt. Ltd. entered into an agreement with XYZ Tech Services to develop and integrate software for a project worth ₹40,00,000. The work was to be completed within three months. However, XYZ Tech Services completed only part of the work and failed to deliver the project on time. As a result, ABC Infotech cancelled the contract and decided to take legal action.</p> <p>Separately, ABC Infotech took a loan of ₹8,00,000 from National Bank to expand its business. One of the directors, Rahul, gave a guarantee for repayment of the loan. Due to financial problems, the company failed to repay the loan on time, and the bank demanded payment from Rahul as the guarantor.</p> <p>In another transaction, ABC Infotech sold business software to PQR Traders for resale, assuring proper functioning and regular updates. After some time, the software developed serious defects and could not be resold. PQR Traders approached ABC Infotech for refund and compensation.</p> <p>The contract between ABC Infotech and XYZ Tech Services also contained a clause stating that ABC Infotech would indemnify XYZ Tech Services against any legal claims related to the software. Later, a third party filed a case against XYZ Tech Services claiming that the software violated their intellectual property rights. XYZ Tech Services demanded indemnity from ABC Infotech.</p> <p>Questions:</p> <p>Q. 5: (A). ABC Infotech took a loan from the bank, and Rahul, one of its directors, agreed to act as a guarantor. When the company failed to repay the loan due to financial difficulties, the bank asked Rahul to make the payment.</p>	CO6	L6

<p>Explain whether Rahul is legally bound to repay the loan as a guarantor under the Indian Contract Act, 1872.</p> <p>Q. 5: (B). Discuss whether PQR Traders can seek relief under the Consumer Protection Act, 2019 for the defective software supplied by ABC Infotech. What remedies are available to PQR Traders?</p> <p>(Entire Sec C to be assigned one CO. Both questions corresponding to the same CO)</p>		
--	--	--

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

COs	Question No.	Marks Allocated
CO1	1 (A, B & C)	3
CO2	1 (D, E & F)	3
CO3	2	6
CO4	3	6
CO5	4 & 5	16
CO6		

(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**