

**Paper-6: LAW, ETHICS AND GOVERNANCE**

**SECTION - A**

**Answer Qs No. 1 (Compulsory) and any 4 from the rest of Section A**

**Question 1:**

**Comment on the following based on legal provisions (no mark for wrong reasons or justification)**  
**2X10=20**

- (a) P contracts with Q for a fixed price to construct a house for Q within a stipulated time. Q would supply the necessary material to be used in the construction. R guarantees P's performance of the contract. Q does not supply the timber as per the agreement. Is R discharged from his liability?
- (b) Z & Co. through a newspaper advertisement announced a season end sale of woolen garments and exhibited the articles in their showroom with the original and the reduced prices marked on them. H, who had read the advertisement, picks up a woolen sweater marked ₹ 500/- as original price and ₹ 200/- as reduced price. But when H offers ₹ 200/- at the counter, the salesman refuses to accept the amount and hand over the article to H. Discuss the rights of H against Z & Co
- (c) P rents out his house situated at Kolkata to Q for a rent of ₹ 5000/- per month. A sum of ₹ 2 lacs, 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.
- (d) As per Industrial Disputes Act, 1947, Charitable Institutions are not industry.
- (e) Bonus is payable only if there is profit. Comment
- (f) Mr. Amit agrees to sale Mr. Rahim 20 bags of wheat out of 200 bags lying in his godown for ₹20,000. Wheat is completely destroyed by fire. Mr. Rahim cannot compel Mr. Amit to supply wheat as per contract.
- (g) A maker of the bill of exchange cannot be discharged until the payment against bill is made.
- (h) Workmen working in a public utility services have right to go on strike even without giving notice.
- (i) D offered to pay ₹ 50,000 to any person would swim a hundred yards on Gopalpur sea coast on New Years's day of 2013. B, a fisherman without any information about the offer, claimed ₹ 50,000 on swimming the distance to save his life after he was accidentally thrown overboard by the rough sea waves. D needs your views.
- (j) R sells the goodwill of his shop to S for ₹ 10,00,000 and promises not to carry on such business forever and anywhere in India. Examine the validity of the contract.

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### Question 2:

- (a) Explain the concept of 'misrepresentation' in matters of contract.
- (b) R proposed to sell his car to S. S sent his acceptance by e-mail. Next day, S sends a Fax withdrawing his acceptance. Examine the validity of the acceptance in the light of the following:
- (i) The Fax of revocation of acceptance was received by R before the email of acceptance.
  - (ii) The Fax of revocation and email both reached together.
- (c) F, B and G jointly borrowed ₹500,000 from W. The whole amount was repaid to W by B. Decide in the light of the Indian Contract Act, 1872 whether:
- (i) B can recover the contribution from F and G,
  - (ii) Legal representatives of F are liable in case of death of F,
  - (iii) B can recover the contribution from the assets, in case G becomes insolvent.
- (d) State the circumstances where under an agent is personally liable to a third party for the acts during the course of agency? **[3+3+3+3 = 12]**

### Question 3:

- (a) When is presentment of an instrument not necessary under the Negotiable Instruments Act?
- (b) C contracts to sell D, by showing sample, certain quantity of butter described as 'Made in Gokul'. The butter when delivered matches with the sample, but is not 'Made in Gokul'. Referring to the provisions of Sale of Goods Act, 1930 advise the remedy, if any, available to D.
- (c) K the owner of a Fiat car wants to sell his car. For this purpose he hand over the car to M, a mercantile agent for sale at a price not less than ₹100, 000. The agent sells the car for ₹75, 000 to B, who buys the car in good faith and without notice of any fraud. M misappropriated the money also. K sues B to recover the Car. Decide given reasons whether K would succeed.
- (d) At an auction sale, H made the highest bid for an article of Y. State the legal position in the following cases :
- i) If H withdrew the bid before the fall of hammer though he knew that one of the condition of the sale was bid once made cannot be withdrawn'.
  - ii) If H appointed two persons A and B, to bid on his behalf. The sale was notified subject to a right to bid.

**[4+2+4+2 = 12]**

### Question 4:

- (a) List the circumstances under which an LLP formed under the Limited Liability Partnership Act, 2008 may be wound up by tribunal?
- (b) Explain 'committee method' and 'notification method' for fixation of minimum wages under the Minimum Wages Act, 1948.
- (c) 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?

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- (d) Polly is an employee in a XYZ Ltd. The following payments were made to him during the previous year :
- i) Piece rate wages
  - ii) Productivity bonus
  - iii) Additional dearness allowance
  - iv) 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+3+3+3=12]**

### **Question 5:**

- (a) 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.
- (b) Safety officers in any factory are optional and not mandatory.
- (c) Farhan failed to give details of travelling expenses on account of tour inspite of several reminders. His company deducted the amount of tour advance from Farhan's salary after expiry of 3 months. Is the company justified under the Payment of Wages Act, 1936?
- (d) Y, on retirement withdrew the entire amount of his accumulation in the provident fund. Later on, he was re-appointed for a fixed tenure. The PF Inspector claimed contribution in respect of salary paid to Y. Is the demand made by PF Inspector tenable in law under The Employees 'Provident' Funds and Miscellaneous Provisions Act, 1952?
- (e) What do you understand by the terms 'premises' and 'precincts' under the Factories Act, 1948?
- (f) 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?

**[6 × 2 = 12]**

### **Question 6:**

- (a) Bill of Exchange dated 1st February, 2013 payable two months after date was presented to the maker for payment 10 days after maturity. What is the date of Maturity? Explain with reference to the relevant provisions of the 'Negotiable Instruments Act, 1881 whether the endorser and the maker will be discharged by reasons of such delay.
- (b) Daily working hours in a factory cannot be more than 8 hours on any day considering ceiling of 48 working hours in a week as per the Factories Act 1948.
- (c) "Nemo Dat Quod Non Habet" — No one can give a better title than he himself has. State the exceptions to the rule.
- (d) G invites F (an actor popular among children for his acts) to his son H's birthday party. F accepts the invitation and promises to attend the party. G made special arrangement for the party and H was very excited about this fact. However F did not turn up for the party. H was very upset and refused to cut the cake. G enraged with F's behavior, wanted to sue for loss incurred in making special arrangements and spoiling the party. G seeks your advice.

**[4+2+4+2 = 12]**

**SECTION - B**  
**Answer any 2 questions**

**Question 7:**

- (a) Explain the term 'right to information' under the RTI Act, 2005.
- (b) What is Project Governance
- (c) A, who was appointed as a Director at the last AGM resigned. The Board filled up the vacancy by appointing B. But within few days of his becoming Director, B died. The Board wishes to appoint C in place of B in the next board Meeting. Can the Board do so?

**[2+3+3 = 8]**

**Question 8:**

- (a) M was appointed as director of the company in an annual general meeting. He took over the office and carried on his functions as director. Subsequently, it was found that there were some irregularities in voting and hence the appointment was declared invalid. Would the acts done by M, while in office as director, be binding upon the company?
- (b) Who cannot be appointed as Cost Auditor? What are the additional disqualifications notified by The Institute of Cost Accountants of India regarding cost auditor.

**[3+5 = 8]**

**Question 9:**

- (a) Distinguish between a public company and a private company.
- (b) In respect of The Right to Information Act, give the definition of "Competent Authority".

**[5+3 = 8]**

**SECTION - C**  
**Answer any 2 questions**

**Question 10:**

- (a) Discuss the 7 principles of public life and state the relationship between law and business ethics.

**[7+1 = 8]**

**Question 11:**

- (a) What is value free ethics? Discuss about its concept and evolution.
- (b) Can business ethics be a professional code?

**[2+4+2 = 8]**

**Question 12:**

- (a) Discuss about the fundamental principles of ethical behavior.
- (b) Write a short note on Business for profit.

**[5+3 = 8]**