

PAPER 6 – Laws, Ethics & Governance
[Answer to Question No.1 is compulsory]

1. Choose the correct answer from the given four alternatives:

[1*20=20]

- (i) If part of a contract is illegal then the whole Contract will be
- (a) Voidable
 - (b) Void
 - (c) Legal
 - (d) Illegal
- (ii) Which of the following is not a prohibited occupation under the Child Labor (Prohibition & Regulation) Act, 1986?
- (a) Foundries
 - (b) Diving
 - (c) Carpet Weaving
 - (d) Abattoirs/slaughter Houses
- (iii) A Contract of Sale may be
- (a) An agreement
 - (b) Unconditional
 - (c) Absolute or Conditional
 - (d) Legal contract
- (iv) Mr. Dogla signs an instrument stating, 'I promise to pay Mr. Das or order ₹5,000.' This is a
- (a) Mere acknowledgement
 - (b) Promissory note
 - (c) Condition to pay
 - (d) There is a promise but the sum is not certain
- (v) If all the partners, but one are insolvent it is
- (a) Dissolution of an agreement
 - (b) Dissolution of firm
 - (c) May or may not cause dissolution
 - (d) None of above
- (vi) A banking partnership business can have
- (a) Not more than 10 partners
 - (b) Not more than 20 partners
 - (c) Not more than 50 partners
 - (d) Any number of partners
- (vii) A new partner may be admitted to a partnership
- (a) With the consent of all partners
 - (b) With the consent of two third of old partners
 - (c) With the consent of any one of the partners
 - (d) Without the consent of old partners

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- (viii) Ensuring the safety, health and welfare of the employees is the primary purpose of the
- (a) Factories Act, 1948
 - (b) Payment of wages Act, 1936
 - (c) Equal remuneration Act, 1976
 - (d) Industrial Dispute Act, 1947
- (ix) Which of the following is not connected with employee safety and healthy?
- (a) The Factories Act, 1948
 - (b) The Mines Act, 1952
 - (c) The Payment of wages Act, 1965
 - (d) The Dock Workers (Safety, Health and Welfare) Act, 1986
- (x) The Prevention of Money Laundering Act, 2002(PMLA) come into enforce on
- (a) 1st July 2002
 - (b) 1st July 2003
 - (c) 1st July 2004
 - (d) 1st July 2005
- (xi) The latin term "quid pro quo" refers to:
- (a) Something in return
 - (b) Stranger to consideration
 - (c) Something sensible
 - (d) Something valuable
- (xii) A Company is
- (a) A Body Corporate
 - (b) A Company is an Artificial person
 - (c) A Company is an Abstract in law
 - (d) All of the above
- (xiii) Section 292A of the Companies Act, 1956 requires that every public limited company having a paid up capital of at least to constitute audit committee.
- (a) ₹50 crore
 - (b) ₹5 crore
 - (c) ₹50 lakhs
 - (d) 5 lakhs
- (xiv) The Cost auditor shall be appointed by the.....
- (a) Board of directors with the previous approval of the Central Government
 - (b) Board of directors with the previous approval of the State Government
 - (c) Board of directors and Managers with the previous approval of the Central Government
 - (d) Board of directors and Managers with the previous approval of the State Government
- (xv) Who is responsible for ethical behavior?
- (a) Lecturers and supervisors
 - (b) The Psychologist
 - (c) The Participants
 - (d) The Psychological communit

- (xvi) What is the major drawback of offering financial incentive for participation?
(a) It may mean that people who are wealthy are less to participate
(b) It can be expensive
(c) It can be coercive
(d) None of these
- (xvii) The Right to Information Act, 2005 is enacted to secure the citizen of India the fundamental right of:
(a) Right of Freedom of Speech and Expression
(b) Right to Equality
(c) Right to Freedom of Religion
(d) Right to Constitutional Remedies
- (xviii) The Cadbury Report was formed in the year:
(a) 1992
(b) 1995
(c) 1998
(d) 1999
- (xix) The provisions regarding Statement in lieu of Prospectus is contained under of Companies Act, 1956.
(a) Section 56
(b) Section 60
(c) Section 70
(d) Section 80
- (xx) Prospectus is
(a) An unauthentic record
(b) An invitation
(c) Protection of employees
(d) None of the above

SECTION A

[Attempt any 4 questions]

2. (a) **A Cricket Match is to be held between India and Pakistan. X agrees to pay ₹1,00,000 to Y if India wins the match and agrees to deposit the money with Z a third person of confidence for this purpose. X borrows ₹1,00,000 from W. What will be the implication of this case? Discuss. [3]**
- (b) **Vinky drew a cheque crossed Not Negotiable in blank and handed it to her Clerk to fill in the amount and the name of the payee. The clerk inserted a sum in excess of her authority and delivered the cheque to Shinky in payment of a debt of her own. Decide. [2]**
- (c) **Arup, a 57 years old district judge was appointed by Central Govt. as presiding officer of the Employees Provident Funds Appellate Tribunal from a period of 5 years. After 3 years, he (Arup) resigns from his office and ceases to work with immediate effect without handing over the charge to his successor, who was not appointed by the Govt. till that date. Examine the**

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validity of Arup's action to cease work under the provisions of the Employee's Provident Funds and Miscellaneous Provisions Act, 1952. [2]

(d) When and to whom is gratuity payable under the Payment of Gratuity Act, 1972? [3]

(e) Amita Ltd. imposed a fine on Sumit, one of its employees for regularly reporting late for work. The fine was imposed on 4th April, 2013. The management wanted to recover the amount in September, 2013 during half yearly increment. Can the Company recover as per the Payment of Wages Act, 1936? [2]

3. (a) Can a person apply for review of any order passed by the appropriate authority or any official under the Employees' Provident Funds and Miscellaneous Provisions Act, 1952? If so, state the provisions. [3]

(b) What do you understand by a Contract of Guarantee? What are the essential features of a Contract of Guarantee? [2+5=7]

(c) Ria delivered a horse to Jia. Jia incurred ₹500 as feeding expenses and ₹1000 as medical expenses when the horse became sick. State the legal position (i) if nothing was charged by either party, (ii) if Ria charged ₹2500 from Jia. [2]

4. (a) Explain 'holder' and 'holder in due course' in respect of the Negotiable Instruments Act, 1881. [2]

(b) Discuss the provisions under Prevention of Money Laundering Act, 2002 in respect of Offences to be Cognizable and Non-Bailable. [4]

(c) State the provisions regarding Compromise, Arrangement or Reconstruction of Limited Liability Partnership. [6]

5. (a) Who is regarded as an employee under the Payment of Bonus Act, 1965? [2]

(b) Piu purchased from Kia 2000 bottles of canned juice to be packed in cases, each containing 35 bottles but Kia supplied cases containing 20 bottles. Does Piu have right to reject the goods? [2]

(c) Aditya is engaged in two types of job in a factory, that of a mechanic and watchman. The wage rates are different for two different jobs. The employer calculates his minimum wage at an average rate. State whether this is correct as per the Minimum Wages Act, 1948? [2]

(d) A, B and C were partners in ABC & Co. During the course of partnership, the firm ordered Sindha Ltd. to supply a machine to the firm. Before the machine was delivered, A expired. The machine, however, was later delivered to the firm. Thereafter, the remaining partners became insolvent and the firm failed to pay the price of machine to Sindha Ltd.

Explain with reasons:

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- (i) Whether A's private estate is liable for the price of the machine purchased by the firm?
- (ii) Against whom can the creditor obtain a decree for the recovery of the price? [2]
- (e) "The dominant purpose of Employees' Compensation Act is to protect the workmen." – Elaborate the statement. [4]
6. (a) What is Money Laundering? Discuss the powers of Director to impose fine. [2+2=4]
- (b) State the distinction between Condition and Warranty. Also state when Condition can be treated as Warranty? [3+3=6]
- (c) Who is an insurable employee under the Employees' State Insurance Act, 1948. [2]

SECTION B

[Answer any two questions]

7. (a) A Company was incorporated on 10th April, and had entered into a contract with a third party on 9th March for supply of goods. After incorporation, the Company does not want to proceed with the contract. State in this connection, whether the Company is bound by the contract. If not, who can be held personally liable? [4]
- (b) State the procedure regarding how a person seeking information may apply under Right to Information Act, 2005. [4]
8. (a) In ABC Ltd. three Directors were to be appointed. The item was included in agenda for the Annual General Meeting scheduled on 30th September, 2012, under the category of 'Ordinary Business'. All the three persons as proposed by the Board of Directors were elected as Directors of the company by passing a 'single resolution' avoiding the repetition (multiplicity) of resolution. After the three directors joined the Board, certain members objected to their appointment and the resolution. Examine the provisions of Companies Act, 1956 and decide:
- (i) Whether the contention of the members shall be tenable and whether both the appointment of Directors and the single resolution passed at the Company's Annual General Meeting shall be void.
- (ii) What would be your answer in case the company in question is an "Association not for Profit" incorporated under Section 25 of the Companies Act, 1956? [4]
- (b) During the year 2012, A Ltd. held four meetings of the Board on 1st January 2012, 9th May 2012, 15th October 2012 and 30th December 2012. Examine whether this was in accordance with the provisions of the companies Act, 1956? [4]
9. (a) Write a short note on Corporate Governance in Germany. [4]
- (b) Discuss the scope of Internal Auditing. [4]

SECTION C

[Answer any two questions]

10. (a) Business ethics, professionally adheres to a code of conduct. State the same. [4]
(b) Point out the difference between Ethical Code and Ethical Contract. [4]
11. (a) Discuss the Concept of Value-free Ethics. [4]
(b) State the consequences of Unethical Behavior. [4]
12. 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. [8]