PG Odd Semester (CBCS) Exam. December, 2022

Business Administration

(3rd Semester)

Course No: CP-302

(Legal Environment of Business)

Full Marks: 70
Pass Marks : 28

Time: 3 hours

The figures in the right margin indicate full marks for the question.

1. Define consideration. Discuss the circumstances under which a contract may be treated as valid. 2+12=14

Or

2. Explain the term contract of indemnity. What are the rights of a surety against principal debtor and against co-sureties? 4+10=14

3. Case :

According to the Appellant (HDFC), defendants (Gautam Nag and others)— Defendent No.1 (2 more Guarantors). Defendant No. 1, the owner of a plot of land was sanctioned loan for construncting a house on the plot. Defendant No.1 executed the loan Agreement and or promissory note in favour of the appellant. In addition, defendant No. 1 also created an aquitable mortgage in favour of the appellant by depositing the litle deeds of the plot in question. The two other defendants-respondents stood guarantee for repayment of this land and

executted the letters of guarantee. The defendants defaulted in payment of the installment amount and as a result, a large sum was outstanding against them. The appellant invoked the guarantees and intimated the respondents that in case of failure to make the payment, legal proceedings would be instituted against them. However, the respondents did not pay the outstanding amount and the appellant instituted the sent for realization of its dues Defandant No. 1 did not appear in the suit despite notice. The respondnts, however appeared before the trial court and filed separate applications under order 37 Rue 3(5), 430, 431, 432 CPC for permission to defend the suit. The respondent contended before the trial court that since the plantiff appellant had got a promissory note eneeled on its favour by the borrower Defendant No.1 and had further made the borrower create an equitable mortgage in its favour by depositing of its title deeds, they would be absolved of their liability in terms of Section 139 of the Contract Act. The trial court held that none of the pleas raised by the defendants gave rise to any substantial defence against the claim of the appelant and dismissed the petitions of respondents. On appeal, the High Court set aside the order of the trial court and directed it to allow the defenants- respondents to file their written statement and proceed to try the suit from trial stage. It further held that the trial court fell into error in holding trial section 139 of the Contract Act had no application to the fact of the case.

(i) Discuss the legal issues involved in the case.

(ii) How the knowledge of the case would help you as manager?

(iii) Explain the consequences of the litigation on the appellant and defendants. 4+5+5=14

4. "An incorporated company is a totally different person or thing from its members— the individual comprising it." Illustrate the procedure of registration of a company. 7+7=14

Or

5. Explain and illustrate the insolvency and bankruptcy code, 2016. How the adjudicating authorities initiate the case of IBC. 7+7=14

6. Define 'Consumer' under Consumer Protection Act. What are the rights and previleges of a consumer under this Act. 4+10=14

Or

7. Discuss the law relating to the IT Act, 2000. 14

8. Justify your answer for the following questions :

(i) 'A' kept some valuable in the custody of 'B' his relative. B kept A's valuable along with this own. A's valuable as well as B's valuable were lost on account of carelessness of B. Can A hold B responsible for his loss? 7

(ii) A public limited company has only seven shareholders. All the shares are fully paid. The shares of one of the shareholders were sold in a court auction and were purchased by another shareholders of the company to the knowledge of all the other shareholders. The company continued to carry on the consequences of this transactions. 7

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