

Paper 6 – Laws and Ethics

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Full Marks: 100

Time allowed: 3 hours

The figures in the margin on the right side indicate full marks.

This question paper has two sections.

Both the sections are to be answered subject to instructions given against each.

Section – A

1. Answer all questions. [25 marks]

(a) Multiple Choice Questions [10 Marks]

- (i) Which of the following is not a quasi contract:
- (a) Claim for necessaries supplied to person incapable of contracting, or on his account
 - (b) Reimbursement of person paying money by another, in payment of which he is interested
 - (c) Uncertainty and futurity of the events to which it is related**
 - (d) Responsibility of the finder of lost goods.
- (ii) A person may not become an agent if _____
- (a) He is of the age maturity;
 - (b) He is of unsound mind;
 - (c) Either of the above;
 - (d) None of the above.**
- (iii) Which one of the following is not the discharge by operation of law
- (a) By merger;
 - (b) By insolvency;
 - (c) By breach of contract;**
 - (d) By making unauthorized alteration in the written document.
- (iv) In absence of a contract to the contrary, an agent is entitled to retain _____ of the principal until amount due for commission is not received by him.
- (a) Goods;
 - (b) Papers;
 - (c) Property (whether moveable or immovable);
 - (d) All of the above.**
- (v) The Information Memorandum shall be deemed to be a _____.
- (a) Prospectus**
 - (b) Articles
 - (c) Memorandum

- (d) None of the above.
- (vi) Section 122 of Companies Act, 2013 provides that which of the following provisions are not applicable to an OPC
- (a) Section 100: Calling of EGM
 - (b) Section 101: Notice of Meeting
 - (c) Section 105: Proxies
 - (d) All of the above**
- (vii) A company in which either of the Government has no paid up share capital is called as a _____ company
- (a) Non-Government**
 - (b) Government
 - (c) Listed
 - (d) Non-listed
- (viii) Section 7(4) of Companies Act, 2013 provides that the company shall maintain and preserve copies of all documents and information as originally filed with the registrar till it's _____ under this Act..
- (a) Incorporation
 - (b) Commencement
 - (c) Dissolution**
 - (d) None of the above
- (ix) The company shall not issue sweat equity shares for more than _____ of the existing paid up share capital in a year.
- (a) 10%
 - (b) 15%**
 - (c) 25%
 - (d) None of the above
- (x) _____ are the principles of Business Ethics.
- (a) Avoid exploitation of consumers
 - (b) Avoid unfair trade practices
 - (c) Unfair treatment to employees
 - (d) All of the above**

(b) Fill in the Blanks

[5 Marks]

- (i) Winding up of an LLP can either be **Voluntary** or **by the National Company Law Tribunal.**
- (ii) When an instrument is dishonoured the holder may cause such dishonour to be noted and certified by the notary public. Such certificate is called a **Protest.**
- (iii) A cheque is a bill of exchange drawn on a specified **Banker,** payable on demand.

MTP_ Intermediate _Syllabus 2016_Jun 2017_Set 1

- (iv) Section 206 of Indian Contract Act, 1872 state that **Reasonable notice** must be given before revocation by principal or renunciation of the agency.
- (v) The company shall file an application in Form No **INC - 6** for its conversion from private company to OPC.

(c) True or False

[5 Marks]

- (i) As per Section 24 of PFRDA Act, 2013 the aggregate holding of equity shares by a foreign company either by itself or through its subsidiary companies or its nominees or by an individual or by an association of persons, whether registered or not under any law of a country outside India taken in aggregate in the pension fund shall not exceed twenty-six per cent of the paid-up capital.

True

- (ii) A woman employee may be allowed to work between 6 p.m. and 6 a.m.

False

- (iii) The registered office shall be opened within 15 days from the date of incorporation of the company.

True

- (iv) Where a bill is drawn in sets, the acceptance is required to be put on all the parts separately.

False

- (v) Business ethics is not as important to practice good ethical behavior.

False

(d) Match and Pair

[5 Marks]

	Column I		Column II
1	Annual Leave	A	Auction Sales
2	Right of an unpaid Seller	B	Within 60 days of AGM
3	Filling of Annual Return	C	Capital Redemption Reserve Account
4	Section 64 of Contract Act	D	1 day for every 20 days of work performed
5	Issue of Bonus Share	E	Right to resale

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5	Issue of Bonus Share	C	Capital Redemption Reserve Account

Section – B

2. Answer any 5 questions:

[5×15 = 75]

- (A) (i) How can a surety be discharged from his liability?**
- (ii) Z rents out his house situated at Delhi to W for a rent of ₹10,000 per month. A sum of ₹ 5 lac, the house tax payable by Z to the Municipal Corporation being in arrears, his house is advertised for sale by the corporation. W pays the Corporation, the sum due from Z to avoid legal consequences. Referring to the provisions of the Indian Contract Act, 1872 decide whether W is entitled to get the reimbursement of the said amount from Z.**
- [10+5 = 15]**

Answer:

(A) (i) Discharge of a Surety

A. By revocation which may be by way of –

- (i) Giving notice (**Section 130**): A specific guarantee cannot be revoked by the surety if the liability has already accrued. But continuing guarantee can be revoked by notice as to future transactions.
- (ii) Death of surety (**Section 131**): Surety stands discharged for future transactions unless is contrary is not there in the contract. But deceased surety's estate cannot be liable for any transactions between the creditors and principal debtors after the death of the surety even if the creditor has no notice thereof.
- (iii) Novation i.e. substitution of with a new contract for an old one.

B. By conduct of creditor –

(i) By Variance in terms of contract (Section 133)

Any variance, made without surety's consent, in the terms of the contract between the principal (debtor) and the creditor, discharges the surety as to transactions subsequent to the variance.

(ii) By release or discharge of principal debtor (Section 134)

The surety is discharged by any contract between the creditor and the principal debtor, by which the principal debtor is released, or by any act or omission of the creditor, the legal consequence of which is the discharge of the principal debtor.

(iii) When creditor compounds with, gives time to, or agrees not to sue, principal debtor (Section 135)

A contract between the creditor and the principal debtor, by which the creditor makes a composition with, or promises to give time to, or not to sue, the principal debtor, discharges the surety, unless the surety assents to such contract.

(iv) Discharge of Surety by Creditor's Act or Omission Imparting Surety's Eventual Remedy (Section 139)

If the creditor does any act which is inconsistent with the rights of the surety, or omits to do any act which his duty to the surety requires him to do, and the eventual remedy of the surety himself against the principal debtor is thereby impaired, the surety is discharged.

C. By invalidation of contract:

(i) Guarantee Obtained by Misrepresentation Invalid (Section 142) — Any guarantee which has been obtained by means of misrepresentation made by the creditor, or with his knowledge and assent, concerning a material part of the transaction, is invalid and thus discharge the surety to that extent.

(ii) Guarantee Obtained by Concealment Invalid (Section 143) — Any guarantee which the creditor has obtained by means of keeping silence as to material circumstances is invalid and thus discharge the surety to that extent.

(iii) Guarantee on Contract that Creditor shall not Act on it until Co-Surety joins (Section 144) — Where a person gives a guarantee upon a contract that the creditor shall not act upon it until another person has joined in it as co-surety, the guarantee is not valid if that other person does not join.

(iv) If there is failure of consideration between creditor and principal debtor.

(A) (ii) W is entitled to recover from Z the amount paid to the Municipal Corporation:

- ❖ Since there is a contract between W and Z, viz., quasi contract;
- ❖ Since Z is bound to make the payment of house tax to the Municipal Corporation;
- ❖ Since W is interested in such payment;
- ❖ Since W is not himself liable for such payment.

(B) (i) Limited Liability Partnerships are body corporate. Do you agree? Justify.

(ii) State the circumstances under which a banker is bound to refuse the payment of a cheque.

[5+10 = 15]

Answer:

(B) (i) Limited Liability Partnerships formed and registered under Limited Liability Partnership Act, 2008 are body corporate. All LLPs have the following features:

1. A Limited Liability Partnership is a body corporate formed and incorporated under this Act and is legal entity separate from that of its partners.
2. A limited liability partnership shall have perpetual succession.
3. Any change in the partners of a limited liability partnership shall not affect the existence, rights or liabilities of the limited liability partnership.
4. Save as otherwise provided, the provisions of the Indian Partnership Act, 1932 shall not apply to a limited liability partnership.
5. Any individual or body corporate may be a partner in a limited liability partnership.

(B) (ii) Circumstances when the banker must refuse the payment

Following are the circumstances in which the banker is bound to refuse the payment of a cheque:

- (1) When the customer has countermanded payment.** The term 'countermand' means the issue of instruction to the banker not to pay a particular cheque. Thus, where a customer issues instructions to the banker not to make the payment of a particular cheque, the banker must not make the payment. A cheque, the payment of which is stopped by the customer is known as a 'stopped cheque'. And a stopped cheque is a piece of waste paper in the hands of payee. It is, however, necessary that a countermand to be effective must reach the banker before he had paid the cheque in the ordinary course. It may also be noted that the countermand notice must be duly signed by the customer and give correct particulars of the cheque.
- (2) When the customer has died.** Sometimes, the banker receives notice of customer's death. In such cases, he must refuse the payment of the cheque presented after the notice of death. However, if the payment is made before the banker receives the notice of death, the payment is valid and banker is justified in making such payment.
- (3) When the customer has become insolvent.** Sometimes, the banker receive; the notice of customer's insolvency. In such cases also he must refuse the payment of the cheques presented after the notice.
- (4) When the customer has become a person of unsound mind (i.e. insane).** Sometimes, the banker receives the notice that his customer has become insane. In such cases also, he must refuse payment of the cheque presented after the notice.
- (5) When a garnishee order has been received by the banker.** The term Garnishee order may be defined as a court order attaching the balance in customer's account. When the banker receives such order then he is bound to refuse the payment of the customer's cheque.
- (6) When the cheque is lost.** Sometimes, the drawer informs the banker that a particular cheque is lost. In such cases, banker must refuse the payment of that cheque.

- (7) **When the account is closed.** Sometimes the customer closes his account and gives notice to the banker. In such cases the banker must not pay any cheque of the customer after the closure of the account.
- (8) **When holder's title is defective.** Sometimes, the banker comes to know of any defect in the title of the person presenting the cheque. In such cases, he must refuse the payment of the cheque.
- (9) **When a customer gives notice of assignment of credit balance** in his account, the banker must refuse the payment of cheque.
- (C) (i) **What procedure shall an employee adopt for the recovery of the amount of bonus due to him from his employer under the Payment of Bonus Act 1965?**
- (ii) **Write a note on Central Record Keeping Agency as per Section 21 of PFRDA Act, 2013.** **[8+7 = 15]**

Answer:

(C) (i) Recovery of bonus due from an employer

In those cases where any money by way of bonus is due to an employee from his employer under a settlement or an award or agreement, the employee is entitled to recover the same by following the procedure prescribed in section 21 of the act. It is important to note here that the mode of recovery of bonus prescribed under this section shall be available only if the bonus sought to be recovered is due under a settlement or an award or an agreement. It will not apply to recovery of bonus which is payable under the act.

The provisions relating to the recovery of bonus, as contained in section 21, are as under:

- (1) The bonus due to an employee from his employer under a settlement or an award or agreement, can be recovered by him by making an application to the Appropriate Government for the recovery of the same.
- (2) The application may be made by the employee himself or by any person authorised by him in writing. In case of death of the employee, such an application may be made by his assignee or heirs.
- (3) On receipt of the application, if the Appropriate Government is satisfied that any money is so due to the employee, it shall issue the certificate for that amount to the collector, and the collector shall proceed to recover the same in the same manner as an arrear of land revenue.
- (4) The application to the Appropriate Government should be made within one 'year' from the date on which the money became due to the employee from the employer. However, the Government may entertain such application even after the expiry of said period of one year, if it is satisfied that the applicant had sufficient cause for not making the application within the prescribed period of one year.

(C) (ii) Central Recordkeeping Agency [Section 21]

(1) The Authority shall, by granting a certificate of registration under sub-section (3) of Section 27, appoint a central recordkeeping agency:

Provided that the Authority may, in public interest, appoint more than one central recordkeeping agency.

(2) The central recordkeeping agency shall be responsible for receiving instructions from subscribers through the points of presence, transmitting such instructions to pension funds, effecting switching instructions received from subscribers and discharging such other duties and functions, as may be assigned to it under the certificate of registration or as may be determined by regulations.

(3) All the assets and properties owned, leased or developed by the central record-keeping agency, shall constitute regulated assets and upon expiry of certificate of registration or earlier revocation thereof, the Authority shall be entitled to appropriate and take over the regulated assets, either by itself or through an administrator or a person nominated by it in this behalf:

Provided that the central recordkeeping agency shall be entitled to be compensated the fair value, to be ascertained by the Authority, of such regulated assets as may be determined by regulations:

Provided further that where the earlier revocation of the certificate of registration is based on violation of the conditions in the certificate of registration or the provisions of this Act or regulations, unless otherwise determined by the Authority, the central recordkeeping agency shall not be entitled to claim any compensation in respect of such regulated assets.

(D) (i) List the documents that have to be submitted for incorporation of a company.

(ii) State the conditions for formation of an OPC.

[8+7 = 15]

Answer:

(D) (i) Incorporation of company

Section 7 of the Companies Act, 2013 provides for the procedure to be followed for of a company. The promotor of the company shall submit the following documents to the registrar of companies, whose jurisdiction the registered office of the company is proposed to be situated for registration.

(a) Memorandum and articles of the company duly signed by all the subscribers to the memorandum in such manner as may be prescribed;

(b) A declaration in the prescribed form by an Advocate, a Chartered Accountant, Cost Accountant or Company Secretary in practice, who is engaged in the formation of the company and by a person named in the articles as a director, manager or secretary of the company;

- (c) An affidavit from each of the subscribers to the memorandum and from persons named as the first directors, if any, in the articles stating that
- (1) he is not convicted of any offence in connection with the promotion, formation or management of any company, or
 - (2) he has not been found guilty of any fraud or misfeasance or of any breach of duty to any company under this Act or any previous company law during the last five years.
 - (3) and that all the documents filed with the Registrar for registration of the company contain information that is correct and complete and true to the best of his knowledge and belief;
- (d) The address for correspondence till registered office is established;
- (e) All particulars of every subscriber to the memorandum along with the proof of identity;
- (f) The particulars of the persons mentioned in the articles as the first directors of the company;
- (g) The consent to act as directors of company in such form as may be prescribed.

The memorandum of association and articles of association are the basic essential documents of the company.

(D) (ii) Conditions for formation of an OPC

The following are the conditions in formation of an OPC:

- No person shall be eligible to incorporate more than a OPC or become nominee in more than such company;
- Where a natural person, being a member of OPC in accordance with this rule becomes a member in another such company by virtue of his being a nominee in that OPC, such person shall meet the eligibility criteria within a period of 182 days;
- No minor shall become member or nominee of OPC or can hold share with beneficial interest;
- Such company cannot be incorporated or converted into Section 8 company;
- Such company cannot carry out Non Banking Financial investment activities including investment activities in securities of anybody corporate;
- No such company can convert voluntarily into any kind of company unless two years have expired from the date of incorporation of OPC, except threshold limit of paid up share capital is increased beyond ₹50 lakh or its average annual turnover during the relevant period exceeds ₹2 crore rupees.

- (E) (i) Discuss about the contents of the Annual Return**
(ii) Write about the rules regarding repayment of deposits accepted before the commencement of Companies Act, 2013 **[10+5 = 15]**

Answer:

(E) (i) Contents of the Annual Return

Section 92 of the act requires a company to file Annual Return. This section provides that every company shall prepare a Annual Return in Form No. MGT-7. The Annual Return shall contain the following particulars as they stood at the end of the financial year:

- the register office of the company, its principal business activities, particulars of its holding, subsidiary and associate companies;
- its shares, debentures and other securities and shareholding pattern;
- its indebtedness;
- its members and debenture holders along with changes therein since the close of the previous financial year;
- its promoters, directors, key managerial personnel along with changes therein since the close of the previous financial year;
- meetings of members or a class thereof, Board and its various committees along with attendance details;
- remuneration paid to Directors and Key Managerial Personnel;
- penalty and punishment imposed on the company, its directors or officers and details of compounding of offences and appeals made against such penalty or punishment;
- matters relating to certification of companies, disclosures as may be prescribed;
- details in respect of shares held by or on behalf of the Foreign Institutional Investors indicating their names, addresses, countries of incorporation, registration and percentage of shareholding held by them; and
- such other matters as may be prescribed.

The return shall be signed by a director and the Company Secretary. Where there is no company secretary, then it shall be signed by a Company Secretary in practice.

The proviso to Section 92(1) provides that the annual return of a OPC and small company, shall be signed by the Company Secretary or where there is no Company Secretary by the director of the Company.

- (E) (ii) Repayment of deposits accepted before the commencement of Companies Act, 2013**

Section 74 (1) provides that if any deposit is accepted before the commencement of the Companies Act, 2013 the amount of such deposit or part thereof or any interest due thereon remains unpaid the company shall within a period of 3 months from such commencement or from the date on which such payments due at any time thereafter the company shall-

- file a statement of all deposits accepted by the company and the sums remaining unpaid on such amount with interest thereon along with the arrangements made for such repayment with the Registrar within a period of three months from such commencement or from the date on which such payments are due; and
- repay within one year from such commencement or from the date on such payments are due, whichever is earlier.

Section 74(2) provides that the Tribunal may, on an application made by the company, after considering the financial condition of the company, the amount of deposit or part thereof and the interest payable thereon and such other matters allow further time as considered reasonable to the company to repay the deposit.

- (F) (i) Discuss in brief about the values and attitudes of Professional Accountants.**
(ii) The Minimum Wages Act, 1948 prescribes payment of wages in cash only. Comment
[10+5 = 15]

Answer:

(F) (i) Values and attitudes of Professional Accountants

The roles, professional accountants take on a vast array of other roles in businesses of all sorts including in the public sector, not-for-profit sector, regulatory or professional bodies, and academia. Their wide ranging work and experience find commonality in one aspect – their knowledge of accounting. As such, professional accountants in businesses therefore have the task of defending the quality of financial reporting right at the source where the numbers and figures are produced besides the cost accounting. Like their counterparts in taxation or auditing, professional accountants in business play important roles that contribute to the overall stability and progress of society. Without public understanding of all these diverging roles and responsibilities of different accounting specialists working in business, public perceptions of their value may be misinformed.

A competent professional accountant in business is an invaluable asset to the company. These individuals employ an inquiring mind to their work founded on the basis of their knowledge of the company's financials. Using their skills and intimate understanding of the company and the environment in which it operates, professional accountants in business ask challenging questions. Their training in accounting enables them to adopt a pragmatic and objective approach to solving issues. This is a valuable asset to management, particularly in small and medium enterprises where the professional accountants are often the only professionally qualified members of staff.

Cost management is an activity of managers related to planning and control of costs. Managers have to take decisions regarding use of materials, processes, product designs and have to plan costs or expenses to support the operating plan for their department or section. All these activities come under cost management. Information from accounting systems help managers in cost management activities. But the cost accounting system and the reports it generates is not the cost management system. Accounting system can be interpreted as a part of cost management system of an organization.

Cost management is not cost reduction alone. It is much broader. Organization increase advertising expenditure to increase sales, increase research and development expenditures to promote new products. Here the concerned managers are deliberately incurring additional costs in a period (compared to the previous period) as they expect profits from such decisions or expenditures. Cost management system has to ensure that a cost is incurred with the expectation of profit.

The role of management accounting is also described as problem solving, score keeping and attention directing.

- **Problem solving:** The role of accounting in problem solving is to provide information useful in evaluating alternatives.
- **Scorekeeping:** Scorekeeping records the results of various actions of the managers and helps in assessing whether the results expected from the various actions are realized or not.
- **Attention directing:** The scorekeeping function in combination with expected results, and comparative analysis of scores of various companies, divisions and departments, comparative analysis of present period scores or results with previous periods show opportunities of focusing attention of managers to improve things.

(F) (ii) Payment of Minimum Wages in cash only

1. Minimum wages payable under the Minimum Wages Act shall be paid in cash.
2. Where it has been the custom to pay wages wholly or partly in kind, the Appropriate Government being of the opinion that it is necessary in the circumstances of the case may by notification in the Official Gazette authorise the payment of minimum wages either wholly or partly in kind
3. If Appropriate Government is of the opinion that provision should be made for the supply at essential commodities at concessional rates the Appropriate Government may by notification in the Official Gazette authorise the provision of such supplies at concessional rates.
4. The cash value of wages in kind and of concessions in respect of supplies of essential commodities at concessional rates authorised under sub-sections (2) and (3) shall be estimated in the prescribed manner.

(G) Write a note on: (Any Three)

[5 × 3 = 15]

- (i) Mode of settlement of accounts between partners**
- (ii) Determination of amount of Gratuity**
- (iii) Condition for conversion of a Sec 8 company into a company of any other kind**
- (iv) Consequences of unethical behaviour**

Answer:

(G) (i) Mode of settlement of accounts between partners

Section 48 provides the mode of settlement of accounts between the partners after the dissolution. In this regard, the following shall be observed, subject to the agreements by the partners -

1. losses, including deficiencies of capital, shall be paid first out of profits, next out of capital and lastly if necessary by the partners individually in the proportions in which they were entitled to share profits;
2. the assets of the firm, including any sums contributed by the partners to make up deficiencies of capital shall be applied in the following manner and order-
 - in paying the debts of the firm to the third parties;
 - in paying to each partner ratably what is due to him from the firm for advances as distinguished from capital;
 - in paying to each partner ratably what is due to him on account of capital; and
 - the residue, if any, shall be divided among the partners in the proportions in which they were entitled to share profits.

(G) (ii) Determination of the amount of Gratuity

Section 7 prescribes the procedure for determination of the amount of gratuity. As soon as the gratuity becomes payable, the employer shall, whether the employee has made application or not, determine the amount of gratuity. Then he is to give notice to the person to whom the gratuity is payable and also to the Controlling Authority, specifying the amount of gratuity so determined. The notice shall be in Form L.

The employer shall arrange to pay the amount of gratuity within 30 days from the date of its becoming payable to the person to whom it is payable. If it is not paid within the stipulated period the employer is liable to pay interest at the rate of 10% per annum. If the delay in payment is due to the fault of the employee and the employer has obtained permission in writing from the controlling authority for the delayed payment, on this ground, no interest is payable.

If the claim for gratuity is not found admissible, issue a notice in Form 'M' to the applicant employee, nominee or legal heir, as the case may be, specifying the reasons why the claim for gratuity is not considered admissible. In either case a copy of the notice shall be endorsed to the controlling authority.

(G) (iii) Condition for conversion of a Sec 8 company into a company of any other kind

Rule 21 provides conditions for conversion of a company registered under Section 8 into a company of any other kind.

Rule 21(1) provides that a company registered under Section 8 which intends to convert itself into a company of any other kind shall pass a special resolution at a general meeting for approving such conversion.

Rule 21(2) provides that the explanatory statement annexed to the notice, convening the general meeting shall set out in detail the reasons for opting for such conversion including the following;

- the date of incorporation of the company;
- the principal objects of the company as set out in the memorandum of association;
- the reasons as to why the activities for achieving the objects of the company cannot be carried on the current structure i.e., as a Section 8 company;
- if the principal or main objects are proposed to be altered, then what would be the altered objects and the reasons for the alteration;
- what are the privileges or concessions currently enjoyed by the company, if any, that were acquired by the company at concessional rates or prices or gratuitously and, if so, the market prices prevalent at the time of acquisition and the price that was paid by the company, details of any donation or bequests received by the company with conditions attached to their utilization etc.,
- details of impact of the proposed conversion on the members of the company including the details of any benefits that may accrue to the members as a result of the conversion.

Rule 21 (3) provides that a certified true copy of the special resolution along with a copy of the notice convening the meeting including the explanatory statement shall be filed with the Registrar in Form No. MGT-14 along with the fee.

Rule 21(4) requires that the company shall also file an application in Form No. MGT-18 with the Regional Director along with the fee. A certified copy of special resolution and a copy of the notice convening the meeting including the explanatory statement shall be attached, the proof of serving the notice served to all the authorities under Rule 22(2).

Rule 21(5) requires that a copy of the application with annexures as filed with Regional Director shall also be filed with the Registrar.

(G) (iv) Consequences of Unethical behavior

Unethical behavior has adverse effects on business. Moreover, working for an unethical, deceptive, unfair or dishonest organization requires one to take unethical or compromised decisions which also take a toll on physical, mental and emotional health of individuals. Unethical behavior has a few consequences, as follows:

Firstly, if a company is unethical, the word spreads fast, and the reputation and goodwill of the company is at stake. Such impact can be of a permanent nature destroying the company's reputation possibly forever.

Secondly, unethical behaviour can also have a detrimental impact on the productivity of a company due to mistrust and lack of faith among the employees.

Thirdly, unethical behavior can, not only cause a company to lose good and valuable employees, but also it can be quite difficult to find new employees.

Moreover, indulgence in unethical behavior shall not only be instrumental in expediting the cost of training of new employees in terms of money, but also loss of valuable time which could be spent in production. Such disruptions or slowing down of production will result in greater customer dissatisfaction and fewer new customers. It is proved that good ethics carries many benefits, and its violations – penalties, and therefore refraining from unethical behavior should be the sine-qua-non consideration for an organization.