

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

POST GRADUATE DIPLOMA IN MANAGEMENT (2025-27)
MID TERM EXAMINATION (TERM -II)

Subject Name: **Legal Environment of Business**
Sub. Code: **PG203**

Time: **01.00 hrs**
Max Marks: **20**

Note: All questions are compulsory.

Read the following case and answer the following questions: 10×2 = 20 Marks

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

CO1- Explain the legal framework for business in India, including the scope, sources of law and role of legal departments in corporate governance.
CO-2 Apply the key elements of a valid contract and evaluate different types of contracts under the Indian Contract Act, 1872.
CO-3 Analyze the formation, rights and obligations under the Indian Partnership Act and distinguish it from Limited liability partnership.
CO-4 Interpret the legal aspects of Negotiable Instruments and evaluate implications of digital financial transactions
CO-5 Evaluate legal provisions of the Sale of Goods Act for ensuring business compliance and governance.
CO-6 Analyze the impact of emerging legal issues such as competition and data privacy laws on business decisions

Case Study-1: Sunrise Foods Pvt. Ltd.

(C01)

Sunrise Foods Pvt. Ltd. is a start-up entering the packaged snacks market in India. Before launching, the company hired a legal consultant to understand the **legal framework governing businesses in India**. During this process, the consultant informed them that they must comply with a wide range of laws—including the **Companies Act, Consumer Protection Act, Food Safety and Standards Act (FSSAI), Contract Act** and various labour laws.

The founders were surprised to see how many regulations applied to their operations. They realized that non-compliance could lead to penalties, product recalls or even closure.

They also wanted to understand the **sources of Indian business law**, so they can ensure that all their business contracts, employee policies and product quality standards are legally valid and enforceable.

Questions:

Q1. As the **legal advisor** of Sunrise Foods Pvt. Ltd., explain to the management the **scope of the legal framework in India** that applies to their business operations. Which key legal areas must they comply with before launching their product? 5

Q2. Identify and explain **any four sources of Indian Business Law** that Sunrise Foods Pvt. Ltd. must rely upon while framing its policies and operations. 5

Case Study-2

(CO2)

Riya, a wholesaler of electronic accessories, entered into an agreement with Arjun, the owner of a retail store. According to the agreement, Riya was to deliver 200 Bluetooth earphones to Arjun at ₹600 each within 10 days. Arjun paid an advance of ₹20,000 at the time of agreement.

Three days later, Riya informed Arjun that due to a sudden supply shortage from her manufacturer, she would only be able to supply 120 earphones on time, and the remaining quantity might take an additional 20 days. Arjun refused the partial delivery and demanded a refund of his advance, along with compensation for the loss he would incur due to not having stock for the upcoming festival sale. Riya argued that the shortage was unexpected and beyond her control.

Questions:

Q1. Identify and explain the essential elements of a valid contract in this case. Does the agreement between Riya and Arjun qualify as a valid contract under the Indian Contract Act, 1872? 5

Q2. One essential element of a valid contract is “**Free Consent.**” Explain whether the consent of both parties in the agreement between Riya and Arjun was free and genuine. 5

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

COs	Marks Allocated
CO1	10 Marks
CO2	10 Marks

Blooms Taxonomy Levels given below for your ready reference:

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