



**INDIAN INSTITUTE OF MATERIALS MANAGEMENT**  
**Post Graduate Diploma in Materials Management**  
**Graduate Diploma in Materials Management**  
**Paper No. 6 (New)**  
**BUSINESS LAWS**

**Dec 2015**

**Date :** 13.12.2015

**Time :** 10.00 a.m. to 1.00 p.m.

**Max Marks:** 100

**Duration:** 3 hours

**Instructions:**

1. From Part A: answer all questions (compulsory) Each sub-question carries 1 marks **Total marks – 32**
2. From Part B: answer any 3 out of 5 questions Each question carries 16 marks. **Total marks – 48**
3. Part C is a case study with sub-questions (compulsory). Read the passage and answer all the questions. **Total marks – 20**
4. Please read and follow the instructions given in the answer sheet carefully.

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**PART A (compulsory)**

**( 32 x1 = 32 marks)**

**Q.1 State whether the following are True or False**

- a) A partnership firm is not a person in the eyes of law and therefore cannot be a party to a contract.
- b) A person is said to be of age of majority if he has completed 16 years of age.
- c) A valid contract should be preceded by an agreement.
- d) Law and Morals are closely related, though they do not, by any means coincide.
- e) The law is not made just for the purpose of making it.
- f) Acceptance need not be given only in the prescribed mode.
- g) Judicial precedents are another important source of law.
- h) A valid custom is law unless it is overridden by legislation.

**Q.2 Fill in the blanks-**

- a) Every promise and every set of promises forming the ..... for each other is an agreement.
- b) The proposal is the ..... step towards the formation of contract.
- c) Customs have played an important role in making the law, and therefore are also known as ..... law.
- d) A contract of ..... may be created by an express agreement or by implication or by ratification.
- e) Communication of proposal is ..... when it comes to the knowledge of offeree.
- f) Acceptance should be given only by the ..... to whom the offer is made.
- g) Acceptance should be absolute and .....
- h) An agreement made by parties should ..... to the prescribed legal formalities.

**Q.3 Expand the abbreviations:**

- |          |          |         |          |
|----------|----------|---------|----------|
| i) FERA  | iii) RBI | v) VAT  | vii) PAN |
| ii) FEMA | iv) CST  | vi) TIN | Viii) ED |

**Q.4 Match the following- Column A and B**

<b>Column A</b>	<b>Column B</b>
a) Statutory Law	i) is that branch of law which regulates those of the relations of the citizens with one another as are not of public importance
b) Business Law	ii) is that branch of law which determines and regulates the organisation and functioning of States.
c) Public Law	iii) that part of law which characterises certain kind of wrong doings as offences against the State, not necessarily violating any private right and punishable by the State.
d) Private Law	iv) on the other hand is primarily concerned with the rights and duties of individuals towards each other.
e) Criminal Law	v) defines in regard to a specific subject, the legal rights obligations and relationships of people with other people or as between them and the State.
f) Civil Law	vi) deals with the methods and means by which substantive law is made and administered.
g) Substantive law	vii) this law is created by legislation such as Parliament.
h) Procedural law	viii) framework within which business activities should be carried out.

Part-B

48 Marks

**(Answer any three questions. Each question carry 16 marks)**

- Q.5 What are the sources of Indian Laws? Explain. Also explain the meaning & Nature of Business (or Mercantile ) Law.
- Q.6 What are the essential elements of a valid contract? Briefly explain illegal and void agreements.
- Q.7 Explain the term 'breach of contract'. What are the available remedies for breach of Contract?
- Q.8 Distinguish between any **Two**.
- i) Local Sales Tax/ VAT and Central Sales Tax.
  - ii) Excise Duty and Customs Duty.
  - iii) International law and Municipal laws.
  - iv) Offer and Invitation to Offer.
  - v) Formal and Informal Contracts.

Q.9 Write short notes on any **Two-**

- i) Void Agreements.
- ii) Capacity to Contract
- iii) Meaning of Price
- iv) Right of Consumers
- v) Dispute Resolution
- vi) Power of Attorney
- vii) Advalorem Duty

PART –C  
(compulsory)

20 marks

**Q.10 Read the following case study relating to the famous case of Alok vs Keshav.**

The brief of the case is: In this case Alok was the owner of the farm land. Alok made an offer to sell his land for Rs. 100,000. Keshav, instead of accepting the offer, made his own offer to buy the farm land for Rs 90,000. Alok declined to sell the farm land for Rs 90,000. Again Keshav offered to pay Rs.100,000 as demanded by Alok, but the latter refused to sell his farm land even for Rs 100,000.

Keshav tried to prevail upon Alok, that as he had already agreed to pay the price originally demanded by him, and the farm land automatically became his property and as such there was no logic on the part of Alok in denying him the land. He tried to prevail upon him through third parties but did not succeed. He even threatened him to file a suit and claim possession besides claiming of damages and other costs.

When all his attempts of persuasion and threats failed, he decided to file a suit. In a suit filed against Alok, Keshav contended that although he was ready and willing to pay Rs 100,000 as demanded by Alok, the latter was unwilling to sell the land for Rs100,000 in compliance with his offer. The court rejected the plea and pointed out that the original offer made by Keshav had automatically lapsed on Alok.

**Alok won the case.**

Analyse the above case that led to the Honourable Judges deciding the case in favour of Alok (under the Indian Contract Act).

Please give 5 reasons why Keshav lost the case (under the Indian Contract Act). Each valid reason will get 4 marks, with a total of 20 marks)

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