

## PAPER – 2: BUSINESS LAWS & BUSINESS CORRESPONDENCE AND REPORTING

### SECTION A: BUSINESS LAWS

#### PART – I: RELEVANT AMENDMENTS APPLICABLE FOR MAY 2020 EXAMINATION

1. **Meaning of Resident Director as per Companies (Incorporation) Third Amendment Rules, 2018, w.e.f. 27-7-2018:** For the purposes of this rule, the term "resident in India" means a person who has stayed in India for a period of not less than one hundred and eighty two days during the immediately preceding financial year.

**[This is covered under OPC (One Person Company) - Significant Points, Page No. 5.10]**

2. **Revised definition of Small company [Section 2(85)]:** "Small company" means a company, other than a public company,—
  - (i) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than ten crore rupees; and
  - (ii) turnover of which as per profit and loss account for the immediately preceding financial year does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees:

Provided that nothing in this clause shall apply to—

- (A) a holding company or a subsidiary company;
- (B) a company registered under section 8; or
- (C) a company or body corporate governed by any special Act;

**[Covered on Page No. 5.11]**

3. **Revised definition of "subsidiary company" or "subsidiary [Section 2(87)]:** In relation to any other company (that is to say the holding company), means a company in which the holding company—
  - (i) controls the composition of the Board of Directors; or
  - (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies:

Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.

Explanation.—For the purposes of this clause,—

- (a) a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in sub-clause (i) or sub-clause (ii) is of another subsidiary company of the holding company;
- (b) the composition of a company's Board of Directors shall be deemed to be controlled by another company if that other company by exercise of some power exercisable by it at its discretion can appoint or remove all or a majority of the directors;
- (c) the expression "company" includes any body corporate;
- (d) "layer" in relation to a holding company means its subsidiary or subsidiaries;

**[Covered on Page No. 5.12]**

- 4. Meaning of Nidhi Companies [Section 406(1) of the Companies Act, 2013]:** In this section, "Nidhi" or "Mutual Benefit Society" means a company which the Central Government may, by notification in the Official Gazette, declare to be a Nidhi or Mutual Benefit Society, as the case may be. **[Substituted by the Companies (Amendment) Act, 2017, with effect from 15-8-2019.]**

**[Covered on Page No. 5.16]**

## **PART – II : QUESTIONS AND ANSWERS**

### **SECTION A: BUSINESS LAWS**

#### **QUESTIONS**

##### **The Indian Contract Act, 1872**

1. Explain the type of contracts in the following agreements under the Indian Contract Act, 1872:
  - (i) A coolie in uniform picks up the luggage of A to be carried out of the railway station without being asked by A and A allows him to do so.
  - (ii) Obligation of finder of lost goods to return them to the true owner
  - (iii) A contracts with B (owner of the factory) for the supply of 10 tons of sugar, but before the supply is effected, the fire caught in the factory and everything was destroyed.
2. "Only a person who is party to a contract can sue on it". Explain this statement and describe its exceptions, if any.
3. Explain the circumstances in which the person is deemed to be in a position to dominate the will of the other person under the Indian Contract Act, 1872.

4. What is a wagering agreement? Describe the transactions which resembles with wagering transactions but are not void.
5. "The basic rule is that the promisor must perform exactly what he has promised to perform." Explain stating the obligation of parties to contracts.
6. What do you mean by Quantum Meruit and state the cases where the claim for Quantum Meruit arises?
7. Explain the meaning of 'Contingent Contracts' and state the rules relating to such contracts.
8. Explain the concept of 'misrepresentation' in matters of contract. Sohan induced Suraj to buy his motorcycle saying that it was in a very good condition. After taking the motorcycle, Suraj complained that there were many defects in the motorcycle. Sohan proposed to get it repaired and promised to pay 40% cost of repairs After a few days, the motorcycle did not work at all. Now Suraj wants to rescind the contract. Decide giving reasons whether Suraj can rescind the contract?
9. X, a minor was studying in M.Com. in a college. On 1st July, 2019 he took a loan of ₹ 1,00,000 from B for payment of his college fees and to purchase books and agreed to repay by 31st December, 2019. X possesses assets worth ₹ 9 lakhs. On due date, X fails to pay back the loan to B. B now wants to recover the loan from X out of his (X's) assets. Referring to the provisions of Indian Contract Act, 1872 decide whether B would succeed.

#### **The Sale of Goods Act, 1930**

10. State briefly the essential element of a contract of sale under the Sale of Goods Act, 1930.
11. What is an Implied Warranty and state the various types of Implied Warranties.
12. "Nemo Dat Quod Non Habet" – "None can give or transfer goods what he does not himself own." Explain the rule and state the cases in which the rule does not apply under the provisions of the Sale of Goods Act, 1930.
13. What are the rights of buyer against the seller, if the seller commits a breach of contract under the Sale of Goods Act, 1930?
14. Mr. S agreed to purchase 100 bales of cotton from V, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent?
15. Mr. Amit was shopping in a self-service Super market. He picked up a bottle of cold drink from a shelf. While he was examining the bottle, it exploded in his hand and injured him. He files a suit for damages against the owner of the market on the ground of breach

of condition. Decide under the Sale of Goods Act, 1930, whether Mr. Amit would succeed in his claim?

**The Indian Partnership Act, 1932**

16. Explain the following kinds of partnership under the Indian Partnership Act, 1932:
  - (i) Partnership at will
  - (ii) Particular partnership
17. "Partner indeed virtually embraces the character of both a principal and an agent". Describe the said statement keeping in view of the provisions of the Indian Partnership Act, 1932.
18. What are the various grounds under the Indian Partnership Act, 1932, on which the Court may, at the suit of the partner, dissolve a firm?
19. A, B and C are partners in a firm. As per terms of the partnership deed, A is entitled to 20 percent of the partnership property and profits. A retires from the firm and dies after 15 days. B and C continue business of the firm without settling accounts. What are the rights of A's legal representatives against the firm under the Indian Partnership Act, 1932?

**The Limited Liability Partnership Act, 2008**

20. What is the procedure for changing the name of Limited Liability Partnership (LLP) under the LLP Act, 2008?
21. Explain the circumstances in which LLP may be wound up by Tribunal under the LLP Act, 2008.

**The Companies Act, 2013**

22. Naveen incorporated a "One Person Company" making his sister Navita as the nominee. Navita is leaving India permanently due to her marriage abroad. Due to this fact, she is withdrawing her consent of nomination in the said One Person Company. Taking into considerations the provisions of the Companies Act, 2013 answer the questions given below.
  - (a) If Navita is leaving India permanently, is it mandatory for her to withdraw her nomination in the said One Person Company?
  - (b) If Navita maintained the status of Resident of India after her marriage, then can she continue her nomination in the said One Person Company?
23. Examine the following whether they are correct or incorrect along with reasons:
  - (a) A company being an artificial person cannot own property and cannot sue or be sued.

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- (b) A private limited company must have a minimum of two members, while a public limited company must have at least seven members.
24. Briefly explain the doctrine of “ultravires” under the Companies Act, 2013. What are the consequences of ultravires acts of the company?

### SUGGESTED ANSWERS/HINTS

1. (i) It is an implied contract and A must pay for the services of the coolie.
- Implied Contracts:** Implied contracts come into existence by implication. Most often the implication is by law and or by action. Section 9 of the Indian Contract Act, 1872 contemplates such implied contracts when it lays down that in so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied.
- (ii) Obligation of finder of lost goods to return them to the true owner cannot be said to arise out of a contract even in its remotest sense, as there is neither offer and acceptance nor consent. These are said to be quasi-contracts.
- Quasi-Contract:** A quasi-contract is not an actual contract but it resembles a contract. It is created by law under certain circumstances. The law creates and enforces legal rights and obligations when no real contract exists. Such obligations are known as quasi-contracts. In other words, it is a contract in which there is no intention on part of either party to make a contract but law imposes a contract upon the parties.
- (iii) The above contract is a void contract.
- Void Contract:** Section 2 (j) of the Act states as follows: “A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable”. Thus, a void contract is one which cannot be enforced by a court of law.
2. Though under the Indian Contract Act, 1872, the consideration for an agreement may proceed from a third party, the third party cannot sue on contract. Only a person who is party to a contract can sue on it.
- Thus, the concept of stranger to consideration is valid and is different from stranger to a contract.
- The aforesaid rule, that **stranger to a contract cannot sue is known as a “doctrine of privity of contract”**, is however, subject to certain exceptions. In other words, even a stranger to a contract may enforce a claim in the following cases:
- (1) **In the case of trust**, a beneficiary can enforce his right under the trust, though he was not a party to the contract between the settler and the trustee.

- (2) **In the case of a family settlement**, if the terms of the settlement are reduced into writing, the members of family who originally had not been parties to the settlement may enforce the agreement.
  - (3) **In the case of certain marriage contracts**, a female member can enforce a provision for marriage expenses made on the partition of the Hindu Undivided Family.
  - (4) **In the case of assignment of a contract**, when the benefit under a contract has been assigned, the assignee can enforce the contract.
  - (5) **Acknowledgement or estoppel** – where the promisor by his conduct acknowledges himself as an agent of the third party, it would result into a binding obligation towards third party.
  - (6) **In the case of covenant running with the land**, the person who purchases land with notice that the owner of land is bound by certain duties affecting land, the covenant affecting the land may be enforced by the successor of the seller.
  - (7) **Contracts entered into through an agent**: The principal can enforce the contracts entered by his agent where the agent has acted within the scope of his authority and in the name of the principal.
3. **Position to dominate the will**: A person is deemed to be in such position in the following circumstances:
- (a) **Real and apparent authority**: Where a person holds a real authority over the other as in the case of master and servant, doctor and patient and etc.
  - (b) **Fiduciary relationship**: where relation of trust and confidence exists between the parties to a contract. Such type of relationship exists between father and son, solicitor and client, husband and wife, creditor and debtor, etc.
  - (c) **Mental distress**: An undue influence can be used against a person to get his consent on a contract where the mental capacity of the person is temporarily or permanently affected by the reason of mental or bodily distress, illness or of old age.
  - (d) **Unconscionable bargains**: Where one of the parties to a contract is in a position to dominate the will of the other and the contract is apparently unconscionable i.e., unfair, it is presumed by law that consent must have been obtained by undue influence. Unconscionable bargains are witnessed mostly in money-lending transactions and in gifts.
4. **Wagering agreement (Section 30 of the Indian Contract Act, 1872)**: An agreement by way of a wager is void. It is an agreement involving payment of a sum of money upon the determination of an uncertain event. The essence of a wager is that each side should

stand to win or lose, depending on the way an uncertain event takes place in reference to which the chance is taken and in the occurrence of which neither of the parties has legitimate interest.

For example, A agrees to pay ₹ 50,000 to B if it rains, and B promises to pay a like amount to A if it does not rain, the agreement will be by way of wager. But if one of the parties has control over the event, agreement is not a wager.

#### **Transactions resembling with wagering transaction but are not void**

- (i) **Chit fund:** Chit fund does not come within the scope of wager (Section 30). In case of a chit fund, a certain number of persons decide to contribute a fixed sum for a specified period and at the end of a month, the amount so contributed is paid to the lucky winner of the lucky draw.
- (ii) **Commercial transactions or share market transactions:** In these transactions in which delivery of goods or shares is intended to be given or taken, do not amount to wagers.
- (iii) **Games of skill and Athletic Competition:** Crossword puzzles, picture competitions and athletic competitions where prizes are awarded on the basis of skill and intelligence are the games of skill and hence such competition are valid. According to the Prize Competition Act, 1955 prize competition in games of skill are not wagers provided the prize money does not exceed ₹ 1,000.
- (iv) **A contract of insurance:** A contract of insurance is a type of contingent contract and is valid under law and these contracts are different from wagering agreements.

#### **5. Obligations of parties to contracts (Section 37 of the Indian Contract Act, 1872)**

The parties to a contract must either perform, or offer to perform, their respective promises unless such performance is dispensed with or excused under the provisions of the Contract Act or of any other law.

Promises bind the representatives of the promisor in case of death of such promisor before performance, unless a contrary intention appears from the contract.

**Example 1:** A promises to deliver goods to B on a certain day on payment of ₹ 1,00,000. A dies before that day. A's representatives are bound to deliver the goods to B, and B is bound to pay ₹ 1,00,000 to A's representatives.

#### **Example 2**

A promises to paint a picture for B by a certain day, at a certain price. A dies before the day. The contract cannot be enforced either by A's representatives or by B because it involves use of personal skill.

### Analysis of Section 37

A contract being an agreement enforceable by law, creates a legal obligation, which subsists until discharged. Performance of the promise or promises remaining to be performed is the principal and most usual mode of discharge.

The basic rule is that the promisor must perform exactly what he has promised to perform. The obligation to perform is absolute. Thus, it may be noted that it is necessary for a party who wants to enforce the promise made to him, to perform his promise for himself or offer to perform his promise. Only after that he can ask the other party to carry out his promise. This is the principle which is enshrined in Section 37. Thus, it is the primary duty of each party to a contract to either perform or offer to perform his promise. He is absolved from such a responsibility only when under a provision of law or an act of the other party to the contract, the performance can be dispensed with or excused.

Thus, from above it can be drawn that performance may be actual or offer to perform.

6. **Quantum Meruit:** Where one person has rendered service to another in circumstances which indicate an understanding between them that it is to be paid for although no particular remuneration has been fixed, the law will infer a promise to pay. *Quantum Meruit* i.e. as much as the party doing the service has deserved. It covers a case where the party injured by the breach had at time of breach done part but not all of the work which he is bound to do under the contract and seeks to be compensated for the value of the work done. For the application of this doctrine, two conditions must be fulfilled:

- (1) It is only available if the original contract has been discharged.
- (2) The claim must be brought by a party not in default.

The object of allowing a claim on *quantum meruit* is to recompensate the party or person for value of work which he has done. Damages are compensatory in nature while quantum meruit is restitutory. It is but reasonable compensation awarded on implication of a contract to remunerate.

#### The claim for quantum meruit arises in the following cases:

- (a) when an agreement is discovered to be void or when a contract becomes void.
- (b) When something is done without any intention to do so gratuitously.
- (c) Where there is an express or implied contract to render services but there is no agreement as to remuneration.
- (d) When one party abandons or refuses to perform the contract.
- (e) Where a contract is divisible and the party not in default has enjoyed the benefit of part performance.



- (f) When an indivisible contract for a lump sum is completely performed but badly the person who has performed the contract can claim the lump sum, but the other party can make a deduction for bad work.

7. **Essential characteristics of a contingent contract:** A contract may be absolute or contingent. A contract is said to be absolute when the promisor undertakes to perform the contract in all events. A contingent contract, on the other hand "is a contract to do or not to do something, if some event, collateral to such contract does or does not happening (Section 31). It is a contract in which the performance becomes due only upon the happening of some event which may or may not happen.

For example, A contracts to pay B ₹ 10,000 if he is elected President of a particular association. This is a contingent contract. The essential characteristics of a contingent contract may be listed as follows:

- (i) There must be a contract to do or not to do something,
- (ii) The performance of the contract must depend upon the happening or non-happening of some event.
- (iii) The happening of the event is uncertain.
- (iv) The event on which the performance is made to depend upon is an event collateral to the contract i.e. it does not form part of the reciprocal promises which constitute the contract. The event should neither be a performance promised, nor the consideration for the promise.
- (v) The contingent event should not be the mere will of the promisor. However, where the event is within the promisor's will, but not merely his will, it may be a contingent contract.

**The rules regarding the contingent contract are as follows:**

- (1) Contingent contract dependent on the happening of an uncertain future cannot be enforced until the event has happened. If the event becomes impossible, such contracts become void. (Section 32).
- (2) Where a contingent contract is to be performed if a particular event does not happening performance can be enforced only when happening of that event becomes impossible (Section 33).
- (3) If a contract is contingent upon, how a person will act at an unspecified time, the event shall be considered to become impossible; when such person does anything which renders it impossible that he should so act within any definite time or otherwise than under further contingencies. (Section 34 and 35).
- (4) The contingent contracts to do or not to do anything if an impossible event happens, are void whether or not the fact is known to the parties (Section 36).

**8. Misrepresentation:** According to Section 18 of the Indian Contract Act, 1872, misrepresentation is:

1. When a person positively asserts that a fact is true when his information does not warrant it to be so, though he believes it to be true.
2. When there is any breach of duty by a person, which brings an advantage to the person committing it by misleading another to his prejudice.
3. When a party causes, however, innocently, the other party to the agreement to make a mistake as to the substance of the thing which is the subject of the agreement.

The aggrieved party, in case of misrepresentation by the other party, can avoid or rescind the contract [Section 19, Indian Contract Act, 1872]. The aggrieved party loses the right to rescind the contract if he, after becoming aware of the misrepresentation, takes a benefit under the contract or in some way affirms it.

Accordingly, in the given case Suraj could not rescind the contract, as his acceptance to the offer of Sohan to bear 40% of the cost of repairs impliedly amount to final acceptance of the sale.

**9.** Yes, B can proceed against the assets of X. According to section 68 of Indian Contract Act, 1872, if a person, incapable of entering into a contract, or any one whom he is legally bound to support, is supplied by another person with necessaries suited to his condition in life, the person who has furnished such supplies is entitled to be reimbursed from the property of such incapable person.

Since the loan given to X is for the necessaries suited to the conditions in life of the minor, his assets can be sued to reimburse B.

**10. Essentials of Contract of Sale**

The following elements must co-exist so as to constitute a contract of sale of goods under the Sale of Goods Act, 1930.

- (i) There must be at least two parties
- (ii) The subject matter of the contract must necessarily be goods
- (iii) A price in money (not in kind) should be paid or promised.
- (iv) A transfer of property in goods from seller to the buyer must take place.
- (v) A contract of sale must be absolute or conditional [section 4(2)].
- (vi) All other essential elements of a valid contract must be present in the contract of sale.

11. **Implied Warranties:** It is a warranty which the law implies into the contract of sale. In other words, it is the stipulation which has not been included in the contract of sale in express words. But the law presumes that the parties have incorporated it into their contract. It will be interesting to know that implied warranties are read into every contract of sale unless they are expressly excluded by the express agreement of the parties.

These may also be excluded by the course of dealings between the parties or by usage of trade (Section 62).

The examination of Sections 14 and 16 of the Sale of Goods Act, 1930 discloses the following implied warranties:

1. **Warranty as to undisturbed possession [Section 14(b)]:** An implied warranty that the buyer shall have and enjoy quiet possession of the goods. That is to say, if the buyer having got possession of the goods, is later on disturbed in his possession, he is entitled to sue the seller for the breach of the warranty.
2. **Warranty as to non-existence of encumbrances [Section 14(c)]:** An implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time the contract is entered into.
3. **Warranty as to quality or fitness by usage of trade [Section 16(3)]:** An implied warranty as to quality or fitness for a particular purpose may be annexed or attached by the usage of trade.

Regarding implied condition or warranty as to the quality or fitness for any particular purpose of goods supplied, the rule is 'let the buyer beware' i.e., the seller is under no duty to reveal unflattering truths about the goods sold, but this rule has certain exceptions.

4. **Disclosure of dangerous nature of goods:** Where the goods are dangerous in nature and the buyer is ignorant of the danger, the seller must warn the buyer of the probable danger. If there is a breach of warranty, the seller may be liable in damages.
12. **Exceptions to the Rule "Nemo dat Quod Non Habet":** The term means, "none can give or transfer goods what he does not himself own". Exceptions to the rule and the cases in which the Rule does not apply under the provisions of the Sale of Goods Act, 1930 are enumerated below:
- (i) **Effect of Estoppel (Section 27):** Where the owner is stopped by the conduct from denying the seller's authority to sell, the transferee will get a good title as against the true owner. But before a good title by estoppel can be made, it must be shown that the true owner had actively suffered or held out the other person in question as the true owner or as a person authorized to sell the goods.

- (ii) **Sale by a Mercantile Agent:** A sale made by a mercantile agent of the goods or document of title to goods would pass a good title to the buyer in the following circumstances, namely;
- (a) if he was in possession of the goods or documents with the consent of the owner;
  - (b) if the sale was made by him when acting in the ordinary course of business as a mercantile agent; and
  - (c) if the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell. (Proviso to Section 27).
- (iii) **Sale by one of the joint owners:** If one of the several joint owners of goods has the sole possession of them with the permission of the others, the property in the goods may be transferred to any person who buys them from such a joint owner in good faith and does not at the time of the contract of sale have notice that the seller has no authority to sell. (Section 28)
- (iv) **Sale by a person in possession under voidable contract:** A buyer would acquire a good title to the goods sold to him by seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale (Section 29).
- (v) **Sale by one who has already sold the goods but continues in possession thereof:** If a person has sold goods but continues to be in possession of them or of the documents of title to them, he may sell them to a third person, and if such person obtains the delivery thereof in good faith without notice of the previous sale, he would have good title to them, although the property in the goods had passed to the first buyer earlier. A pledge or other deposition of the goods or documents of title by the seller in possession are equally valid. [Section 30(1)]
- (vi) **Sale by buyer obtaining possession before the property in the goods has vested in him:** Where a buyer with the consent of seller obtains possession of the goods before the property in them has passed to him, he may sell, pledge or otherwise dispose of the goods to a third person, and if such person obtains delivery of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods, he would get a good title to them. [Section 30(2)]
- (vii) **Sale by an unpaid seller:** Where an unpaid seller who had exercised his right of lien or stoppage in transit resells the goods, the buyer acquires a good title to the goods as against the original buyer [Section 54(3)]

**(viii) Sale under the provisions of other Acts:**

- (i) Sale by an official Receiver or liquidator of the company will give the purchaser a valid title.
- (ii) Purchase of goods from a finder of goods will get a valid title under circumstances.
- (iii) Sale by a pawnee under default of pawnor will give valid title to the purchaser.

13. If the seller commits a breach of contract, the buyer gets the following rights against the seller:

1. **Damages for non-delivery [Section 57]:** Where the seller wrongfully neglects or refuses to deliver the goods to the buyer, the buyer may sue the seller for damages for non-delivery.
2. **Suit for specific performance (Section 58):** Where the seller commits of breach of the contract of sale, the buyer can appeal to the court for specific performance. The court can order for specific performance only when the goods are ascertained or specific.
3. **Suit for breach of warranty (section 59):** Where there is breach of warranty on the part of the seller, or where the buyer elects to treat breach of condition as breach of warranty, the buyer is not entitled to reject the goods only on the basis of such breach of warranty. But he may –
  - (i) set up against the seller the breach of warranty in diminution or extinction of the price; or
  - (ii) sue the seller for damages for breach of warranty.
4. **Repudiation of contract before due date (Section 60):** Where either party to a contract of sale repudiates the contract before the date of delivery, the other may either treat the contract as subsisting and wait till the date of delivery, or he may treat the contract as rescinded and sue for damages for the breach.
5. **Suit for interest:** Nothing in this Act shall affect the right of the seller or the buyer to recover interest or special damages, in any case where by law interest or special damages may be recoverable, or to recover the money paid where the consideration for the payment of it has failed.

In the absence of a contract to the contrary, the court may award interest at such rate as it thinks fit on the amount of the price to the buyer in a suit by him for the refund of the price in a case of a breach of the contract on the part of the seller from the date on which the payment was made.

14. Section 26 of the Sale of Goods Act, 1930 provides that unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at buyer's risk

whether delivery has been made or not. Further Section 18 read with Section 23 of the Act provide that in a contract for the sale of unascertained goods, no property in the goods is transferred to the buyer, unless and until the goods are ascertained and where there is contract for the sale of unascertained or future goods by description, and goods of that description and in a deliverable state are unconditionally appropriated to the contract, either by the seller with the assent of the buyer or by the buyer with the assent of the seller, the property in the goods thereupon passes to the buyer. Such assent may be express or implied.

Applying the aforesaid law to the facts of the case in hand, it is clear that Mr. S has the right to select the good out of the bulk and he has sent his men for same purpose.

Hence the problem can be answered based on the following two assumptions and the answer will vary accordingly.

(i) **Where the bales have been selected with the consent of the buyer's representatives:**

In this case the 60 bales has been transferred to the buyer and goods have been appropriated to the contract. Thus, loss arising due to fire in case of 60 bales would be borne by Mr. S. As regards 40 bales, the loss would be borne by Mr. V, since the goods have not been identified and appropriated.

(ii) **Where the bales have not been selected with the consent of buyer's representatives:**

In this case, the goods has not been transferred at all and hence the loss of 100 bales would be borne by Mr. V completely.

15. **Essentials of Sale:** The problem as given in the question is based on Section 16(2) of the Sale of Goods Act, 1930, which states that where goods are bought by description from a seller who deals in goods of that description (whether he is the manufacturer or producer or not), there is an implied condition that the goods shall be of merchantable quality. Though the term 'merchantable quality' is not defined in the Act, it means that in the present case, the bottle must be properly sealed. In other words, if the goods are purchased for self-use, they should be reasonably fit for the purpose for which it is being used.

In the instant case, on an examination of the bottle of cold drink, it exploded and injured the buyer. Applying the provision of Section 16(2), Mr. Amit would succeed in claim for damages from the owner of the shop.

16. (i) **Partnership at will:** According to Section 7 of the Indian Partnership Act, 1932, partnership at will is a partnership when:
1. no fixed period has been agreed upon for the duration of the partnership; and
  2. there is no provision made as to the determination of the partnership.

These two conditions must be satisfied before a partnership can be regarded as a partnership at will. But, where there is an agreement between the partners either for the duration of the partnership or for the determination of the partnership, the partnership is not partnership at will.

Where a partnership entered into for a fixed term is continued after the expiry of such term, it is to be treated as having become a partnership at will.

A partnership at will may be dissolved by any partner by giving notice in writing to all the other partners of his intention to dissolve the same.

- (ii) **Particular partnership:** A partnership may be organized for the prosecution of a single adventure as well as for the conduct of a continuous business. Where a person becomes a partner with another person in any particular adventure or undertaking the partnership is called 'particular partnership'.

A partnership, constituted for a single adventure or undertaking is, subject to any agreement, dissolved by the completion of the adventure or undertaking.

17. **“Partner indeed virtually embraces the character of both a principal and an agent”:** Subject to the provisions of section 18 of the Indian Partnership Act, 1932, a partner is the agent of the firm for the purposes of the business of the firm.

A partnership is the relationship between the partners who have agreed to share the profits of the business carried on by all or any of them acting for all (Section 4). This definition suggests that any of the partners can be the agent of the others.

**Section 18** clarifies this position by providing that, subject to the provisions of the Act, a partner is the agent of the firm for the purpose of the business of the firm. **The partner indeed virtually embraces the character of both a principal and an agent.** So far as he acts for himself and in his own interest in the common concern of the partnership, he may properly be deemed as a principal and so far as he acts for his partners, he may properly be deemed as an agent.

The principal distinction between him and a mere agent is that he has a community of interest with other partners in the whole property and business and liabilities of partnership, whereas an agent as such has no interest in either.

The rule that a partner is the agent of the firm for the purpose of the business of the firm cannot be applied to all transactions and dealings between the partners themselves. It is applicable only to the act done by partners for the purpose of the business of the firm.

18. **DISSOLUTION BY THE COURT (Section 44 of the Indian Partnership Act, 1932):** Court may, at the suit of the partner, dissolve a firm on any of the following ground:

- (a) *Insanity/unsound mind:* Where a partner (not a sleeping partner) has become of unsound mind, the court may dissolve the firm on a suit of the other partners or by

the next friend of the insane partner. Temporary sickness is no ground for dissolution of firm.

- (b) *Permanent incapacity*: When a partner, other than the partner suing, has become in any way permanently incapable of performing his duties as partner, then the court may dissolve the firm. Such permanent incapacity may result from physical disability or illness etc.
- (c) *Misconduct*: Where a partner, other than the partner suing, is guilty of conduct which is likely to affect prejudicially the carrying on of business, the court may order for dissolution of the firm, by giving regard to the nature of business. It is not necessary that misconduct must relate to the conduct of the business. The important point is the adverse effect of misconduct on the business. In each case, nature of business will decide whether an act is misconduct or not.
- (d) *Persistent breach of agreement*: Where a partner other than the partner suing, wilfully or persistently commits breach of agreements relating to the management of the affairs of the firm or the conduct of its business, or otherwise so conduct himself in matters relating to the business that it is not reasonably practicable for other partners to carry on the business in partnership with him, then the court may dissolve the firm at the instance of any of the partners. Following comes in to category of breach of contract:
- Embezzlement,
  - Keeping erroneous accounts
  - Holding more cash than allowed
  - Refusal to show accounts despite repeated request etc.
- (e) *Transfer of interest*: Where a partner other than the partner suing, has transferred the whole of his interest in the firm to a third party or has allowed his share to be charged or sold by the court, in the recovery of arrears of land revenue, the court may dissolve the firm at the instance of any other partner.
- (f) *Continuous/Perpetual losses*: Where the business of the firm cannot be carried on except at a loss in future also, the court may order for its dissolution.
- (g) *Just and equitable grounds*: Where the court considers any other ground to be just and equitable for the dissolution of the firm, it may dissolve a firm. The following are the cases for the just and equitable grounds-
- (i) Deadlock in the management.
  - (ii) Where the partners are not in talking terms between them.
  - (iii) Loss of substratum.
  - (iv) Gambling by a partner on a stock exchange.



**19. Retirement / Death of Partner:** Section 37 of the Indian Partnership Act, 1932 provides that where a partner dies or otherwise ceases to be a partner and there is no final settlement of account between the legal representatives of the deceased partner or the firms with the property of the firm, then, in the absence of a contract to the contrary, the legal representatives of the deceased partner or the retired partner are entitled to claim either.

- (i) Such shares of the profits earned after the death or retirement of the partner which is attributable to the use of his share in the property of the firm; or
- (ii) Interest at the rate of 6 per cent annum on the amount of his share in the property.

Based on the aforesaid provisions of Section 37 of the Indian Partnership Act, 1932, in the given problem, A shall be entitled, at his option to:

- (i) the 20% shares of profits (as per the partnership deed); or
- (ii) interest at the rate of 6 per cent per annum on the amount of A's share in the property.

**20. Change of name of LLP (Section 17 of LLP Act, 2008):**

(1) Notwithstanding anything contained in sections 15 and 16, where the Central Government is satisfied that a LLP has been registered (whether through inadvertence or otherwise and whether originally or by a change of name) under a name which —

- (a) is a name referred to in sub-section (2) of section 15; or
- (b) is identical with or too nearly resembles the name of any other LLP or body corporate or other name as to be likely to be mistaken for it,

the Central Government may direct such LLP to change its name, and the LLP shall comply with the said direction within 3 months after the date of the direction or such longer period as the Central Government may allow.

- (2) (i) Any LLP which fails to comply with a direction given under sub-section (1) shall be punishable with fine which shall not be less than ₹ 10,000 but which may extend to ₹ 5 Lakhs.
- (ii) The designated partner of such LLP shall be punishable with fine which shall not be less than ₹ 10,000 but which may extend to ₹ 1 Lakh.

**21. Circumstances in which LLP may be wound up by Tribunal (Section 64 of the LLP Act, 2008):** A LLP may be wound up by the Tribunal:

- (a) if the LLP decides that LLP be wound up by the Tribunal;
- (b) if, for a period of more than six months, the number of partners of the LLP is reduced below two;
- (c) if the LLP is unable to pay its debts;

- (d) if the LLP has acted against the interests of the sovereignty and integrity of India, the security of the State or public order;
  - (e) if the LLP has made a default in filing with the Registrar the Statement of Account and Solvency or annual return for any five consecutive financial years; or
  - (f) if the Tribunal is of the opinion that it is just and equitable that the LLP be wound up.
22. (A) Yes, it is mandatory for Navita to withdraw her nomination in the said OPC as she is leaving India permanently as only a natural person who is an Indian citizen and resident in India shall be a nominee in OPC.
- (B) Yes, Navita can continue her nomination in the said OPC, if she maintained the status of Resident of India after her marriage by staying in India for a period of not less than **182 days** during the immediately preceding financial year.
23. (a) A company being an artificial person cannot own property and cannot sue or be sued

**Incorrect:** A company is an artificial person as it is created by a process other than natural birth. It is legal or judicial as it is created by law. It is a person since it is clothed with all the rights of an individual.

Further, the company being a separate legal entity can own property, have banking account, raise loans, incur liabilities and enter into contracts. Even members can contract with company, acquire right against it or incur liability to it. It can sue and be sued in its own name. It can do everything which any natural person can do except be sent to jail, take an oath, marry or practice a learned profession. Hence, it is a legal person in its own sense.

- (b) **A private limited company must have a minimum of two members, while a public limited company must have at least seven members.**

**Correct:** Section 3 of the Companies Act, 2013 deals with the basic requirement with respect to the constitution of the company. In the case of a public company, any 7 or more persons can form a company for any lawful purpose by subscribing their names to memorandum and complying with the requirements of this Act in respect of registration. In exactly the same way, 2 or more persons can form a private company.

24. **Doctrine of ultra vires:** The meaning of the term *ultra vires* is simply “beyond (their) powers”. The legal phrase “*ultra vires*” is applicable only to acts done in excess of the legal powers of the doers. This presupposes that the powers in their nature are limited.

It is a fundamental rule of Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the Act, thus far and no further. In consequence, any act done or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void

and inoperative in law and is therefore not binding on the company. On this account, a company can be restrained from employing its fund for purposes other than those sanctioned by the memorandum. Likewise, it can be restrained from carrying on a trade different from the one it is authorised to carry on.

The impact of the doctrine of *ultra vires* is that a company can neither be sued on an *ultra vires* transaction, nor can it sue on it. Since the memorandum is a “public document”, it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is *ultra vires* the company, you cannot enforce it against the company.

An act which is *ultra vires* the company being void, cannot be ratified by the shareholders of the company. Sometimes, act which is *ultra vires* can be regularised by ratifying it subsequently.

**SECTION B: BUSINESS CORRESPONDENCE AND REPORTING****QUESTIONS****Chapter 1: Communication**

- (1) What are the language barriers in communication?
- (2) How non-verbal communication is impactful in communication?

**Chapter 2 :Sentence Types: Active-Passive Voice, Direct-Indirect Speech**

- (A) Change the following sentences into passive voice.
1. Ram loves Sita.
  2. They will finish the work in a fortnight.
  3. Why did your friend write such a message?
  4. Who taught you Commerce?
  5. The examiner will give you instructions.
- (B) Change the following Direct Speech into Indirect Speech.
1. The principal said, 'you can go'.
  2. Ravi said, 'The lion died in the garden.'
  3. Mentor said to me, 'you are a good player.'
  4. She said, 'Alas! I am undone.'
  5. 'Where do you live? Asked the administrator.

**Chapter 3: Vocabulary**

- (A) Select the suitable **synonym** for the given words.
1. **Indispensable**  
a. Decisive    b. Crunchy    c. Responsible    d. Momentary
  2. **Hypocrisy**  
a. Signifier    b. Cant    c. Sauna    d. Gunky
  3. **Trudge**  
a. Skip    b. Expel    c. Review    d. Slog
  4. **Conservatism**  
a. Behaviourism    b. Cognitivism    c. Toryism    d. Innateness

**5. Besmirch**

- a. Tolley                      b. Sully                      c. Honour                      d. Enhance

(B) Select the suitable **antonym** for the given words.

**1. Abstention**

- a. Orgy                      b. Binge                      c. Spree                      d. Obscure

**2. Harmony**

- a. Hilarious                      b. Imbroglio                      c. Complexity                      d. Separation

**3. Vague**

- a. Disgrace                      b. Distribution                      c. Cogent                      d. Credit

**4. Shoddy**

- a. Careful                      b. Poor quality                      c. Former                      d. Stimulus

**5. Pliant**

- a. Ditch                      b. Biddable                      c. Docile                      d. Inflexible

**Chapter 4: Comprehension Passages**

Read the following comprehension passages and answer the following questions.

**Passage 1**

In the present era of globalisation and liberalisation, the world has become an economic village. The globalization of the business world, the attendant structure and the regulations, which support it, as well as the development of e-commerce make it imperative to have a single globally accepted financial reporting system. Several multi-national companies are establishing their businesses in various countries with emerging economic and vice versa. The entities in emerging economies are increasingly accessing the global markets to fulfill their capital needs by getting their securities listed on the stock exchanges outside the country. Capital markets are, thus, becoming integrated consistent with this world-wide trend. More and more Indian companies are being listed on overseas stock exchanges. The use of different accounting frameworks in different countries, which requires inconsistent treatment and presentation of the same underlying economic transactions, creates confusion for users of financial statements. This confusion leads to inefficiency in capital markets across the world. Therefore, increasing complexity of business transactions and globalization of capital markets call for a single set of high-quality accounting standards.

High standards of financial reporting underpin the trust investors place in financial and non-financial information. Thus, the case for a single set of globally accepted accounting standards has prompted many countries to pursue either adoption or convergence of national accounting standards with IFRS.

International Financial Reporting Standards (IFRS) are considered a “principles-based” set of standards. In fact, they establish broad rules rather than dictating specific treatments. Every major nation is moving toward adopting them to some extent. Large number of authorities requires public companies to use IFRS for stock-exchange listing purposes, and in addition, banks, insurance companies and stock exchanges may use them for their statutorily required reports. So over the next few years, thousands of companies will adopt the international financial reporting standards while preparing their financial statements.

- Q.1. What trends are forcing capital markets across the world for integration?
- Q.2. Which creates confusion for users in financial statements?
- Different accounting framework
  - Different capital market framework
  - Globalisation and business regulations
  - Development of e-commerce
- Q.3. Which is not considered as a ‘principle-based set of standards for preparation of financial reporting?
- Indian Accounting Standards
  - International Accounting Standards
  - International Financial Reporting Standards
  - International Economic Standards
- Q.4. Which standards are taken as basis for preparing financial statements?
- International Economic Standards
  - International Financial Reporting Standards
  - Standard Stock Exchange
  - Business structures and regulations standards
- Q.5. Why there is need for single set of global financial reporting standards?

**Passage 2**

In today’s IT-driven society, the success of an enterprise is heavily influenced by business intelligence. Corporate giants are becoming more dependent on business intelligence (BI) software to increase the amount of knowledge they can apply in real time and reduce the cost of managing their business processes. As globalisation and ICT (Information and Communication Technology) become more intertwined, the volume of data transfers among enterprises is exponentially growing. In this perspective we can define the BI as essentially timely, accurate, high-value, and actionable business insights, and the work processes and technologies used to obtain them. It comprised of information that contains patterns,

relationships, and trends about customers, suppliers, business partners and employees. In simple words BI refers to the process of collecting and refining information from many sources, analyzing and presenting the information in useful ways so that users can make better business decisions.

BI has been made possible because of advances in a number of technologies, such as computing power, data storage, computational analytics, reporting and networking. IT provides an approach for solving business problems with a framework for managing tactical and strategic operations performance. From the perspective of decision-making, BI uses data about yesterday and today to facilitate making better decisions about tomorrow. This is done through various means such as selecting the right criteria to judge success, locating and transforming the appropriate data to draw conclusions, or arranging information in a manner that best provides insights into the future thus making enterprises to work smarter. BI enables managers to see things with more clarity and empowers them to peek into the possible future.

Q.1. To sustain in the business world for decision making and selecting the criteria of succeed, corporate giants are more depended on \_\_\_\_\_

- a. IT-driven society
- b. Business Intelligence software
- c. Strategic Operation Performance
- d. Reporting and Networking

Q.2. The write uses the term BI to define –

- a. Increasing the amount of knowledge in business world
- b. Empowers business for future perspective
- c. Particularly arranging information in business manner
- d. Appropriate work processes and technology-based business

Q.3. What are the basic requirements of BI?

Q.4. What is the process of BI?

Q.5. BI is used for \_\_\_\_\_

### **Chapter 5: Note Making**

Read the following passage/news story and make proper notes following the guidelines of Note making. (Source: internet/newspaper article)

Money is the centre of every economic transaction and plays a significant role in all economies. It refers to assets which are commonly used and accepted as a means of payments or as a medium or exchange or of transferring purchasing power. For policy purposes, money may be defined as the set of liquid financial assets, the variation in the stock of which will have impact on aggregate economic activity. Money has generalised purchasing

power and is generally acceptable in settlement of all transactions and in discharge of other kinds of business obligations including future payments. Anything that would act as a medium of exchange is not necessarily money. For example, a bill of exchange may also be a medium of exchange, but it is not money since it is not generally accepted as a means of payment. Money is totally liquid asset as it can be used directly, instantly, conveniently and without any costs or restrictions to make payments. At the fundamental level, money provides us with a convenient means to access goods and services.

As we know, money performs many functions in an economy. As such as, money is a convenient medium of exchange or it is an instrument that facilitates easy exchange of goods and services. Money, though not having any inherent power to directly satisfy human wants, by acting as a medium of exchange, it commands purchasing power and its possession enables us to purchase goods and services to satisfy our wants. It is an explicitly defined unit of value or unit of account because money is a 'common measure of value' or 'common dominator of value' or money functions as a numeraire. We know, Rupee is the unit of account in India in which the entire money is dominated. The monetary unit is the unit of measurement in terms of which the value of all goods and services is measured and expressed. Money serves as a unit of standard of deferred of payment i.e., money facilitates recording of deferred promises to pay. Money is the unit in terms of which future payments are contracted or stated. However, variations in the purchasing power of money due to inflation or deflation, reduce the efficacy of money in this function.

So, we can say, money also functions as a permanent store of value. There are many other assets government bonds, despite of other securities, land, houses, etc. which also store value. Despite having the advantages of potential income yield and appreciation in value over time, these other assets are subject to limitations such as storage costs, lack of liquidity and possibility of depreciation in value. The effectiveness of an asset as a store of value depends on the degree and certainty with which the asset maintains its value over time. Hence, in order to serve as a permanent store of value in the economy, the purchasing power or the value of money should either remain stable or should monotonically rise over time.

**Or**

**Note making (2)**

The meaning of the term ultra vires is simply "beyond (their) powers." The legal phrase "ultra vires" is applicable only to acts done in excess of the legal powers of the doers. The presupposes that the powers in their nature are limited.

It is a fundamental rule of a Company Law that the objects of a company as stated in its memorandum can be departed from only to the extent permitted by the act, thus far and no further. In consequence, any act done, or a contract made by the company which travels beyond the powers not only of the directors but also of the company is wholly void and inoperative in law and is therefore not binding on the company. On this account, a company can be restrained from employing its fund for purposes other than those sanctioned by the memorandum. Likewise, it can be restrained from carrying on a trade different from the one it



is authorized to carry on.

The impact of the doctrine of ultra vires is that a company can neither be sued on an ultra vires transaction, nor can it sue on it. Since the memorandum is a “public document”, it is open to public inspection. Therefore, when one deals with a company one is deemed to know about the powers of the company. If in spite of this you enter into a transaction which is ultra vires the company, you cannot enforce it against the company.

If you have supplied goods or performed service on such a contract or lent money, you cannot obtain payment or recover the money rent. But if the money advanced to the company has not been expended, the lender may stop the company from parting with it by means of an injunction; this is because the company does not become the owner of the money, which is ultra vires the company. As the lender remains the owner, he can take back the property in specie. If the ultra vires loan has been utilised in meeting lawful debt of the company, then the lender steps into the shoes of the debtor paid off and consequently he would be entitled to recover his loan to that extent from the company.

An act which is ultra vires the company being void, cannot be ratified by the shareholders of the company. Sometimes, act which is ultra vires can be regularised by ratifying it subsequently. For instance, if the act is ultra vires the power of the directors, the shareholders can ratify it; if it is vires the articles of the company, the company can alter the articles; if the act is within the power of the company but is done irregularly, shareholder can validate it.

### **Chapter 7: Précis Writing**

#### **(1) Read the following passages and write a précis for the same.**

A mere 14 per cent of the 58.3 million business in operations in India when the Sixth Economic Census was carried out in 2013-14 were owned by women, across formal and informal sectors in both rural and urban India. This is not a flattering statistic. A sizable number of the 8.05 million women-owned business -over 83 per cent- did not have any hired workers; the corresponding number for male-owned business was about 70 per cent. Also, on average, women-run businesses are smaller than those run by men. However, there are many shining examples of women entrepreneurs who have not only set up successful ventures but have also carved out a niche for themselves. Kiran Mazumdar Shaw is one such women entrepreneur. There are also some who gave up very successful corporate careers to turn entrepreneurs such as Falguni Nayar, a well-regarded investment banker who set up an e-commerce venture as she was turning 50 years of age. There are also the likes of Ritu Dalmia, who broke out of conservative industrialist families, to venture into the world of gourmet food and fine dining with a chain of restaurants. Each of them is trailblazer and an inspiration for others. More recently, the start-up boom in India has seen many young, professionally qualified women taking the plunge. Self-help groups and non-profit focusing on skill development in rural areas have helped women entrepreneurs bloom. Setting up a business is not easy in India. It is even tougher for a woman. A would-be woman entrepreneur has to overcome socio-cultural biases, which requires her to prioritize home and family above all else and sacrifice her own aspirations. Access to finance is that much more difficult,

whether from formal banking channels or from venture capitalists. Managing a male workforce entrenched in a patriarchal society poses its own challenges. Many men are not supportive of women's ambitions and even attempt to break their confidence. Another problem unique to women is their failure to network with business associates as easily as men. Policy interventions have tended to be sporadic, superficial or poorly thought through, like the Centre's failed experiment with a women-only bank.

However, these issues are addressable. Mentoring of women entrepreneurs by specialist in various fields can encourage women who are tentative about taking that first step. Networking platforms for women entrepreneurs can provide some support. Most of all, socio-cultural changes need to be engineered to encourage women to set up business ventures.

(Source: Business Line)

### **Précis Writing- 2**

Several spiritual philosophies contain the notion of an inner 'third eye', related to the pineal gland, to which is attributed significance in mystical awakening or enlightenment, higher states of consciousness and extrasensory perception (ESP). Mention of this is found historically in ancient Central and East Asia and also in contemporary metaphysical theories relating to yoga. A neurologist in Jaipur claims to have found new evidence throwing light on interactions between a physical brain and a non-physical consciousness which leave an impact on human thought, emotion and behaviour. These psychic phenomena are linked with the 'third eye', he says. Dr. Ashok Panagariya, recipient of the prestigious B.C. Roy Award, says that the studies on the two functional units of brain and consciousness and new understanding of psychic phenomena may lead humankind to the ability to induce ESP at will. Pineal gland studies hold a great futuristic link between human and superhuman experiences.

Pineal gland, being the only singular structure in the brain and having a strategic position between the two halves, is believed to connect between intellect and the body. This 'third eye' could be activated to spiritual world frequencies, enabling a person to have the sense of all knowing, godlike euphoria and oneness all around him, says Dr. Panagariya. Once tuned into proper frequencies with the help of meditation, yoga or various esoteric and occult methods, pineal gland can also enable a person to travel into other dimensions, popularly known as astral travel, cosmological projection or remote viewing. Dr. Panagariya, formerly the Principal of Sawai Man Singh Government Medical College in Jaipur, has pointed out that the recent developments in parapsychology and neuroscience have revealed new clues about the way ESP and other psychic abilities are processed by the brain. "Science is providing some answers about the structure or physiology of brain which makes parapsychological reception possible."

"The most astounding discovery of all is that the brain produces a parapsychology enhancing neurotransmitter," says Dr. Panagariya while referring to a class of substances known as beta-carbolines which are secreted from the pineal gland. He says this neurochemical is only produced at night and breaks down into melatonin, another substance which has been associated with psychic experiences.

Dr. Panagariya, presently a member of the Rajasthan State Planning Board, has in his study referred to another recent discovery of interest to psychic researchers proving that the human brain contains magnetite (ferrous oxide), which renders the brain sensitive to the Earth's magnetic fields.

"It has long been known that birds and other animals use magnetite in their brains to aid in navigation. Magnetite is especially concentrated in the pineal gland and the temporal lobes," says Dr. Panagariya, offering scientific explanation to the spiritual, mystical and paranormal experiences. (Source: The Hindu)

### Chapter 8: Article Writing

- (1) Scheme of Indian Government for Women empowerment
- (2) Language is species specific

### Chapter 10: Letter Writing

- (1) Write a letter from XYZ Group for enquiry about the catering services.
- (2) Write a letter of promotion for opening new branch of the XYZ Bank.

### Chapter 11: Formal Mails

- (1) Write a mail to Abhishek Mittal, congratulating him for the promotion as a marketing manager in the organisation. You are Mr. Alok Prakash, manager of the IT department. (word limit: 150-200)
- (2) Write a mail to Ms. Rakhi Mandal, reminding her of a business contract you have sent to her regarding providing infrastructure maintenance services to her company 'Manet Solutions'. You are Mr. Santosh Gupta, Business Head of JP Infrastructures. (word limit: 150-200)

### Chapter 12: Résumé Writing

1. You are Prashant Kumar/Laxmi Ahuja, a resident of Juinagar, Mumbai. You have recently come across an advertisement in Hindustan Times (News Paper) for **Trainee Article in Finance** at S.R. Pvt Ltd. Draft a cover letter in response to the advertisement and enclose your Curriculum Vitae.
2. You are Shikha/Ashutosh. You are applying for **Industrial Trainee Articles** at GAIL Ltd. Write a Cover Letter and attach your curriculum vitae (CV).

### Chapter 13: Meetings

1. Your Company is launching a new product in the next year. Prepare the minutes of the meeting for the same. Members in the meeting; Head of the Sales and Marketing, Product head, and concerned Team Member.
2. As an employee of an academic institute, prepare the agenda of an upcoming partner's visit in tabular format.

**SUGGESTED ANSWERS/HINTS**

**Chapter 1: Communication**

**Answer**

- (1) As we know, lacking language knowledge can create impediment in communication. Language varies individual to individual, place to place, region to region, and country wise. Some words may have different meaning in other language. Even jargon, unfamiliar expressions, and ambiguous words create hurdles in communication. This is fact that no two people speak or write alike. Some people use well-formed words while some of them is used ill-formed words.
- (2) Non-verbal communication is more impact in communication. Meanwhile, the primary function of language is communication, but we can communicate without language. Some of the functions of nonverbal communication in humans are to complement and illustrate, to reinforce and emphasize, to replace and substitute, to control and regulate, and to contradict the denoted message. These are the following non-verbal cues:

**Physical:** It includes facial expressions, stance, gestures, tone, distance in communication, time dimension, haptics etc. For example, leaning forward may mean friendliness, acceptance and interest, while crossing arms can be interpreted as antagonistic or defensive posture. Smiles, frowns, pursing of lips, clenching of hands etc. transmit emotions which are not expressed through verbal communication.

**Paralanguage:** It contains the how of the sender's voice or the way he/she speaks. In other words, The way we say something, more than the actual words use, reveal the intent of the message, the voice quality, volume, intonation, pitch, stress (e.g., primary stress ' , secondary stress , , long stress : , half long ´ , extra short) tone (e.g., extra high §", high é, mid ē, low è, extra low è, down step ↓, upstep↑) and way of speaking, communicates approval, interest or lack of it. It changes the meaning of words.

For example-

Stress on d- Pro' duction become Noun

Stress on p- 'Production become Verb

**Aesthetic:** Art forms such as dancing, paintings, sculptors, music are also means of communication. It conveys the ideas and thoughts of the artist.

**Appearance:** It is usually the first thing noticed about the person. A well dressed and groomed person is presumed to be organised and methodical, whereas a sloppy or shabby person fails to make a favourable impression.

Hence, through non-verbal communication, we send and responds to thousands of messages daily in personal and work lives.

**Chapter 2 Sentence Types: Active-Passive Voice, Direct-Indirect Speech****Answer****(A) Active-Passive Voice**

1. Sita is loved by Ram.
2. The work will be finished by them in a fortnight.
3. Why was such a message written by your friend?
4. By whom were you taught Commerce?
5. Instructions will be given to you by the examiner.

**(B) Direct - Indirect**

1. The principal said that we could go.
2. Ravi said that the lion had died in the garden.
3. Mentor told me that I was a good player.
4. She exclaimed sadly that she was undone.
5. The administrator required where I lived.

**Chapter 3: Vocabulary****Answer****(A) Select the suitable synonym for the given words.**

- 1- (a)
- 2- (b)
- 3- (d)
- 4- (c)
- 5- (b)

**(B) Select the suitable antonym for the given words.**

1. (c)
2. (b)
3. (c)
4. (a)
5. (d)

**Chapter 4: Comprehension Passage**

**Answer: Passage 1**

1. Globalisation, liberalisation, development of e-commerce and emerging global markets are forcing capital markets across the worldwide for integration.
2. (a)
3. (b)
4. (b)
5. Increasing complexity of business transactions and globalisation of capital markets call for a single set of high-quality accounting standards.

**Answer: Passage 2**

1. (b)
2. (d)
3. The basic requirements of BI is timely, accurately, high-value, and actionable business insights, and the work processes and technologies used to obtain success.
4. BI refers to the process of collecting, refining, analyzing, and presenting the information for making better business decisions.
5. (c)

**Chapter 5: Note Making**

**Answer**

Money Market

1. Wht is Mny?
  1. a. Rfrs to Ast
  1. b. Lqd Ast
  1. c. Elctrc Rcd
2. Fncns of Mny
  2. a. Mdm of Excng
  2. b. Unt of Vlu
  2. c. Unt of Stndrd
3. Types of Ast
4. Vlu of Ast

**Key:**

Wht- What

Mny- money

Rfrs- refers

Ast- assets

Lqd- Liquid

Elctrc- Electronic

Rcd- Record

Fncns- Functions

Mdm- Medium

Excng- Exchange

Unt- Unit

Vlu- Value

Stndrd- Standard

**Note Making-2****Title: Doctrine of Ultra Vires**

1. Ntr of Ult Vrs
  1. a. Mng of Ult Vrs
  1. b. Lmt of Ult Vrs
2. Comp Law
  2. a. Fnd Rule
  2. b. Comp Act
  2. c. Cont of trade
3. Impact of the doctrine of Ult Vrs
  3. a. Use of Mrdm
  3. b. Use of Trns
4. Utl of Ult Vrs Loan
5. Act of Ult Vrs

**Key:**

Ntr- Nature

Ult- Ultra

Vrs- Vires

Mng- Meaning

Lmt- Limitation

Comp- Company

Fnd- Fundamental

Cont- Controlling

Mrdm- Memorandum

Trns- Transaction

Utl- Utilisation

**Chapter 7: Précis Writing**

**(1) Answer: Women in entrepreneurship**

According to the sixth Economic Census 2013-14, only 14% of the businesses in India are owned by women and are smaller as compared to men owned businesses. Out of these, 83% do not have any hired workforce. However, many women entrepreneurs have carved a niche for themselves these are Kiran Mazumdar Shaw, Falguni Nayar and Ritu Dalmia. Self help groups and NGOs have helped women entrepreneurs in the rural sector. Still due to socio-cultural biases, it is onerous for married women in India to be an entrepreneur. Managing a male workforce and accessing financial support are even bigger challenges. Policy interventions, mentoring women entrepreneurs by specialists can encourage women who intend to foray into entrepreneurship and specialized networking platforms for women can provide the much-needed support.

**(2) Answer: The 'third eye' connection**

The notion of the third eye or heightened consciousness, Extra Sensory Perception(ESP), or enlightenment is attributed to pineal gland. It is located between the two halves of the brain and connects the intellect and the body. According to Dr. Panagariya a neurologist based in Jaipur, this third eye can be activated to spiritual world frequencies with the help of Yoga and meditation to enable a person experience astral travel, remote viewing and cosmological projection. He said that the pineal gland contains magnetite and secretes Beta Carbolines that breaks down into melatonin which are associated with spiritual, psychic and paranormal experiences.



**Chapter 8: Answer****1) Hints:**

- The government has initiated many schemes for safety of women.
- BetiBachaoBetiPadhao Yojana: This scheme was launched in Panipat, Haryana on January 22, 2015.
- Mahila-E-Haat: It is a bilingual online marketing platform which is launched by the Ministry of Women and Child Development in 2016.
- Mahila Shakti Kendra: It was launched to empower rural women with opportunities for skill development, employment, digital literacy, health and nutrition.
- Working Women Hostel: It was launched to ensure availability of safe, convenient for working women who has less than 50K/month income in metropolitan and 35K/m in any other place.
- Support to Training and Employment Programme (STEP): It was set up to provide skills, competencies and training to become entrepreneurs.
- Sukanya Samridhi Yojana: It is a government-backed saving scheme for girl children.

**2) Hints:**

- Only human beings possess language.
- Non-human has various degrees of the communication system.
- Language is a biological gift to human beings.
- Animals may have few words or a limited range of domains.
- Human language is creative and unpredictable.
- Human being has a phonological and grammatical system.
- A human being can create and understand new utterances.
- A human being can refer to the past.
- A human being can teach or learn a language.
- Some non-human species have a system of sounds.
- Chimpanzees are able to learn human sign language.

**Chapter 10: Letter Writing**

**Answer-1**

XYZ Ltd

A-78, AH-Block

Tagore Garden

New Delhi- 27

11 December, 20XX

Proprietor

Jashn Catering

60, Karole Bagh

New Delhi-05

Dear Mr. Sunil

**Subject: Regarding Enquiry about Catering Services**

With reference to your advertisement in the Times of India, dated November 26, 20XX, we wish to enquire about your catering services. Our company is celebrating its golden jubilee in the month of January 2020. In this regard, we are looking for somebody who would cater for our celebrating dinner.

We are expecting around 600 guests and employees during the event. It will be a formal meet and we will need full catering services that includes several courses, desserts, ten waiters and five helpers.

Kindly provide us the details of the following:

- Whether you provide for waiters and hosts
- Offers and discounts available
- The menu options and charges
- If there are any additional charges levied for linens, centerpiece, etc.

Kindly provide the complete details with rates by Oct 15 XXXX.

Thanks & Regards!

Mr. Vivek Goyal

Administration

XYX Ltd

**Answer-2**

XYZ Bank  
Sector-19  
Nerul  
Navi Mumbai-06  
10 December, 20XX

Chief Finance Officer  
XP Ltd  
Dadar  
Mumbai-14

Dear Sir/Ma'am,

**Subject: Opening of our New Branch at Nerul, Navi Mumbai**

We are happy to announce the grand opening of our bank's 150 branch in the Nerul, Navi Mumbai.

As a privileged customer, we are pleased to offer you extra benefits for an account opening in the new branch.

The new branch has locker facility and six ATM machines in your area. In view of our long-term association, we would not charge you any fees for locker facility.

Kindly visit the new branch. Contact details are given below:

88, Jame Jamshed Road  
Dadar  
Ph.: 011-255-90000  
Mumbai-14

Yours  
R.P. Aneja  
(Branch Manager)

**Chapter-11: Formal Mails**

**Answer-1**

To: Abhishek Mittal

CC/BCC

Subject: Congratulations on Your Promotion

Dear Abhishek

I just got to hear of your promotion to the post of Marketing Manager. Please accept my heartiest congratulations.

You truly deserve the recognition and responsibility of the position. Your dedication and hard work have been rewarded. All your team members are elated at your selection. As you would know, promotion comes along with new target, tasks and challenges. I hope that you shall exceed all expectations.

We are all looking forward to a grand party from you at your earliest convenience.

Regards,

Alok Prakash

Head

Department of the Information Technology

**Or-**

**Answer-1**

**Value Hints:**

- a. Subject: Regarding Congratulating on Your Promotion
- b. Greetings
- c. Opening paragraph on congratulations
- d. Appreciate for promotion
- e. Appreciate for dedication and hard work
- f. Motivation for new challenges
- g. Closing with demanding party and polite words

**Answer-2**

Value Hints:

- a. Subject: Regarding the Providing Infrastructure Maintenance
- b. Greetings
- c. Remind that you had sent the contract on x date and no reply has been received till date.
- d. Mention date of meeting and discussion of details of contract
- e. Ask if any further details/clarifications required from your side.
- f. Seek meeting to discuss any issues that have come up.
- g. In case, all is well you would appreciate it if the contract is signed and mailed to you.

**Chapter: 12- Résumé Writing****Answer: 1**

A-12F-Block,

C-16/A, Sector-04

Juinagar

Navi Mumbai- 400705

[prashantkr@gmail.com](mailto:prashantkr@gmail.com)

09 December, 20XX

The HRD

S.R. Pvt Ltd.

Andheri East

Mumbai- 400069

Dear Sir/Ma'am,

**Subject: Application for the Post of Trainee Finance**

This is with reference to your advertisement in 'Hindustan Times' dated 06 December, 20XX, for the post of Trainee Finance in your organization. I wish to apply for the same.

I am conscientious, punctual and open to learning. I have just completed CA Intermediate from ICAI. I am looking for positions as Trainee (Finance/Tax/Audit) for articleship. If given the opportunity, I am open to learning and prepared to work hard to enrich my knowledge.

I am enclosing my résumé herewith for your reference. I shall be available for an interview through online or face to face on any day of your convenience.

I look forward to a positive response!

Your Sincerely,  
Prashant Kumar

Enclosure:

1. Résumé

### Curriculum Vitae

#### RAVI PRAKASH GOEL

A-12F-Block,  
C-16/A, Sector-04  
Jainagar

Navi Mumbai- 400705

Mob.: +91-XXXXXX XXXXX

Email: [prashantkr@gmail.com](mailto:prashantkr@gmail.com)

#### Profile:

- Hardworking, punctual, strong team player
- Confident working with computers and technology

#### Educational Qualifications:

S. No.	Examination / Degree/Course	Subject / Stream	Institute / College	Board / University	Year of Passing	Percentage/ Division
1	CA Intermediate	Finance, Taxation, Auditing	ICAI, New Delhi	ICAI, New Delhi	Nov 2019	65%
2	Higher Secondary	Commerce	St. Holly Public School, Mumbai	CBSE	2014	87%
3	Secondary	Commerce	St. Marry Public School, Mumbai	CBSE	2012	85%

**Professional Skills:**

- Finance, Taxation, Auditing

**Intrapersonal Skills:**

- Excellent Communication Skills
- Highly organized and efficient
- Ability to work independently
- Ability to work in team
- Proven leadership skills and ability to motivate

**Language Known:**

- English, Hindi, Marathi (Comm.)

**Hobbies:**

- Reading Novels, Travelling, Interacting with people

**Personal Details:**

- Father's Name: XYZ
- Mother's Name: XYX
- DoB: XYZ
- Gender: Male
- Nationality: XYZ
- Marital Status: Single/Married

**References:**

Tripti Sharma  
Assistant Professor  
ABC College of Commerce  
XYZ University  
Email: [xyz@gmail.com](mailto:xyz@gmail.com)

CA. Sanjay Mishra  
XYZ Associates,

Email: [\\*\\*\\*\\*\\*@gmail.com](mailto:*****@gmail.com)

Declaration: I solemnly declare that the above information is correct to the best of my knowledge and belief.

Date: XX December, 20XX

Place: Mumbai

(PRASHANT KUMAR)

**Answer: 2**

F-26 E, Sector-11

Kavi Nagar

Ghaziabad- 02

Email: shikhakr.@gmail.com

16 December, 2019

The HRD

Natural Gas Transmission Company (GAIL)

New Delhi-01

Dear Sir/Ma'am,

**Subject: Application for the Post of Industrial Trainee(Articles)**

This is with reference to your advertisement on the website in career column for the post of **Article Trainee** at GAIL. I have just completed second year of my articleship from ABC associates, a reputed firm and completed CA Intermediate in November 2017 in the first attempt.

I am keen to learn, focused and target oriented.

I will be ready available for a personal interaction any time as per your convenience.

I look forward to a positive reply.

Your Sincerely,

Shikha Kumari

Enclosure:

1. Curriculum Vitae

**Shikha Kumari**

XYZ Company

Ghaziabad-06

Phone: +91- XXXXX XXXXX

E-mail: [shikhakr.@gmail.com](mailto:shikhakr.@gmail.com)



**Profile/ Objective:**

- Sincere, honest, punctual and devoted professional with a zest of learning. Seeking a position that provides substantial learning opportunities and exhorts me to take up challenges/initiatives and learn from them thereby creating and adding value to the team as well as the organization

**Educational Qualifications:**

- Completed 2 years of articleship from XYZ company in December 2019.
- Completed CA Intermediate in Nov 2017.
- 10+2, from CBCE, New Delhi, 2012, with higher 1st Division.
- 10th from CBCE, New Delhi, 2010, with higher 1st Division.

**Achievements:**

- Got prize for standing first in National Quiz at XW Org in 2015.

**Language Known:**

- English, Hindi, Punjabi, Marathi, (Comm.)

**Workshop/Training Programme/Academic Participation:**

- Participated in International Conference at Pune in December 2019.
- Participated in International Lecture on "*LEARN TO FIND YOUR HIDDEN TALENT*" delivered by Geshe Michael Roach, at Presidency College, Kolkata, (INDIA), on 13 Feb. 2017.
- Participated in *Human Value "Harmony"* workshop organized by IIT, Delhi, Varanasi from 31 Jan.-03 Feb. 2016.
- Participated in One-week workshop on Accounting at regional centre, Mumbai, from 12 Jan.-21 Jan. 2016.
- Participated in one-week training programme on Accountancy, Mumbai from 4 Dec.-23 Dec. 2014.

**Declaration:** I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Place: New Delhi

Date: 12.12.20XX

(SHIKHA KUMARI)

**Chapter-13: Meetings**

**Answer-1**

**Date: 16 December 20XX**

**Venue: Conference Room, II Floor**

**Meeting Started at 04:00 P.M.**

Mr. A, Head of the Sales and Marketing, gave an introduction and purpose of the meeting.

Mr. B, Product head spoke about the new product.

Ms. C, Regional Manager, Business, gave a detailed project report. (market surveys, future aspects challenges included).

Participants approved of Ms. C's report. Appreciated he meticulous detailing.

Mr. D, Marketing Head discussed the market scenario, demand and supply and customer interest.

Mr. E, Head Finance, gave details of costing, Finance team led by Mr. F, Mr. G, and Ms. H were part of the presentation.

The Head, Sales and Marketing declared an open house for participants to put up their concerns, and finally gave a vote of thanks.

Proposals for more funds put forward.

Tender to be released.

ATR will be submitted by 22 December, 20XX.

**Answer-2**

**Tabular Agenda**

Time	Topic	Attendees	Speaker	Duration
10:30 AM	Introductory meeting and Welcome Note	Director, Registrar, Exam In-charge, Senior Faculty (all depts.)	Director of the Institute	10 Minutes
10:40 AM	Speech	Director, Registrar, Exam In-charge, Senior Faculty (all depts.)	Hon'ble Mr. Partner	25 Minutes
11:05 AM	Discussion on new courses and departments	Director, Senior Faculty	Head, Department of the (subject)	25 Minutes

<b>11:30 AM</b>	<b>Brunch</b>	<b>Brunch</b>	<b>Bruch</b>	<b>30 Minutes</b>
12:00 Noon	Need to the Course/scope	Director, Registrar Senior Faculty	Prof. X, Subject Expert	20 Minutes
12:20 PM	Open House	Director, Registrar Senior Faculty	All members	20 Minutes
12:40 PM	Vote of thanks	Director, Registrar Senior Faculty, Partner(Mgmt)	Director of the Institute	10 Minutes