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MGT 301

3rd SEMESTER REGULAR/BACK EXAMINATION- 2015-16

BUSINESS AND CORPORATE LAW

BRANCH : MBA

QUESTION CODE : T178

Max marks: 70

Time: 3 Hours

Answer Question No.1 which is compulsory and any five from the rest.

[The figures in the right hand margin indicate marks]

- Q.1 Answer the following questions : 2x10
- (a) Each contract is based on two fundamental premises. What are they ?
 - (b) Any person affected by an act of omission or commission of others can initiate legal action against the other. Is it true in all cases ? Justify your answer clearly stating the principle of law.
 - (c) A enters into a taxi and directs the driver to take him to a club. The driver refuses to take him because the trip is too short. Explain the mutual rights and obligation of the parties.
 - (d) Which part of a contract speaks about a benefit and a detriment to the promisor and promisee respectively ? Do you agree that in absence, there can too be a contract ? Give an example.
 - (e) A sold his grocery shop to B for a sum of Rs.50,000 on a condition that A would not open another grocery shop anywhere in the same city. But A opened another shop right in front of B within 2 months. B seeks your advice to shut down A's grocery shop. What legal action can be taken here ?
 - (f) Explain the two fundamental principles of law in respect of quasi contract.
 - (g) 'Nemo dat qui non habet' principle is applied in all sale transactions. Why ? Explain one situation where it is not applicable.
 - (h) What is corporate personality ? Which famous case enunciates this term for the first time.
 - (i) Diamond Engineers and Ramdhenu Ltd entered into a contract for supply of electrical equipments. The contract contained a clause to resolve disputes if any through arbitration. Ramdhenu Ltd. made a complaint to the Consumer Disputes Redressal Forum for compensation and return on grounds of deficiency in service.
 - (j) Define a statutory company. Give names of 3 statutory companies .
- Q.2 Decide the following cases : 2x5
- a) X lends his car to Y for going to attend the AGM of a company, being held at Juhu, a place in Mumbai. The brakes of the car are not in working order. This fact is already known to X, but he did not tell Y about the defect. Y holds a valid driving licence. Y instead of going to attend the AGM at Juhu drives the car to the Gateway of India. The car meets with an accident and Y gets injured. Y wants to hold X liable for the injury caused due to fault in the car. Decide whether Y would succeed.
 - b) A agrees to buy from a Jeweller a certain Jewellery to be delivered to B after two months. In the meantime, Government enacts a law on gold control and prohibits dealings in gold unknown to A. When the time for delivery of the jewellery comes, the Jeweller refuses to deliver the same.

- What is the legal recourse available to A ?
- c) Mr. X who was appointed as a Director at the last AGM resigned. The Board filled up the casual vacancy by appointing Mr. Y. But, within a number of days of his becoming Director, Mr. Y died. The Board wishes to fill-up the casual vacancy by appointing Mr. Z in place of Mr. Y in the next Board Meeting. Can they do so ?
- d) Mr. Shankar is a Contractor and has a proprietary farm at Chilika by the name of "M/s Sankar and Sons". He has two Trawlers of Ashok Leyland make. He purchased a 3rd Trawler for Rs.7.5 lakhs. But this Trawler did not give satisfactory service and started giving trouble on account of manufacturing defects. He filed a complaint before District Forum against M/s Ashok Leyland for the defects in the Trawler. Who will succeed in the case? Justify your answer.
- e) X goes to a book store and selects five books. He comes to the cashier and pays for the books. The cashier packs the books, puts them in a plastic bag and moves to the bag to X. X then tells the cashier to keep the books with him for some time. X said he would come back in 10 minutes and collect the bag. X goes out and in the meantime, there is a fire in the shop and the packet gets destroyed. X is now demanding that the shop give him the 5 books from its stock as he has already paid for it. Decide if X could initiate legal action against the book store.
- Q.3 Comment on the following with examples : 10
- a) Acceptance must be absolute and unqualified.
 - b) A mere mental acceptance is no acceptance.
 - c) A stranger to a contract cannot maintain a suit.
 - d) It is dangerous to support a minor under an agreement.
- Q.4 Comment on the following : 10
- a) Bailor must compensate the bailee for all expenses.
 - b) Finder of lost goods has no right to file a suit for recovery of expenses from the true owner.
 - c) The tailor does not give your pant and shirt after stitching, because you have not paid his earlier dues to him.
- Q.5 (a) Can the following be regarded as consumers ? 5
- i) A patient in a Government hospital.
 - ii) An unemployed youth engaging himself as taxi driver after buying a Car under Government loan schemes to unemployed people.
- (b) Can the following constitute deficiency in services : 5
- i) Delay of 1 year of settlement of a life insurance claim.
 - ii) Delay of 6 months in settlement of a fire insurance claim
- Q.6 Explain with case laws under which the corporate veil can be lifted. 10
- Q.7 What is a Memorandum of Association? Explain the contents of 'Memorandum Association' of a Company. 10
- Q.8 Short notes on any two : 10
- (a) Current Account Vs Capital Account transaction.
 - (b) Appointment of first Directors
 - (c) Quantum meruit.