

Paper 6- Laws, Ethics and Governance

MTP_Intermediate_Syllabus 2012_Dec 2015_Set 2

The following table lists the learning objectives and the verbs that appear in the syllabus learning aims and examination questions:

| | Learning objectives | Verbs used | Definition |
|----------------|--|---|---|
| LEVEL B | KNOWLEDGE What you are expected to know | List | Make a list of |
| | | State | Express, fully or clearly, the details/facts |
| | | Define | Give the exact meaning of |
| | COMPREHENSION What you are expected to understand | Describe | Communicate the key features of |
| | | Distinguish | Highlight the differences between |
| | | Explain | Make clear or intelligible/ state the meaning or purpose of |
| | | Identify | Recognize, establish or select after consideration |
| | | Illustrate | Use an example to describe or explain something |
| | APPLICATION How you are expected to apply your knowledge | Apply | Put to practical use |
| | | Calculate | Ascertain or reckon mathematically |
| | | Demonstrate | Prove with certainty or exhibit by practical means |
| | | Prepare | Make or get ready for use |
| | | Reconcile | Make or prove consistent/ compatible |
| | | Solve | Find an answer to |
| | | Tabulate | Arrange in a table |
| | ANALYSIS How you are expected to analyse the detail of what you have learned | Analyse | Examine in detail the structure of |
| | | Categorise | Place into a defined class or division |
| | | Compare and contrast | Show the similarities and/or differences between |
| Construct | | Build up or compile | |
| Prioritise | | Place in order of priority or sequence for action | |
| Produce | | Create or bring into existence | |

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) Mr. A offers to buy Mr. B's house on certain terms. Acceptance was to be sent by B within 6 (six) weeks. B within one week sent a letter accepting the offer with an alteration of one term. A then withdrew his offer. B writes again within three weeks accepting the terms originally proposed by A. Is this is a valid contract.
- (ii) On expiry of stipulated period, the pledgee can sell the pledged goods to any person. Comment.
- (iii) Parties to a contract of sale can get the price of goods fixed by third parties. Comment.
- (iv) Mr. S.K. Paul employed in seasonal establishment and was not employed throughout the year claimed gratuity at the rate of 15 days wages for each year of service. But Employer refused to pay any Gratuity to employees of seasonal establishment. Comment.
- (v) An individual dispute will be deemed to be industrial dispute (Industrial Disputes Act. 1947). Comment.
- (vi) A surety is discharged from his liability where there is failure of Consideration between the Creditor and the Principal Debtor in a Contract of Guarantee. Comment.
- (vii) 'A shelf prospectus is a prospectus issued by a financial institution or a bank'. Comment.
- (viii) 'A private company and a public company may have the same minimum paid up capital'. Comment.
- (ix) 'Social cost and benefit is a proposition for social responsibility'. Comment.
- (x) Is it a social responsibility of businesses to maintain good relationships with employees?

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Question 2: Answer any 4 questions

[4 × 12 = 48]

Question 2(a)

- (i) Referring to a quarrel and disagreement between husband and wife, the husband agreed to execute and register a document in favour of his wife to transfer one of his properties to his wife. Later on husband refused. Whether wife can enforce?
- (ii) X agrees to pay Y a sum of money if Y marries Z. Z however marries F, who died subsequently. After the death of F, Z marries Y. Whether X is legally bound to pay the agreed sum of money to Y? Comment.
- (iii) Mr. Mitra guarantees payment to Mr. Basu to the extent of INR 50,000 for time to time supply of paper by Mr. Basu to Mr.Chandan. Basu supplies paper to Chandan more than the value of INR 50,000 and Mr. Chandan pays. Later on Mr. Basu, at the request of Chandan, supplies paper valued INR 60,000. This time Chandan fails to pay. What action Basu can take against Mitra?
- (iv) A contracts to sell B, by showing sample, certain quantity of sunflower oil described as 'foreign refined sunflower oil'. The oil when delivered matches with the sample, but is not foreign refined sunflower oil. Referring to the provisions of Sale of Goods Act, 1930 advise the remedy, if any, available to B.

[3+4+2+3 = 12]

Question 2(b)

- (i) What would constitute as 'Delivery' in relation to Sale of Goods Act,1930.
- (ii) Mohan introduced Kabir to Seikh as a partner in his firm named Mohan and Friends. But, in fact, Kabir is not a partner in the firm named. However, despite not being a partner in the firm, Kabir not contradicted the aforementioned statement of Mohan, and had preferred to keep quiet, instead. After a couple of days, Seikh had given a loan of ₹ 1,25,000 to the firm. But, as the firm was not paying back the loan amount, Seikh had approached Kabir for repayment of the loan. At this point of time, Kabir refused to repay the loan on the ground that he was never a partner in the firm, and therefore, he cannot be held responsible for the repayment of the loan given not to him but to the firm of Mohan. Do you think that the contention of Kabir in the instant case is legally justified? Give reasons for your answer.
- (iii) The seller had sold to the buyer 1,200 tonnes of stainless steel sheets of a specific quality, which was required under the contract for sale of goods, to be shipped at 100 tonnes per

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month and in equal installments each month. But after 400 tonnes of the total quantity of 1,200 tonnes delivered to and also paid for by the buyer, it was found that the goods which were supplied were not of the agreed quality, and accordingly, he had refused to take any further delivery of the goods. Do you think that the buyer was rightfully entitled to refuse to take any further delivery of the goods? Give reasons for your answer.

[4+4+4 = 12]

Question 2(c)

- (i) Who is a 'occupier' under Factories Act, 1948?

- (ii) Arvind is the owner of a concern manufacturing cigars. 20 persons are employed in the concern. Of these 20 employees, one is a graduate for supervising the work and another apprentice learning work. The remaining 18 are employed not on the time wage system, but on the piece work system. Is the concern 'A Factory' within the meaning of that term under the Factories Act, 1948 ?

- (iii) ABC Ltd bought ghee from various sources. Ghee so bought were sampled chemically, analysed and packed in tins for transportation to various stock points to be sold in market. Does this amount to manufacturing process under the Factories Act, 1948?

- (iv) Distinguish between an 'agent' and a 'servant'.

[3+3+3+3 = 12]

Question 2(d)

- (i) J accepted a bill of exchange and gave it to K for the purpose of getting it discounted and handing over the proceeds to J. K having failed to discount it returned the bill to J. J tore the bill in two pieces with the intention of cancelling it and threw the pieces in the street. K picked up the pieces and pasted the two pieces together, in such manner that the bill seemed to have been folded for safe custody rather than cancelled. K put it into circulation and it ultimately reached L, who took it in good faith and for value. Is J liable to pay the bill under the provisions of the Negotiable Instruments Act, 1881?

- (ii) How is the amount of Gratuity determined in case of the following employees:
 - a) A monthly rated employee
 - b) A piece rated employee
 - c) An employee of a seasonal establishment

- (iii) Define the term 'Cost of living index number' in relation to Minimum Wages Act, 1948.

[4+6+2 = 12]

Question 2(e)

- (i) Examine with reasons, the validity of the following nominations made under the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952:
- (a) J nominated N (his son) as a nominee.
 - (b) M nominated S (his wife) and K (a friend) as nominees.
 - (c) R who does not have a family nominated A (a close relative) as a nominee.
 - (d) G nominated N (a friend) as a nominee because he does not have a family at the time of nomination. Later, after one year he gets married to Z.
- (ii) State the "power to remove difficulties" as per Child Labour (Prohibition and regulation) Act, 1986.
- (iii) State the rules of partnership by holding out, as per Indian Partnership Act, 1932.
- (iv) "Money laundering and siphoning of funds are same". Comment.

[4+3+3+2 = 12]

Question 3: Answer any 2 questions

[2 × 8 = 16]

Question 3(a)

- (i) Explain the need for Accounting Standard in improving Corporate Governance, in present India.
- (ii) "A company does not have unlimited powers to alter its articles of association." Comment.

[5+3 = 8]

Question 3(b)

- (i) Mr. Rahul, vice-president of Flower Ltd., was appointed as an additional director in January, 2014. On the office of managing director falling vacant he was appointed as managing director on existing remuneration. Whether Mr. Rahul will cease to be managing director in the next annual general meeting?
- (ii) What do you understand by 'Nidhi'.

[6+2 = 8]

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Question 3(c)

- (i) How would a company alter the object clause of its memorandum?
- (ii) Under Right to information Act if life or liberty of any person is involved, the PIO is expected to reply within one month. Comment.
- [5+3 =8]

Question 4: Answer any 2 questions

[2 × 8 = 16]

Question 4(a)

- (i) 'Good business ethics promotes good business'. Analyze.
- (ii) State the standards for ethical Marketing guide.
- [6+2 = 8]

Question 4(b)

- (i) Discuss the relation between Ethics and Social Responsibility.
- [8]

Question 4(c)

- (i) Discuss the Profit motive approach of deriving standard of Business ethics.
- (ii) State the social responsibility issues relating to relations with owners and investors.
- [6+2 = 8]