

New Scheme 2024 - CA Foundation – Law Chapter 1- INDIAN REGULATORY FRAMEWORK

Practice Questions

1. Why is awareness of law essential to Chartered Accountants?
2. What is the purpose of a legal and regulatory framework and how has law evolved?
3. What is law and what are the various sources of law in India?
4. Explain the Constitution of India, 1950.
5. Explain the three lists within the Indian constitution .
6. What is the detailed process of making a law in India?
7. Explain the types of law in the legal system of India
  8. After a law is passed in Parliament, what is the enforcing authority of law in India?
9. Write about the Ministry of Finance and its Constitution. Also name the departments under it.
10. What is Ministry of Corporate Affairs and what is it concerned with?
11. What is Ministry of Home Affairs, what is it concerned with and what are its various departments?
12. Write about the Ministry of Law and Justice, what it deals with, and the various departments under it.
  13. Write short notes on – Securities and Exchange Board of India, The Reserve Bank of India, The Insolvency and Bankruptcy Board of India
  14. How is the Indian Judicial System structured. In other words, what is the hierarchy of courts in India, elaborate.
15. Write down the top three functions of Judiciary system in India.
  16. Elaborate what is and what are the functions of – Supreme Court, High Court, District Court, Metropolitan courts.

Ans. 1. Chartered Accountants must be aware of law for the following reasons:-

- a) They need this knowledge as a member.
- b) Awareness of law is essential since they are first level of contact on many legal matters.
- c) So that they can advise management & clients on legal matters at threshold level.
- d) To later specialise in subjects like taxation since tax law is also a law
- e) To have basic awareness of legal & regulatory framework of country

\* Point wise is good but not everywhere

\* Underline important key words

\* Write to the point

\* Write spaciouly (if writing not good)

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Ans. 2. Purpose of legal-regulatory framework — to provide set of uniform rules and regulations. These in turn govern the conduct of people interacting personally or at business levels.

Evolution —

- As man evolved from hunter gatherer to agricultural and then industrial society. This complex social framework needs law to guide right course of conduct, punishing any violations.

- In Ancient Law — "Code of Hammurabi" is oldest written law. King Hammurabi ruled Babylon from 1792 BC to 1758 BC and carved laws on stone slabs. Also placed those across the city for public to see them.
  - In 450 BC → 12 Bronze tables in Rome had laws engraved on them called "Twelve Tables". This is the most detailed code. Its purpose was to protect public rights & give remedy for wrongs.
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Ans 3

### Definition of Law :-

- A set of obligations and duties
- Imposed by Government
- to secure welfare and provide justice to society.

### Source of Law in India

- 1) The Constitution since India is a parliamentary democracy.
- 2) Statutes or laws made by Parliament & state assemblies
- 3) Precedents or Judicial Decisions of Courts
- 4) Established customs & Usages.

- In India, we elect our representatives to parliament & legislative assemblies of states. They make laws which is then applied throughout India.

Ans. 4. Constitution of India, 1950 :

a

a) It's the foremost law which deals with a framework within which our democratic system works and our laws are made for the people, by the ppl.

- It provides for and protects Fundamental rights of citizens.
- It also lays down Fundamental duties, powers of government.
- Indian law is interconnected and forms a Hybrid Legal System

b) Law making power is divided between CG and various SGs via 3 lists

- Central List
- State List
- Joint List

c) Prior to this,

• U.K Parliament had passed the Government of India Act 1935. This is precursor of Constitution of India.

- It defined the characteristics of Govt from Unitary to Federal.
- To avoid disputes, powers were distributed between Centre & State.

d) • In 1937, Federal Court was established which had the jurisdiction of Appellate, Original And Advisory. Their powers extended as below:

- Appellate : Civil & Criminal cases
- Advisory Jurisdiction : Advice Govt General in public opinion matters

• This court operated for 12 years and heard roughly 157 cases.

\* Now Federal Court is replaced by Supreme Court of India.

Ans-5 • The constitution of India has 3 lists. This was done to ensure that the law making power is divided between Central & State Governments. Depending on the list in which a matter falls, it will become the subject for that respective Government.

• The 3 lists are — Central List, State List and Joint List

• For Example

1) Income Tax is a Central subject so for that we have 1 Income Tax Law throughout India, by Central Govt, through Ministry of Finance.

2) Stamp Duty governing laws fall under both Central & State Govt Matters

Ans-6 The detailed process of making Law in India :

a) A bill : when law is merely proposed in Parliament

b) Discussions and debates happen and then its passed in Lok Sabha.

c) Thereafter, its passed in Rajya Sabha

d) Assent of President has to be finally given.

e) Govt finally notifies in the publication called Official Gazette of India and law becomes applicable from date mentioned in notification → called Effective Date.

f) Finally the Bill has become an Act.

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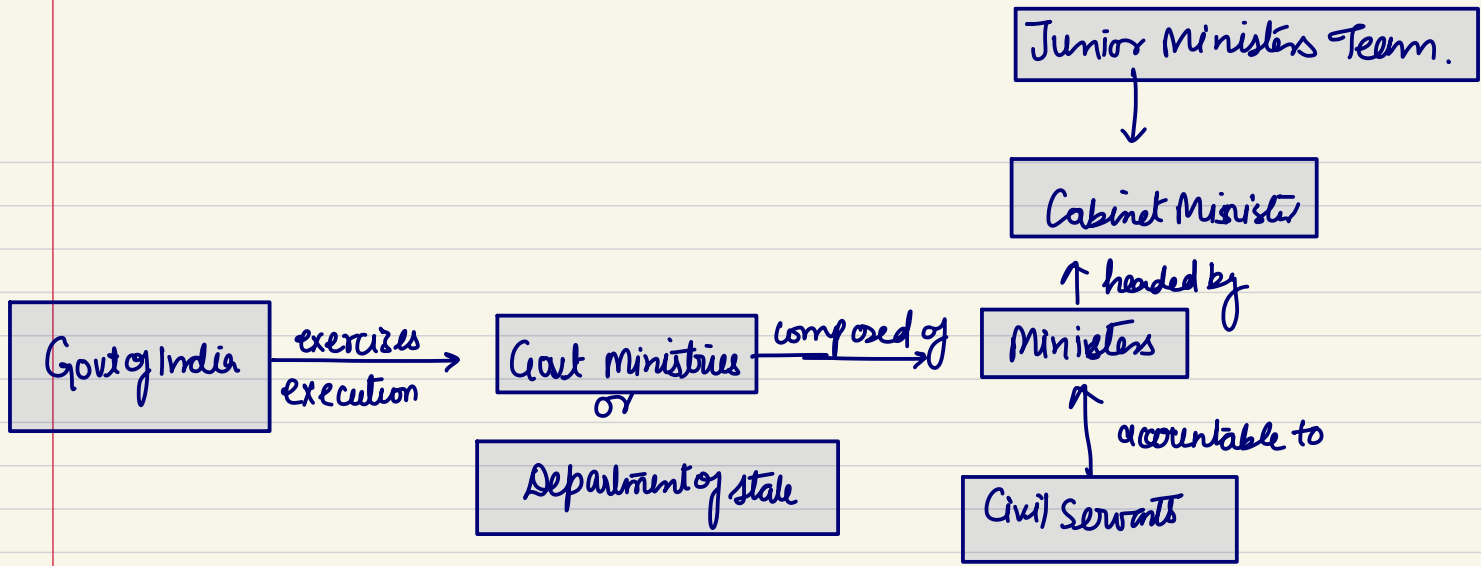
Ans-7 The 4 types of law in the Indian Legal system are :

(Pls refer book Pg 1.5. Try to learn all highlighted part and write in a mix format of points and long sentences)

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Ans-8 . Enforcement of Law

- Once law is passed in Parliament, it has to be monitored to know whether its being followed or not. This is done by an executive.
- The enforcing authority will fall under Central or state law depends on whether the law is Central Law or state Law.
- Various Ministries like MOF, MCA, MHA, MOW etc are allotted this work. They have a minister heading them and number of IAS and other services officers.
- The structure is somewhat like this : next page



Example

