

ICAI CA FOUNDATION BUSINESS LAW PAPER WITH SOLUTIONS
(DECEMBER 2020)

Question 1:

- (a) Mr. X a businessman has been fighting a long drawn litigation with Mr. Y an industrialist. To support his legal campaign he enlists the services of Mr. C a Judicial officer stating that the amount of Rs. 10 lakhs would be paid to him if he does not take up brief of Mr. Y.
Mr. C agrees but, at the end of the litigation Mr. X refuses to pay to Mr. C. Decide whether Mr. C can recover the amount promised by Mr. X under the provisions of the Indian Contract Act, 1872?
- (b) ABC Limited has allotted equity shares with voting rights to XYZ Limited worth Rs. 15 Crores and issued Non-Convertible Debentures worth Rs. 40 Crores during the Financial Year 2019-20. After that total Paid-up Equity Share Capital of the company is Rs. 100 Crores and Non-Convertible Debentures Stand at Rs. 120 Crores.
Define the Meaning of Associate Company and comment on whether ABC Limited and XYZ Limited would be called Associate Company as per provisions of the Companies Act, 2013?
- (c) Write any four exceptions to the doctrine of Caveat Emptor as per The Sale of Goods Act, 1930.

Answer 1:

- (a) **Provision :** As per Sec. 28 of Indian Contract Act, 1872 an agreement in restraint of legal proceeding is the one by which any party thereto is restricted absolutely from enforcing his rights under a contract through a court or which abridges the usual period for starting legal proceeding. A contract of this nature is void.
So problem asked in question is based upon Sec. 28 which is one of the essential of valid contract. Thus any agreement in restraint of legal proceeding is void and one without legal effect.
Conclusion : Thus Mr. C cannot recover amounts of Rs. 10 lakh from Mr. X as it is illegal agreement hence void and cannot be enforced by law.
- (b) **Provision :** As per Sec. 2(6) of Company Act 2013 associate company in relation to another company, means a company in which that other company has a significant influence but which is not a subsidiary company of company having such influence and include a joint venture company.
Here word significant influence means control of at least twenty percent of total voting power or control of or participation in business decision under an agreement.
Term Total voting power will mean aggregate of-
- (a) Paid up equity share capital
and
(b) Convertible Preference share capital
- Conclusion :** Applying the above provision, as XYZ Ltd. hold 15 crore equity with voting right in total 100 crore paid up equity of ABC Ltd. which is only 15 percent and holding of non convertible debenture of Rs. 40 crore is ABC Ltd. will not be counted for purpose of calculating relationship of associate company.
So ABC Ltd. and XYZ Ltd. are not associate company.

- (c) The doctrine of Caveat Emptor is, however, subject to the following exceptions:
1. Fitness as to quality or use: Where the buyer makes known to the seller the particular purpose for which the goods are required, so as to show that he relies on the seller's skill or judgment and the goods are of a description which is in the course of seller's business to supply, it is the duty of the seller to supply such goods as are reasonably fit for that purpose [Section 16 (1)].
 2. Goods purchased under patent or brand name: In case where the goods are purchased under its patent name or brand name, there is no implied condition that the goods shall be fit for any particular purpose [Section 16(1)].
 3. Goods sold by description: Where the goods are sold by description there is an implied condition that the goods shall correspond with the description [Section 15]. If it is not so then seller is responsible.
 4. Goods of Merchantable Quality: Where the goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be of merchantable quality. The rule of Caveat Emptor is not applicable. But where the buyer has examined the goods this rule shall apply if the defects were such which ought to have not been revealed by ordinary examination [Section 16(2)].
 5. Sale by sample: Where the goods are bought by sample, this rule of Caveat Emptor does not apply if the bulk does not correspond with the sample [Section 17].
 6. Goods by sample as well as description: Where the goods are bought by sample as well as description, the rule of Caveat Emptor is not applicable in case the goods do not correspond with both the sample and description or either of the condition [Section 15].
 7. Trade Usage: An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade and if the seller deviates from that, this rule of Caveat Emptor is not applicable [Section 16(3)].
 8. Seller actively conceals a defect or is guilty of fraud: Where the seller sells the goods by making some misrepresentation or fraud and the buyer relies on it or when the seller actively conceals some defect in the goods so that the same could not be discovered by the buyer on a reasonable examination, then the rule of Caveat Emptor will not apply. In such a case the buyer has a right to avoid the contract and claim damages.

Question 2:

- (a) Define Misrepresentation and Fraud. Explain the difference between Fraud and Misrepresentation as per the Indian Contract Act, 1872.
- (b) State the circumstances under which LLP may be wound up by the Tribunal under the Limited liability Partnership Act, 2008.

Answer 2:

(a) **Misrepresentation (Section 18):-**

In case of misrepresentation a party innocently makes wrong statement.

- In case of misrepresentation the intention of a party is not to deceive the another party.
- In case of misrepresentation a person represent something which is not actually true but he believes it to be true.

Note: - In case of misrepresentation the aggrieved party can avoid the contract.

Misrepresentation means and includes -

1. the positive assertion, in a manner not warranted by the information of the person making it, of that which is not true, though he believes it to be true;
2. any breach of duty which, without an intent to deceive, gains an advantage to the person committing it, or any one claiming under him; by misleading another to his prejudice or to the prejudice of any one claiming under him;
3. Causing, however, innocently, a party to an agreement to make a mistake as to the substance of the thing which is the subject of the agreement.

Fraud (Section 17):

In case of fraud one party or his agent (with the consent of the another party) try to induce another party to enter into a contract with an intention to deceive another party. Following thing are considered as fraud :

- (i) Suggestion or representation of the fact to another party which is actually not true and the represent or himself does not believe it to be true.

Example: A sells by auction his horse to B which A knows to be Unsound. A says to B that the horse is absolutely sound, but later came to know by B that the horse is unsound. This is a fraud.

- (ii) Active concealment of a fact which represents or has knowledge.
- (iii) A promise made without intention to perform it.
- (iv) Any act done or fitted to deceive another party.
- (v) Any act or omission which is specifically declared as fraudulent.

Note:- only those frauds are covered under Indian contract act which results in a contract i.e. due to which a party enter into a contract & those frauds are not caused under this act which does not lead the other party to enter into a contract.

Distinction between fraud and misrepresentation:

Basis of difference	Fraud	Misrepresentation
Section	Section 17	Section 18
Intention	To deceive the other party by hiding the truth.	There is no such intention to deceive the other party.
Knowledge of truth	The person making the suggestion believes that the statement as untrue.	The person making the statement believes it to be true, although it is not true.
Recession of the contract and claim for damages	The injured party can repudiate the contract and claim damages.	The injured party is entitled to repudiate the contract or sue for restitution but cannot claim the damages.
Means to discover the truth	The party using the fraudulent act cannot secure or protect himself by saying that the injured party had means to discover the truth.	Party can always plead that the injured party had the means to discover the truth.

(b) Circumstances in which LLP may be wound up by Tribunal (Section 64): A LLP may be wound up by the Tribunal:

- (a) if the LLP decides that LLP be wound up by the Tribunal;
- (b) if, for a period of more than six months, the number of partners of the LLP is reduced below two;
- (c) if the LLP is unable to pay its debts;
- (d) if the LLP has acted against the interests of the sovereignty and integrity of India, the security of the State or public order;
- (e) if the LLP has made a default in filing with the Registrar the Statement of Account and Solvency or annual return for any five consecutive financial years; or
- (f) if the Tribunal is of the opinion that it is just and equitable that the LLP be wound up.

Question 3:

(a) (i) What do you mean by 'Partnership at will' as per the Indian Partnership Act, 1932?

OR

(ii) Comment on 'the right to expel partner must be exercised in good faith' under the Indian Partnership Act, 1932.

(b) Referring to the Provisions of the Indian Partnership Act, 1932, answer the following:

- (i) What are the consequences of Non-Registration of Partnership firm?
- (ii) What are the rights which won't be affected by Non-Registration of Partnership firm?

(c) In light of provisions of the Indian Contract Act, 1872 answer the following :

- (i) Mr. S and Mr. R made contract wherein Mr. S agreed to deliver paper cup manufacture machine to Mr. R and to receive payment on delivery. On the delivery date, Mr. R didn't pay the agreed price. Decide whether Mr. S is bound to fulfil his promise at the time of delivery?
- (ii) Mr. Y given loan to Mr. G of INR 30,00,000. Mr. G defaulted the loan on due date and debt became time barred. After the time barred debt, Mr. G agreed to settle the full amount to Mr. Y. Whether acceptance of time barred debt Contract is enforceable in law?
- (iii) A & B entered into a contract to supply unique item, alternate of which is not available in the market. A refused to supply the agreed unique item to B. What directions could be given by the court for breach of such contract?

Answer 3:

(a) (i) Partnership at will according to Section 7 of the Act, partnership at will is a partnership when:

- 1. no fixed period has been agreed upon for the duration of the partnership; and
- 2. there is no provision made as to the determination of the partnership.

These two conditions must be satisfied before a partnership can be regarded as a partnership at will. But, where there is an agreement between the partners either for the duration of the partnership or for the determination of the partnership, the partnership is not partnership at will.

Where a partnership entered into for a fixed term is continued after the expiry of such term, it is to be treated as having become a partnership at will.

A partnership at will may be dissolved by any partner by giving notice in writing to all the other partners of his intention to dissolve the same.

OR

(ii) A partner may not be expelled from a firm by a majority of partners except in exercise, in good faith, of powers conferred by contract between the partners. It is, thus, essential that:

- (i) the power of expulsion must have existed in a contract between the partners;
- (ii) the power has been exercised by a majority of the partners; and
- (iii) it has been exercised in good faith.

If all these conditions are not present, the expulsion is not deemed to be in bonafide interest of the business of the firm.

The test of good faith as required under Section 33(1) includes three things:

- The expulsion must be in the interest of the partnership.
- The partner to be expelled is served with a notice.
- He is given an opportunity of being heard.

If a partner is otherwise expelled, the expulsion is null and void.

- (b) (i)** Under the English Law, the registration of firms is compulsory. Therefore, there is a penalty for non-registration of firms. But the Indian Partnership Act does not make the registration of firms compulsory nor does it impose any penalty for non-registration. However, **under Section 69**, non-registration of partnership gives rise to a number of disabilities which we shall presently discuss. Although registration of firms is not compulsory, yet the consequences or disabilities of non-registration have a persuasive pressure for their registration. These disabilities briefly are as follows:
- (i) **No suit in a civil court by firm or other co-partners against third party:** The firm or any other person on its behalf cannot bring an action against the third party for breach of contract entered into by the firm, unless the firm is registered and the persons suing are or have been shown in the register of firms as partners in the firm. In other words, a registered firm can only file a suit against a third party and the persons suing have been in the register of firms as partners in the firm.
 - (ii) **No relief to partners for set-off of claim:** If an action is brought against the firm by a third party, then neither the firm nor the partner can claim any set-off, if the suit be valued for more than Rs. 100 or pursue other proceedings to enforce the rights arising from any contract.
 - (iii) **Aggrieved partner cannot bring legal action against other partner or the firm:** A partner of an unregistered firm (or any other person on his behalf) is precluded from bringing legal action against the firm or any person alleged to be or to have been a partner in the firm. But, such a person may sue for dissolution of the firm or for accounts and realization of his share in the firm's property where the firm is dissolved.
 - (iv) **Third party can sue the firm:** In case of an unregistered firm, an action can be brought against the firm by a third party.
- (ii)** Non-registration of a firm does not, however effect the following rights:
1. The right of third parties to sue the firm or any partner.
 2. The right of partners to sue for the dissolution of the firm or for the settlement of the accounts of a dissolved firm, or for realization of the property of a dissolved firm.
 3. The power of an Official Assignees, Receiver of Court to release the property of the insolvent partner and to bring an action.
 4. The right to sue or claim a set-off if the value of suit does not exceed Rs. 100 in value.
 5. The right to suit and proceeding instituted by legal representatives or heirs of the deceased partner of a firm for account s of the firm or to realise the property of the firm.
- (c) (i) Provision :** According to section 51 of Indian Contract Act, 1872. When a contract consists of Reciprocal Promises to be simultaneously performed, no

promisor needs to perform his promise unless the promisee is ready & willing to perform his reciprocal promise.

Such promises constitute concurrent conditions & the performance of one of the promises is conditional on the performance of the other. If one of the promises is not performed the other too need not to be performed.

Facts of case & conclusion : In the given case R did not pay the agreed price on the delivery date therefore R will be guilty of breach of promise & the breach would relieve S of the obligation to perform his promise & would enable S to treat the contract as at an end.

- (ii) **Provision :** According to Section 25(3) of Indian Contract Act, 1872 where a promise in writing signed by the person making it or by his authorised agent, is made to pay a debt barred by limitation is valid without consideration.

Facts of case & conclusion : In the given case G agreed to settle the full amount to Mr. Y of time barred debt. If such promise is in writing & signed by G or by his authorised agent then acceptance of such time barred debt is enforceable otherwise not enforceable.

- (iii) **Provision :** As per the provisions of Indian Contract Act, 1872 where damages are not an adequate remedy in the case of breach of contract, the court may in its discretion on a suit for specific performance direct party in breach, to carry out his promises according to the terms of the contract.

Facts of case & conclusion : In the given case A refused to supply the agreed unique item to B the alternate of which is not available in the market. Therefore adequate remedies are not available to B hence court can direct for specific performance of the contract i.e. according to the terms of the contract.

Question 4:

- (a) Explain any six circumstances in detail in which non-owner can convey better title to Bona fide purchaser of goods for value as per The Sale of Goods Act, 1930.
- (b) P.Q.R. and S are the partners in M/S PQRS & Co. a partnership firm which deals in trading of Washing Machines of various brands. Due to the conflict of views between partners, P & Q decided to leave the partnership firm and started competitive business on 31st July, 2019, in the name of M/S PQ & Co. Meanwhile, R & S have continued using the property in the name of M/S PQRS & Co. in which P & Q also has a share. Based on the above facts, explain in detail the rights of outgoing partners as per the Indian Partnership Act, 1932 and comment on the following :
- Rights of P & Q to start a competitive business.
 - Rights of P & Q regarding their share in property of M/S PQRS & Co.

Answer 4:

- (a) In the following cases, a non-owner can convey better title to the bona fide purchaser of goods for value.
- Sale by a Mercantile Agent:** A sale made by a mercantile agent of the goods for document of title to goods would pass a good title to the buyer in the following circumstances; namely;
 - If he was in possession of the goods or documents with the consent of the owner;

- (b) If the sale was made by him when acting in the ordinary course of business as a mercantile agent; and
- (c) If the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell **(Proviso to Section 27)**.

Mercantile Agent means an agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods [Section 2(9)].

- (2) **Sale by one of the joint owners (Section 28):** If one of several joint owners of goods has the sole possession of them by permission of the co-owners, the property in the goods is transferred to any person who buys them from such joint owner in good faith and has not at the time of the contract of sale notice that the seller has no authority to sell.
- (3) **Sale by a person in possession under voidable contract:** A buyer would acquire a good title to the goods sold to him by a seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale **(Section 29)**.
- (4) **Sale by one who has already sold the goods but continues in possession thereof:** If a person has sold goods but continues to be in possession of them or of the documents of title to them, he may sell them to a third person, and if such person obtains the delivery thereof in good faith and without notice of the previous sale, he would have good title to them, although the property in the goods had passed to the first buyer earlier. A pledge or other disposition of the goods or documents of title by the seller in possession are equally valid **[Section 30(1)]**.
- (5) **Sale by buyer obtaining possession before the property in the goods has vested in him:** Where a buyer with the consent of the seller obtains possession of the goods before the property in them has passed to him, he may sell, pledge or otherwise dispose of the goods to a third person, and if such person obtains delivery of the goods in good faith and without notice of the lien or other right of the original seller in respect of the goods, he would get a good title to them **[Section 30(2)]**.
However, a person in possession of goods under a 'hire-purchase' agreement which gives him only an option to buy is not covered within the section unless it amounts to a sale.
- (6) **Effect of Estoppel:** Where the owner is estopped by the conduct from denying the seller's authority to sell, the transferee will get a good title as against the true owner. But before a good title by estoppel can be made, it must be shown that the true owner had actively suffered or held out the other person in question as the true owner or as a person authorized to sell the goods.
- (7) **Sale by an unpaid seller:** Where an unpaid seller who had exercised his right of lien or stoppage in transit resells the goods, the buyer acquires a good title to the goods as against the original buyer **[Section 54 (3)]**.
- (8) **Sale under the provisions of other Acts:**
 - (i) Sale by an Official Receiver or Liquidator of the Company will give the purchaser a valid title.
 - (ii) Purchase of goods from a finder of goods will get a valid title under circumstances [Section 169 of the Indian Contract Act, 1872]
 - (iii) A sale by pawnee can convey a good title to the buyer [Section 176 of the Indian Contract Act, 1872].

- (b) (i) Provision :** Rights of outgoing partner to carry competing business under section 36.
 An outgoing partner may carry on business competing with that of firm and may advertise such business but subject to contract to contrary, But he may not-
- (a) use firm name,
 - (b) represent himself as carrying on business of firm,
 - (c) Solicit the customer who were dealing with the firm before he ceased to be partner.
- Conclusion :** So applying above provision P and Q can start a competitive business if there is no contract to contrary following the above restriction.
- (ii) Provision :** Sec. 37 of Indian Partnership Act 1932 provides that where a partner dies a ceases to be a partner and the surviving a continuing partner carry on the business of the firm with the property of the firm without any final settlement of accounts between them and the outgoing partner in the absence of contract to contrary the outgoing partner or his estate is entitled at the option of himself or his representative to such share of profit made since he ceased to be partner as may be attributable to the use of his share of the property of firm or to interest at the rate six percent per annum on the amount of his share in the property of the firm.
- Conclusion :** Applying the above provision P and Q can ask their share of profit made since they ceased to be partner or 6% p.a. interest on their share from M/S PQRS & Com, which ever is beneficial to them.

Question 5:

- (a)** Ms. R owns a Two Wheeler which she handed over to her friend Ms. K on sale or return basis. Even after a week Ms. K neither returned the vehicle nor made payment for it. She instead pledged the vehicle to Mr. A to obtain a loan. Ms. R now wants to claim the Two wheeler from Mr. A. Will she succeed?
- (i) Examine with reference to the provisions of the Sale of Goods Act, 1930, what recourse is available to Ms. R?
 - (ii) Would your answer be different if it had been expressly provided that the vehicle would remain the property of Ms. R until the price has been paid?
- (b)** What are the significant points of Section 8 Company which are not applicable for other companies? Briefly explain with reference to provisions of the Companies Act, 2013.

Answer 5:

- (a)** As per the provisions of Section 24 of the Sales of Goods Act, 1930, when goods are delivered to the buyer "on sale or return" or other similar terms, the property therein passes to the buyer-
- (a) When the buyer signifies his approval or acceptance to the seller or does any other act adopting the transaction;
 - (b) If he doesnot signify his approval or acceptance to the seller but retains the goods without giving notice of rejection then if a time has been fixed for the return of goods, on expiration of such time and if no time has been fixed, on expiration of reasonable time; of
 - (c) He does somting to the goods which is equivalent to accepting the goods e.g. he pledges or sells the goods.

Referring to the above provisions, we can analyse the situation given in the question as follows :-

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- (i) Since Ms. R has given the delivery of motor cycle to Ms. K on sale or return basis and she pledged the vehicle to Mr. A to obtain the loan, has attracted the third condition that she does something to goods which is equivalent to accepting the goods. Therefore the property therein passes to Ms. K. Now in this situation Ms. R can't claim back the vehicle from Mr. A but she can claim the price of the vehicle from Ms. K.
- (ii) If it has been expressly provided that the vehicle would remain the property of Ms. R until price has been paid then in that case property will not pass to Ms. K until cash is paid. So Ms. R can claim back the vehicle from Mr. A in this situation.

(b) Formation of companies with charitable objects etc. (Section 8 company):

Section 8 of the Companies Act, 2013 deals with the formation of companies which are formed to promote the charitable objects of commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment etc. Such company intends to apply its profit in

- promoting its objects and
- prohibiting the payment of any dividend to its members.

Examples of section 8 companies are FICCI, ASSOCHAM, National Sports Club of India, CII etc.

Section 8 Company- Significant points

- Formed for the promotion of commerce, art, science, religion, charity, protection environment, sports, etc.
- Requirement of minimum share capital does not apply.
- Uses its profits for the promotion of the objective for which formed.
- Does not declare dividend to members.
- Operates under a special licence from Central Government.
- Need not use the word Ltd./ Pvt. Ltd. in its name and adopt a more suitable name such as club, chambers of commerce etc.
- Licence revoked if conditions contravened.
- On revocation, Central Government may direct it to
 - Converts its status and change its name
 - Wind - up
 - Amalgamate with another company having similar object.
- Can call its general meeting by giving a clear 14 days notice instead of 21 days.
- Requirement of minimum number of directors, independent directors etc. does not apply.
- Need not constitute Nomination and Remuneration Committee and Shareholders Relationship Committee.
- A partnership firm can be a member of Section 8 company.

Question 6:

- (a) Enumerate the differences between 'Wagering Agreements' and 'Contract of Insurance' with reference to provision of the Indian Contract Act, 1872.
- (b) Explain in detail the circumstances which lead to liability of firm for misapplication by partners as per provisions of the Indian Partnership Act, 1932.
- (c) Mike Limited company incorporated in India having Liaison office at Singapore. Explain in detail meaning of Foreign Company and analysis on whether Mike Limited would be called as Foreign Company as it established a Liaison office at Singapore as per the provisions of the Companies Act, 2013?

Answer 6:

(a) Distinction between Contract of Insurance and Wagering Agreement

	Basis	Contracts of Insurance	Wagering Agreement
1.	Meaning	It is a contract to indemnify the loss.	It is a promise to pay money or money's worth on the happening or non- happening of an uncertain event.
2.	Consideration	The crux of insurance contract is the mutual consideration (premium and compensation amount).	There is no consideration between the two parties. There is just gambling for money.
3.	Insurable Interest	Insured party has insurable interest in the life or property sought to be insured.	There is no property in case of wagering agreement. There is betting on other's life and properties.
4.	Contract of Indemnity	Except life insurance, the contract of insurance indemnifies the insured person against loss.	Loser has to pay the fixed amount on the happening of uncertain event.
5.	Enforceability	It is valid and enforceable	It is void and unenforceable agreement.
6.	Premium	Calculation of premium is based on scientific and actuarial calculation of risks.	No such logical calculations are required in case of wagering agreement.
7.	Public Welfare	They are beneficial to the society.	They have been regarded as against the public welfare.

(b) According to Section 27 of Indian Partnership Act, 1932.

Where-

- (a) a partner acting within his apparent authority receives money or property from a third party and misapplies it, or
- (b) a firm in the course of its business receives money or property from a third party, and the money or property is misapplied by any of the partners while it is in the custody of the firm, the firm is liable to make good the loss.

It may be observed that the workings of the two clauses of Section 27 is designed to bring out clearly an important point of distinction between the two categories of cases of misapplication of money by partners.

Clause (a) covers the case where a partner acts within his authority and due to his authority as partner, he receives money or property belonging to a third party and misapplies that money or property. For this provision to be attracted, it is not necessary that the money should have actually come into the custody of the firm.

On the other hand, the provision of clause (b) would be attracted when such money or property has come into the custody of the firm and it is misapplied by any of the partners.

The firm would be liable in both the cases.

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- (c) **Provision / Meaning of Foreign Company :** According to Section 2(42) of Companies Act, 2013 foreign company means any company or body corporate incorporated outside India which :
- (i) has a place of business in India whether by itself or through an agent, physically or through electronic mode, and
 - (ii) conducts any business activity in India in any other manner.

Facts of case: In the given case Mike Limited incorporated in India having liaison office at Singapore.

Conclusion : On the basis of above provision we can conclude since Mike Limited incorporated in India therefore Mike Limited would not be called as foreign company under Companies Act, 2013.

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BUSINESS CORRESPONDENCE AND REPORTING

(DECEMBER 2020)

Question 7:

(a) Mr. Ramesh, the HR Head of ABC Insurance Co. Ltd., who is having charge of training and development also, during his twelve years with the Company. He had the experience of training and developing numerous employees, only to see many of them leave the firm after getting their advanced degrees. The Company has a Policy of reimbursement of 90% of the cost incurred on tuition fee. books etc. for acquiring such qualifications. Only those employees who have taken prior permission of HR before enrolment in such program/degree and completed three years of service are eligible for seeking the reimbursement. A proof of its popularity was that most of the junior and middle level managers had availed this facility to advance their qualifications.

Mr. Kumar, a Sales Executive, who had joined the Company just three years ago had also availed the aforesaid facility for pursuing a course in Business Management and had recently completed his master's degree in business management and submitted the same to the Company for seeking reimbursement and recording additional qualifications acquired in official records.

Mr. Ramesh congratulated him and added the additional qualifications acquired by him in the Company records and assured him to consider him for higher position keeping in view his qualifications in near future and of course subject to availability of vacancy as per the approved Organisation Chart. Further Mr. Ramesh allowed reimbursement of 90% of the cost incurred as per the Policy. Mr. Kumar on his achievement when he came to see and thank HR Head, but was strongly taken aback when he expressed his intention to leave the Company in favour of a competitor because he did not see any future for himself in ABC Insurance Co. Ltd. Head HR was annoyed as this had happened so many times in the past. He immediately rushed to see the Marketing Director to seek support for reviewing and discontinuing the Policy of educational reimbursement with immediate effect or to put a condition that all those employees who acquired such qualifications and reimbursed 90% of the expenses shall at least serve the Company for a minimum of 3 years after seeking such reimbursement.

- (i) What could be the possible reasons behind employees quitting the Company after acquiring higher qualifications ?
- (ii) Is there any need to amend or abandon the Policy of educational reimbursement ?
- (iii) What measures do you suggest for overcoming high employee attrition problem ?

(b) Read the Passage :

- (i) Make Notes, using Headings, Subheadings and abbreviations whenever necessary.
- (ii) Write Summary

Recycling is simply the process of reusing the items from which utility can still be derived. It is important to recycle waste so that we can at least conserve some of our natural resources for the generations to come. Many products such as paper, cardboards, and cups come from trees. In fact trees are our natural assets: you can conserve trees by recycling the paper products as by doing so we can minimize the number of trees cut down a year. This is one form of waste recycling.

Recycling waste will not only save our natural resources but will also help save energy. By simply recycling an item or making a basic fix to it, we can save all the

energy that would have been consumed in the process of making it. The same example can be taken with plastic items. A large amount of energy can be saved by simply reusing the plastic items. To recycle waste is to simply reduce pollution. By recycling plastic material, we can reduce air pollution as well as water pollution. Plastic factories produce a large amount of smoke while producing plastic material at same time; if we don't have a proper waste disposal system then those waste emissions will cause water pollution. Recycling helps reduce pollution too.

In simple words, recycling waste is essential for both the natural environment and humans. To sum up, recycling minimizes the need for raw materials so that the rainforests can be preserved. Great amounts of energy are used when making products from raw materials. Recycling requires much less energy and therefore helps to preserve natural resources. One needs to know the importance of recycling; at the same time being earth friendly can help make our planet a better place to live in.

Answer 7:

- (a) (i) The possible reasons behind employees quitting the company after acquiring higher qualifications could be an unstable future and lack of growth in ABC Insurance Co. Ltd.
- (ii) Yes, there is a need to amend the policy of educational reimbursement. For ex: an employee shall at least serve the company for a minimum of three years after seeking such reimbursement.
- (iii) In order to overcome high employee attrition problem, employer should ensure the upgraded level of company. Employees should be provided with utmost growth and ensured satisfaction.

(b) (i) **Recycling**

1. **Meaning**
 - 1.1 Prcs. of reusing
 - 1.2 Imp. to recycle
 - 1.2.1 to save natural resources
2. **Waste recycling**
 - 2.1 Help to save energy
 - 2.2 Reduce pllutn.
 - 2.3 Imp for envt. & humans
3. **Plastic Material**
 - 3.1 Reduce Pollution
 - 3.1.1 Water Pollution
 - 3.1.2 Air Pollution
 - 3.2 Imp to have waste disposal system

Key Note –

- | | | | |
|----|------|---|-------------|
| 1. | Prcs | - | Process |
| 2. | Imp | - | Important |
| 3. | Envt | - | Environment |
| 4. | & | - | And |
| 5. | Sysm | - | System |

(ii) **Summary :**

Recycling is regarded as the process of reusing the items which are generally regarded as waste but are of great utility. It ensures the conservation of

natural resources for future generation along with saving energy. Recycling of plastic material also helps in reducing air and water pollution. In short, we can say that recycling is the best way to have ecofriendly environment.

Question 8:

- (a) Body language speaks the truth while speaker may play with words to hide the truth, comment?
- (b) (i) Choose the word which best expresses the meaning of the given word :
SCINTILLATING
(1) Smouldering
(2) Glittering
(3) Touching
(4) Warming
- (ii) Select a suitable antonym for the word given under:
FIDELITY
(1) Commitment
(2) Inconstancy
(3) Ambitious
(4) Devotion
- (iii) Change the following sentence to indirect speech :
Varun Said, "Every Kid should learn coding".
- (c) Write a precis and give an appropriate title to the passage given below :

These days, it is not unusual to see people listening to music or using their electronic gadgets while crossing busy roads or travelling on public transport, regardless of the risks involved. I have often wondered why they take such risks, is it because they want a sense of independence, or is it that they want to tell everybody to stop bothering them ? Or is it that they just want to show how cool they are? Whether it is a workman or an executive, earphones have become an inseparable part of our lives, sometimes even leading to tragicomic situations.

The other day, an electrician had come to our home to repair iron. We told him in detail what the fault was and needed to be done. But after he left, I found that the man had done almost nothing and iron was not working even after repair. It later turned out that he could not hear our directions clearly because he had an earphone on. Many of such earphones addicts commute by the Metro every day. While one should not be grudge anyone their moments of privacy or their love for music, the fact is 'iPod oblivion' can sometimes be very dangerous.

Recently. I was travelling with my wife on the Metro, Since the tram WAS approaching the last station, there weren't too many passengers In our compartment, other than us, there were only two women sitting on the other side of the aisle. And then suddenly. I spotted a duffel bag. The bomb scare lasted Mr several minutes, 'Then suddenly, a youth emerged from nowhere and picked up the bag. When we tried to stop him, he looked at us, surprised, Then he took off his earpieces, lifted the bag, and told us that the bag belonged to him and that he was going to get off at the next station.

We were stunned but recovered in time to ask him where he was all this while. His answer was that in the compartment, leaning against the door totally involved in the music, He had no clue about what was going on around him. When he got off. earplugs in his hand, we could hear strains of the song.

Answer 8:

- (a) Non-verbal communications such as body language and visual cues affect the quality of interaction among individuals or group. An individual's facial expressions, stances, gestures, touches, and other physical signals constitute body language of communication. For example, leaning forward may mean friendliness, acceptance and interest, while crossing arms can be interpreted as antagonistic or defensive posture.
- (b) (i) Glittering
(ii) Inconstancy
(iii) Varun said that Every Kid should learn coding.
- (c) **"Electronic Gadgets"**- Risky affair for youth.
It is very common these days that people use electronic gadgets in every sphere of life. For the sake of listening music they overdo it and risk their life. There are some live examples. An electrician failed to repair the iron because of his earphones addiction. You may find many earphone addicts commute by the metro every day. We spotted a duffel bag and the bomb scare lasted for several minutes. Suddenly a youth came and took his bag and he is totally unaware of the situation just because of his earphones addiction.

Question 9:

- (a) What is formal communication, explain.

OR

Encoding the message is an important element of communication, comment?

- (b) (i) Choose the word which best expresses the meaning of the given word :
Concise
(1) Brief
(2) Better
(3) Important
(4) Interesting
- (ii) Choose the word which best expresses the meaning of the given word:
Cryptic
(1) Pertinent
(2) Common
(3) Mysterious
(4) Loyalty
- (iii) Change the following sentence to indirect speech:
"Do you suppose you know better than your own father?" jeered his angry mother.
- (c) Draft Newspaper Report on "Project to interconnect rivers in India" to be published in a national newspaper.

Answer 9:

- (a) Formal communication : Formal Communication, both oral and written, follows certain rules, principles and conventions in conveying the message,. The hierarchy in the organization has to be followed. Formal format, style and language have to be used. The communication pattern can be vertical, horizontal or diagonal.

OR

Encoding is the process of turning thoughts into communication. The encoder uses a 'medium' to send the message – a phone call, email, text message, face-to-face meeting, or other communication tool. The level of conscious thought that goes into encoding messages may vary.

- (b) (i) Brief
(ii) Mysterious
(iii) The angry mother jeered to her son if he supposed that he knew better than his own father.

(c) **Project to interconnect rivers in India**
- **By XYZ**

New Delhi, 16 July. The interlinking of river project is a Civil Engineering project, which aims to connect Indian rivers through reservoirs and canals. The farmers will not have to depend on the monsoon for cultivation and also the excess or lack of water can be overcome during flood or drought. You will be surprised to know that India has approx four percent of the water available, and India's population is around 16 percent of the world's population. But every year, hundreds of millions of cubic cusec water flows into the ocean and India has to meet its needs with only 4 percent of the water.

Every project has two aspects, but we should focus on how much more people will get benefit from this project. This article is based on the interlinking of the river project, in which its history and the benefits of this project are explained.

What is the interlinking River project?

This project will connect 60 rivers of India, including river Ganga.

Hopefully, with the help of this project, there will be a reduction in the dependence of farmers on uncertain monsoon rains and there will also be millions of cultivated land for irrigation. This project is divided into three parts: North Himalayan river link constituents; Southern Peninsular Component starting from 2005, Interstate interlinking of rivers. This project is being managed under the National Water Development Authority of India (NWDA), Ministry of Water Resources.

- This project can solve the problem of drought and flood because at the time of need the river which causes flood can give water to the area of the river which has a shortage of water because the water can be stored or water can be transferred from water surplus area to the deficit. Ganga and the Brahmaputra region can get rid of floods that come every year with the help of this project.

- The irrigation, land will also increase by about 15 percent.

- 15,000 km of river and 10,000 km of navigation will be developed. Thereby reducing the transportation cost.

- Large scale afforestation and about 3,000 tourist spots will be built.

- This project will solve the problems of drinking water and financially also will solve the problem.

- It is also possible to get jobs for landless farmers in rural areas.

Disadvantages of Interlinking River Project

There may be advantages as well as disadvantages of the project. Rivers are being considered an integral part of our life from the beginning, and any kind of human intervention can prove to be destructive. For the completion of the Interlinking River project, many big dams, canals, and reservoirs will have to be constructed due to which the surrounding land will become swampy and will not be suitable for agriculture. This can also reduce the production of food grains. Where or in which area to bring so much water, which canal is to be transferred, it is mandatory to study and research it adequately. The cost of this project in 2001 was Rs. 5,60,000 crore but in reality, there is a possibility that it will be more.

Taking the water of Ganga above the Vindhya towards Cauvery, will cost a lot more and for this, large diesel pumps will be used, more than 4.5 lakhs people will be almost displaced, 79,292 forests will also be submerged in water. It can also be understood that without joining river the reality, there is a possibility that it will be more.

Taking the water of Ganga above the Vindhya towards Cauvery, will cost a lot more and for this, large diesel pumps will be used, more than 4.5 lakhs people will be almost displaced, 79,292 forests will also be submerged in water. It can also be understood that without joining rivers, the problem of flood and drought can be solved.

Question 10:

- (a) Explain how listening for Understanding helps in communication.
- (b) (i) Change the sentence from Active to Passive Voice.
Question – The crew cleaned the entire stretch of highway.
- (ii) Change the sentence from Passive to Active Voice.
Question – The house was remodelled by the homeowners to help it sell.
- (iii) Change the following sentence to indirect speech.
Question – Socrates said, "Virtue is its own reward."
- (c) Write an article of about 250 words on the topic, "The Pros and cons of online education in India".

Answer 10:

- (a) **Listening for Understanding :** We are bombarded by noise and sound in all our waking hours. We 'hear' conversations, news, gossips and many other forms of speech all the time. However, most of it is not listened to carefully and therefore, not understood, partially understood or misunderstood. A good listener does not only listen to the spoken words, but observes carefully the nonverbal cues to understand the complete message. He/she absorbs the given information, processes it, understands its context and meaning and to form an accurate, reasoned, intelligent response.

The listener has to be objective, practical and in control of his emotion. Often the understanding of a listener is colored by his own emotions, judgments, opinions, and reactions to what is being said. While listening for understanding, we focus on the individual and his agenda. A perceptive listener is able to satisfy a customer and suggest solutions as per the needs of the client.

Answer:

- (b) (i) The entire stretch of highway was cleaned by the crew.
(ii) The homeowners remodeled the house to help it sell.

(iii) Socrates said that virtue is its own reward.

Answer:

(c)

The Pros and cons of online education in India

- **By XYZ**

Pros and Cons of Online Classes – The widespread outbreak of coronavirus has led to moving towards online classes by schools, colleges, coachings, etc. Although online classes were already in place in many places, COVID-19 has paved a new way of teaching all over the country through online classes. Almost all schools, colleges, universities, etc. have now started online classes for the students so as to continue the studies in this time of pandemic. These online classes are being helpful for the teachers and students in completing the syllabus of the class which has not been possible in any other way. At present, both teachers and students have adopted this new model of education and are trying to get used to it with each passing day. But along with various advantages of online classes, there are some disadvantages too. Students are facing some difficulties in online classes like difficulty in clearing doubts properly, network issues and many more. Along with this, many still believe that online classes can never be an alternative to brick and mortar classes. Here, we have listed some of the pros and cons of online classes. Read the full article to know about all the pros and cons of online classes.

Pros of Online Classes

Following are the pros of online classes-

Study Anywhere – Online classes are available to a student sitting anywhere in the world provided he/she has a proper internet connection. So, if students are not in the city of their school or college then also they can avail the online classes easily. All they need to have is a working internet connection.

Elimination of travel time and Cost –

Online classes have eliminated the time and cost required to reach the school or college. In this way students are saving a lot of their precious time which they can utilize in any other productive work. Also, the cost incurred in daily travel to school and back to home has been totally eliminated with online classes.

Prevention of loss of studies – In this time of pandemic, online classes have come up as a boon for students. This is because if schools and colleges did not use online classes for studies, students would have wasted a lot of time in the session and it would have been really difficult to cover the entire course later. Through online classes, the session is going on at a similar pace as it would have been in offline classes.

Individualized study – Online classes provide an individualized study environment to a student where he/she can study alone. Many times, students become shy in asking queries in front of the entire class but in online classes no one is around, so students can easily ask questions.

Moreover, this individualized study also prevents students from any kind of disturbance.

Monitoring by Parents – With the help of online classes, parents are also able to check and know what their children are studying, how teachers are teaching in the class. Also, they can also motivate their children to take up doubts. Basically, online classes also involve parents in the studies of students which was not the same in case of offline classes.

Introduction to new technologies – Online classes have introduced students to new technologies. They now know how to use a particular software through which the school is teaching or have knowledge about various other platforms which are

being used for online classes. So, these classes are also making the students technologically advanced.

Cons of Online Classes

As online classes have emerged as the only solution for education during lockdown, there are many cons related to it. However these can be minimized with a little care.

Network Issues - One of the biggest problems of online classes is network issues. It has been seen students struggle a lot to connect to the session due to internet issues. Many times, teachers are not audible, not visible and much more. In such cases of network disruption, all the students start to talk at the same time which again creates another mess. So, network issues must be resolved for proper conduction of online classes.

Lacks One to One teaching - Online classes lack one to one teaching means these lack proper communication between students and teachers. Although students have the option to ask their queries in the online classes also but students find it difficult to get their doubts solved in a proper way. So many students are asking or putting their queries in the chat section that some are missed.

Continuous Use of Mobile/Laptop - One major concern of online classes is that students have to be on electronic devices like mobile phones, laptops or tablets continuously for 5-6 hours. This is not beneficial for students and will also cause health issues like eye strain to the students.

Requires Self-Discipline - In online classes, teachers are not able to monitor the students in the same way as offline classes, so these require a student to be self-disciplined. If a student is not disciplined, he/she may not pay attention to what the teacher is teaching in the class.

Proper utilization of online classes can lead to a new model of education involving online classes along with offline classes. But, proper care should be taken to minimize the cons of online classes.

Question 11:

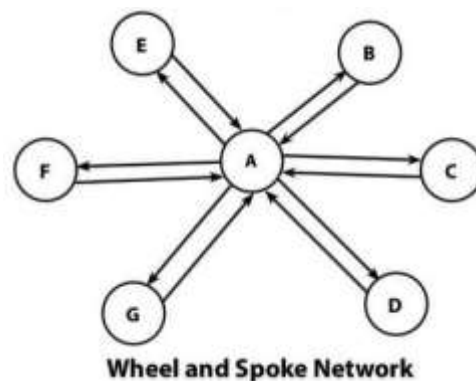
- (a) Explain Wheel & Spoke network in communication.
- (b) Select the correct meaning of Idioms / Phrases given below :
- (i) To be a mastermind
(1) To be a pioneer
(2) To be an entrepreneur
(3) To be an amateur
(4) To be a villain
- (ii) At wit's end
(1) Impoverished
(2) Drained
(3) Completed
(4) Perplexed
- (iii) Change the sentence into Passive voice :
Question – Will you tell me a story ?
- (iv) Choose the word which best expresses the meaning of the given word:
COMBAT
(1) Conflict
(2) Quarrel
(3) Feud
(4) Fight

- (c) Write a letter to an applicant informing him about the postponement of his interview date.

Answer 11:

(a) Wheel & Spoke Network :

This is an organization where there is a single controlling authority who gives instructions and orders to all employees working under him/her. All employees get instructions directly from the leader and report back to him/her. It is direct and efficient for a small business/company, but inappropriate way of communication in a large organization with many people. A company with many employees needs more decision makers or nothing would get done. Can a large conglomerate like Reliance or Tata Sons have one person making decisions? Moreover, if the central figure is not competent, the entire business will suffer.



- (b) (i) To be a pioneer
 (ii) Perplexed
 (iii) Will a story be told by you?
 (iv) Conflict
- (c) Letter informing about the postponement of interview date

Sender's address

Date

Receiver's designation

Receiver's address

Subject – Letter regarding the postponement of interview date

Dear Mr Bansal

This letter is to inform you that the interview that was scheduled with Mr. Gupta, CEO, ABC Company, has been postponed. The interview was planned to take place on 1 Oct, 2020 but this has changed. The meeting has been postponed to 15 Oct, 2020. The venue and the timing of the interview meeting however remains the same.

It has been postponed due to some unavoidable circumstances. In case of any other queries, you can either revert to the same letter or drop in an e-mail on our official email id.

We apologise for the inconvenience caused.

Thankyou

Yours sincerely
Name of Sender
Designation of Sender

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