

LEGAL ASPECTS OF BUSINESS

UNIT I -COMMERCIAL LAW

2 Marks

1. Define Contract.

A Contract is an exchange of promises. It is formed by two or more persons. When such agreement fulfills the conditions of section 10 of the Indian Contract Act, it becomes the contract.

2. What are the elements of contract?.

- Agreement
- Lawful Consideration
- Capacity of Parties
- Lawful Object
- Certainty

3. What are the types of Contract?

- On the basis of Enforceability
- On the basis of Formation
- On the Basis of Performance
- On the Basis of Obligation.

4. What is Quasi – contract?

Quasi – Contracts are defined to be “the lawful and purely voluntary acts of a man, from which there results any obligation whatever to a third person, and sometime a reciprocal obligation between the parties. It is not legitimately done, but the terms are accepted and followed as if there is a legitimate contract”.

5. What is Quantum Meruit?

The Phrase ‘ Quantummeruit ‘ means ‘as much as merited’ ‘as much as earned’. The general rule of law is that unless a person has performed his obligations in full, he cannot claim performance from the other.

6. Define Agent.

According to Section 182 of the Act, “An Agent is a person employed to do any act for another or to represent another in dealings with third persons”.

7. Define the Contract of Sale of Goods.

According to Section 4(1) of the sale of Goods Act, 1930, “ A contract of Sale of Goods is a contract where by the seller transfers or agrees to transfer the property in goods to the buyer for a price. There may be a

contract of sale between one part-owner and another". A Contract of sale may be absolute or conditional.

8. Meaning and Definition of Unpaid Seller.

By virtue of section 45 of the Act, the seller of the goods is deemed to be an "unpaid seller" in the following cases, namely.

- When the whole price has not been paid or tendered.
- When a bill of exchange or other negotiable instrument has been received as conditional payment, and the condition not been fulfilled by reason of the dishonor of the instrument or otherwise.

9. Meaning of Auction sale.

Auction sale means a public sale where intending buyer assemble at one place and offer the price at which they are ready to buy the goods. The offer of the price is known as 'bid' and the person making the bid is known as the 'bidder'.

10. What is Guarantee?

The mechanism adopted to ensure performance of a contract of sale is expressed in the form of guarantee. In the event of seller 's failure to deliver the contract goods, the buyer may stand to lose profits and pay damages to his sub-buyers.

16 Marks

1. What is sales contract? Discuss the nature of sales contract.
2. Distinguish between sale and agreement to sell.
3. Who is an unpaid seller? Discuss the various rights of unpaid seller.
4. Discuss the various types of negotiable instruments.
5. Define cheque. What are its essential features? How does it differ from a bill of exchange.

UNIT – II – COMPANY LAW

2 Marks

1. Define Company Law.

According to the Indian companies Act 1956, a company is “ A company formed and registered under this Act or an existing company”. An existing Company” means a company formed and registered under any of the former companies Act.

2. What are the types of Companies?

- On the Basis of Incorporation
- On the Basis of Liability
- On the Basis of No.of Members
- On the Basis of Control
- On the Basis of Ownership.

3. What is memorandum of Association?

According to Section 2(28) of the Companies Act, 1956, “Memorandum means the memorandum of Association of a company as originally framed or as altered from time to time in pursuance of any previous companies law or of this Act”.

4. What are the clauses in memorandum of Association?

- Name Clause
- Registered Office Clause
- Objects Clause
- Liability clause
- Capital clause.
- Association Clause

5. What is Articles of Association?

The Articles of Association of a company and its by laws are regulations, which govern the management of its internal affairs and the conduct of its business. It defines the duties, rights, powers and authority of the management and the Board of Directors.

6. What is Prospectus?

Prospectus as such is an invitation or offer to the public to subscribe for shares of company, if desired by them. It contains all material information required regarding financial aspects of the company and helps people in making decision. Whether they should subscribe for shares of the company or not.

7. What are the types of Prospectus?

- Offer Document

- Draft Offer Document
- Red Herring Prospectus
- A bridged Prospectus
- Shelf Prospectus.

8. Define Corporate Governance.

According to Cadbury committee, “ Corporate governance is defined as the system by which companies are directed and controlled”.

According to Rafael La Porta, “Corporate Governance to a large extent is a set of mechanisms through which outside investors protect themselves against expropriation by the insiders.

9. Discuss about the parties of corporate governance.

- Board of Directors
- Shareholders
- Management

10. What are the principles of Corporate governance?

- Fairness
- Transparency and Disclosure
- Responsibility
- Trusteeship
- Empowerment and Accountability
- Controls Ethical Corporate Citizenship

16 Marks

1. What is a company? Discuss its nature in details.
2. Describe the various types of companies.
3. State the various types of prospectus. What are its contents?
4. State the Characteristics of corporate governance
5. Discuss the need and scope of corporate governance.

UNIT – III – INDUSTRIAL LAW

2 Marks

1. Define Factory.

According to Section 2(m) of the Factories Act, 1948, “ Factory” means any premises including the precincts thereof:

Where on 10 or more workers are working or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power.

2. Define Certifying Surgeons.

Appointment of Certifying Surgeons: The State Government may appoint qualified medical practitioners to be certifying surgeons for the purposes of this Act within such local limits or for such factory or class or description of factories as it may assign to them respectively Section 10(1).

3. Define Hazardous Process.

“Hazardous Process” means any process or activity in relation to an industry specified in the First Schedule where, unless special care is taken, raw materials used thereof or the intermediate or finished products, by-products, wastes or effluents thereof would:

- Cause material impairment to the health of the persons engaged in or connected therewith, or
- Result in the pollution of the general environment.

4. Define Wages.

“Wages” means all remuneration (whether by way of salary, allowances or otherwise) expressed in terms of money or capable of being so expressed which would, if the terms of employment express or implied, were fulfilled, be payable to a person employed in respect of his employment or of work done in such employment.

5. What are the various kinds of deductions?

- Fines
- Deductions for Absence from Duty
- Deductions for Damage or Loss
- Deductions for House Accommodation
- Deductions for Amenities and Services
- Deductions for Recovery of Advances

6. Define Allocable Surplus.

In relation to an employer, being a company other than banking company which has not made the arrangements prescribed under the Income Tax

Act, 1961 for the declaration and payment within India of the dividends payable out of its profits in accordance with the provisions of Section 194 for the Income-Tax Act,1961, Sixty seven per cent of the available surplus in an accounting year.

7. What is Set-On?

Where for any accounting year, the allocable surplus exceeds the amount of maximum bonus payable to the employees in the establishment under Section 11, then, the excess shall, subject to a limit of twenty per cent of the total salary or wage of the employees employed in the establishment in that accounting year, be carried forward for being set-on in the succeeding accounting year and so on upto and inclusive of the fourth accounting year to be utilized for the purpose of payment of bonus in the manner illustrated in the Fourth Schedule.

8. What is Set-Off?

Where for any accounting year, the allocable surplus exceeds the amount of minimum bonus payable to the employees in the establishment the excess shall, subject to a limit of twenty per cent of the total salary or wage of the employees employed in the establishment in that accounting year, be carried forward for being set-on in the succeeding accounting year and so on up to and inclusive of the fourth accounting year to be utilized for the purpose of payment of bonus in the manner illustrated in the Fourth Schedule.

9. Disqualification for Bonus.

An employee shall be disqualified from receiving bonus, if he is dismissed from service for.

- Fraud
- Riotous or violent behavior while on the premises of the establishment
- Theft, misappropriation or sabotage of any property of the establishment.

10. Define Industrial dispute.

- Employers and employees.
- Between employers and workmen
- Between workmen and workmen, which is connected with
 - The employment of non-employment
 - The terms of employment
 - The Conditions of labour.

16 Marks

1. Explain the various welfare facilities provided to the workers under Factories Act, 1948
2. Explain various provisions regarding safety measures as provided under Factories Act, 1948.
3. Explain the authorized deductions to be made from the wages of employees under the Payment of Wages Act, 1936.
4. What are the authorities defined under the Industrial Dispute Act, 1947 for the settlement of industrial disputes?
5. Discuss the provisions related to lay-off under the Industrial Dispute Act, 1947.

UNIT – IV – INCOME TAX ACT AND SALES TAX ACT

2 Marks

1. What is Income Tax?

Income-tax is a direct tax. It is levied and collected by the Central Government. The Government has set up a separate Income-Tax Department for this purpose. Income-tax is a very important source of income of the Central Government.

2. Define Income Section 2(24)

Profits and Gains: Income includes profits and gains. For example, profit generated by a businessmen is taxable as “income”.

Dividend: If dividends comes under(a) to (d) then the payer company will pay dividend tax under section 115-O and in the hands of recipient shareholders. It is not chargeable to tax.

3. Deductions from Income.

Income tax Act allows certain specific reductions to be made from the income of an assessee while computing the total income. These reductions are termed as Deductions. Two types of deductions have been provided under the Act. i.e. deductions from the specific heads of income and deductions from gross total income.

4. Heads of Income.

- Salaries
- Income from house property
- Profits and gains of business or profession
- Capital gains
- Income from other sources.

5. Capital Expenditure.

- Acquiring or bringing into existence an asset or advantage of an enduring benefits.
- Extending or improving a fixed asset
- Substantial replacement of an existing fixed asset.\

6. Revenue Expenditure

- Productivity
- Earning capacity

- It is the expenditure which normally yields benefits in the current accounting period.
7. What is corporate tax planning?
Corporate Tax Planning is the arrangement of financial activities in such a way that the maximum tax benefits are enjoyed by making use of all beneficial provisions in the tax laws.
8. What is Sales Tax?
A Sale tax is an indirect tax charged at the point of purchase for certain goods and services.
The tax amount is usually calculated by applying a percentage rate to the taxable price of a sale.
9. Objectives of CST Act
- To formulate principles for determining
 - To provide for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce.
10. What is VAT?
The Value-added Tax (VAT), as the name clearly denotes, is a tax on the value added to goods in the process of production and distribution.

16 Marks

1. Explain the basic definition of income tax act, 1961?
2. Explain the concepts of capital and revenue.
3. Discuss the issues of central sales tax.
4. Detail the methods of value added tax.
5. Differentiate between CST and VAT.

UNIT – V – CONSUMER PROTECTION ACT AND
INTRDOCUATION OF CYBER LAWS

2 Marks

1. What is consumer protection Act,1986?

The Consumer Protection Act, 1986 is one of the most beneficent legislations of recent times and it is intended to promote and protect the interest of consumers. The Consumer Protection Act is intended to protect the legitimate interests of the consumers against traders, Suppliers.

2. Need For consumer Protection.

- Sellers dominate the market.
- Buyers do not have adequate education to evaluate products regarding their genuineness.
- Buyers are generally careless and indifferent to their own interests.

3. Define Consumer.

The Consumer is one who has purchased good or who has availed of or hired services. In the consumer protection Act, the word “Consumer” has been defined separately for the purpose of goods and services.

4. Who is not a Consumer?

- The Person who obtains goods for resale or for any commercial purpose.
- The person who uses the goods without the approval of the buyer.
- The person who avails the services without the approval of the hirer.

5. List out the consumer rights?

- Right to safety
- Right to Choose
- Right to be Informed
- Right to be Heard

6. What is consumer duties?

- Duty to be Careful
- Duty to Insist on Information
- Duty to Inspect Goods
- Duty to Form Association
- Duty to Make Complaint.

7. Who can File Complaint under the consumer Protection Act, 1986?

- A Consumer
 - Any voluntary consumer association registered under the companies Act, 1956 under any other law for ;the time being in force.
 - The central Government
 - Any State Government
 - One or more consumers, where there are numerous consumers having the same interest.
8. Objectives of the Competition Act
- To shift the focus from cubing monopolies to promoting competition.
 - To promote and sustain competition in markets.
 - To protect the interests of consumers.
9. What is cyber laws?
- Cyber law is a term that encapsulates the legal issues related to use of communicative, transactional, and distributive aspects of networked information devices and technologies.
- 10.Types of Cyber Crimes?
- Data Diddling
 - Internet Time Theft
 - Salami slicing
 - Virus Attack
 - Phreaking
 - Pornography
 - Cloning

16 Marks

1. What are the object and scope of the Information Technology Act,2000?
2. Explain cyber crimes. What are different types of cyber crimes?
3. Discuss the major areas of competition Act,2002.
4. Discuss the various types of consumer redressal machineries and forums.
5. Explain the concept of consumer. What are the various types of consumers?

