



FINAL EXAMINATION
MODEL QUESTION PAPER
PAPER – 5
BUSINESS LAWS AND ETHICS

SET 2
TERM – JUNE 2026
SYLLABUS 2022

Time Allowed: 3 Hours

Full Marks: 100

The figures in the margin on the right side indicate full marks.

SECTION – A (Compulsory)

1. Choose the correct option:

[15×2 = 30]

- (i) The Constitution of India describes India as:
a) A federation
b) Quasi-federal
c) A Union of states
d) None of the above
- (ii) What is the chief source of legal authority in India?
a) People
b) Constitution of India
c) Parliament
d) President of India
- (iii) Constitution is the:
a) Law of the land
b) Administrative Law of the land
c) Constitutional Law of the land
d) None of the above
- (iv) A proposal can be accepted
a) By notice of acceptance
b) By performance of condition of proposal
c) By acceptance of consideration for a reciprocal promise
d) All of the above
- (v) Competency to contract relates to
a) Age of parties
b) Soundness of mind of the parties
c) Both age and soundness of mind
d) Intelligence of the parties
- (vi) What is the effect if a voidable contract is rescinded before the sale of goods?
a) The seller can still transfer good title
b) The seller becomes the rightful owner



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- c) The buyer cannot get a good title
d) The contract becomes valid automatically
- (vii) An inland instrument is one that is:
a) Made in India but payable outside India
b) Made and payable in India, or drawn upon a person resident in India
c) Made outside India but payable in India
d) Made anywhere but drawn upon a foreign bank
- (viii) The liability of a secret partner is:
a) Limited to the amount of capital contributed
b) Limited and private
c) Unlimited, like other partners
d) Not applicable, as he is not publicly known
- (ix) Which of the following best describes the legal nature of an LLP?
a) Not a legal entity, only a contractual arrangement
b) Separate legal entity from its partners
c) Extension of a partner's personal business
d) Same as a proprietorship
- (x) Who must sign the Statement of Account and Solvency of an LLP?
a) Any one of the partners
b) Auditor of the LLP
c) All shareholders
d) Designated partners
- (xi) Under Section 11 of the Factories Act, every factory must be kept clean and free from:
a) Noise pollution
b) Excessive lighting
c) Effluvia from drains, privies, or other nuisances
d) Fire hazards
- (xii) As per Section 32, when must the Red Herring Prospectus be filed with the Registrar?
a) At least 7 days before the offer opens
b) After the offer is closed
c) At least 3 days before the opening of the subscription list and the offer
d) Simultaneously with the final prospectus



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- (xiii) If a person is already a nominee in one OPC and becomes a member in another OPC due to the death of its member, how long does the person have to restore eligibility?
- 90 days
 - 120 days
 - 180 days
 - 365 days
- (xiv) Both Financial Controllers and Operational Controllers are involved in:
- Legal compliance and contract negotiation
 - Budgeting, forecasting, and financial reporting
 - Customer relationship management
 - Product development
- (xv) Which of the following attributes of Emotional Intelligence involves the ability to control impulsive feelings and behaviors?
- Social awareness
 - Self-awareness
 - Relationship management
 - Self-management

Section – B

(Answer any five questions out of seven questions given. Each question carries 14 Marks)

[5 x 14 = 70]

2. (a) Discuss the essentials of a valid contract as provided under Section 10 of the Indian Contract Act, 1872. Also, describe the key requirements that make an agreement legally enforceable as a contract. [7]
- (b) Compare and contrast a contract of indemnity and a contract of guarantee under the Indian Contract Act, 1872. [7]
3. (a) Discuss the rights and liabilities of a minor admitted to the benefits of partnership under Section 30 of the Indian Partnership Act, 1932. Also analyse the effect of election on attaining majority. [7]
- (b) Discuss the remedies available to a buyer against a seller for breach of a contract of sale of goods. [7]
4. (a) Examine the procedure for fixing and revising minimum wages under Section 8 of the Code on Wages, 2019 [7]



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- (b) Examine the applicability and non-applicability of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 [7]
5. (a) Explain the eligibility criteria for incorporating a One Person Company (OPC) as per Rules of the Companies (Incorporation) Rules, 2014. Also explain the major conditions and restrictions applicable to the formation and conversion of an OPC. [7]
- (b) Explain and demonstrate the roles of a Financial Controller and an Operational Controller in an organization and describe how both positions differ from each other. [7]
6. (a) Salini is a women director in ESSEL Ltd, which is a listed company. On 15th July, 2025 she resigned from the post of women director. The Board of Directors of ESSEL Ltd. appointed Sharmi as a woman director in the board meeting held on 16th September, 2025 to fill the vacancy of women director, which had occurred as a result of resignation of Salini. Examine the validity of appointment of Sharmi as a woman director with reference to the provisions of Companies Act, 2013. What would be your answer, if Sharmi is appointed as a women director in the board meeting held on 1st October, 2025? [7]
- (b) Discuss the authority of the Board of Directors in managing the affairs of a company and the powers exercisable through Board meetings. [7]
7. (a) Identify the types of ethics and explain the importance of ethics in human life. [7]
- (b) Explain the relationship between law and ethics in guiding human conduct and describe how both contribute to maintaining social order. [7]
8. (a) Mr. X plans a hill-station holiday program for three months duration during summer season. He lends his car to Mr. Y under a clear understanding that it is for Mr. Y's personal use only. Contrary to this condition, Mr. Y permits Mrs. Y, his wife, to use the vehicle. While Mrs. Y drives with due care, the car meets with an accident, resulting in damages estimated at ₹45,000. When Mr. X comes to know this loss, he demands compensation from Mr. Y for such loss. Mr. Y contends that Mrs. Y acted responsibly and the accident was unforeseen. However, Mr. X argues that Mr. Y breached the agreed terms of use by allowing a third party to operate the vehicle. In light of the law relating to bailment and unauthorized use, assess whether Mr. Y is legally bound to compensate Mr. X. Does Mrs. Y's careful driving negate Mr. Y's liability? Analyse the case and support your answer with relevant legal principles. [7]
- (b) Demonstrate the concept of Key Managerial Personnel (KMP) as per the Companies Act, 2013. [7]