

## Chapter 13 & 14 – GCA & IOS

### Examiner's Favourite Questions (EFQs)

#### CA Inter Law – Jan 2026 Attempt

**Q1:** The General Clauses Act is one of the oldest Acts, came into force on –

(Study Material)

- (a) 1<sup>st</sup> April, 1897
- (b) 11<sup>th</sup> March, 1897
- (c) 11<sup>th</sup> March, 1887
- (d) 1<sup>st</sup> April, 1868

**Q1:** The General Clauses Act, 1897 is applicable to:

(Jan 2025)

- (a) whole of India including the Union Territory of Jammu & Kashmir
- (b) whole of India excluding the Union Territory of Jammu & Kashmir
- (c) the act does not define any "territorial extent" clause
- (d) whole of India excluding the National Capital Region and other Union territories

**Q2:** The term "Year" as per the General Clauses Act, 1897 means:

(May 2025)

- (a) Financial year
- (b) A year according to the British calendar which starts from January to December
- (c) 365 days
- (d) Any period of 12 months

**Q3:** The General Clauses Act, 1897 (Act) was enacted on 11<sup>th</sup> March, 1897 to consolidate and extend the General Clauses Act, ----- and -----

(May 2025)

- (a) 1857 and 1887
- (b) 1887 and 1893
- (c) 1878 and 1880
- (d) 1868 and 1887

**Q4:** Mr. A died at the age of 72 leaving behind some movable and immovable properties to be distributed between his two sons C & D, as per his registered will. His Will clearly mentioned that all the immovable property should go to C and all the movable property should go to D. Both the brothers divided the property as per will except below

mentioned properties, because they could not establish which property should go to whom. Kindly help them by ticking the property/lies which should go to D (as per the provisions of the general Clause Act, 1897)

(MTP May 19)

- (a) Standing crop in the fields
- (b) Cut crop, ready to sell
- (c) Tube well in the agriculture land
- (d) Sandal Wood Tree

**Q5:** ABC Real Estate Ltd., a prominent real estate company, has recently acquired a piece of land in a suburban area. The land has a small lake that is expected to generate significant tourism revenue in the future. Additionally, the land has several old structures that are permanently fastened to the earth, such as a stone pavilion and a historical monument. ABC Real Estate Ltd. plans to develop the area by refurbishing the existing structures and enhancing the natural surroundings to attract tourists. Considering the above scenario, identify which of the following components are classified as "Immovable Property" under the General Clauses Act, 1897:

(MTP Sep 2024)

- (a) Only the land and the stone pavilion.
- (b) Only the land and the benefits arising from the lake.
- (c) The land, benefits arising from the lake, and the stone pavilion.
- (d) The land, the benefits arising from the lake, the stone pavilion, and the historical monument.

**Q6:** X purchased a car from Y, believing that Y was the legitimate owner. Although X paid the full purchase price and took possession of the car, he did not check the Registration Certificate (RC) of the car to verify the authenticity of Y's ownership. Later, it was discovered that Y was not the rightful owner, and the car had been stolen. In the context of "good faith" as defined in the General Clauses Act, 1897, determine the validity of X's ownership claim over the car.

(RTP Jan 2025)



- (a) X holds valid ownership of the car because he paid the full price and believed Y to be the legitimate owner.
- (b) X does not hold valid ownership because his purchase was made without due care and attention, even though he acted honestly.
- (c) X holds valid ownership because he had no knowledge of the car being stolen, showing he acted in "good faith."
- (d) X's ownership is valid because he did not act negligently, and his actions were deemed "in good faith"

**Q7:** What among the following could be considered in the term 'Immovable Property' as per the General Clauses Act, 1897?

- (i) The soil for making bricks
- (ii) Right to catch fish
- (iii) Right to drain water
- (iv) Doors and Windows of the house

(RTP Sep 2025)

- (a) Only (i) and (iv)
- (b) Only (i), (ii) and (iv)
- (c) Only (i) and (ii)
- (d) Only (ii), (iii) and (iv).

**Q8:** An Act has been passed by the government and though sufficient time has elapsed since the Act was passed, it has not been brought into force by the Government.

Which of the following is correct in the light of the provisions of the General Clauses Act, 1897?

(Sep 2024)

- (a) The court can issue a mandamus with a view to compel the government to bring the Act into operation on a particular day.
- (b) The court can through a writ direct the Government to consider the question as to when the Act should begin to operate.
- (c) The court can publish a date in Official Gazette as an effective date for enforcement of the Act.
- (d) The court cannot direct the government to consider the question as to when Act should begin to operate.

**Q9:** Which among the following is correct as per the provisions of the General Clauses Act, 1897, regarding commencement and termination of time?

(Nov 2022)

- (a) In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to exclude the first in a series of days or any other period of time, to use the word "from", as well as to exclude the last in a series of days or any other period of time, to use the word "to"

- (b) In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to exclude the first in a series of days or any other period of time, to use the word "from", and to include the last in a series of days or any other period of time, to use the word "to"

- (c) In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to include the first in a series of days or any other period of time, to use the word "from", as well as to include the last in a series of days or any other period of time, to use the word "to"

- (d) In any Central Act or Regulation made after the commencement of this Act, it shall be sufficient, to include the first in a series of days or any other period of time, to use the word "from", and to exclude the last in a series of days or any other period of time, to use the word "to"

**Q10:** In all Central Acts and Regulations, unless there is anything repugnant in the subject or context, words importing the masculine gender shall be taken:

(MTP May 2023, MTP Nov 2023 & Sep 2024)

- (a) To exclude females
- (b) To exclude girl child
- (c) To include females
- (d) To exclude boy child

**Q11:** The Ministry of Transport is planning to construct a new highway that will connect City A and City B. According to the initial plan, the highway is expected to cover a distance of 150 kilometers. During the survey, the engineers measure the distance between the two cities as the crow flies, without considering the natural terrain and existing road curves. This method is in line with the provisions of the General Clauses Act, 1897 regarding the measurement of distance for the purposes of any Central Act or Regulation. Considering the above scenario, which statement is correct about the measurement of distance as per the General Clauses Act, 1897?

(MTP Sep 2024)

- (a) The distance should be measured along the existing roadways and curves.
- (b) The distance should be measured considering the natural terrain and obstacles.
- (c) The distance should be measured in a straight line on a horizontal plane unless otherwise specified.
- (d) The distance should be measured as a combination of straight lines and natural curves.

**Q12:** Where, by any Central Act, a power to make any appointment is conferred, then, unless a different intention appears, the authority having for the time



being power to make the appointment shall also have power:

(MTP Nov 2023)

- (a) To appoint the members of that family
- (b) To grant increment to any family members
- (c) To suspend or dismiss any person appointed
- (d) No other power is conferred except for appointment

**Q13:** An act or omission constitutes an offence under two enactments. Referring to the provisions of the General Clauses Act, 1897, state which among the following is correct in such a situation?

(Nov 2022)

- (a) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted last and not under the other enactment.
- (b) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted first and not under the other enactment.
- (c) The offender shall be liable to be prosecuted and punished under both the enactments
- (d) The offender shall be liable to be prosecuted and punished under either or any of those enactments, but shall not be punished twice for the same offence

**Q14:** Apex Manufacturing is an industrial company based in India. Recently, the company found itself embroiled in legal issues concerning two separate offences under different enactments. The first offence involved a violation of environmental regulations, for which the company was prosecuted and fined. Subsequently, Apex Manufacturing was charged under a different law for a similar but not identical environmental violation.

The first offence was under the Environment Protection Act, 1986, for failing to dispose of hazardous waste properly. The second offence, under the Water (Prevention and Control of Pollution) Act, 1974, involved discharging untreated wastewater into a river.

Mr. Sharma, the company's legal advisor, consulted on said issue. He determined the prosecution outlined in Section 26 of the General Clauses Act, 1897, and Article 20(2) of the Constitution of India, which protects against double jeopardy. Comment upon the validity of protection that can be given to the Apex Manufacturing.

(RTP Sep 2024)

- (a) Yes valid, because both involve environmental violations.
- (b) Not valid, because the specific actions and legal provisions violated are different.
- (c) Its valid, because both result in environmental harm.

(d) Its valid, though were prosecuted under different Acts but nature of act is similar.

**Q15:** The preamble is most important in any legislation, it (Study Material, MTP May 2020, MTP May 2022 & MTP Nov 2023)

- (a) Provides definition in the Act
- (b) Expresses scope, object and purpose of the Act
- (c) Provides summary of the entire Act
- (d) None of the above

**Q16:** Statutory interpretation is a practice through which the courts break down the words of a legislation and give true intent to it. While the legislature makes the laws, the judiciary performs the art of interpretation to give meaning to the words of the law maker. It is correctly said that "The purpose of Interpretation of Statutes is to help the Judge to ascertain the intention of the Legislature – not to control that intention or to confine it within the limits, which the Judge may deem reasonable or expedient". For interpretation of statutes various tools are used, you are required to pick the option depicting correct sequence of tools in order their application.

(MTP Nov 2023)

- (a) Internal Aids to Construction, External Aids to Constructions, and Literal Construction
- (b) Literal Construction, Internal Aids to Construction, and External Aids to Constructions
- (c) Internal Aids to Construction, Literal Construction, and External Aids to Constructions
- (d) External Aids to Constructions, Internal Aids to Construction, and Literal Construction

**Q17:** Which among the following is the cardinal rule of construction of statutes – (Study Material, ICAI Sample MCQ, RTP May 2023 & MTP Nov 2023)

- (a) Harmonious Rule of construction
- (b) Beneficial Rule of construction
- (c) Literal Rule of construction
- (d) Reasonable Rule of construction

**Q18:** Rule of Reasonable Construction is based on the maxim –

(Study Material)

- (a) Absolut asentenia expositor non indigent
- (b) Ut res magis valeat quam pareat
- (c) Quo facit per alium facit per se
- (d) Contemporanea expositio

**Q19:** Which rule of construction is applicable where there is a real and not merely apparent conflict between



the provisions of an Act, and one of them has not been made subject to the other -

(Study Material, ICAI MCQ Booklet, MTP May 19 & MTP Nov 2023)

- (a) Rule of Beneficial Construction
- (b) Rule of Literal Construction
- (c) Rule of Harmonious Construction
- (d) Rule of Exceptional Construction

**Q20:** In various rules of interpretation, what is the meaning of "Ejusdem Generis"

(Nov 2020)

- (a) Of the same kind or species
- (b) To do purposive construction
- (c) Known by its associates
- (d) Of the different kind or species

**Q21:** A clause that begins with the words 'Notwithstanding anything contained' is called:

(RTP Nov 2022 & MTP May 2023)

- (a) An obstacle clause
- (b) A non-obstante clause
- (c) An objectionable clause
- (d) A superior clause

**Q22:** Pick the odd one out of the following aids to interpretation

(Study Material, ICAI MCQ Booklet, MTP May 2021, MTP May 2022, MTP Nov 2022, MTP May 2023 & MTP Nov 2023)

- (a) Preamble
- (b) Marginal Notes
- (c) Proviso
- (d) Usage

**Q23:** An act or omission constitutes an offence under two enactments. Referring to the provisions of the General Clauses Act, 1897, state which among the following is correct in such a situation:

(MTP Sep 2025)

- (a) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted last and not under the other enactment.
- (b) The offender shall be liable to be prosecuted and punished under that enactment only, which was enacted first and not under the other enactment.
- (c) The offender shall be liable to be prosecuted and punished under both the enactments.
- (d) The offender shall be liable to be prosecuted and punished under that either or any of those enactments, but shall not be punished twice for the same offence

**Q24:** Under the statutory rules, a notice is required to be sent by "registered post acknowledgment due." If the notice is instead sent only by "registered post," what is the legal implication as per provisions of the General Clauses Act, 1897?

(MTP Sep 2025)

- (a) The service of notice is deemed valid, as registered post suffices under all circumstances.
- (b) The service of notice is not valid, as the statutory rules specifically require "registered post acknowledgment due."
- (c) The notice is considered served only if the recipient acknowledges receipt, regardless of mailing method.
- (d) The mode of service is irrelevant as long as the notice is delivered eventually



Case Study Based MCQs – MTP Sep 2025

Evercrest Agro Equipments Private Limited ("EAEPL") was in the process of establishing a new agricultural machinery manufacturing unit in Nashik, Maharashtra. On 28th February 2024, the Board of Directors passed a resolution to acquire the following assets:

- An industrial warehouse
- 30 acres of farmland located next to the warehouse
- 150 tractors for operational use and resale
- A plantation of 200 timber trees on part of the farmland

Later, on 15<sup>th</sup> March 2024, the company received a government notification requiring that all newly established agro-industrial units must obtain a special regulatory clearance within 45 days from the date of establishment.

The notification also clarified that all existing permissions or orders issued under the repealed Agro-Industrial Development Act shall remain valid under the new replacement legislation.

As per the notification, intimation or service of orders must be made through registered post to all concerned stakeholders.

Now, the Managing Director of the company seeks your legal opinion on various implications under the General Clauses Act, 1897.

- A. Among the assets acquired by EAEPL, which of the following would not be classified as immovable property under the General Clauses Act, 1897?
- (a) The industrial warehouse  
(b) 30 acres of farmland  
(c) 150 tractors  
(d) Plantation of 200 timber trees
- B. If the requirement was to obtain regulatory clearance within 45 days from the date of establishment (which was 28<sup>th</sup> February 2024), and 13<sup>th</sup> April 2024 was a public holiday, by which date must the clearance be obtained (assuming 13<sup>th</sup> April, 2024 is a Saturday)?
- (a) 13<sup>th</sup> April 2024  
(b) 12<sup>th</sup> April 2024  
(c) 14<sup>th</sup> April 2024  
(d) 15<sup>th</sup> April 2024
- C. The government notification dated 15<sup>th</sup> March 2024 was sent to EAEPL via registered post on 18<sup>th</sup> March 2024, and the company returns it with an endorsement of refusal. As per the General Clauses Act, 1897, choose the correct option.
- (a) It will be presumed that the notice has been served  
(b) It will be deemed that the notice has not been served  
(c) The notice has to be sent again till the time, the company does not validly accept the notice  
(d) The notice will now be served on the shareholders of the company

Case Study Based MCQs – Sep 2025

Mr. Famous owned a firm operating a fleet of eighteen taxis engaged in the transportation of passengers in and across the state of Madhya Pradesh. The business had started way back in 1986 wherein the vehicle permits were obtained and the business was being run successfully. The registration for the vehicle expired in the year 1988 and the firm applied for renewal of registration of the vehicles under section 58 of the Motor Vehicles Act, 1939. The application under the aforesaid Act was still pending when such Act was replaced by the Motor Vehicles Act, 1988. To get the application processed, Mr. Famous applied to the authorities to consider the application under the Motor Vehicles Act, 1988 taking plea of section 6(c) of the General Clauses Act, 1897. The application was not entertained by the authorities on the pretext that since the application was filed under the repealed law, the old application would not be considered and that the application should have been filed within time. Later, Mr. Famous died leading to the closure of business. The family of Mr. Famous still lives in one of the flat bought by Mr. Famous during his life-time from Mr. Rich, a builder and contractor dealing in construction and selling of flats.

Mr. Rich was the owner of six flats in the city of Indore. He was advised by one of his finance consultants to rent his unoccupied flats and thereby earn handsome passive income in form of monthly rents. The advice was given to him in the



year 2017 and he has been renting out the properties since then. Deebee Motors Ltd., an automobile dealer opened his office in one of the flats for commercial purposes in the year 2019 for a rent of ₹ 3.15 Lakh per month. Initially the rental dues were timely paid by the dealer but later the automobile dealer defaulted in paying the above resulting in cumulative arrears of rent being ₹ 1.20 crore as on latest date. Mr. Rich, filed a suit for recovery of rental arrears on immovable property pleading the court to treat such arrears as benefit out of land as defined in under section 3(26) of the General Clauses Act, 1897, under the head of "Immovable Property". The defendant submitted that arrears of land revenue in this case cannot be termed as "benefits from land".

Deebee Motors Ltd. offered Mr. Rich a passenger family car worth ₹ 3.00 crore at ₹ 1.80 crore to compensate the loss incurred by Mr. Rich on rental dues. Unfortunately, color selected by Mr. Rich was unavailable at the selected purchase date. The marketing manager informed and assured that the color will be available after a waiting period of 3 months. Deebee Motors Ltd. further asked Mr. Rich for an advance cheque of minimum 50% of the sale value to shield the purchaser from any future price enhancement. A postdated cheque of ₹ 90 Lakh was handed over to the dealer as the booking amount. The cheque was kept with the showroom owners but could not be deposited by them in their account until the last day of third month when Mr. Rich came to know about the above failure on part of the car dealer. The car dealer insisted that Sunday being the last day of the third month, the bank was closed and the cheque could not be deposited thus showing his inability to deliver the car which had arrived on Saturday. The dealer insisted on issuing of fresh cheque.

- A. Which of the following is true on the validity of the rejection of the application made by the firm of Mr. Famous regarding renewal of 1939?**
- (a) The rejection was not justified and the same old application should have been considered as per the new Motor Vehicles Act, 1988.
- (b) The rejection was justified as Mr. Famous should have filed a fresh application for renewal in this case.
- (c) The form can either be accepted or rejected at the discretion of the authorities which in this case have opined to reject the form.
- (d) The form will be rejected in case the delay in filing cannot be justified by Mr. Famous.
- B. Whether the plea of Deebee Motors Ltd. towards refusal to treat arrears of rent as "Immovable Property" as per the General Clauses Act, 1897, shall hold good? Whether the future rental income be included under the above definition as provided in the aforesaid Act?**
- (a) The plea of Deebee Motors Ltd. shall not hold valid in this case and arrears of land revenue shall be included in the definition of immovable property under the aforesaid Act. Future rent payable cannot be treated as immovable property under the Act.
- (b) The plea of Deebee Motors Ltd. shall hold good as rent have already been arisen and hence cannot be termed as benefits from land although future rent can be included in the definition of immovable property.
- (c) Neither the arrears nor the future rent shall qualify within the definition of "Immovable Property" as provided in the aforesaid Act.
- (d) Both arrears and future rent shall qualify within the definition of "Immovable Property" under the aforesaid Act.
- C. Which of the following is true on the validity of cheque which could not be deposited on the last day of the third month being a holiday?**
- (a) The cheque is valid as the last day of the third month being a Sunday hence the same can be deposited on the next working day.
- (b) The old cheque is invalid as the period of three-month validity would expire by the day when the bank would open.
- (c) The cheque can only be deposited only if the dealer applies to the bank for condonation of delay.
- (d) The cheque can only be accepted by the bank, in case the issuer files a suit against the dealer.

**Case Study Based MCQs – MTP Sep 2024 & MTP Jan 2025**

In 2024, Global Enterprises Ltd., a company specializing in international trade, needed to send an important notice to one of its clients, Mr. Rajiv Patel, regarding a contractual amendment. According to the company's internal regulations and the contract terms, the notice had to be served by post.



On April 15, 2024, the company's legal department prepared the notice and addressed it to Mr. Patel at his registered address. The notice was properly addressed, prepaid, and sent via registered post with acknowledgment due to ensure the highest level of confirmation for delivery.

A few days later, on April 20, 2024, the notice was returned with a stamp indicating that it was "not claimed" by Mr. Patel. The legal department recorded the return of the notice and noted the endorsement.

The company's legal advisor referred to past case laws for similar scenarios to ensure that the notice was considered legally served under Section 27 of the General Clauses Act, 1897. They reviewed the following precedents:

*United Commercial Bank v. Bhim Sain Makhija*: It was noted that merely sending a notice by registered post without the acknowledgment due did not provide sufficient legal protection for proving service.

*Jagdish Singh v. Natthu Singh*: This case demonstrated that if a notice sent by registered post was returned with a refusal endorsement, it was considered served.

*Smt. Vandana Gulati v. Gurmeet Singh alias Mangal Singh*: It was established that if a notice sent by registered post to a proper address was returned with an endorsement like "not claimed", it was deemed served unless proven otherwise.

A. According to Section 27 of the General Clauses Act, 1897, what three conditions must be fulfilled for a service by post to be deemed effective?

- (a) Properly addressed, Pre-paid, and Posting by ordinary post
- (b) Properly addressed, Pre-paid, and Posting by registered post
- (c) Properly addressed, Pre-paid, and Sending by courier
- (d) Properly addressed, Pre-paid, and Hand delivery

B. In the case of *United Commercial Bank v. Bhim Sain Makhija*, why was the presumption of service under registered post found to be insufficient?

- (a) Because the notice was sent by ordinary post

(b) Because the notice was sent by registered post but not with acknowledgment due

(c) Because the address was incorrect

(d) Because the recipient did not respond

C. What does the case of *Jagdish Singh v. Natthu Singh* demonstrate about the service of notice?

(a) Notice sent by registered post without return endorsement is invalid

(b) Notice sent by registered post and returned with refusal endorsement is deemed served

(c) Notice sent by ordinary post is deemed served if not returned

(d) Notice served by hand delivery is always valid

#### Case Study Based MCQs – MTP Jan 2025

The government has recently enacted several new laws aimed at promoting environmental conservation and for safety of the people. However, due to the complexity of these laws, there's confusion among the citizens regarding certain provisions and their applicability. The Indian Legal Society decides to organize a seminar to educate the public on the General Clauses Act, 1897, which provides interpretation rules for statutes

A. With respect to the property being purchased by STPL, which of the following would not qualify as "immovable property" under the General Clauses Act, 1897?

- (a) The orchard with fruit-bearing trees
- (b) Motor Cars
- (c) The three-storey building
- (d) The agricultural land

B. The government notification requires clearance "within 45 days". If the notification was received on 20<sup>th</sup> March, 2024, and the 45<sup>th</sup> day falls on Sunday, May 4, 2024, what would be the last date for obtaining clearance?

(a) 3<sup>rd</sup> May, 2024

(b) 4<sup>th</sup> May, 2024

(c) 5<sup>th</sup> May, 2024

(d) 6<sup>th</sup> May, 2024

C. Concerning the previous orders under the repealed Technology Parks Act, which statement is correct?

(a) All previous orders automatically become void

(b) Previous orders continue to be valid unless explicitly cancelled

(c) Previous orders require fresh validation under new law

(d) Previous orders are valid for only 6 months after repeal



**MTP May 2025** - CCTV recording of an incident can be considered as a document. Explain what do you understand by the word document and how will you justify your answer in accordance with the provision of the General Clauses Act, 1897?

**RTP May 2025** - Mr. N is caught stealing a bicycle, an offense punishable under the Indian Penal Code. According to Section 379 of the IPC, the punishment for theft was charged against him. Elaborate how the term "imprisonment" levied under the General Clauses Act, 1897, can be applied in line with the relevant law specified in the IPC?

**Jan 2021, MTP May 2023 & MTP Nov 2023** - Income Tax Act, 1961 provides that the gratuity paid by the government to its employees is fully exempt from tax. You are required to explain the scope of the term 'government' and clarify whether the exemption from gratuity income will be available to the State Government Employees? Give your answer in accordance with the provisions of the General Clauses Act, 1897.

**MTP Sep 2025, RTP May 2021, Nov 2021, MTP Nov 2022, MTP Nov 2023 & MTP May 2024** - Mr. Apar and Mr. New, both aspiring Chartered Accountants have met in a conference for CA students. Both are having an argument about the meaning of Financial Year. They have approached you as a senior in the profession to guide them about the meaning of Financial Year as per the provisions of the General Clauses Act, 1872. Also, brief them about the difference between a calendar year and financial year.

**Nov 2021 & MTP Jan 2025** - Give the definition of the following as per the General Clauses Act, 1897:

1. "Rule"
2. "Oath"
3. "Document"
4. "Person"
5. Movable property

**Jan 2025** - State what do you understand by the term 'document' as per the General Clauses Act, 1897? Discuss which of the following will be treated as a document:

1. Power of Attorney
2. Cheque

**Jan 2025** - Define the term 'person' as per the General Clauses Act, 1897. Discuss which of the following will be treated as a person:

1. An idol
2. A public body
3. A company

**Jan 2021, Study Mat, May 2018, RTP May 19, RTP Nov 19, MTP Nov 19, MTP May 2021 & RTP May 2023** - X owned a land with 50 tamarind trees. He sold his land and the timber (obtained after cutting the 50 trees) to Y. X wants to know whether the sale of timber tantamount to sale of immovable property. Advise him with reference to provisions of "General Clauses Act, 1897".

**May 2021 & MTP May 2023** - Insurance Policies covering immovable property have been held to be immovable property. Examine the validity of the following statements with reference to the General Clauses Act, 1897.

**RTP May 2024** - Yogveer Singh has a mango orchard at Manchanga Village, Bilaspur. The orchard has more than one hundred Mango trees. Yogveer Singh has sold orchard along with all the mango trees. Explain, in the lights of provisions of the General Clauses Act 1897, whether the sale of trees will be considered as sale of Immovable Property?

**RTP Jan 2025** - The Parliament recently passed the Environment Protection Amendment Act, 2024, to strengthen regulations on industrial waste disposal. The Act specified the commencement date as 1<sup>st</sup> September, 2024. The President gave assent to the Act on 15<sup>th</sup> July, 2024.

Green Earth Limited, an industrial company, is uncertain about when the provisions of the Environment Protection Amendment Act, 2024, will start to apply. The company's legal team has raised question on whether they need to immediately comply with the new regulations or if they have a grace period until the commencement date. Give your answer in reference to the provisions of the General Clauses Act, 1897.





**May 2018, May 2022 & May 2023** – Explain briefly any four effects by repeal of an existing Act by central legislation enumerated in Section 6 of the General Clauses Act, 1897

**RTP Jan 2026 & RTP Nov 2022** – Section 2(18)(aa) of the Income Tax Act, 1961, provides that a company is said to be a company in which the public are substantially interested, if it is a company which is registered under section 25 of the Companies Act, 1956. After the advent of Companies Act, 2013, the corresponding change has not been made in section 2(18) of the Income tax Act, 1961. Explain, with reference to the provisions of the General Clauses Act 1897, how will the provisions of section 2(18)(aa) of the Income Tax Act, 1961, will be considered after the enactment of the Companies Act 2013?

**MTP Sep 2025** – The Companies Act, 2013 provides that the amount of dividend remained unpaid/unclaimed on expiry of 30 days from the date of declaration of dividend shall be transferred to unpaid dividend account within 7 days from the date of expiry of such period of 30 days. If the expiry date of such 30 days is 30.10.2024, decide the last date on or before which the unpaid/unclaimed dividend amount shall be required to be transferred to a separate bank account in the light of the relevant provisions of the General Clauses Act, 1897?

**MTP Nov 2023** – Shree was supposed to submit an appeal to the High Court of Delhi on 8<sup>th</sup> September, 2023, which was the last day on which such appeal could be submitted. However, on that day the High Court was closed due to total Lockdown in Delhi for 30 days due to visit of foreign delegates from 40 countries for G40 Summit. Examine the remedy available to Shree under the provisions of the General Clauses Act, 1897.

**MTP Jan 2025** – ABC Limited operates a factory situated near a river. As per a recent Central Act, factories must be located at least 5 kilometers away from any river. A dispute arises when an environmental agency claims that ABC Limited's factory is only 4.5 kilometers away from the river, while ABC Limited contends that the distance is 5.3 kilometers as per the road distance measured along the winding path leading to the river.

Based on the provisions of the General Clauses Act, 1897, advise whether the contention of ABC Limited is correct.

**RTP Sep 2024** – Mr. Chaggan Lal is an importer dealing in luxury perfumes. Recently, a new enactment was passed which imposes a duty of 15% on the value of luxury goods, including perfumes.

Now Mr. Chaggan Lal has approached you to explain to him the provisions in relation to 'Duty to be taken pro rata in enactments' of the General Clauses Act, 1897. Also, help him to calculate the amount of duty on a Shipment of 100 bottles of perfumes, each valued at \$50.

**RTP Nov 2023** – Mrs. Neelu Chandra was director in Laddoo Sweets Private Limited. Once while dealing with supplier of raw materials for company, she agreed to get some secret commission from supplier for making the deal. Afterwards, on finding the facts, the company has filed the suit against Mrs. Neelu Chandra. She contended that section 166 of the Companies Act, 2013, provides "A director of a company shall not achieve or attempt to achieve any undue gain or advantage either to himself or to his relatives, partners, or associates and if such director is found guilty of making any undue gain, he shall be liable to pay an amount equal to that gain to the company." She contended that section 166 is applicable to male director only, she being female will not be liable.

In the light of the provisions of the General Clauses Act, 1897, decide whether she is bound by the provisions of section 166 of the Companies Act, 2013?

**Nov 2023** – Mr. Avinash currently holds the position of a Whole-time director (Key Managerial Personnel) at Moon Pharma Limited, a company that maintains substantial ownership stake in X Limited (55% shares), Y Limited (60% shares), and Z Limited (65% shares). Mr. Avinash has expressed his desire to expand his role as a Whole-time director to encompass both X Limited and Y Limited. Determine the validity of his appointment as a Whole-time director in these additional companies, as per the provisions of the General Clauses Act, 1897.

**MTP May 2022 & May 2024** – Examine the validity of the following statements with reference to the General Clauses Act, 1897:



Board of Directors of Sabarwal Construction Private Limited authorised by passing resolution in board meeting Mr. Munim to appoint five employees for accounts department of company. Mr. Munim appointed five employees including Mr. Rupal who was relative of one of the director of company. After one month, Mr. Munim observed that Mr. Rupal was not performing his duties honestly. Mr. Munim issued the order of dismissal of Mr. Rupal with proper reasons. Mr. Rupal filed a petition in the court that his dismissal order is not valid as Board of Directors had authorised Mr. Munim only for appointment of employees not for dismissal. Whether is Mr. Rupal correct with his words?

*Sep 2025 & MTP Sep 2024* - Explain various provisions applicable to rules or bye-laws being made after previous publications as enumerated in Section 23 of the General Clauses Act, 1897.

*RTP Sep 2025 & Sep 2024* - In a contract of sale, Mr. A fraudulently sold certain unmarketable goods to Mr. B. Now Mr. A is liable for the fraudulent activity under both the Indian Contract Act, 1872 and the Sale of Goods Act, 1930. State the provision as per the General Clauses Act, 1897 as to whether his offence is punishable under the both the Acts?

*MTP Sep 2025* - What is the meaning of service by post as per provisions of the General Clauses Act, 1897?

*May 2021, MTP Nov 2022 & MTP May 2024* - Explain the impact of the two words "means" and "includes" in a definition, while interpreting such definition.

*MTP Sep 2025, May 2023 & MTP Sep 2024* - When can the Preamble be used as an aid to interpretation of a statute?

*MTP Sep 2025, May 2012, MTP Nov 2022 & Nov 2022* - Explain the principles of "Grammatical Interpretation" and "Logical Interpretation" of a statute. What are the duties of a Court in this regard?

*MTP May 2025* - "No vehicles are allowed in the park." Comment on the statement, explaining the concept of 'Construction' in legal interpretation. Mention its significance in determining the legal interpretation.

*Jan 2021, MTP May 2023 & MTP Nov 2023* - Sohel, a director of a Company, not being personally concerned or interested, financially or otherwise, in a matter of a proposed motion placed before the Board Meeting, did not disclose his interest although he has knowledge that his sister is interested in that proposal. He restrains from making any disclosure of his interest on the presumption that he is not required by law to disclose any interest as he is not personally interested or concerned in the proposal. He made his presumption relying on the 'Rule of Literal Construction'. Explaining the scope of interpretation under this rule in the given situation, decide whether the decision of Sohel is correct?

*May 2024 & RTP May 2025* - What is the meaning and legal significance of the principle "generalia specialibus non derogant"? Explain with an example.

*Jan 2025* - Explain the Latin term "Absoluta sententia expositore non indiget" and how would the same help in correctly interpreting a definition given in a legislation or statute?

*RTP May 2022* - Ayush and Vipul are good friends and pursuing CA course. While doing group studies for the paper of "Corporate and Other Law", they are confused about the provisions of section 3 of the Companies Act 2013. Section 3 provides "A company may be formed for any lawful purpose by....." Both Ayush and Vipul are in difficulty about the meaning of word "may". Whether it should be taken as mandatory or directory?

*RTP Sep 2024* - Imagine you are a legal advisor for a company drafting a new contract. One of the clauses in the contract states:

"Notwithstanding anything contained in any other provisions of this agreement, the company reserves the right to terminate the agreement without notice if there is a breach of confidentiality by the employee." Explain to the management of the company the meaning of a non-obstante clause in legal documents and its effect on overriding other provisions with reference to decided case law.

*MTP Sep 2025* - Explain the rule in 'Heydon's Case' while interpreting the Statutes quoting an example.



**RTP Sep 2025** - What is meant by beneficial construction in statutory interpretation? Under what circumstances the rule of beneficial construction is generally applied?

**MTP May 2025** - Ms. Mona employed in X-One Corporation, adopted a three-month-old baby applied for maternity leave under her company's policy, which provided 26 weeks of paid maternity leave. However, her employer rejected the request, stating that maternity leave applies only to biological mothers as per the law. Mona approached the court against the company decision. In related to the above case, explain how the Rule of Beneficial Construction can be applied and interpreted as a welfare legislation?

**MTP May 2022, MTP May 2023 & MTP Jan 2025** - Write short notes on the following in understanding definitions while interpreting statutes:

1. Ambiguous definitions
2. Definitions subject to a contrary context

**RTP Jan 2026** - "Associate words to be understood in common sense manner." Explain this statement with reference to rules of interpretation of statutes.

**Sep 2025** - Jumbo Road lines Ltd. is a public limited company engaged in business of inter-state goods transportation. The company owns a fleet of more than ten heavy-duty trucks which have the capacity to transport up-to 1000 tons of goods in one consignment as per the registration. The transportation company received an order to transport 1000 tons of goods particularly plastic parts of automobiles to be loaded from a production facility in Surat, Gujarat and offloaded in an automobile factory in Pune, Maharashtra.

The driver loaded the heavy-duty truck to its maximum capacity. On its way to Pune, the driver further loaded 100 tons of other goods from a local trader who lured him for some extra payment. The driver on his way with his overloaded truck rammed into a road divider causing damage to the public property.

The local traffic police charged Jumbo Road lines Ltd. for overloading the truck under the Motor-Vehicles Act, 1988 and filed a suit against the transport company. Further the Highway Authority filed another suit against the company under the Prevention of Damage to Public Property Act, 1984 for damaging the dividers and iron girders installed on the road-sides.

The Jumbo Road lines Ltd. opposed the suits on the plea of double-jeopardy and double punishment for the same act under two different legislations.

Whether the plea given by the road-lines of double-jeopardy be accepted by the court?

Discuss based on underlying principle and concepts referring the provisions of the General Clauses Act, 1897.

**Sep 2025** - Explain and illustrate the terms 'Non-obstante' and 'Without prejudice'.

**MTP Sep 2025** - Explain how 'Dictionary Definitions' can be of great help in interpreting/ constructing an Act when the statute is ambiguous

**May 2025** - Purva Buildcon Ltd. (PBL) is a public company having two subsidiary companies namely Arihant Cements Ltd. (ACL) and Siddharth Bricks Ltd. (SBL). Purva is a Chief Financial Officer of PBL. Ashish and Mrinal, who were the CFO's of ACL and SBL resigned from their respective companies and Purva was offered to take charge of the office of CFO in ACL and SBL, which she accepted.

Whether Purva can be designated as CFO simultaneously in two subsidiaries (i.e. in SBL and ACL) besides being CFO of PBL?

Examine the matter with reference to the provisions contained in the Companies Act, 2013 as well as in the General Clauses Act, 1897.

**May 2025** - The meaning of a word is to be judged by the company it keeps'. Explain the concept of 'Noscitur A Sociis'.

**May 2025** - Dream Builders Limited was engaged in the activity of building and selling budget friendly apartments. It recently started a new project at Noida. Pending approval, the builders started the construction work. On verification of documents, the Corporation of Noida refused to sanction the permission and the Assistant Commissioner Mr. S issued a demolition order, signed by him under his authority.

The builders filed an appeal at the court and stayed the demolition. After 6 months of court trials, the verdict was announced in favour of the Corporation of Noida. Mr. G, the present Assistant Commissioner initiated the demolition process.

The builders argued that the order was passed by Mr. S and since he is no longer in the authority, the order stands cancelled and Mr. G cannot demolish the construction.

Referring to the provisions of the General Clauses Act, 1897, determine the validity of the claim of the builders.



## Chapter 15 – FEMA

### Examiner's Favourite Questions (EFQs)

#### CA Inter Law – Jan 2026 Attempt

**Q1:** Mr. Amar (a resident individual) want to remit US\$ 60,000 to his son in the USA after winning a big lottery. Considering the provisions of the Foreign Exchange Management Act, 1999, choose the correct action which Mr. Amar would take to remit the said amount to his son in the USA.

(MTP May 2024)

- (a) Visit a local bank and request a direct transfer to his son's US bank account.
- (b) Cannot remit the said amount as remittance out of lottery winnings is prohibited.
- (c) Travel to the USA personally with the cash winnings, to give it to his son.
- (d) Convert the US Dollar winnings into a different currency before sending it to his son.

**Q2:** Mr. Prakhar, an Indian Resident individual, wishes to obtain Foreign Exchange for a gift remittance totaling US\$ 50,000. Which of the following statements accurately reflects the regulatory requirement under the Foreign Exchange Management Act, 1999 (FEMA)?

(MTP May 2024)

- (a) Mr. Prakhar can freely remit US\$ 50,000 for the gift as it is a current account transaction and the amount of gift remittance is less than US\$ 2,50,000.
- (b) Mr. Prakhar must seek prior approval from the RBI for the remittance exceeding US\$ 50,000.
- (c) Mr. Prakhar must seek prior approval from the RBI for any gift remittance, regardless of the amount.
- (d) Mr. Prakhar does not need to comply with any FEMA requirements as gift remittance does not fall under the purview of the FEMA 1999.

**Q3:** HBL Private Limited is a project engineering, procurement and construction company. The company has bagged a contract from the Government of State of Tamil Nadu for construction of Water Dam. The company has involved a project consultancy firm situated in Netherlands for preparing techno-economic feasibility report to enable it to start construction work of dam. The company had paid USD 7,000,000 to vendor of Netherlands. The company also availed the services of Software

Company situated in UK for the migration of its accounting software from SAP to Oracle for which the Company had paid USD 2,000,000 to the software company. Considering the provisions of Foreign Exchange Management Act, 1999, which of the below mentioned statement is correct:

(MTP May 2024 & MTP Jan 2025)

- (a) The company can make payment of USD 7,000,000 and USD 2,000,000 without any approval.
- (b) The company can make payment of USD 7,000,000 without any approval and USD 2,000,000 after obtaining prior approval of the Reserve Bank of India (RBI).
- (c) The company can make payment of USD 7,000,000 and USD 2,000,000 after obtaining prior approval of RBI.
- (d) The company can make payment of USD 7,000,000 after obtaining prior approval of RBI and USD 2,000,000 without any approval.

**Q4:** Ms. Shalini Gupta had enrolled her for management course of three years with IIM, Ahmedabad. Out of three years, two years of educational course would be provided at the campus of IIM, Ahmedabad and one year of educational course would be provided at University of Auckland under student exchange program. Ms. Shalini Gupta is required to pay tuition fee of ₹10 lakh directly to IIM, Ahmedabad for two years course and USD 200,000 to University of Auckland. Ms. Shalini had left India on 20th August 2022 to complete her degree from University of Auckland. In the last month of final year of the course, she got an offer from one of the reputed company situated in Auckland and had accepted the offer and she decided to work there. On 1st September 2023, Ms. Shalini had visited India for 30 days to meet her family and on 1st October 2023 had left India to carry on her employment. Considering the provisions of Foreign Exchange Management Act, 1999, which of the below mentioned options correctly determined the residential status of Ms. Shalini Gupta:

(MTP May 2024 & MTP Jan 2025)



- (a) Ms. Shalini Gupta to be treated as resident in India for Financial Year (FY) 2023-2024 and FY 2024-2025.
- (b) Ms. Shalini Gupta to be treated as resident in India for FY 2022-2023 and FY 2023-2024.
- (c) Ms. Shalini Gupta to be treated as non-resident for FY 2023-2024 and FY 2024-2025 as she left India for higher studies.
- (d) Ms. Shalini Gupta to be treated as resident in India for FY 2023-2024 since she stays in India for more than 182 days and non-resident for FY 2024-2025.

**Q5:** Mr. X had resided in India for less than 182 days during the financial year 2022-2023. He arrived in India on April 1, 2023, to conduct business and intends to leave the business on April 30, 2024, with plans to depart from India on June 30, 2024. What is Mr. X's residential status for the financial year 2023-2024 under the FEMA, 1999? How many days did Mr. X stay in India during the financial year 2023-2024?

(RTP Sep 2024)

- (a) Non-Resident, 182 days
- (b) Resident, 365 days
- (c) Resident but Not Ordinarily Resident (RNOR), 240 days
- (d) Resident, 91 days

**Q6:** Athlete Rajiv Sharma, a professional tennis player from India, achieved remarkable success by winning a prestigious international tennis tournament held in Paris, France. As a result of his victory, he received a prize money of \$150,000 from the event organizers. Rajiv was excited about his winnings and planned to use a portion of the prize money to fund his training and future tournaments abroad. Rajiv decided to remit \$150,000 to his personal account in France to manage his finances and cover his training expenses. However, before proceeding, he needed to ensure that the remittance complied with the Foreign Exchange Management Act (FEMA), 1999, specifically concerning the remittance of prize money or sponsorship of sports activities abroad. Under FEMA regulations, individuals other than international, national, or state-level sports bodies are subject to specific guidelines when remitting amounts exceeding \$100,000. Rajiv was aware that the amount involved in his case exceeded this threshold and sought advice on the necessary steps and compliance. Enumerate in the given instance, according to FEMA regulations, what must Rajiv Sharma do if he wishes to remit prize money exceeding US \$100,000 abroad?

(MTP Sep 2024)

- (a) Remit the amount directly without any additional requirements.
- (b) Obtain approval from Paris Government before remitting the amount
- (c) Only provide proof of winning the prize
- (d) Require prior approval of Ministry of Human Resource Development (Department of Youth Affairs and Sports)

**Q7:** Kite Sports Academy, a private coaching club, provides coaching for cricket, football and other similar sports. It coaches sports aspirants pan India. It also conducts various sports events and campaigns, across the country. In 2022, to mark the 25th year of its operation, a cricket tournament (akin to the format of T-20) is being organized by Kite Sports Academy in Lancashire, England, in the first half of April. The prize money for the 'winning team' is fixed at USD 40,000 whereas in case of 'runner-up', it is pegged at USD 11,000. You are required to choose the correct option from the four given below which signifies the steps to be taken by Kite Sports Academy for remittance of the prize money of USD 51,000 (i.e. USD 40,000+USD 11,000) to England keeping in view the relevant provisions of Foreign Exchange Management Act, 1999:

(MTP Sep 2024)

- (a) For remittance of the prize money of USD 51,000, Kite Sports Academy is required to obtain prior permission from the Ministry of Human Resource Development (Department of Youth Affairs and Sports).
- (b) For remittance of the prize money of USD 51,000, Kite Sports Academy is required to obtain prior permission from the Reserve Bank of India.
- (c) For remittance of the prize money of USD 51,000, Kite Sports Academy is not required to obtain any prior permission from any authority, whatsoever, and it can proceed to make the remittance.
- (d) For remittance of the prize money of USD 51,000, Kite Sports Academy is required to obtain prior permission from the Ministry of Finance (Department of Economic Affairs).

**Q8:** Ms. Smriti, an Indian national, recently won ` 41 lakh in an international online lottery. She now wishes to remit an equivalent of US \$50,000 abroad to a foreign account using her lottery winnings. She approached her authorized dealer bank to request foreign exchange for this purpose. As per the provisions of the Foreign Exchange Management Act, 1999 and the relevant Rules, what is the correct position regarding Ms. Smriti's request



to remit foreign exchange out of her lottery winnings?

(RTP Sep 2025)

- (a) The remittance is allowed under the Liberalised Remittance Scheme (LRS) without any approval.
- (b) The remittance is allowed only with prior approval of the Reserve Bank of India.
- (c) The remittance is allowed only with prior approval of the Central Government.
- (d) The remittance is prohibited, as it falls under the First Schedule to the FEM (Current Account Transactions) Rules, 2000.

**Q9:** In September, 2024, Pawan visited Atlanta as well as Athens and thereafter, London and Berlin on a month-long business trip, for which he withdrew foreign exchange to the extent of US\$ 50,000 from his banker State Bank of India, New Delhi branch. In December, 2024 he further, withdrew US\$ 50,000 from SBI and remitted the same to his son Aryan who was studying in Toronto, Canada. In the first week of January, 2025, he sent his ailing mother Mrs. Savita for a specialised treatment along with his wife Mrs. Rashmi to Seattle where his younger brother Pranav, holder of Green Card, is residing. For the purpose of his mother's treatment and to help Pranav to meet increased expenses, he requested his banker SBI to remit US\$ 75,000 to Pranav account maintained with Citibank, Seattle. In February, 2025, Pawan's daughter Devanshi got engaged and she opted for a 'destination marriage' to be held in August, 2025 in Zurich, Switzerland. While on a trip to Dubai in the last week of March, 2025, he again withdrew US\$ 35,000 to be used by him and Devanshi for meeting various trip expenses including

shopping in Dubai. Later, the event manager gave an estimate of US\$ 2,50,000 for the wedding of Devanshi at Zurich, Switzerland. Which option do you think is the correct one in the light of applicable provisions of Foreign Exchange Management Act, 1999 including obtaining of prior approval, if any, from Reserve Bank of India since Pawan withdrew foreign exchange on various occasions from his banker State Bank of India.

(MTP Sep 2025)

- (a) In respect of withdrawal of foreign exchange on various occasions from his banker State Bank of India and remitting the same outside India during the financial year 2024-25, Pawan is not required to obtain any prior approval.
- (b) In respect of withdrawal of US\$ 35,000 in the last week of March, 2025, for a trip to Dubai, Pawan must have obtained prior approval of Reserve Bank of India since the maximum amount of foreign exchange that can be withdrawn in a financial year is US\$ 1,75,000.
- (c) After withdrawing US\$ 1,00,000, Pawan must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2024-25, otherwise SBI would not have permitted further withdrawals.
- (d) After withdrawing US\$ 50,000, Pawan must have obtained prior approval of Reserve Bank of India for the remaining remittances made during the financial year 2024-25, otherwise SBI would not have permitted further withdrawals.



### Case Study Based MCQs – May 2025

Dr. Ronak Mosay, a renowned lyricist and a folk singer wants to perform with his musicians across the world on a Cultural tour, partially sponsored by Youth Welfare Department of his local government. His next show is in the city of Vancouver, Canada. Dr. Ronak Mosay is an Indian citizen and a person resident in India. Dr. Ronak Mosay is also having his brother living in Canada. Dr. Ronak Mosay also regularly keeps promoting and sponsoring Cricket tournaments in Canada. For his forthcoming tour to Canada, he wants to remit foreign exchange for hotel and for other event booking expense.

**Q1:** For his show in Canada, he needs to obtain prior approval for remittance of foreign exchange from:

- (a) Ministry of Finance
- (b) Ministry of Information and Broadcasting
- (c) Ministry of Communication and Information Technology
- (d) Ministry of Human Resources Development (Department of Education and Culture)

**Q2:** Dr. Ronak Mosay has enquired from you that for which of the following purposes, is he allowed to draw foreign exchange?

- (a) For his own travel to Nepal
- (b) Remittance of US \$ 50,000 out of lottery winnings to his son in US

- (c) Remittance for purchase of sweepstakes
- (d) Gift of US \$ 10,000 to his brother in Canada

**Q3:** Dr. Ronak Mosay desires to remit US \$ 1,50,000 for payment of prize money to the winning team in a cricket tournament in Canada. He needs to obtain approval from which of the following?

- (a) His bank only, as the amount is less than US \$ 2,50,000
- (b) No approval is required
- (c) The transaction is a prohibited transaction
- (d) Ministry of Human Resource Development (Department of Youth Affairs and Sports)

### Case Study Based MCQs – Sep 2025

Mr. David an Indian doctor residing in Panjim, Goa was married to Ms. Ruby another resident in the same profession in 1996. The couple had three children by the name of Christopher, Sebastian and Aliana. Mrs. Ruby left India in 2020 with her daughter Aliana and son Sebastian to the United States of America to pursue her Master Degree in the field of medicine, leaving behind Mr. David in India along with Christopher.

In 2021 Sebastian purchased a piece of land in the city of Chicago as an investment. Meanwhile, Christopher had incorporated a public limited company in India engaged in medical research and manufacture of life-saving drugs with its head office in Panjim, Goa having earned foreign exchange worth USD 12,500,000 in the past three years and was also planning to extend business by collaborating with an American Company engaged in the same field. Hence, he called back Sebastian to India on 31.05.2023 to help him in his business venture after being inducted as a director in his company.

The American company has offered to purchase the land owned by Sebastian in Chicago wherein the production facility can be set-up. Mr. John, the CEO of the American company, acting on advice of Mr. Christopher has shown interest to invest USD 150,000 in Bio-Seeds Ltd., an Indian company engaged in plantation and harvest of medicinal plants and herbs in the hills of Kangra in Himachal Pradesh.

Mr. John suggested that the Company owned by Christopher should donate an amount towards sponsoring of annual salary of a professor at the Chicago Institute of Medical Sciences to gain popularity and fame amongst the medical fraternity in Chicago, thereby creating a chair in medicine, which would ultimately help him and his newly formed venture in the same city to gain a foot-hold.

Meanwhile, Mr. David now being aged, had been suffering with a life-threatening disease himself and has urged his wife residing in Chicago, USA to search a suitable hospital where he can be treated for his ailments and get cured. Mrs. Ruby being a doctor herself has suggested the name of Pennsylvania Institute of Research and Medicine. She has consulted the specialized doctors in the institute who are of the view that the cure of disease of Mr. David is possible but the patient must spend a minimum of six months in the hospital of the above research institute.



The institute has given an estimate of expenses of USD 269,000 for the treatment and the said estimate has been provided on the letterhead of hospital under seal. The cost of emigration as certified by the authorities for Mr. David has been calculated at USD 15,000. Mr. David has urged the Pennsylvania Institute of Research and Medicine to reduce his treatment expenses to USD 200,000 but the same has been refused by the above Institute. Mrs. Ruby decided to help her husband and is willing to sell a property owned by her in Panjim, Goa which was earlier bought while she was in India along with Mr. David.

A. Whether Mr. Sebastian as well his mother Mrs. Ruby can be allowed to transfer their respective properties in Chicago, USA and Panjim, India towards achievement of their separate motive?

- (i) Mr. Sebastian would be allowed to sell his property in Chicago to the American company but Mrs. Ruby would not be allowed to sell her property in India as its being sold for non-commercial purposes.
- (ii) Mr. Sebastian and Mrs. Ruby must apply to the Reserve Bank of India for its approval prior to selling their respective properties.
- (iii) Mr. Sebastian and Mrs. Ruby can only sell their properties to each other and not to third parties.
- (iv) Both Mr. Sebastian and Mrs. Ruby can freely sell their respective properties to buyers of their choice without any intervention or approval of the Reserve Bank of India.

B. Decide whether both Mr. John and Mr. Christopher can act on the advice of each other for an investment of USD 150,000 in Bio-Seeds Ltd. as well as donating one year salary to a medical chair abroad respectively?

- (i) Mr. John would not be able to invest USD 150,000 in Bio-Seeds Ltd. although Mr. Christopher can very well donate a year's salary to the medical chair abroad without approval.
- (ii) Mr. John would be able to invest USD 150,000 in Bio-Seeds Ltd. although Mr. Christopher cannot donate a year's salary to the medical chair abroad.

(iii) Both Mr. John and Mr. Christopher would not be able to act on advice of each other as the same are in defiance of the provision of the FEMA, 1999.

(iv) Mr. John would not be able to invest USD 150,000 in Bio-Seeds Ltd. although Mr. Christopher can only donate a year's salary to the medical chair abroad after prior approval from the Reserve Bank of India.

C. Whether it is possible to pay Pennsylvania Institute of Research and Medicine and the emigration authorities the respective amounts of money for the purpose of medical treatment of Mr. David?

(i) Pennsylvania Institute of Research and Medicine can be paid USD 269,000 against a certificate to be issued under seal that the medical procedure would require the above stated amount. Emigration expenses of USD 15,000 can be paid under the LRS Scheme.

(ii) Pennsylvania Institute of Research and Medicine cannot be paid USD 269,000 under any circumstances. Emigration expenses of USD 15,000 can be paid under the LRS Scheme.

(iii) There is no limit towards payment for medical expenses hence Pennsylvania Institute of Research and Medicine can be paid USD 269,000 without any certificate from the Institute. Emigration expenses of USD 15,000 can be paid under the LRS Scheme.

(iv) No Payments for the above concerns can be allowed under the Act.

#### Case Study Based MCQs – RTP Sep 2024

Amit, an Indian resident during the Financial Year (FY) 2021-2022, decided to pursue higher studies in Biotechnology in Switzerland. On 15<sup>th</sup> July 2022, he left India to begin his two-year academic program. The determination of Amit's residential status under the Foreign Exchange Management Act (FEMA), 1999, for the Financial Years 2022-2023 and 2023-2024, is crucial to understand his obligations and entitlements concerning foreign exchange transactions.

In terms of financial requirements, Amit needs USD 25,000 annually to cover his tuition fees. Additionally, he requires USD 30,000 annually for incidental expenses and living costs while studying abroad. Thus, his total annual requirement amounts to USD 55,000, making it imperative to assess the provisions under the Foreign Exchange Management Act, 1999, that govern the remittance of foreign.





- A. For the purpose of cultural tours, approval of which Ministry is required to be obtained?**
- (i) Ministry of Human Resources Development  
(ii) Ministry of External Affairs  
(iii) Ministry of Home Affairs  
(iv) Ministry of Commerce and Industry
- B. For availing foreign exchange for studying abroad, which of the following option is correct:**
- (i) The transaction of withdrawal of foreign exchange of USD 2,25,000 for studying abroad is prohibited.  
(ii) The transaction of withdrawal of foreign exchange of USD 2,25,000 for studying abroad requires prior approval of Government of India.
- (iii) The transaction of withdrawal of foreign exchange of USD 2,25,000 for studying abroad requires prior approval of RBI.  
(iv) The transaction of withdrawal of foreign exchange of USD 2,25,000 for studying abroad do not require prior approval of RBI.
- C. The remittance of foreign exchange for arranging of cultural tour for the students is an example of:**
- (i) Capital Account Transactions  
(ii) Current Account Transactions  
(iii) Hybrid Transactions  
(iv) Amortised Transactions

**Case Study Based MCQs – MTP Sep 2025**

Mrinal Kaur, an Indian citizen and an acclaimed fashion entrepreneur based in Milan, has built a successful career over the past 10 years. In January 2024, she decided to extend her brand's presence to India by incorporating a company named StyleAura Private Limited (SAPL) in Delhi.

Her comprehensive business plan includes:

- Establishing a flagship design studio in Delhi
- Importing premium fabrics and embellishments from Italy
- Launching a digital retail platform for luxury fashion
- Forming strategic partnerships with renowned European fashion houses

In February 2024, StyleAura Private Limited undertook the following initial transactions:

- Received EUR 500,000 from Mrinal's Milan-based business account
- Acquired commercial property in Delhi for setting up the studio
- Engaged fashion experts as design consultants
- Opened a foreign currency account with the Delhi branch of an international bank

The company also aims to showcase its designs at global fashion events and accept advance payments from international clients via its e-commerce platform.

- A. What would be Mrinal Kaur's residential status under FEMA if she relocates to Delhi in 2024?**
- (i) Immediately becomes Person Resident in India  
(ii) Remains Person Resident Outside India for 182 days  
(iii) Has dual residential status  
(iv) Retains French residential status until business setup
- B. SAPL's receipt of advance payments from foreign buyers would be classified as:**
- (i) Capital Account Transaction requiring RBI approval  
(ii) Prohibited Transaction under FEMA  
(iii) Current Account Transaction permitted freely  
(iv) Special Category Transaction requiring government permission
- C. StyleAura intends to remit USD 1.2 million to consultants in San Francisco for design services. What approval is required under FEMA?**
- (i) No approval required  
(ii) Prior approval of governor of the State  
(iii) Prior approval of Reserve Bank of India  
(iv) Approval from SEBI



**May 2024** - Mr. L was employed as a fashion designer in Elegant Textile Ltd., a public limited company in Gurugram, India during the financial year 2023-24. He had efficiently provided his services for 183 days during the above said period. On 01.04.2024 Mr. H. the Human Resource Manager of Jeff Fashion Ltd., Paris (a foreign country) offered him a better employment opportunity in such company.

On 02.04.2024, Mr. L left India for taking up employment as a production controller at Jeff Fashion Ltd. in Paris. On 30.04.2024 he flew back to India for a 10 days family function in Manali, India.

In light of the provisions of the Foreign Exchange Management Act, 1999 elucidate: The residential status of Mr. L —

1. On his return for attending the family function on 30.04.2024.
2. In case, instead of vacation, he joins an employment in an Indian company after arriving on 30.04.2024.

**RTP Jan 2025** - Ravi, an Indian citizen, works as a software engineer for an international company. During the previous financial year (2023-2024), Ravi resided in India for 200 days. However, in April of the current financial year, he accepted a job offer in Canada and left India with a long-term work visa, planning to settle in Canada indefinitely. Analyse the residential status of Ravi for the financial year 2024-2025, as per the provisions of the Foreign Exchange Management Act, 1999.

**Study Mat & MTP May 2025** - Mr. Suresh resided in India during the Financial Year 2013-14. He left India on 15<sup>th</sup> July, 2014 for Switzerland for pursuing higher studies in Biotechnology for 2 years. What would be his residential status under the Foreign Exchange Management Act, 1999 during the Financial Years 2014-15 and 2015-16?

Mr. Suresh requires every year USD 25,000 towards tuition fees and USD 30,000 for incidental and stay expenses for studying abroad.

Is it possible for Mr. Suresh to get the required Foreign Exchange and, if so, under what conditions?

**MTP Sep 2025** - 'Lalji' is a Singapore based company having several business units all over the world. It has a unit for manufacturing computer chips with its Headquarters in Pune. It has a Branch in Dubai which is controlled by the Headquarters in Pune. What would be the residential status under the Foreign Exchange Management Act (FEMA), 1999 of printer chips in Pune and that of Dubai branch?

**RTP Sep 2025 & Sep 2024** - Ms. Rose was an Indian citizen who got a job in a software company in USA. She went to USA and stayed there for 12 years. During her stay, she purchased a house in USA for her residence. Then due to some personal issues she moved back to India and joined a software company in India. As she had moved back to India, she let out her house in USA and deposited the rent in her account in USA. Out of that amount, she purchased another house in USA.

Based on the above facts, answer the following referring to the provisions of the Foreign Exchange Management Act, 1999.

- a. Whether Ms. Rose can purchase the house in USA and continue to retain it even after returning to India?
- b. Whether Ms. Rose can purchase another house in USA after returning to India?

**May 2018** - Mr. Bandha, a software Engineer, Indian Origin took employment in USA. He is a resident of USA for a long time. He desires

1. to acquire a farm house in Munnar (Kerala).
2. to make investment in KLJ (Nidhi) Ltd., registered as Nidhi Company.
3. to make investment in Rose Real Estate Ltd., an Indian Company formed for the development of township.

Mr. Unsatisfactory, brother of Mr. Bandha residing at Chennai is aggrieved by an order made by Appellate Tribunal established under Foreign Exchange Management Act, 1999, desires to file further appeal.

**MTP May 2025** - Analyse the following situations and comment upon the legal validity of the transactions in the light of the FEMA, 1999.

- (1) John, a foreign national (not of Indian origin), wants to buy agricultural land in India.
- (2) An NRI wants to open a fixed deposit account in an Indian bank using foreign currency.



**Study Mat, RTP May 2024, MTP Sep 2024, MTP May 2024 & MTP Jan 2025** - Mr. Pravesh, an Indian National desires to obtain Foreign Exchange for the following purposes:

- Remittance of US Dollar 50,000 out of winnings on a lottery ticket.
- US Dollar 100,000 for sending a cultural troupe on a tour of U.S.A.
- US\$ 140,000 for studies abroad on the basis of estimates given by the foreign university.
- U.S. \$ 10,000 for remittance towards hiring charges of transponders.
- B requires U.S. \$ 2,000 for payment related to call back services of telephones.
- Referring to the provisions of the Foreign Exchange Management Act, 1999, state the kind of approval required for Payment of commission of U.S. \$ 20,000 on exports made towards equity investment in Joint Ventures/Wholly Owned Subsidiaries abroad of Indian companies
- Mr. Z is unwell and would like to have a kidney transplant done in USA. He would like to know the formalities required and the amount that can be drawn as foreign exchange for the medical treatment abroad.
- Payment of commission on exports under Rupee State Credit Route.

Advise him whether he can get Foreign Exchange, as per the provisions of the Foreign Exchange Management Act, 1999.

**MTP May 2024** - Mr. Rohan Sharma, an international cricket player has started its cricket academy, namely, Rohan Sharma Cricket Academy, a private coaching club, which provides coaching for cricket. The Academy has a cricket team which participates in cricket matches all over India as well as outside India.

Rohan Sharma Cricket Academy in a collaboration with Melbourne Cricket Academy is organizing a cricket event in Melbourne, Australia in the month of May 2024 and June 2024. Rohan Sharma Academy is required to remit USD 200,000 to Melbourne Cricket academy as a part of its share for organizing the cricket event in Melbourne. Advise whether it can get Foreign Exchange and if so, under what conditions?

**MTP May 2022** - Mr. Ashok, a citizen of India, has been working in a company in Chicago, USA, since last 8 years and had been settled there with his family. However, the said company opened its branch in India last year and Mr. Ashok has been deputed there for a duration of 26 months from 25<sup>th</sup> April, 2020. He remitted an amount of \$ 2,80,000 on 20<sup>th</sup> December, 2021 to his family in USA.

The details of salary earned by him from 25<sup>th</sup> April, 2020 to 30<sup>th</sup> November, 2021 are as follows -

Particulars	\$*
Gross Salary	3,50,000
Contribution to Provident Fund	40,000
TDS as per Income tax Act, 1961	40,000

\*Amount is converted to USD from INR.

You being an expert in Foreign Exchange Matters, kindly advise on the below issue - How much excess amount, if any, has been remitted by Mr. Ashok to his family in USA?

**MTP Nov 2021** - The Adjudicating authority under FEMA Act, 1999 based on the complaints received in writing from the officer authorized by the Central Government, had issued show cause notice to following persons accused of committing contravention under the Act, to show cause as to why an inquiry should not be held against them as follows -

Notice issued to whom	Alleged contravention in the notice	Reply by the accused person
Global Shipping Ltd.	Made remittance for membership of P & I club without taking the requisite approval	The amount for the same was remitted through the RFC Account and EEFC Account, respectively, for which no approval was required.
Siphonic Ltd.	Made remittance of \$ 1,10,000 to BMT Inc., a US company, without taking requisite approval, as reimbursement of pre-incorporation expenses incurred for setting up the company by bringing investment of ₹ 18 crore into India. (1 USD = ₹ 75)	Such remittance does not exceed the limit as specified, so, no approval was required.



**Sep 2024** - Mitali Diamonds Limited is a company engaged in the business of cutting, polishing and trading of diamonds in and outside India. The company exports the diamonds to USA. For the last five financial years, the foreign exchange earned by the company in exporting diamonds is as under:

FY 2023-24 USD 1,25,000

FY 2022-23 USD 1,10,000

FY 2021-22 USD 95,000

FY 2020-21 USD 98,000

FY 2019-20 USD 93,000

The company wants to give donation of USD 10,000 to an institution situated in USA which provides technical support and training in the field of cutting and polishing of raw diamonds. This will help the company in guiding its own employees, posted in USA to get the requisite training.

Referring to the provisions of the Foreign Exchange Management Act, 1999, state whether the company can give donation to such institution in USA?

**MTP May 2025** - Examine the given situations in the light of the FEMA, 1999:

1. LMN Ltd. had total foreign exchange earnings of USD 600 million in the last three financial years. What is the maximum amount the company can donate without RBI approval?
2. STU Ltd. had foreign exchange earnings of USD 250 million over the last three financial years. It plans to donate USD 3 million to a university fund. Does it need RBI approval?

**MTP Jan 2025** - Referring to the provisions of the Foreign Exchange Management Act, 1999, state the kind of approval required for Payment of commission of U.S. \$ 20,000 on exports made towards equity investment in Joint Ventures/Wholly Owned Subsidiaries abroad of Indian companies.

**Jan 2025** - Murari Lal, a person resident outside India, has invested in four residential immovable properties under construction in Kolkata. Each property is negotiated at ₹ 2 crore, with the companies owned by builders. This amount is to be paid in two instalments as 60% on immediate basis on booking and the balance on possession of the properties.

The above transaction is done by the companies owned by builders through two brokers from USA on commission basis. Mr. Murari Lal as per the terms and conditions remitted 60% of the amount of all four immovable properties directly to the company.

Answer the following explaining the provisions of the FEMA, 1999:

1. Whether investment by Mr. Murari Lal and payment of commission on this transaction is permissible?
2. How much maximum amount of commission can be paid to each broker without RBI approval? (Ignore the USD - Rupee Exchange Rate)

**MTP Sep 2024 & MTP Jan 2025** - Explain the meaning of term 'currency' and 'authorised person' as per the provisions of the Foreign Exchange Management Act, 1999.

**MTP Sep 2024** - Explain the meaning of term 'Foreign Exchange' as per the provisions of the Foreign Exchange Management Act, 1999.

**MTP Sep 2024 & MTP Jan 2025** - Explain the meaning of term 'currency' and 'authorised person' as per the provisions of the Foreign Exchange Management Act, 1999.

**May 2025 & MTP Sep 2024** - Explain the meaning of term 'Foreign Exchange' as per the provisions of the Foreign Exchange Management Act, 1999.

**MTP Jan 2025** - Explain the meaning of term "current account transaction".

**RTP Jan 2026** - Startech Pvt. Ltd., an Indian company, is planning to remit USD 12 million to a consultancy firm based in Germany for advisory services related to a new highway infrastructure project in India. The company has also engaged another foreign consultancy for a software upgrade on a different project and wants to remit USD 900,000 for that service. Both payments are to be made from India.

With reference to the Foreign Exchange Management, 1999, determine whether Startech Pvt. Ltd. can freely remit these amounts or if any approval is required for these transactions



**Sep 2025** - Heavy Loaders Ltd. is a public limited company incorporated in India and engaged in the manufacture of loader vehicles used for commercial construction purposes. It is planning to expand its business outside India and hence has come in contact with Mr. Fred, an American citizen working as an agent of companies planning to secure business in USA. Mr. Fred has informed the directors of Heavy Loaders Ltd. that another Indian company engaged in the commercial construction business has a requirement of 25 loader vehicles for its wholly owned American subsidiary company. Heavy Loaders Ltd. supplied the required loader vehicles with an invoice value of USD 350,000 in exchange of allotment of equity capital of the same worth in the American company. Mr. Fred has asked for an export agent commission of 15% of the invoice value of goods supplied from Heavy Loaders Ltd. to which Heavy Loaders Ltd. has refused the payment on grounds that maximum commission that can be paid can be 10% of the invoice value of goods supplied.

Considering the provisions of the Foreign Exchange Management Act, 1999 decide:

1. Whether the above transaction of supplying machines in exchange of equity investments can be treated as "export" keeping in mind the absence of monetary factor in the transaction?
2. Whether the rate of export agent commission demanded by Mr. Fred be paid or confined to only 10% of the invoice value of goods supplied?

**Sep 2025** - Enumerate the circumstances and the forms of business as mentioned in the Foreign Exchange Management Act, 1999, in which a person resident outside India is absolutely prohibited from making any investments in India.

**MTP Sep 2025** - Mr. Arman has been diagnosed with a rare cardiac condition and plans to travel to USA for a specialized heart surgery. He seeks guidance regarding the necessary formalities and the maximum amount of foreign exchange he is permitted to draw for this medical treatment under the Foreign Exchange Management Act, 1999.

**MTP Sep 2025** -

1. Mr. Arjun Verma, a resident individual in India, intends to obtain foreign exchange US \$2,00,000 for pursuing higher education abroad, based on the estimated expenses provided by the foreign institution.
2. Mr. Narain Sharma, a resident individual in India, intends to obtain foreign exchange for a gift remittance of US \$25,000 to a relative living overseas.

Advise Mr. Arjun Verma and Narain Sharma whether they can get Foreign Exchange and if so, under what condition(s) as per the provisions of the Foreign Exchange Management Act, 1999?

**May 2025** - Mr. V is a person of Indian origin who had moved to USA along with his wife in the year 1998 and had been living there until 2024. He was holding joint bank accounts with his wife in USA since 1998. On the demise of his wife on 17<sup>th</sup> November, 2024, he had returned permanently to India on 24<sup>th</sup> November, 2024. He also inherited his wife's money after her death, which got transferred to his bank account in USA. After few days of his return to India, he has paid premium from his bank account in USA of his insurance policy, which he had taken when he was in USA. Referring to the provisions of the Foreign Exchange Management Act, 1999, examine whether Mr. V is permitted to carry out the above transactions

