

CHAPTER 1 - THE GENERAL CLAUSES ACT, 1897

Mock Test Paper - Series I: November, 2025

CASE SCENARIO-3

The Government of India, by an order dated 19th August 2025, appointed a Commission of Inquiry to investigate alleged environmental violations in the State of Maharashtra.

The notification was published in the Official Gazette on 24th August 2025, and the Commission was required to submit its report within 90 days from the date of the notification.

Subsequently, a dispute arose regarding the territorial jurisdiction of the Commission. The notification stated that the investigation would cover all environmental violations occurring within a 10-kilometre radius of the Godavari River. Several industries challenged this, arguing that the 10-kilometre distance should be measured along road distance rather than in a straight line.

Another issue arose regarding the service of notices to industries suspected of violations. The Commission sent notices through registered post, and some industries contended that the notices had not been effectively served.

The Commission's tenure was to expire on 17th November 2025. However, before that date, the Central Government issued an order extending the tenure "until further notice."

A Public Interest Litigation (PIL) was filed in the Bombay High Court, challenging the legality of this open-ended extension.

Additionally, the Government had appointed Mr. Arvind Rao as the Chairman of the Commission. Mr. Rao resigned on 25th September 2025 due to health reasons.

Through an Office Memorandum dated 30th September 2025, the Government appointed Ms. Kavita Mehta as his replacement, and she assumed charge on 5th October 2025.

On the basis of above facts and by applying applicable provisions of the General Clauses Act, 1897 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple-Choice Questions given herein under:

1. When does the period for submitting the report expire?

- a) 16th November 2025
- b) 19th November 2025
- c) 20th November 2025
- d) 22nd November 2025

2. How should the 10-kilometre distance be measured as per the General Clauses Act, 1897?

- a) Along the existing road network
- b) In a straight line, on a horizontal plane
- c) Using the shortest possible route
- d) By any reasonable method chosen by the Commission

3. Whether the Government of India has the power to modify the tenure "until further notice"?

- a) Yes, because the authority to appoint includes the authority to vary the terms of appointment, including extending tenure.

b) No, because the General Clauses Act, 1897, does not permit any modification once a date is fixed.

c) No, because only the Legislature can extend the tenure of a statutory Commission, not the appointing authority.

d) No, because after the Commission begins functioning, any change in tenure must be approved by a Court, not by the appointing authority.

Mock Test Paper - Series I: July, 2025

CASE SCENARIO-3

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 15th 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.

On the basis of above facts and by applying applicable provisions of the General Clauses Act, 1897 choose the correct answer (one out of four) of the following Multiple Choice Questions given herein under:

1. 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

2. If the requirement was to obtain regulatory clearance within 45 days from the date of establishment (which was 28th February 2024), and 13th April 2024 was a public holiday, by which date must the clearance be obtained (assuming 13th April, 2024 is a Saturday)?

- a) 13th April 2024

- b) 12th April 2024
- c) 14th April 2024
- d) 15th April 2024

3. The government notification dated 15th March 2024 was sent to EAEPL via registered post on 18th 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

Mock Test Paper - Series II: April, 2025

CASE SCENARIO-3

Green Wood Limited ("GWO") is establishing an integrated organic food processing facility in Kerala. On 15th January, 2024, the Central Food Safety Authority issued a comprehensive notification containing following requirements:

- ⊕ All new food processing units must employ qualified Quality Assurance Officers ("QAOs") for each processing line
- ⊕ The Managing Director of the company is authorized to appoint such QAOs, with appointment letters to be issued "within 30 days from selection"
- ⊕ Each QAO must obtain mandatory certification from Food Safety Regulatory Board within "21 days from appointment"
- ⊕ The facility must install specified safety equipment by 1st March, 2024
- ⊕ Monthly compliance reports must be submitted from "1st to 7th of every month"

On 10th February, 2024, while implementing these requirements, GWO faced following situations:

- (a) A selected QAO candidate was found submitting forged experience certificates
- (b) Another QAO, after appointment, failed to maintain safety protocols leading to minor contamination
- (c) The 21st day for certification of one QAO fell on 29th February, 2024 (when the certification office was closed for local holiday), followed by weekend
- (d) The contamination incident violated both Food Safety Act and State Public Health Act

On the basis of above facts and by applying applicable provisions of the General Clauses Act, 1897, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 9-11, of 2 marks each) given herein under:

1. Regarding Managing Director's authority over QAOs, which power is available without explicit mention?

- (a) Power to accept resignation only
- (b) Power to suspend but not dismiss

- (c) Power to transfer between units
- (d) Power to suspend and dismiss

2. If a QAO is selected on 25th January, 2024, what is the last date for issuing appointment letter?

- (a) 23rd February, 2024
- (b) 24th February, 2024
- (c) 25th February, 2024
- (d) 26th February, 2024

3. Regarding the contamination incident violating two Acts, what is the correct legal position?

- (a) Only major violation should be prosecuted
- (b) Only Food Safety Act being special law applies
- (c) Company can be prosecuted under either/both but punished only once
- (d) Both Acts must be independently enforced

Mock Test Paper - Series I: November, 2024

CASE SCENARIO-3

In 2024, New Limited, a company specializing in international trade, needed to send an important notice to one of its clients, Mr. A, 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. A 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. A. 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.

On the basis of above facts and by applying applicable provisions of the General Clauses Act, 1897 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 9-11 of 2 marks each) given herein under:

1. 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

2. 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

3. 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

Mock Test Paper - Series II: December, 2024

CASE SCENARIO-3

Sunrise Technologies Private Limited ("STPL") was in process of establishing its new software development center in Pune. On 28th February, 2024, the Board of Directors passed a resolution to purchase a property consisting of:

- A three-storey building
- 25 acres of agricultural land adjacent to the building
- 100 motor cars
- An orchard with 100 fruit-bearing trees

The company received a government notification dated 15th March, 2024, requiring all new technology centers to obtain special clearance within 45 days of establishment. The notification

mentioned that existing orders under the previous Technology Parks Act (which was repealed and replaced by new legislation) would continue to remain valid. The notification was to be served to all concerned parties through registered post.

The Managing Director has approached you to understand various legal aspects under the General Clauses Act, 1897.

On the basis of above facts and by applying applicable provisions of the General Clauses Act, 1897, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 9-11, of 2 marks each) given herein under:

1. 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

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

- (a) 3rd May, 2024
- (b) 4th May, 2024
- (c) 5th May, 2024
- (d) 6th May, 2024

3. 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

Mock Test Paper - Series II: August, 2024

CASE SCENARIO-3

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.

On the basis of above facts and by applying applicable provisions of the General Clauses Act, 1897 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 1-3 of 2 marks each) given herein under:

1. 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

2. 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
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 - (d) Notice served by hand delivery is always valid

CASE SCENARIO-3

Tech Inspiration Private Limited was incorporated on 30.06.2018. The main object of the company was to provide guidance classes for engineering aspirants. For this purpose, they opened a coaching center at Freedom Plaza, Near Bhagwan Talkies, Bye Pass Road, Agra. The premise was owned by the company. The company also made a "Employee Appointment Committee" for the systematic selection and appointment of employees including faculties for teaching. In the first slab, committee appointed nine teachers, 3 clerical staff and one peon. For the purpose of expansion of business, company decided to open a branch of the company at nearby city of Agra. After the due research, the company decided to open its branch at city "Bharatpur" which was just 50 kilometers far from Agra. The company approached Mr. Raghuram Meena owner of land at Bharatpur suitable for company. Mr. Raghuram Meena leased his land for ten years to Tech Inspiration Private Limited. The land had a small temple of lord Ganpati at its centre. The company constructed the classrooms on the land and many students joined the coaching classes. Besides it, the temple generated some income in the form of "Chadhava" (donation). Mr. Raghuram Meena claimed the income of temple with the contention that he had leased only the land and not the temple.

Further one more problem arose in the company. "Employee Appointment Committee" found that one of the faculties, Mr. Nitesh Gupta was not performing well. He was not justifying his duties. Therefore, "Employee Appointment Committee" decided to terminate him with effect from 31.01.2024 and send him notice of termination by properly addressing and by registered post to Mr. Nitesh Gupta. Mr. Nitesh Gupta refused to accept the notice and returned back it to the postman. After two months, on 01.04.2024, Mr. Nitesh Gupta filed a suit against the company for claiming the salary for the period from 01.01.2024 to 31.03.2024 with the view that his appointment cannot be terminated because of two reasons:

- (i) "Employee Appointment Committee" was established just to appoint the employees. They are not authorised for their termination.
- (ii) Mr. Nitesh Gupta's refused to accept the notice of termination with the contention that it was not properly served to him.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following MCQs (11-13) given herein under: -

11. Whether Mr. Raghuram Meena is correct in his claim? Whether he may claim the income of temple:

- (a) Yes, Mr. Raghuram Meena was correct in his views as he leased only land not the temple, situated on such land.
- (b) Yes, as temple is a constructed building, not land.
- (c) No. 'Immovable Property' in terms of the General Clauses Act, 1897 includes land, benefits to arise out of land, and things attached to the earth, or permanently fastened to anything attached to the earth. So, benefits attached to land and income from temple will be of Tech Inspiration Private Limited.
- (d) No. It is the right of Tech Inspiration Private Limited to decide that who will claim the income of temple.

12. Whether "Employee Appointment Committee" may terminate Mr. Nitesh Gupta even the authority letter given to "Employee Appointment Committee" has no specific clause authorizing it for termination of employees?

- (a) No, as "Employee Appointment Committee" was authorised only for appointment and not for termination of employees.
- (b) Yes, because section 16 of the General Clauses Act, 1897, provides that unless a different intention appears, power to appoint to include power to suspend or dismiss.
- (c) No, because section 16 of the General Clauses Act, 1897, provides that power to appoint does not include power to suspend or dismiss.
- (d) No, It's only board of directors of Tech Inspiration Private Limited who has the right to terminate its employees in board meeting.

13. Whether the refusal to accept the notice sent by post, by Mr. Nitesh Gupta would be termed as not serving of notice of termination?

- (a) Yes, as Mr. Nitesh Gupta had not accepted the notice.
- (b) Yes, refusal to accept the post will always be considered as not served.
- (c) No, because as per section 27 of the General Clauses Act, 1897 the service by post shall be deemed to be effected by properly addressing, pre-paying, and posting by registered post.
- (d) No, Mr. Nitesh Gupta had the information of sending of notice.

14. 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.

- (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.

15. 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)?

- (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.

CHAPTER 2 - THE FOREIGN EXCHANGE MANAGEMENT ACT, 1999

Mock Test Paper - Series II: December, 2025

CASE SCENARIO-3

Arnav Mehta is a very bright student. He is a resident of Ahmedabad and lived in India throughout the Financial Year 2024-25. On 12 July 2025, he left India to pursue a two-year Master's program in Biotechnology at a reputed university in Geneva, Switzerland.

To meet the cost of his education, Arnav required USD 25,000 per year towards tuition fees and USD 30,000 annually for his living and incidental expenses. He approached his authorised dealer bank to obtain foreign exchange for these requirements under applicable the Foreign Exchange Management Act (FEMA), 1999 and Current Account Transaction Rules.

During this period, Arnav's father, Mr. Rajesh Mehta, who continued to reside in Ahmedabad, won a significant prize in a local lottery. Wishing to support Arnav financially while he studied abroad, Mr. Mehta approached his authorised dealer bank to remit a portion of the lottery winnings to Arnav's account in Switzerland. He submitted the required documents and sought guidance from the bank regarding the permissibility of such a remittance under FEMA.

Around the same time, a close family friend of the Mehtas, Mr. Raghav Shah, was advised by his doctors in India to undergo an advanced kidney transplant procedure at a specialised medical centre in New York, USA. Raghav contacted his authorised dealer bank to understand the procedure and limits for obtaining foreign exchange for medical treatment abroad. He also obtained the required medical estimates in support of his proposed treatment.

On the basis of above facts and by applying applicable provisions of the Foreign Exchange Management Act, 1999 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions given herein under:

1. Arnav requires USD 55,000 per year (tuition + living expenses). Can he obtain this foreign exchange?

- Yes, up to USD 55,000 per academic year without RBI approval.
- Yes, but only up to USD 25,000 without approval.
- No, he must obtain RBI approval for the entire amount.
- Yes, but only for tuition fees; living expenses require separate RBI approval.

2. Mr. Rajesh Mehta won a local lottery and wants to remit a part of the winnings to Arnav in Switzerland. The authorised dealer must evaluate whether the transaction is permissible. Which of the following statement is correct in respect of the authorised dealer (AD)?

- AD will allow the remittance freely for an amount upto USD 5,000
- AD will allow the remittance freely since it is below USD 2,50,000
- AD will allow the remittance as long as it is for supporting education
- AD will reject the request because lottery winnings cannot be remitted under any circumstances as it falls under prohibited current account transactions

3. If Raghav submits a medical estimate from the US hospital showing expenses of USD 4,00,000, what can the authorised dealer do?

- Release only USD 2,50,000; the balance is prohibited

- b) Release any amount without limit because it is a medical emergency
- c) Authorised dealers shall release USD 2,50,000 without approval and release additional amounts if supported by medical estimate from the doctor/hospital without referring to RBI
- d) Decline the request until Raghav becomes a non-resident

Mock Test Paper - Series II: August, 2025

CASE SCENARIO-3

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.

On the basis of above facts and by applying applicable provisions of the Foreign Exchange Management Act (FEMA), 1999, and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (of 2 marks each) given herein under:

1. What would be Mrinal Kaur's residential status under FEMA if she relocates to Delhi in 2024?

- a) Immediately becomes Person Resident in India
- b) Remains Person Resident Outside India for 182 days
- c) Has dual residential status
- d) Retains French residential status until business setup

2. SAPL's receipt of advance payments from foreign buyers would be classified as:

- a) Capital Account Transaction requiring RBI approval
- b) Prohibited Transaction under FEMA
- c) Current Account Transaction permitted freely
- d) Special Category Transaction requiring government permission

3. StyleAura intends to remit USD 1.2 million to consultants in San Francisco for design services. What approval is required under FEMA?

- No approval required
- Prior approval of governor of the State
- Prior approval of Reserve Bank of India
- Approval from SEBI

Mock Test Paper - Series I: March, 2025

CASE SCENARIO-3

Mr. Arun Kumar, a software engineer from Bangalore, had worked with a US-based technology company in Silicon Valley for the past 4 years. In April 2023, he returned to India to establish a technology startup, Global Ventures Private Limited. He maintained his foreign currency accounts in USA, containing earnings from his previous employment. His wife continues to work in USA.

During August 2023, Mr. Kumar undertook several transactions:

- ✚ He received USD 200,000 from his US savings account to invest in his Indian startup
- ✚ He gifted USD 75,000 to his brother in India for purchasing property.
- ✚ He imported specialized software equipment worth USD 150,000 from a Singapore-based supplier on 3 months' credit
- ✚ He helped his wife (US-based) remit USD 40,000 for their daughter's higher education from a recognised university

Global Ventures also set up a branch office in Singapore in October 2023, fully controlled and managed from its Bangalore headquarters. The company plans to raise foreign currency loans and explore various overseas investment opportunities.

On the basis of above facts and by applying applicable provisions of the Foreign Exchange Management Act (FEMA), 1999, choose the correct answer (one out of four) of the following Multiple Choice Questions (2 marks each) given herein under:

1. Under FEMA, 1999, what would be Mr. Arun Kumar's residential status for FY 2023-24?

- Person Resident in India from April 2023
- Person Resident Outside India throughout the year
- Person Resident in India only after completing 175 days
- Person Resident Outside India till August 2023

2. Which of the following transactions by Mr. Kumar requires prior the Reserve Bank of India's approval?

- Receiving USD 200,000 from his own foreign account
- Gift of USD 75,000 to his brother
- Import of equipment on credit terms
- Setting up a branch office in Singapore

3. Whether, Mr. Kumar's remittance of USD 40,000 for his daughter's higher education from a recognised university, permissible:

- Yes
- No, as it requires Reserve Bank of India's approval
- It is a prohibited transaction under FEMA, 1999
- Yes, after seeking approval from the Central Government

Mock Test Paper - Series I: July, 2024

CASE SCENARIO-3

Amit, an Indian resident during the Financial Year (FY) 2021-2022, decided to pursue higher studies in Biotechnology in Switzerland. On 15th 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.

On the basis of above facts and by applying applicable provisions of the Foreign Exchange Management Act, 1999, therein, choose the correct answer (one out of four) of the following MCQs (1-5) given herein under:

1. What would be Amit's residential status for FY 2022-2023 under FEMA, 1999?

- Resident in India
- Non-Resident Indian (NRI)
- Person of Indian Origin (PIO)
- Overseas Citizen of India (OCI)

2. What would be Amit's residential status for FY 2023-2024 under FEMA, 1999?

- Resident in India
- Non-Resident Indian (NRI)
- Person of Indian Origin (PIO)
- Overseas Citizen of India (OCI)

3. Suppose now Amit wants more money for his living cost abroad. What is the maximum amount that can still be remitted abroad per financial year under the Liberalized Remittance Scheme (LRS)?

- USD 100,000
- USD 195,000
- USD 200,000
- USD 500,000

4. 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:

- (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.

5. 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?

- (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.

Revision Test Paper – May 2024

CASE SCENARIO-2

Omx Software Private Limited is a private company and having its registered office in Bangalore and is a wholly owned subsidiary of Omx Software Inc, situated in USA. Mr. Rajat Kapoor, Mr. Shubham and Mr. Peter are directors of Omx Software Private Limited. Mr. Rajat and Mr. Shubham are Indian residents while Mr. Peter is a non-resident and stays in USA. Mr. Peter is also a director in Omx Software Inc.

Mr. Rajat left India on 2nd November, 2021 for the purpose of looking after the business of Omx Software Inc. Mr. Rajat came to back to India on 12th February, 2022 to meet his family and left India on 26th February, 2022 and went back to USA to look after the business of

Omx Software Inc. Mr. Rajat again visited India on 25th August, 2022 and stays in India for the whole year.

Omx Software Private Limited had availed a consultancy service from a company situated in USA for development of software for the purpose of rendering service to its customers situated in India.

Mr. Rajat had purchased a residential property in USA on 27th April, 2022 which was self-occupied by him for his residential use.

1. Considering the provisions of the Foreign Exchange Management Act, 1999, which of the following options correctly determines the residential status of Mr. Rajat Kapoor:

- (a) Mr. Rajat Kapoor to be treated as resident in India for Financial Year (FY) 2022-2023 and FY 2023-2024 since he stays in India for more than 182 days
- (b) Mr. Rajat Kapoor to be treated as non-resident in India for FY 2022-2023 since he left India for the purpose of carrying business of Omx Software Inc and resident for FY 2023-2024
- (c) Mr. Rajat Kapoor to be treated as non-resident for FY 2022-2023 and FY 2023-2024
- (d) Mr. Rajat Kapoor to be treated as resident in India for FY 2022- 2023 since he stays in India for more than 182 days and non- resident for FY 2023-2024

2. Considering the provisions of the Foreign Exchange Management Act, 1999, how much amount can company remit outside India:

- (a) Permissible amount remitted to US company for obtaining consultancy without obtaining prior approval of RBI is USD 1,000,000 per project
- (b) Permissible amount remitted to US company for obtaining consultancy without obtaining prior approval of RBI is USD 100,000 per project
- (c) Permissible amount remitted to US company for obtaining consultancy without obtaining prior approval of RBI is USD 200,000 per project
- (d) Permissible amount remitted to US company for obtaining consultancy without obtaining prior approval of RBI is USD 2,000,000 per project

3. Considering the provisions of the Foreign Exchange Management Act, 1999, in respect of purchase of residential property by Mr. Rajat in USA which of the following statement is correct?

- (a) Purchase of residential property by Mr. Rajat is a current account transaction
- (b) Mr. Rajat has to sell his property before returning to India permanently as he becomes resident in subsequent years
- (c) Purchase of residential property by Mr. Rajat is neither capital account transaction nor current account transaction
- (d) Purchase of residential property by Mr. Rajat is a capital account transaction

4. Bhavesh, Yash and Chirag incorporated a Limited Liability Partnership for doing the business of trading of timber under the name Solid Lakkad LLP. Chirag has shifted his residence from 12, Block C, Kamla Nagar, Agra to 808, Sector 1, Bodla, Agra on 16th November, 2023. Chirag

informed the firm about change of his address on 20th November, 2023 sending a written notice. Now, by which date Solid Lakkad LLP is required to file a notice with the registrar?

- (a) 01st December, 2023
- (b) 05th December, 2023
- (c) 16th December, 2023
- (d) 20th December, 2023

5. Druk Software Company Inc., a company incorporated in Australia, proposes to establish a place of business at Mumbai. The list of the Directors includes (i) Mr. Arun - Managing Director, (ii) Mr. Ranveer - Director, (iii) Mr. Ramesh Malik - Director and (iv) Mr. Navaaz - Director. Ms. Lavina has been appointed as the Secretary of Druk Software Company Inc. It is to be noted that Mr. Ramesh Malik and Mr. Navaaz, resident in India, are the persons who have been authorised by Druk Software Company Inc. to accept on behalf of the company service of process, notices or other documents required to be served on Druk Software Company Inc. In relation to the company's establishment, you are required to enlighten the Druk Company Inc. with respect to whose, a declaration will be required to be submitted to the Registrar of Companies by Druk Software Company Inc. for not being convicted or debarred from formation of companies in or outside India.

- (a) Mr. Arun, Mr. Ranveer, Mr. Ramesh Malik, Mr. Navaaz and Ms. Lavina
- (b) Mr. Arun, Mr. Ramesh Malik, Mr. Navaaz and Ms. Lavina
- (c) Mr. Ramesh Malik and Mr. Navaaz
- (d) Mr. Arun, Mr. Ranveer, Mr. Ramesh Malik and Mr. Navaaz

CHAPTER 3 - THE LIMITED LIABILITY PARTNERSHIP ACT, 2008

Mock Test Paper - Series I: November, 2025

CASE SCENARIO-2

Purple LLP is a limited liability partnership engaged in the business of eco-friendly product manufacturing. The LLP was initially established with three partners: Mira, Arjun and Yellow Industries Limited, a corporate entity. Mira and Arjun are the designated partners, with Mira being a resident in India. Yellow Industries Limited has appointed Rahul, an individual, as its nominee to act on its behalf.

After a few years, Arjun decides to retire, leaving Mira and Yellow Industries Limited as the remaining partners. Due to some administrative oversight, Purple LLP continues its operations without appointing a new partner. This situation persists for seven months, with Mira being aware of the reduced number of partners. During this period, Purple LLP enters into several contracts and incurs significant financial obligations.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (of 2 marks each) given herein under:

1. Given that Arjun retired and Purple LLP continued with only Mira and Yellow Industries Limited, what should Purple LLP have done within six months to comply with the LLP Act?

- a) Dissolved the LLP
- b) Continue operating with one designated partner
- c) Appoint at least one body corporate which should be a foreign company
- d) Appointed at least one more partner who should also be a designated partner, as every LLP should have at least two designated partners

2. According to the Limited Liability Partnership Act, 2008, choose the correct statement in relation to who must be a resident in India among the designated partners:

- a) At least one individual designated partner shall be resident in India
- b) All designated partners shall only be resident in India
- c) It is mandatory for only corporate partners to be resident in India
- d) At least four designated partners shall be resident in India

3. In the given case scenario, suppose Yellow Industries Limited also leaves the LLP and the LLP continues business for more than six months with only one partner, who is personally liable for the obligations incurred during that period?

- a) Mira
- b) Both Mira and Yellow Industries Limited
- c) Yellow Industries Limited
- d) Mira, Arjun and Yellow Industries Limited

Mock Test Paper - Series II: December, 2025

CASE SCENARIO-2

Ramneek and Madhu, two young entrepreneurs, founded "New Education Innovators LLP" under the Limited Liability Partnership Act, 2008, with a focus on providing digital education solutions. Ramneek brought technical expertise, while Madhu managed the business operations. According to the LLP Agreement, both contributed equally and shared profits equally. After two years of growth, they decided to admit Amit, an industry expert, as a partner to expand their reach. Amit agreed to contribute additional capital and bring industry contacts. However, shortly after joining, Amit discovered that certain key compliance filings, including Form 11 (Annual Return) and Form 8 (Statement of Accounts and Solvency), were pending. Concerned, Amit wanted to understand his liability and insisted that the LLP immediately address the compliance issues. Meanwhile, Ramneek proposed to amend the LLP Agreement to reflect Amit's new profit-sharing ratio and allocate specific decision-making powers to him. As they worked through these matters, they consulted a legal advisor to understand how the Limited Liability Partnership Act, 2008, impacted their responsibilities, liabilities, and compliance obligations.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions given herein under:

1. When Amit joined New Education Innovators LLP, he discovered that key compliance filings, including the Annual Return and Statement of Accounts and Solvency, were pending. What is Amit's liability as a newly admitted partner concerning these past compliance lapses?

- Amit has no liability for past compliance lapses since he was not a partner when they occurred.
- Amit shares equal liability for past compliance lapses because he is now a partner in the LLP.
- Amit is only liable if the LLP Agreement specifically assigns responsibility to him for compliance.
- Amit's liability for past compliance is limited to his capital contribution in the LLP.

2. In light of Amit's concern about the pending compliance filings, which of the following best describes the responsibilities of the partners in New Education Innovators LLP regarding compliance with the LLP Act, 2008?

- Only the designated partners are responsible for ensuring compliance with filing obligations under the LLP Act.
- All partners, including new partners like Amit, are equally responsible for compliance, regardless of the LLP Agreement.
- Compliance responsibilities can only be assigned to one partner, who will bear full accountability.
- The legal advisor is responsible for handling compliance, and the partners have no liability once they hire legal counsel.

3. Suppose in the given scenario, New Education Innovators LLP fails to file the Statement of Account and Solvency or Annual Return for any five consecutive financial years, which of the following could occur?

- New Education Innovators LLP may be wound up the Tribunal

- b) Takeover of New Education Innovators LLP by the persons appointed by the Registrar of Companies
- c) Revocation of all partner rights until filings are complete
- d) The losses for these 5 consecutive years shall be shared equally by all the partners irrespective of the profit sharing ratio as decided in the LLP agreement.

Mock Test Paper - Series I: July, 2025

CASE SCENARIO-2

Divine Associates was a well-established partnership firm operating in engineering and infrastructure consulting for over two decades. It includes four partners—Mr. Aryan (designated Partner), Ms. Simran (sleeping partner), Mr. Junaid (Finance Head) and Mr. Roy (Operations). The firm saw immense growth after securing multiple government infrastructure contracts. As the business expanded, they faced increasing compliance complexities, risk of personal liabilities and tax inefficiencies.

In early FY 2023-24, the partners unanimously decided to convert the partnership into a Limited Liability Partnership (LLP) for better risk protection and corporate governance. The firm was registered as Stellar Associates LLP on 20th October, 2023.

Ten days later after conversion, due to some chronic health issues Mr. Junaid resigned. The LLP continued operations with the remaining three partners. However, from 1st November, 2023, to 1st June, 2024, no new partner was appointed. During this time, significant project contracts and vendor negotiations were executed by Mr. Aryan and Mr. Roy.

Ms. Simran, despite being a silent partner, extended a Rs. 20 lakh personal loan to the LLP for temporary working capital. She signed a standard loan agreement and expected repayment within 18 months. The LLP treated this as external borrowing, with interest and principal obligations to her similar to a non-partner lender.

In April 2025, the LLP faced internal disputes regarding a transfer of Mr. Roy's profit share to Mr. Ketan (a third-party investor). The investor insisted on participating in decision-making after acquiring 20% profit rights, which was denied by the remaining partners.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple-Choice Questions given herein under:

1. Mr. Junaid resigned from Stellar Associates LLP on 30th October, 2023. Choose the correct option:

- a) The LLP should file a notice with the Registrar within 30 days from the date Mr. Junaid ceases to be a partner.
- b) The LLP should file a notice with the Registrar within 7 days from the date of resignation.
- c) There is no statutory time limit for informing the Registrar of a partner's resignation.
- d) The LLP is under no obligation to inform the Registrar about such change. It is only the responsibility of outgoing partner to inform the Registrar.

2. From 1st November, 2023 to 1st June, 2024, the LLP functioned with only two partners. What is the most critical legal consequence under LLP law?

- The LLP must dissolve immediately after 3 months.
- All decisions taken during this period are valid as it needs two partners run an LLP
- The continuing partners may be personally liable for obligations incurred during the 6+ month period.
- There is no consequence if the partners are aware of the shortage.

3. Regarding Ms. Simran's Rs.20 lakh loan to the LLP, what is the correct classification and its legal effect?

- It must be treated as a capital contribution, but priority will be given to creditors loan.
- It qualifies as a partner's contribution and offers no creditor protection.
- It is treated as a third-party transaction and must be honoured like any external loan.
- Such loans are not permitted between partners and LLP.

4. Mr. Roy transferred 20% of his profit rights to Mr. Ketan who now demands management rights. So as per the provision of LLP Act how will you define Mr. Ketan position in the LLP?

- The transferee automatically becomes a partner entitled to manage the LLP.
- Profit transfer doesn't entitle the transferee to management or access to LLP affairs.
- The transferee can veto management decisions involving Roy's capital.
- Only if more than 25% is transferred, management rights apply.

Mock Test Paper - Series II: August, 2025

CASE SCENARIO-2

Solar Grid LLP and Wind Nova LLP were two successful businesses operating in the renewable energy sector. Solar Grid LLP specialized in solar panel manufacturing, while Wind Nova LLP was known for its innovations in wind turbine technology. Identifying a strategic opportunity to enhance their market footprint, both LLPs decided to merge into a unified entity named Green Fusion LLP.

To implement the merger, the management of both LLPs proposed a scheme of compromise and arrangement under section 60 of the Limited Liability Partnership (LLP) Act, 2008. They approached the Tribunal to sanction the scheme, which included transferring all assets, liabilities and ongoing legal proceedings of Solar Grid LLP and Wind Nova LLP to Green Fusion LLP.

Following a thorough review, the Tribunal determined that the scheme facilitated reconstruction and amalgamation. It issued an order under section 62, laying out clear provisions for transition:

- All assets and liabilities of Solar Grid LLP and Wind Nova LLP were transferred to Green Fusion LLP.
- Ongoing legal proceedings involving either of the original LLPs would continue in the name of Green Fusion LLP.
- Both Solar Grid LLP and Wind Nova LLP would be dissolved without winding up.

However, several partners from Solar Grid LLP dissented from the arrangement. The Tribunal provided tailored directions to safeguard their interests and ensure fairness.

After the order was made, both LLPs had to file a certified copy of the Tribunal's order with the Registrar within 30 days for registration. Unfortunately, due to some administrative delays, this filing

was not completed within the stipulated time, leading to penalties for both Green Fusion LLP and its designated partners.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (of 2 marks each) given herein under:

1. What was the main purpose of the scheme proposed between Solar Grid LLP and Wind Nova LLP?

- a) To dissolve both LLPs.
- b) To transfer all assets to a third party.
- c) For the reconstruction and amalgamation of the LLPs.
- d) To liquidate the companies.

2. What authority does the Tribunal have when it sanctions a compromise or arrangement under section 60?

- a) It can only supervise the arrangement.
- b) It has no authority after sanctioning the arrangement.
- c) It can supervise, modify and give directions for the arrangement.
- d) It can dissolve the LLPs directly without any conditions.

3. What penalty applies if the LLP fails to comply with the 30-day filing requirement?

- a) Immediate dissolution of the LLP.
- b) A fine of Rs. 10,000 and additional penalties for continuing contravention.
- c) Suspension of all business activities.
- d) Revocation of the Tribunal's order.

4 Why is a separate winding-up process not required for Solar Grid LLP and Wind Nova LLP after the merger?

- a) Because the LLPs are small entities
- b) The Tribunal may order the dissolution without winding-up of any transferor LLP involved in the merger scheme
- c) Because the partners agreed to skip winding-up
- d) Because LLPs are exempt from following the winding up provisions

Mock Test Paper - Series I: March, 2025

CASE SCENARIO-2

Studies LLP was incorporated on 15th April, 2024, with Prem, Pramod, Naveen, and Vimal as partners. Among them, Prem and Pramod were designated partners. The LLP was established for the manufacturing and trading of toys, and its business operations were progressing smoothly.

However, on 30th April, 2024, an individual named Samudra filed an application with the Registrar of LLPs, claiming that he owned a registered trademark under the name "Studies Masters", which had been

registered before 15th April, 2024. He requested that Studies LLP change its name, as it closely resembled his registered trademark.

After conducting an initial investigation, the Registrar found merit in Samudra's claim and issued a directive to Studies LLP to change its name. The official notice, dated 5th May, 2024, was sent via post. However, due to a postal delay, the LLP received the notice only on 10th May, 2024. Despite the directive, Studies LLP ignored the notice and continued operating under the same name.

On 16th August, 2023, the Registrar, acting suo-moto, assigned the LLP a new name, "Sahitya Masterminds LLP", and updated the register of LLPs accordingly. A fresh Certificate of Incorporation reflecting the new name was issued. However, the partners were not comfortable with the new name and initiated steps to change it again.

Additionally, on 20th June, 2024, Vimal submitted a written notice to the LLP stating that he would cease to be a partner effective 22nd July, 2024. However, neither Vimal nor the LLP informed the Registrar about his cessation.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 6 -8, of 2 marks each) given herein under:

1. On what basis did the Registrar direct Studies LLP to change its name?

- (a) The name of designated partners of both the LLPs were identical.
- (b) The LLP's name closely resembled a registered trademark owned by another party.
- (c) The LLP failed to register its name properly.
- (d) The LLP was engaged in fraudulent activities.

2. If an LLP fails to comply with the Registrar's directive to change its name, what action can the Registrar take?

- (a) Impose a penalty but allow the LLP to continue using the same name.
- (b) Suo-moto allot a new name and issue a fresh Certificate of Incorporation.
- (c) Cancel the LLP's registration.
- (d) Allow the LLP to continue operating under the disputed name until the matter is resolved in court.

3. Vimal resigned as a partner with effect from 22nd July, 2024, but the LLP did not inform the Registrar. Who is legally responsible for updating the Registrar about his resignation?

- (a) The LLP and Vimal are both responsible for notifying the Registrar.
- (b) Only Vimal is responsible for reporting his resignation.
- (c) Only the designated partners of the LLP are responsible.
- (d) No one is responsible; this is an internal matter of the LLP.

Mock Test Paper - Series II: April, 2025

CASE SCENARIO-2

Star LLP is a limited liability partnership engaged in the business of eco-friendly product manufacturing. The LLP was initially established with three partners: Apeksha, Rajesh, and Riverview Limited, a corporate entity. Apeksha and Rajesh are the designated partners, with Apeksha being a resident in India. Riverview Limited has appointed Anil, an individual, as its nominee to act on its behalf. After a few years, Rajesh decides to retire, leaving Apeksha and Riverview Limited as the remaining partners. Due to some administrative oversight, Star LLP continues its operations without appointing a new partner. This situation persists for seven months, with Apeksha being aware of the reduced number of partners. During this period, Star LLP enters into several contracts and incurs significant financial obligations.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 6-8, of 2 marks each) given herein under:

1. Given that Rajesh retired and Star LLP continued with only Apeksha and Riverview Limited, what should Star LLP have done within six months to comply with the LLP Act?

- (a) Dissolved the LLP
- (b) Continue operating with one designated partner
- (c) Appoint at least one body corporate which should be a foreign company
- (d) Appointed at least one more partner who should also be a designated partner, as every LLP should have at least two designated partners

2. According to the Limited Liability Partnership Act, 2008, choose the correct statement in relation to who must be a resident in India among the designated partners?

- (a) At least one individual designated partner shall be resident in India
- (b) All designated partners shall only be resident in India
- (c) It is mandatory for only corporate partners to be resident in India
- (d) At least four designated partners shall be resident in India

3. In the given case scenario suppose Riverview Limited also leaves the LLP and the LLP continues business for more than six months with only one partner, who is personally liable for the obligations incurred during that period?

- (a) Apeksha
- (b) Both Apeksha and Riverview Limited
- (c) Riverview Limited
- (d) Apeksha, Rajesh and Riverview Limited

Mock Test Paper - Series I: November, 2024

CASE SCENARIO-2

Rahul and Meenakshi, two young entrepreneurs, founded "Educom Innovators LLP" under the Limited Liability Partnership Act, 2008, with a focus on providing digital education solutions. Rahul brought

technical expertise, while Meenakshi managed the business operations. According to the LLP Agreement, both contributed equally and shared profits equally. After two years of growth, they decided to admit Anshul, an industry expert, as a partner to expand their reach. Anshul agreed to contribute additional capital and bring industry contacts. However, shortly after joining, Anshul discovered that certain key compliance filings, including Form 11 (Annual Return) and Form 8 (Statement of Accounts and Solvency), were pending. Concerned, Anshul wanted to understand his liability and insisted that the LLP immediately address the compliance issues. Meanwhile, Rahul proposed to amend the LLP Agreement to reflect Anshul's new profit-sharing ratio and allocate specific decision-making powers to him. As they worked through these matters, they consulted a legal advisor to understand how the Limited Liability Partnership Act, 2008, impacted their responsibilities, liabilities, and compliance obligations.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 6-8, of 2 marks each) given herein under:

1. When Anshul joined Educom Innovators LLP, he discovered that key compliance filings, including the Annual Return and Statement of Accounts and Solvency, were pending. What is Anshul's liability as a newly admitted partner concerning these past compliance lapses?

- (a) Anshul has no liability for past compliance lapses since he was not a partner when they occurred.
- (b) Anshul shares equal liability for past compliance lapses because he is now a partner in the LLP.
- (c) Anshul is only liable if the LLP Agreement specifically assigns responsibility to him for compliance.
- (d) Anshul's liability for past compliance is limited to his capital contribution in the LLP.

2. In light of Anshul's concern about the pending compliance filings, which of the following best describes the responsibilities of the partners in Educom Innovators LLP regarding compliance with the LLP Act, 2008?

- (a) Only the designated partners are responsible for ensuring compliance with filing obligations under the LLP Act.
- (b) All partners, including new partners like Anshul, are equally responsible for compliance, regardless of the LLP Agreement.
- (c) Compliance responsibilities can only be assigned to one partner, who will bear full accountability.
- (d) The legal advisor is responsible for handling compliance, and the partners have no liability once they hire legal counsel.

3. Suppose in the given scenario, Educom Innovators LLP fails to file the Statement of Account and Solvency or Annual Return for any five consecutive financial years, which of the following could occur?

- (a) Educom Innovators LLP may be wound up the Tribunal
- (b) Takeover of Educom Innovators LLP by the persons appointed by the Registrar of Companies
- (c) Revocation of all partner rights until filings are complete

(d) The losses for these 5 consecutive years shall be shared equally by all the partners irrespective of the profit sharing ratio as decided in the LLP agreement.

Mock Test Paper - Series II: December, 2024

CASE SCENARIO-2

DEF LLP is a well-established limited liability partnership engaged in providing consulting services. It has four partners: A, B, C, and D, each contributing equally to the capital and holding an equal share of the profits and losses, as detailed in the LLP agreement. The partnership operates smoothly until Partner A encounters significant financial difficulties due to personal business losses and decides to transfer his entire share of profits and losses in the LLP to Mr. X, an external investor, in exchange for financial assistance. The decision, although legal as per the LLP agreement, creates a ripple of concerns among the other partners.

After the transfer:

- Partner B argues that the LLP must be dissolved because Partner A's transfer of rights effectively amounts to exiting the partnership, thus impacting the continuity of the LLP.
- Mr. X, being the transferee, demands active participation in DEF LLP's decision-making processes and insists on accessing financial records to monitor his investment, citing the substantial stake he now holds in the LLP.
- Partner C voices concerns about the potential disruption in the LLP's management structure and operations, questioning whether Mr. X's involvement aligns with the LLP's existing framework and the provisions of the Limited Liability Partnership Act, 2008.
- Partner D, on the other hand, adopts a neutral stance but raises the issue of whether the LLP agreement sufficiently addresses such transfers to avoid future disputes.

The situation creates a complex dynamic within DEF LLP, raising questions about the rights of the transferee, the implications for the partnership's operations, and the legal provisions governing such transfers under the Limited Liability Partnership (LLP) Act, 2008. On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 6-8, of 2 marks each) given herein under:

1. Can Partner A legally transfer their share of profits and losses to Mr. X?

(a) No, Partner A cannot transfer their share without the consent of all other partners.
 (b) Yes, Partner A can transfer their share entirely in accordance with the LLP agreement.
 (c) No, such transfers are not allowed under the LLP Act.
 (d) Yes, but only if Mr. X becomes a partner in the LLP.

2. Does the transfer of Partner A's share to Mr. X result in the dissolution of DEF LLP?

(a) Yes, because transferring all rights indicates Partner A's disassociation.

(b) No, because the LLP Act, 2008 does not consider such transfers as grounds for dissolution. (c) Yes, because all partners must agree to such transfers to avoid dissolution.
 (d) No, unless it is explicitly stated in the LLP agreement.

3. Does Mr. X gain any right to participate in DEF LLP's management or access its financial records?

(a) Yes, as he now holds Partner A's share in the LLP.
 (b) No, unless expressly allowed by the LLP agreement.
 (c) Yes, because it is essential to safeguard his investment.
 (d) Yes, as external transferees are automatically included in LLP management.

Mock Test Paper - Series I: July, 2024

CASE SCENARIO-2

GreenLeaf LLP is a limited liability partnership engaged in the business of eco-friendly product manufacturing. The LLP was initially established with three partners: Priya, Sameer, and EcoCorp Ltd., a corporate entity. Priya and Sameer are the designated partners, with Priya being a resident in India. EcoCorp Ltd. has appointed Anil, an individual, as its nominee to act on its behalf.

After a few years, Sameer decides to retire, leaving Priya and EcoCorp Ltd. as the remaining partners. Due to some administrative oversight, GreenLeaf LLP continues its operations without appointing a new partner. This situation persists for seven months, with Priya being aware of the reduced number of partners. During this period, GreenLeaf LLP enters into several contracts and incurs significant financial obligations.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008, and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 1-5) given herein under:

1. Given that Sameer retired and GreenLeaf LLP continued with only Priya and EcoCorp Ltd., what should GreenLeaf LLP have done within six months to comply with the LLP Act?

(a) Dissolved the LLP
 (b) Continue operating with one designated partner
 (c) Appoint at least one body corporate which should be a foreign company
 (d) Appointed at least one more partner who should also be a designated partner, as every LLP should have at least two designated partners

2. According to the Limited Liability Partnership Act, 2008, choose the correct statement in relation to who must be a resident in India among the designated partners?

(a) At least one individual designated partner shall be resident in India
 (b) All designated partners shall only be resident in India
 (c) It is mandatory for only corporate partners to be resident in India
 (d) At least four designated partners shall be resident in India

3. In the given case scenario suppose EcoCorp Ltd. also leaves the LLP and the LLP continues business for more than six months with only one partner, who is personally liable for the obligations incurred during that period?

- (a) Priya
- (b) Both Priya and EcoCorp Ltd.
- (c) EcoCorp Ltd.
- (d) Priya, Sameer and EcoCorp Ltd.

4. Lavender International Entertainment Inc., headquartered and registered in New York City and a prominent name in lifestyle audio innovations, professional audio and lighting solutions, and digital transformation, is present in more than seventy countries including India. Due to certain mis-happenings, the company was unable to file its financial statements along with necessary documents for the year 2023 with the Registrar of Companies (in India) within the stipulated time as permitted by the Companies Act, 2013. It is observed that the ROC may, for any special reason and on an application made in writing by Lavender International Entertainment, extend the 'filing time' maximum up to a certain period. From the following options, choose the correct one in this respect:

- (a) 'Filing time' in respect of filing of financial statements along with necessary documents by Lavender International Entertainment Inc. can be extended by ROC maximum by one month beyond the stipulated time period.
- (b) 'Filing time' in respect of filing of financial statements along with necessary documents by Lavender International Entertainment Inc. can be extended by ROC maximum by two months beyond the stipulated time period.
- (c) 'Filing time' in respect of filing of financial statements along with necessary documents by Lavender International Entertainment Inc. can be extended by ROC maximum by three months beyond the stipulated time period.
- (d) 'Filing time' in respect of filing of financial statements along with necessary documents by Lavender International Entertainment Inc. can be extended by ROC maximum by six months beyond the stipulated time period.

5. The Board of Directors Vishvas Ltd. decide to pay 5% of the issue price of shares as underwriting commission to the underwriters. However, the Articles of Association of the company permit only 3% commission. What is the maximum amount of underwriting commission that can be paid to the underwriters?

- (a) 2%
- (b) 3%
- (c) 5%
- (d) No limit has prescribed under the Companies Act, 2013 in case underwriting commission is to be paid in case of issue of shares.

Mock Test Paper - Series II: August, 2024

CASE SCENARIO-2

In 2023, Tech Innovations LLP was established as a Limited Liability Partnership under the Limited Liability Partnership Act, 2008. The LLP was formed with two partners: Alex and Jordan, who contributed equally to the capital. Alex contributed ₹ 5,00,000, while Jordan also contributed ₹ 5,00,000. The firm was registered with the Registrar of Companies on April 1, 2023.

Tech Innovations LLP's operations focused on software development and technology consulting. As per the LLP agreement, both partners shared profits and losses equally. The LLP agreement also stipulated that any changes in the partnership, such as the addition of a new partner or transfer of interest, required the consent of both existing partners.

In June 2024, Tech Innovations LLP decided to admit a new partner, Priya, who brought in ₹ 2,00,000 as her capital contribution. This change was duly recorded and filed with the Registrar of Companies. Furthermore, the LLP decided to hold an annual general meeting within six months from the end of the financial year to approve financial statements and discuss business matters.

On the basis of above facts and by applying applicable provisions of the Limited liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions given herein under:

1. As per the LLP Act, 2008, what is required for admitting a new partner into the LLP?

- (a) The consent of one existing partner- Only Alex
- (b) A majority vote of existing partners- Either Alex or Jordan
- (c) The consent of all existing partners- Both Alex and Jordan
- (d) Approval from the Registrar of Companies

2. When is Tech Innovations LLP required to hold its annual general meeting?

- (a) By 30th April, 2024
- (b) By 30th June, 2024
- (c) By 31st July, 2024
- (d) By 30th September, 2024

Revision Test Paper – September, 2024

CASE SCENARIO-2

Greenfield LLP and Bluewave LLP were two thriving businesses operating in the renewable energy sector. Greenfield LLP specialized in solar panel manufacturing, while Bluewave LLP was known for its innovations in wind turbine technology. Both companies saw a strategic opportunity to join forces and create a more comprehensive renewable energy solution provider. They decided to merge into a single entity, to be named EcoFuture LLP.

To facilitate this merger, the management of both companies proposed a scheme of compromise and arrangement under Section 60 of the LLP Act. They approached the Tribunal to sanction this

scheme, which involved transferring all assets, liabilities, and ongoing legal proceedings of both Greenfield LLP and Bluewave LLP to EcoFuture LLP.

The Tribunal reviewed the proposal and found that the merger scheme was designed for the reconstruction and amalgamation of Greenfield LLP and Bluewave LLP. The Tribunal issued an order under Section 62, sanctioning the scheme and setting forth several provisions to ensure a smooth transition:

1. All assets and liabilities of Greenfield LLP and Bluewave LLP were to be transferred to EcoFuture LLP.
2. Any ongoing legal proceedings involving either of the original LLPs would continue under the name of EcoFuture LLP.
3. Both Greenfield LLP and Bluewave LLP would be dissolved without the need for winding up. However, a few partners from Greenfield LLP were not in favor of the merger. They dissented from the compromise and arrangement. The Tribunal provided specific directions to ensure that their interests were adequately addressed.

After the order was made, both LLPs had to file a certified copy of the Tribunal's order with the Registrar within 30 days for registration. Unfortunately, due to some administrative delays, this filing was not completed within the stipulated time, leading to penalties for both EcoFuture LLP and its designated partners.

1. What was the main purpose of the scheme proposed between Greenfield LLP and Bluewave LLP?

- (a) To dissolve both LLPs.
- (b) To transfer all assets to a third party.
- (c) For the reconstruction and amalgamation of the LLPs.
- (d) To liquidate the companies.

2. What authority does the Tribunal have when it sanctions a compromise or arrangement under Section 60?

- (a) It can only supervise the arrangement.
- (b) It has no authority after sanctioning the arrangement.
- (c) It can supervise, modify, and give directions for the arrangement.
- (d) It can dissolve the LLPs directly without any conditions.

3. What penalty applies if an LLP fails to comply with the 30-day filing requirement?

- (a) Immediate dissolution of the LLP.
- (b) A fine of Rs. 10,000 and additional penalties for continuing contravention.
- (c) Suspension of all business activities.
- (d) Revocation of the Tribunal's order.

Mock Test Paper - Series I: March, 2024

CASE SCENARIO-2

Vidhya Masterminds LLP was incorporated on 15th April, 2023. Sagar, Manthan, Vishnu and Vasuki were partners in the firm. Sagar and Manthan were also the designated partners in this firm. The firm was incorporated with the object of manufacturing and trading of cycles. The business was going too smoothly.

But on 30th April, 2023, some Mr. Vidhyaram Tolaramani filed an application to registrar that he has a registered trademark in the name of "Vidhya Masters" which he has got registered before 15.04.2023. Therefore, the LLP "Vidhya Masterminds LLP" should change its name. On the basis of basic investigation, registrar found that Mr. Vidhyaram Tolaramani was correct in contention. The registrar sent a direction to Vidhya Masterminds LLP to change its name as it too nearly resembles with the trademark of Mr. Vidhyaram Tolaramani i.e. "Vidhya Masters". The notice was issued by the registrar on 5th May, 2023 by post but due to some internal problem of postal department, notice reached the LLP on 10th May, 2023. Vidhya Masterminds LLP ignored the notice and continued working under the same name. On 15th August, 2023 the registrar suo-moto allotted the LLP a new name "Sahitya Masterminds LLP" and entered this new name in the register of LLP and also issued a fresh certificate of incorporation to Vidhya Masterminds LLP with new name. Vidhya Masterminds LLP, now "Sahitya Masterminds LLP" was not comfortable with new name. It started the process to change the name allotted by the registrar.

Meanwhile, Vishnu was appointed as designated partner in Vidhya Masterminds LLP on 25th July, 2023 but this information was not sent to the registrar. On 20th June, 2023, Mr. Vasuki had given a written notice to the LLP that he could not continue as a partner in LLP with effect from 22nd July, 2023. This cessation from the LLP was also not informed by either LLP or Mr. Vasuki, to the Registrar.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following MCQs (8- 10) given herein under: -

8. When the registrar directed Vidhya Masterminds LLP to change its name, by which date the LLP should have changed the name of LLP?

- (a) By 5th August, 2023 i.e. within a period of 3 months from the date of issue of such direction by registrar.
- (b) By 10th August, 2023 i.e. within a period of 3 months from the date of receiving of such direction by the firm.
- (c) By any time according to the convenience of Vidhya Masterminds LLP.
- (d) Vidhya Masterminds LLP is not liable to change its name.

9. Vishnu was appointed as designated partner in the Vidhya Masterminds LLP on 25th July, 2023. By what time limit the LLP should have informed the registrar?

- (a) 9th August, 2023 i.e. within 15 days of appointment
- (b) 24th August, 2023 i.e. within 30 days of appointment
- (c) 25th August, 2023 i.e. within 1 month of appointment
- (d) 25th October i.e. within 3 month of appointment.

10. Whether Mr. Vasuki will be liable for penalty for not intimating the registrar about the appointment of Mr. Vishnu as designated partner?

(a) No, as he was not partner in LLP on the date of appointment of designated partner.
 (b) Yes, as former partner is to be regarded still being a partner of the LLP unless a notice has been delivered to the Registrar by former partner or LLP.
 (c) Yes, even if a notice has been delivered to the Registrar by LLP about his retirement.
 (d) No, in any case Mr. Vasuki will not be liable.

Mock Test Paper - Series II: April, 2024

CASE SCENARIO-2

Sudeep and Ankit are very fast friend since long. They decided to run a service unit which will provide "Financial and Investment Consultancy Services". For this purpose they formed a limited liability partnership under the name M/s Etharkkum Advisors LLP on 17th April 2020. For this purpose, they prepared a Limited Liability Partnership Deed of which one of the clauses provides that a new partner may be admitted in the LLP with capital contribution which may be in kind or cash. Further new partner is also required to deposit the agreed amount of capital contribution within six months from the date of his admission.

After some time, office of the firm was destroyed due to an earthquake and the LLP was in urgent need of an office premises and some funds for some renovation work.

It is also informed that M/s Etharkkum Advisors LLP approached Manoj on 1st January 2023 to join the firm as third partner. Manoj was out of India for the period from 1st September 2021 to 23rd December 2022. He agreed to join the LLP and also agreed to contribute his office premises at Sanjay Place, Palwal and funds of ` 5,00,000 as Capital Contribution in the firm. Manoj joined the firm on 25th January 2023 as limited liability partner. The above said office premises was purchased by Manoj five years ago for ` 25,00,000 but the fair market value of this office on 25th January 2023 was ` 32,25,000 and on 1st January 2023 was ` 30,00,000. Manoj has provided his office to the firm with effect from his admission and promised to deposit the agreed amount of ` 5,00,000 within six months as provided in the partnership deed. Before Manoj could deposit the amount with the firm, it was dissolved. Manoj denied to deposit the amount of ` 5,00,000 with the contention that he is liable only upto the amount contributed in the firm on the date of dissolution. A creditor of the firm sued Manoj to deposit the said amount so that the firm may pay off his liability.

On the basis of above facts and by applying applicable provisions of the Limited Liability Partnership Act, 2008 and the applicable Rules therein, choose the correct answer (one out of four) of the following Multiple Choice Questions (MCQs 6-9) given herein under: -

6. Whether Manoj could be considered as resident or not as per the Limited Liability Act, 2008?

(a) Manoj could not be considered resident in India as he was not in India for 182 days in preceding one year

(b) Manoj could not be considered resident in India as he was not in India for 120 days in preceding one year i.e. only for 33 days from 24th December 2022 to 25th January 2023

(c) Manoj could not be considered as he was not in India for 182 days during the financial year

(d) Manoj will be considered as resident in India as he was in India for 120 days during the financial year (2021- 2022)

7. What would be the worth of Capital Contribution by Manoj? (a) ` 25,00,000

(b) ` 32,25,000

(c) ` 37,25,000

(d) ` 35,00,000

8. Whether Manoj will be liable to contribute ` 5,00,000 after dissolution of the firm?

(a) Yes, because a partner is personally liable for the deficiency arising at the time of dissolution of LLP.

(b) No, because a partner is never personally liable for the deficiency arose at the time of dissolution of LLP.

(c) Yes, the partner is under obligation to contribute money also to LLP as per the agreement.

(d) No, because a partner is personally liable only upto the amount contributed to the LLP on the date of dissolution of LLP.

9. Finload Limited wants to raise funds for its upcoming project. Accordingly, it has issued private placement offer letters for issuing equity shares to 57 persons, of which six are qualified institutional buyers and remaining are individuals.

Choose the correct statement as per the provisions of the Companies Act, 2013:

(a) Finload Limited company is a public limited company hence it can not issue shares through private placement.

(b) Since, Finload Limited has made an offer or invitation to more than the prescribed number of persons, it shall be deemed to be an offer to the public and accordingly, it shall be governed by the provisions relating to prospectus.

(c) Finload Limited has made an offer or invitation to less than the prescribed number of persons as qualified institutional buyers are not counted to calculate the prescribed limit.

(d) Finload Limited cannot issue shares to qualified institutional buyers, as under private placement shares cannot be issued to qualified institutional buyers.

10. Company X, a leading automobile manufacturer, has invested in Company Y, a start-up specializing in electric vehicle technology. Company X holds a 25% stake in Company Y and actively participates in its strategic decisions. Based on the provisions of the Companies Act 2013 regarding associate companies, which of the following statements is correct?

(a) Company X's investment in Company Y does not qualify as an associate company because Company X does not have control of at least 50% of the total voting power.

(b) Company Y qualifies as an associate company of Company X since Company X holds a 25% stake in Company Y and actively participates in its strategic decisions.

(c) Company Y cannot be considered an associate company of Company X because it is a start-up and does not meet the minimum criteria for significant influence.

(d) Company X's investment in Company Y falls under the category of joint venture and does not qualify as an associate company according to the Companies Act 2013.

CASE SCENARIO-3

M/s Aryan & Aryan LLP was registered on 2nd July 2019. Sudeep and Ankit were partners in the firm. Both Sudeep and Ankit were also the designated partners in this firm. The LLP deals in manufacturing and trading of electric ceiling fans. One day Sudeep met with Mr. Kishore, a director of Krtiken Electronics Private Limited. After discussion, Mr. Kishore showed interest that Krtiken Electronics Private Limited may work with M/s Aryan & Aryan LLP as partner.

Krtiken Electronics Private Limited was incorporated on 1st June 2017 with the object to deal in electronics. The memorandum and articles of association of Krtiken Electronics Private Limited also authorised it to work as partner in a LLP.

The partners of M/s Aryan & Aryan LLP and directors of Krtiken Electronics Private Limited approached a professional consultant Mrs. Archika Jain for providing the procedure for adding Krtiken Electronics Private Limited as a partner in M/s Aryan & Aryan LLP. She advised that Krtiken Electronics Private Limited could not be the partner in M/s Aryan & Aryan LLP because as per Limited Liability Partnership Act 2008, an individual or a body corporate can be a partner in LLP. She informed that the term 'body corporate' was defined in the Limited Liability Partnership Act, 2008 as a company which is defined in section 3 of the Companies Act, 1956. As Krtiken Electronics Private Limited is registered under Companies Act 2013, it cannot be termed as body corporate. On the advice of Mrs. Archika Jain, M/s Aryan & Aryan LLP dropped the idea to add Krtiken Electronics Private Limited.

It is further informed that Ms. Shanaya was admitted as a new partner in the firm on 17th January 2024. The firm intimated the registrar about her admission on 31st January 2024. On 3rd February 2024, while going to office Ms. Shanaya met with an accident and lost her memory. The doctor declared her of unsound mind to work as partner in M/s Aryan & Aryan LLP. It was also confirmed by a competent court.

On the basis of above facts and by applying applicable provisions of the General Clauses Act, 1897 therein, choose the correct answer (one out of four) of the following MCQs (11-13) given herein under:-

11. Whether Krtiken Electronics Private Limited could be partner in M/s Aryan & Aryan LLP?

(a) No, as Krtiken Electronics Private Limited is not a body corporate as per the definition of "Body Corporate" given in Limited Liability Partnership Act, 2008.

(b) Yes, because section 8 of the General Clauses Act, 1897 provides where any Act or Regulation made after the commencement of this Act, repeals and re-enacts, with or without modification, any provision of a former enactment, then references in any other enactment or in any instrument to the provision so repealed shall, unless a different intention appears, be construed as references to the provision so re-enacted. Therefore, after the enactment of Companies Act, 2013, the definition of "Body Corporate" should be construed as a company which is defined in section 2(20) of the Companies Act, 2013.

(c) No, as provisions of section 8 of the General Clauses Act, 1897 will not be applicable because the Limited Liability Partnership (Amendment) Act, 2021, which amended the definition of "Body Corporate" considering the company registered under Companies Act, 2013, come to effect from 01.04.2022.

(d) Yes, as the provisions of the General Clauses Act, 1897 are not applicable while interpreting the provisions of the Limited Liability Partnership Act, 2008.

12. Following the provisions of Limited Liability Act, 2008 read with the General Clauses Act, 1897, what should be the last date to inform the registrar about the admission of Ms. Shanaya.

- (a) 15th February 2024
- (b) 16th February 2024
- (c) 17th February 2024
- (d) 18th February 2024

13. What would be the status of Ms. Shanaya in the firm, M/s Aryan & Aryan LLP after the accident?

- (a) She would continue as a partner in M/s Aryan & Aryan LLP even after being declared as of unsound mind.
- (b) Section 24(2) of the Limited Liability Partnership Act, 2008 provides that a person shall cease to be a partner of a LLP if he is declared to be of unsound mind by a competent court. As this sub - section provides only for male person ("he"), she would continue as a partner in M/s Aryan & Aryan LLP.
- (c) Following the provisions of the General Clauses Act, 1897 which provides that in all legislations and regulations, unless there is anything repugnant in the subject or context words importing the masculine gender shall be taken to include females. Hence, Ms. Shanaya will cease to be a partner M/s Aryan & Aryan LLP.
- (d) She can continue as partner if all other partners agree for that.

14. 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:

- (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.

15. 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:

- (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.