

Paper-6: LAWS, ETHICS AND GOVERNANCE

Full Marks: 100

Time Allowed: 3 Hours

This paper contains 4 questions. All questions are compulsory, subject to instructions provided against each question. All workings must form part of your answer. Assumptions, if any, must be clearly indicated.

Question 1: Answer all questions

[2 X 10 = 20]

- (i) A is sixteen years of age. He lends ₹1 lac to B on the strength of a mortgage executed in his favour. Is the borrower liable to repay the money? Give reasons.
- (ii) Can a minor appoint an agent?
- (iii) Does the endorsement of a Railway Receipt amount to Transfer of Ownership?
- (iv) What is 'Caveat Emptor'?
- (v) Gratuity can be attached by an order of the court.
- (vi) Eligibility to Bonus depends on the period of actual service.
- (vii) Is the appointment of Mr. Bonny, a minor, as a director of Azad (Private) limited valid. Comment with reference to Companies Act, 1956.
- (viii) What is meant by, information partly exempt, as per RTI Act, 2005.
- (ix) "Ethical Business can stop business malpractices". Comment.
- (x) How can ethics be used in production.

Question 2: Answer any 4 questions

[4 × 12 = 48]

Question 2(a)

- (i) X stands surety for Y for any amount which 'Z' may lend to Y from time to time during the next three months subject to a maximum of ₹ 50,000. One month later X revokes the guarantee, when Z had lent to Y ₹ 5,000. Referring to the provisions of the Indian Contract Act, 1872 decide whether 'X' is discharged from all the liabilities to 'Z' for any subsequent loan. What would be your answer in case 'Y' makes a default in paying back to 'Z' the money already borrowed i.e. ₹ 5,000?
- (ii) What do you understand by "Agency by Ratification"? What is the effect of ratification?
- (iii) P rents out his house situated at Kolkata to Q for a rent of ₹ 5000/- per month. A sum of ₹ 2 lac, the house tax payable in arrears, his house is advertised for sale by the Municipal Corporation. Q pays the Corporation, the sum due from P to avoid legal consequences. Referring to the provisions of Indian Contract Act, 1872, decide Q is entitled to get reimbursement of the said amount from P.

(iv) Does threat to commit suicide amount to coercion?

[4+4+2+2=12]

Question 2(b):

(i) Mr. X was shopping in a self-service Super market. He picked up a bottle of cold drink from a shelf. While he was examining the bottle, it exploded in his hand and injured him. He files a suit for damages against the owner of the market on the ground of breach of condition. Decide, under the Sale of Goods Act, 1930, whether Mr. X would succeed in his claim?

(ii) “Nemo Dat Quod Non Habet” — No one can give a better title than he himself has. State the exceptions to the rule.

(iii) State difference between lien and stoppage in transit.

(iv) Write a note on Constructive delivery.

[2+4+4+2= 12]

Question 2(c):

(i) Safety officers in any factory are optional and not mandatory.

(ii) ‘X’ joined BE Engineering Works (P) Ltd. on 25.3.2014. On 8.12.2014 he was laid off as the management wanted to slow down due to shortage of power. ‘X’ was not allowed lay-off compensation on the ground that his period of service was less than one year.

(iii) A laboratory assistant consumes a chemical during the night shift and dies. The chemical was not of the laboratory kit. His wife claimed compensation under the Employees Compensation Act, 1923.

(iv) P is an employee in a XYZ Ltd. The following payments were made to him during the previous year :

- Piece rate wages
- Productivity bonus
- Additional dearness allowance
- Value of Puja gift.

Examine as to which of the above payments form part of “Basic Wage” of P under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.

[3+2+3+4=12]

Question 2(d):

(i) H retired from services on attaining the age of superannuation. After his retirement, it was noticed that he had misappropriated amount from travelling allowance drawn by him. The employer wants to deduct the misappropriated amount from gratuity payable to him. Is the action of the employer legally tenable?

(ii) Discuss ‘Hazardous process’ under the Factories Act, 1948.

(iii) Have the Government employees a fundamental or statutory right to go on strike under the Industrial Disputes Act, 1947?

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(iv) Explain the term 'arising out of employment and in course of employment' in relation to the Employees' Compensation Act, 1923.

[4+3+2+3 = 12]

Question 2(e):

(i) Explain 'committee method' and 'notification method' for fixation of minimum wages under the Minimum Wages Act, 1948.

(ii) A Limited Liability Partnership is a body corporate, so shall have perpetual succession and can carry on business with any number of partners under the Limited Liability Partnership Act, 2008. Do you agree?

(iii) Comment on the following statement with reference to the provisions Negotiable Instruments Act, 1881: "Once a bearer instrument always a bearer instrument."

(iv) Discuss the various modes of creating an agency.

[3+2+4+3 = 12]

Question 3: Answer any 2 questions

[2 × 8 = 16]

Question 3(a)

(i) What is the manner in which requests may be made by a citizen to the authority for obtaining information under the Right to Information Act, 2005.

(ii) "A foreign Company has opened an office for operating bank accounts in India". Hence it is supposed to carry on business in India. Justify, with reference to Companies Act, 1956.

(iii) What do you understand by 'Producer Companies'?

[4+3+1 = 8]

Question 3(b):

(i) Write a note on, "Appointment of directors and proportion of those who are to retire by rotation"

(ii) Describe the provisions for disclosure of interest by directors under section 299, of Companies Act, 1956.

[4+4 = 8]

Question 3(c):

(i) "The development of corporate governance in the UK was initially the findings of a trilogy of codes" - Explain the same.

(ii) A company was formed and it commenced business, but directors were not appointed. Can the company function?

[6+2 = 8]

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Question 4: Answer any 2 questions

[2 × 8 = 16]

Question 4(a)

(i) What is ethics and what are the benefits of Business Ethics?

[1+7 = 8]

Question 4(b)

(i) Discuss the key factors which influence the Ethical decisions in an organization and list some of the examples of ethical issues faced by the employees in the workplace.

(ii) How to create an Ethical Accounting Environment?

[6+2 = 8]

Question 4(c)

(i) Discuss the standards of ethical conduct for practitioners of management accounting and financial management.

[8]