

GUJARAT TECHNOLOGICAL UNIVERSITY
MBA – SEMESTER 3– • EXAMINATION – WINTER 2015

Subject Code:2830002**Date: 01/12/2015****Subject Name: LEGAL ASPECTS OF BUSINESS (LAB)****Time:10.30 AM TO 01.30 PM****Total Marks: 70****Instructions:**

1. Attempt all questions.
2. Make suitable assumptions wherever necessary.
3. Figures to the right indicate full marks.

Q.1

06

(a)

Which of the following is not an element of a Valid Contract?

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|----|--|----|--|
| A. | Offer and acceptance | B. | Capacity of parties |
| 1. | C. | D. | No intention to create legal relationship. |
| | Certainty and possibility of performance | | |

What is Ex- turpi causa non oritur action?

- | | | | |
|----|------------------------------------|----|---|
| A. | No action arises from a base cause | B. | In cases of equal quilt, the defendant is in a better position. |
| 2. | C. | D. | None of the above |
| | Action arises from a base cause | | |

X ,having contracted with Y to supply him 1,000 tons of iron at ₹ 12,000 a tons, to be delivered in a stated time, contracts with Z, for the purchases of 1,000 tons of iron at ₹ 11,000 a ton. X does not tell Z of sell to Y.Z failed to perform the contract with X who cannot procure other iron, and, Y in consequence rescinds the contract. What damaged can X claim from Z?

- | | | | |
|----|-----------------------------|----|---|
| 3. | A. | B. | X can claim the difference between the contract price and the market price at the date of the breach. |
| | C. | D. | X can claim the difference between the contract prices only. |
| | X cannot claim the damages. | | None of the above applies. |

4. Under the Articles, the directors of a company had power to borrow up to ₹ 10,000 without the consent of the general meeting. The directors themselves lent ₹ 35,000 to the company without such consent and took debentures. Is the company liable for ₹ 35,000?

- | | | | |
|----|-------------------------------------|----|-------------------------------------|
| A. | The company is liable for ₹ 35,000. | B. | The company is liable for ₹ 10,000. |
| C. | The company is not liable at all. | D. | The company is liable for ₹ 45,000. |

Intellectual property is subject to protection Under:

- | | | | | |
|----|----|------------|----|---------------|
| 5. | A. | Copy right | B. | Trade secrete |
| | C. | Patent | D. | All of them |

Doctrine of Ultra Vires means:

- | | | | | |
|----|----|---|----|---|
| 6. | A. | Any act done by the company beyond its legal powers and authority | B. | Any act done by the company within legal powers and authority |
| | C. | Any act done by the directors beyond its legal powers and authority | D. | Any act done by the directors within its legal powers and authority |

- Q.1 (b) Explain the following terms: **04**
1. Free Consent
 2. Indemnity
 3. Memorandum of Association
 4. Digital Signature
- Q.1 (c) Answer in Short: **04**
1. What is a meaning of contract
 2. What is a meaning of water pollution
 3. What is Promissory note?
 4. Who is surety?
- Q.2 (a) Illustrate the distinction between void, voidable and illegal agreements. Discuss the validity of agreements collateral to such agreements. **07**
- (b) How can an offer be accepted? State briefly the rules relating to the communication of acceptance. Can there be a tacit acceptance of an offer. How can an offer be accepted by **07**
- OR
- (b) What are the compulsory clauses in the Memorandum of Association? In what cases, in what mode and to what extent **07**
- Q.3 (a) What are the remedies open to an allottee of shares who has applied for them on the faith of a false and mis-leading prospectus, and what are the defenses available to the directors of a company who have issued such a prospectus? **07**
- (b) What are the provisions of the company's act 1956, regarding the mode of appointment of the directors of a company? How may some of the directors of a public company be appointed otherwise than by the company in general meeting? **07**

OR

- Q.3 (a) Distinguish between, a condition and a warranty. When does a condition descend to the level of a warranty? Explain the rule of caveat emptor and state how far it is modified by implied conditions? **07**
- (b) Who is a 'holder in due course' of a negotiable instrument? Can the defense that one of the indorsement is forged be raised against him by (i) The acceptor and (ii) an indorser? **07**

- Q.4 (a) What is the composition of the National Consumer Disputes Redressal Commission (The National Commission)? What is its jurisdiction and what procedure does it follow to settle any complaint? **07**
- (b) What are the powers and functions of the Central Pollution Control Board and State Pollution Control Boards? **07**

OR

- Q.4 (a) What is copyright? State at least two examples for copyright. What are the rights of copyright owner? **07**
- (b) Explain what is Cyber Crimes? Also give its remedies with possible examples. **07**

- Q.5 a) Baman Builders Ltd. had bid for a tender for building a swimming pool for a sports body. The sports body communicated to Baman Builders an acceptance of their bid. However, in the acceptance letter, the dimensions of the swimming pool were changed and a proportionate increase in the price was allocated. Further, the swimming pool was to be completed in 60 days as opposed to 80 days mentioned in the tender. Has an agreement been formed between the parties? Baman Builders Ltd. declined to go ahead with both the modified terms as well as the original terms. Are Baman Builders Ltd. justified in doing this? **14**
- b) Deep bought a pen from a self-service store. After making the purchase, he discovered that the Pen was leaking. He now wants to return the pen and claim a refund of his money from the shop. The shop claims that as it is a self-service store, every customer offers to buy the specific piece in his basket. Decide.

OR

India's Internet population is raging around the issue of net neutrality. The net neutrality debate was sparked off recently after some telecom operators and Internet companies came up with plans that offer preferential treatment in using the Internet. The problem is that there are no laws enforcing net neutrality in India. Although, TRAI guidelines for the Unified Access Service license promote net neutrality, it does not enforce it. The Information Technology Act, 2000 also does not prohibit companies from throttling their service in accordance with their business interests. In India, telecom operators and ISPs offering VoIP services have to pay a part of their revenues to the government.

Violations of net neutrality have been common in India. Examples beyond Facebook's Internet.org include Reliance's free access to Twitter and many. Applications like Whatsapp and Viber have eaten into their profits as calling and texting can now be done for free. Operators add that huge amounts of data running on their system is putting pressure on their system and that negligible returns from such data will impede the growth of the sector. Telecom operators like - Airtel, Vodafone, and others have now decided to charge for apps and services that run on their network. The charge can be levied on the customer for the data he or she consumes or on app developers and web services providers. Airtel has slowly gone on to do just that by launching Airtel Zero, where an app developer or web services provider has to pay the company to make his service available for free to the consumers.

The Federal Communications Commission recently adopted strong net neutrality rules that should prevent cable and phone companies from creating fast and slow lanes on the Internet. But policy makers in other parts of the world, particularly in Europe and India, are considering very different kinds of rules that could hurt consumers and start-up Internet businesses.

With debate continuing to rage on Net Neutrality, The Competition Commission of India started looking into whether telecom operators and Internet service providers are indulging in unfair business ways by extending preferential treatment to select mobile applications and websites.

The Internet is one place where everyone is treated equally. One of the main reasons the Internet has been so successful is that people have generally been able to use it how they wish. The worst thing policy makers could do to the network would be to allow telecom companies to mess with that.

Q.1 The telecom operators and internet service providers are indulging in unfair business by giving preferential treatment to select mobile applications and websites.

Comment

Q.2 What actions are required to solve the issue?
