



INDIAN INSTITUTE OF MATERIALS MANAGEMENT
Post Graduate Diploma in Materials Management
Graduate Diploma in Materials Management

Dec 2018

Paper No. 6
BUSINESS LAWS

Date : 23.12.2018
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.

PART A (compulsory) (32 x1 = 32 marks)

Q1. Select the most appropriate answer from the options given below: 8 marks

1. The minimum number of persons to form a private company is
 - a. two
 - b. three
 - c. six
 - d. seven
2. The minimum number of members to form a public company is
 - a. three
 - b. seven
 - c. eight
 - d. twelve
3. The number of kinds bailment may be classified is
 - a. two
 - b. five
 - c. six
 - d. four
4. The circumstances under which the bailment terminates or comes to an end is
 - a. two
 - b. three
 - c. six
 - d. four.
5. An authorized person under FEMA is authorized by which of the following to deal in foreign exchange
 - a. RBI
 - b. SBI
 - c. Exim Bank
 - d. None of the above

- 6 The first auditors of a company are appointed by
- shareholders
 - Board of directors
 - Central Government
 - State Government

- 7 Goods may be classified as
- existing
 - future
 - contingent
 - All the above

- 8 .The tenure of office of the Chairperson of the Competition Commission of India is
- 2 years
 - 3 years
 - 6 years
 - 5 years

Q2. State whether the following are true or false:

8 marks

- The State Government can be a complainant under Consumer Protection Act.
- The Competition Act 2002 does not extend to Jammu & Kashmir.
- The ownership of a house is not a proprietary right.
- The property rights are unlimited or unrestricted
- Private company cannot issue share warrants.
- Ignorance of law is not a good excuse.
- There are no exceptions to the rule "no consideration, no contract"
- In a bailment, the person delivering the possession of goods should be the owner.

Q3. Expand the abbreviations-

8 marks

- MLFPS
- TUFS
- AGM
- MOA
- FEMA
- CCI
- PIO
- CIC

Q4. Fill in the blanks with appropriate words:

8 marks

- Law must be ----- both in its application and coverage.
- Reciprocal promise means a promise for a-----
- A warranty is a stipulation collateral to the main purpose of the -----
- Competition Commission shall consist of the Chairperson and not more than -----other members .
- An appeal can be made to the Competition Appellate Tribunal within -----days of CCI orders.
- DFCE IS Duty Free Certificate of -----
- A valid custom is law unless it has been overridden by -----
- A number of members of any body sufficient to transact business at a meeting is called-----

Part-B

48 Marks

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

Q 5. Distinguish between (any four)

16 marks

- a) Substantive law and Procedural law
- b) Public law and Private law
- c) FERA and FEMA
- d) Fixed and Floating charge
- e) Sale and Agreement to sell
- f) Transfer and Transmission of shares.

Q6.. Write short notes on(any four) -

16 marks

- a) Unfair trade practices
- b). Meaning of price
- c). Power of Attorney
- d). Environmental Protection Act,1986
- e) Competition Commission of India
- f) Private company

- Q 7. a) Explain specific guarantee and continuing guarantee with examples. **16 Marks.**
b) Describe any four rights of agent.

- Q 8 a) Explain special audit and cost audit. **16 Marks.**
b) Explain Memorandum of Association and Articles of Association.

- Q 9 . **16 Marks**
a. Explain the rights of consumers under the Consumer Protection Act,1986.
b. List any five information not open to disclosures under the RTI Act.

PART -C
(compulsory)

20 marks

Q 10. Read the case study carefully and answer the questions given at the end.

Mr. Krishna Mohan Prasad is a Managing Director of ABC corporation, engaged in manufacturing of Electrical components & he entered into MOU with Government of India with long term agreements to supply finished components for all the Govt. Enterprises as per their Economic Order Quantity, and as per the agreement & price negotiated.

At the fourth quarter, due to inflationary situation the prices of raw material, labour, fuel, taxes, cost and other overheads have gone up Mr. K.M. Prasad could not supply the components to all the enterprises, since it is long-term agreement and he is not successful to get price enhancement. ABC corporation employees are also looking for wage hike, few talented pool of employees leaving the company for better prospects.

Most of the Govt. Enterprises have moved to the court and filed case against ABC corporation for specific performance of the Contract and to claim damages. Due to high inventory supplied by un-paid sellers have stopped supplying materials to ABC Corporation. The situation is alarming with high inventory carrying cost.

Questions:

1. If you were to be the General Manager of the Company how would you help and sort out the legal issues of ABC Corporation ?
2. What are the weakness and problems in the agreement.?
3. What type of leadership qualities does Mr. Prasad have? comment.
4. How can ABC corporation deal with employees under the law?
