

## **Paper 6- Law 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 paper contains five questions.**

**All questions are compulsory, subject to instruction provided against each questions.**

**All workings must form a part of your answer.**

**Assumptions, if any, must be clearly indicated.**

**Section A**

**I. Answer all the following questions. [20 ×1 = 20]**

**(a) Multiple choice questions:**

- (i)** The shifting of registered office shall not be allowed if any \_\_\_\_\_ has been initiated against the company or any prosecution is pending against the company under the Act
- (a) Inquiry  
(b) Inspection  
(c) Investigation  
(d) Any one of the above
- (ii)** Where a company has changed its name or names during the last \_\_\_\_\_ years, it shall paint or affix or print along with the name, the former name or names so changed.
- (a) Five  
(b) Three  
(c) Two  
(d) None of the above
- (iii)** Companies set up by special \_\_\_\_\_ or State Legislatures are called statutory companies.
- (a) Central legislatures  
(b) Acts of Parliament  
(c) Directives of the President of India  
(d) Company Law Board
- (iv)** A Drawer is:
- (a) A person, who draws a cheque  
(b) A bank on whom a cheque is drawn  
(c) A person in whose favour a cheque is drawn  
(d) None of the above
- (v)** In case of conflict of jurisdiction of the courts, the incidence of a contract shall be governed by the law of the place where the:

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- (a) Contract is made
  - (b) Contract is performed
  - (c) Acceptor resides
  - (d) Proposer resides
- (vi)** Application for Director Identification Number (DIN) is to be made to Central Govt. in Form:
- (a) DIR-3
  - (b) DIR-2
  - (c) DIR-1
  - (d) None of the above
- (vii)** Section 4(1) provides that gratuity shall be payable to an employee on the termination of his employment after he has rendered continuous service for not less than \_\_\_\_\_ years.
- (a) Five
  - (b) Three
  - (c) Ten
  - (d) None of the above
- (viii)** A, B and C are partners of an unregistered firm. D owns this firm Rs 1000 on a contract. The firm filed a suit against D the suit is dismissed for non-registration of the firm. The firm is registered later on. In this case which one of the following statements is MOST APPROPRIATE:
- (a) The firm can successfully bring the suit against D
  - (b) Registration must have been effected by the firm, before a suit is filed in the court
  - (c) The firm cannot file suit against D
  - (d) None of the above
- (ix)** The first case on the 'doctrine of frustration' as decided by the Supreme Court of India is:
- (a) Basanti Bastralaya v. River Steam Navigation Co. Ltd.
  - (b) Raja Dhuruv Dev Chand v. Raja Harmohinder Singh
  - (c) Sushila Devi v. Hari Singh
  - (d) Satyabrata Ghosh v. Mugneeram
- (x)** Section 53 provides that if a worker is deprived of any of the weekly holidays he shall be allowed within \_\_\_\_\_ in which the holidays were due to him compensatory holidays of equal number to the holidays so lost shall be given.
- (a) Two following weeks
  - (b) Three months
  - (c) The month
  - (d) None of the above

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- (xi) The Sarbanes-Oxley Act was formed by the US in the year:
- (a) 2002
  - (b) 2003
  - (c) 2004
  - (d) 2005
- (xii) In case of employee covered under the ESI, the accident report shall be sent in \_\_\_\_\_ to local office of the ESI to which the company attached.
- (a) Form No. 18
  - (b) Form No. 18A
  - (c) Form No. 25
  - (d) Form No. 16
- (xiii) As per Employees' State Insurance Act, 1948, the rate of Employer's contribution is:
- (a) 3.25%
  - (b) 4.50%
  - (c) 4.75%
  - (d) 4.95%
- (xiv) Under the provisions of section 143 of the Negotiable Instruments Act, 1881, all offences under the Act are to be tried by:
- (a) any Judicial Magistrate
  - (b) Judicial Magistrate of the First Class or by a Metropolitan Magistrate
  - (c) only a District Judge
  - (d) none of the above
- (xv) The minimum age limit for appointment of Managing Director and the Whole time director is \_\_\_\_\_ years.
- (a) 25
  - (b) 18
  - (c) 21
  - (d) 40
- (xvi) A person shall not be eligible for appointment as a Director of a company, if-
- (a) is of unsound mind
  - (b) is an undischarged insolvent
  - (c) has applied to be adjudicated as an insolvent
  - (d) All of the above
- (xvii) The primary purpose of employee safety programme is to preserve the employees':
- (a) Mental health
  - (b) Physical health
  - (c) Emotional health
  - (d) All of the above

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- (xviii) When parties enter into a contract on telephone the contract becomes complete at the place where acceptance is heard by the proposer. This has been provided:
- In no section of Indian Contract Act but so decided by the Supreme Court
  - In section – 2
  - In section – 3
  - In section – 4
- (xix) Public Notice under the Indian Partnership Act, 1932 is given in the following manner:
- Serving a copy of the Notice to the Registrar of firms
  - Publishing the Notice in the Official Gazette
  - Publishing the Notice in one vernacular newspaper circulating in the district where the firm's principal place of business is situated
  - All of the above
- (xx) Who may negotiate?
- Drawer
  - Payee
  - All of the above
  - Any of (a) and (b)

(b) Match the following:

[5 x 1 = 5]

|    | Column A           |   | Column B                                       |
|----|--------------------|---|--|
| 1. | Implied Contract   | A | Three months                                   |
| 2. | Maternity Benefit  | B | Section 2(85)                                  |
| 3. | Ostensible Partner | C | Director Identification Number                 |
| 4. | Small Company      | D | Person entering metro station                  |
| 5. | DIN                | E | Who is engaged in the conduct of the business. |

### Section B

2. Answer any Three questions:

[3 × 7 = 21]

- (a) Explain the difference between Contract of Indemnity and Contract of Guarantee. [7]
- (b) Who is an unpaid seller? Discuss about the rights of an unpaid seller against goods? [7]
- (c) Explain the types of endorsement of Negotiable Instruments? [7]
- (d) Akhilesh entered into an agreement with Shekhar to deliver him (Shekhar) 5,000 bags to be manufactured in his factory. The bags could not be manufactured because of strike by the workers and Akhilesh failed to supply the said bags to Shekhar. Decide whether Akhilesh can be exempted from liability under the provisions of the Indian Contract Act, 1872. [7]

**Section C**

- 3. Answer any three questions:** **[3 × 6 =18]**
- (a) How would wages be fixed for a worker who works for less than normal working day, as per Minimum Wages Act, 1948. **[6]**
- (b) 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? **[6]**
- (c) Explain the power of Central Government to appoint Inquiry Committee under Section 41-D of the Factories Act, 1948. **[6]**
- (d) Describe the provisions relating to contribution by the employees and the employer under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. **[6]**

**Section D**

- 4. Answer any two questions:** **[2 x 13 = 26]**
- (a) (i) Having a common seal is compulsory for companies. Comment  
(ii) What do you understand by an 'Associate Company'? **[6]**
- (b) (i) Companies may be differentiated based on their basis of control. Comment. **[8]**  
(ii) What are the conditions that need to be satisfied to be a small company, as per Companies Act, 2013? **[5]**
- (c) (i) The management of Ambika Properties Ltd., has decided to take up the business of chemical processing activity because of the downward trend in real estate business. There is no provision in the object clause of the Memorandum of Association to enable the company to carry on such business. State with reasons whether its object clause can be amended. State briefly the procedure to be adopted for change in the object clause in the light of Companies Act, 2013.
- (ii) According to the Institute of Internal auditors, „Internal audit involves five areas of operation“. Explain this statement. **[7+6 = 13]**

**Section E**

- 5. Answer any one question:** **[1x10 = 10]**
- (a) State the fundamental principles of Ethical Behaviour. **[10]**
- (b) (i) Is it possible to have single right answer to all ethical issues? **[5]**  
(ii) Point out the difference between Ethical Code and Ethical Contract. **[5]**

