

(GCF-9, GCF-11, VCF-VDCF-SCF-3)

DATE: 02.03.2022

MAXIMUM MARKS: 100

TIMING: 3 Hours

BUSINESS LAW & BUSINESS CORRESPONDENCE & REPORTING**Question No. 1 is Compulsory. Answer any four question from the remaining five questions.****Wherever necessary, suitable assumptions should be made and disclosed by way of note forming part of the answer.****Working Notes should form part of the answer.****Answer 1:**

- (a) (i) It is an implied contract and A must pay for the services of the coolie detailed by him. **Implied Contracts:** Implied contracts come into existence by implication. Most often the implication is by law and or by action. Section 9 of the Act contemplates such implied contracts when it lays down that in so far as such proposal or acceptance is made otherwise than in words, the promise is said to be implied. {2 M}
- (ii) Obligation of finder of lost goods to return them to the true owner cannot be said to arise out of a contract even in its remotest sense, as there is neither offer and acceptance nor consent. These are said to be quasi-contracts. **Quasi-Contract:** A quasi-contract is not an actual contract but it resembles a contract. It is created by law under certain circumstances. The law creates and enforces legal rights and obligations when no real contract exists. Such obligations are known as quasi-contracts. In other words, it is a contract in which there is no intention on part of either party to make a contract but law imposes a contract upon the parties. {2 M}
- (iii) The above contract is a void contract. **Void Contract:** Section 2 (j) states as follows: "A contract which ceases to be enforceable by law becomes void when it ceases to be enforceable". Thus, a void contract is one which cannot be enforced by a court of law. {2 M}

Answer:

- (b) (a) It is a valid express contract
- (b) It is not a contract as it is a social agreement
- (c) It is an implied contract. A is bound to pay for the bus fare.
- (d) It is a social agreement without any intention to create a legal relationship. {1 1/2 M Each Points}

Answer 2:

- (a) **Mere silence not amounting to fraud:** Mere silence as to facts likely to affect the willingness of a person to enter into a contract is no fraud; but where it is the duty of a person to speak, or his silence is equivalent to speech, silence amounts to fraud. It is a rule of law that mere silence does not amount to fraud. A contracting party is not duty bound to disclose the whole truth to the other party or to give him the whole information in his possession affecting the subject matter of the contract. The rule is contained in explanation to Section 17 of the Indian Contract Act which clearly states the position that mere silence as to facts likely to affect the willingness of a person to enter into a contract is not fraud. {3 M}

Exceptions to this rule:

- (i) Where the circumstances of the case are such that, regard being had to them, it is the duty of the person keeping silence to speak. Duty to speak arises when one contracting party reposes trust and confidence in the other or where one party has to depend upon the good sense of the other (e.g. Insurance Contract). {2 M}
- (ii) Where the silence is, in itself, equivalent to speech. }{1 M}

Answer:

- (b) **Section 42** of the Indian Contract Act, 1872 requires that when two or more persons have made a joint promise, then, unless a contrary intention appears from the contract, all such persons jointly must fulfill the promise. In the event of the death of any of them, his representative jointly with the survivors and in case of the death of all promisors, the representatives of all jointly must fulfill the promise. **Section 43** allows the promisee to seek performance from any of the joint promisors. The liability of the joint promisors has thus been made not only joint but "joint and several". Section 43 provides that in the absence of express agreement to the contrary, the promisee may compel any one or more of the joint promisors to perform the whole of the promise. }{3 M}
- Section 43 deals with the contribution among joint promisors. The promisors, may compel every joint promisor to contribute equally to the performance of the promise (unless a contrary intention appears from the contract). If any one of the joint promisors makes default in such contribution the remaining joint promisors must bear the loss arising from such default in equal shares.
- As per the provisions of above sections,
- (i) Y can recover the contribution from X and Z because XYZ are joint promisors. }{1 M}
 - (ii) Legal representative of X are liable to pay the contribution to Y. However, a legal representative is liable only to the extent of property of the deceased received by him. }{1 M}
 - (iii) 'Y' also can recover the contribution from Z's assets. }{1 M}

Answer 3:

- (a) Following are implied warranties-
1. **Warranty as to undisturbed possession [Section 14(b)]:** An implied warranty that the buyer shall have and enjoy quiet possession of the goods. That is to say, if the buyer having got possession of the goods, is later on disturbed in his possession, he is entitled to sue the seller for the breach of the warranty. }{1^{1/2} M}
 2. **Warranty as to non-existence of encumbrances [Section 14(c)]:** An implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time the contract is entered into. }{1^{1/2} M}
Example: A pledges his car with C for a loan of Rs.15,000 and promises him to give its possession the next day. A, then sells the car immediately to B, who purchased it on good faith, without knowing the fact. B, may either ask A to clear the loan or himself may pay the money and then, file a suit against A for recovery of the money with interest.
 3. **Warranty as to quality or fitness by usage of trade [Section 16(3)]:** An implied warranty as to quality or fitness for a particular purpose may be annexed or attached by the usage of trade. }{1^{1/2} M}

Regarding implied condition or warranty as to the quality or fitness for any particular purpose of goods supplied, the rule is 'let the buyer beware' i.e., the seller is under no duty to reveal unflattering truths about the goods sold, but this rule has certain exceptions.

4. **Disclosure of dangerous nature of goods:** Where the goods are dangerous in nature and the buyer is ignorant of the danger, the seller must warn the buyer of the probable danger. If there is a breach of warranty, the seller may be liable in damages. {1½ M}

Answer:

(b) If the seller commits a breach of contract, the buyer gets the following rights against the seller:

1. **Damages for non-delivery [Section 57]:** Where the seller wrongfully neglects or refuses to deliver the goods to the buyer, the buyer may sue the seller for damages for non-delivery.
Example: 'A' a shoe manufacturer, agreed to sell 100 pairs of shoes to 'B' at the rate of Rs. 1050 per pair. 'A' knew that 'B' wanted the shoes for the purpose of further reselling them to 'C' at the rate of Rs. 1100/- per pair. On the due date of delivery, 'A' failed to deliver the shoes to 'B'. In consequence, 'B' could not perform his contract with 'C' for the supply of 100 pairs of shoes. In this case, 'B' can recover damages from 'A' at the rate of Rs. 50/- per pair (the difference between the contract price and resale price). {1½ M}
2. **Suit for specific performance (Section 58):** Where the seller commits of breach of the contract of sale, the buyer can appeal to the court for specific performance. The court can order for specific performance only when the goods are ascertained or specific.
Example: 'A' agreed to sell a rare painting of Mughal period to 'B'. But on the due date of delivery, 'A' refused to sell the same. In this case, 'B' may file a suit against 'A' for obtaining an order from the Court to compel 'A' to perform the contract (i.e. to deliver the painting to 'B' at the agreed price). {1½ M}
3. **Suit for breach of warranty (section 59):** Where there is breach of warranty on the part of the seller, or where the buyer elects to treat breach of condition as breach of warranty, the buyer is not entitled to reject the goods only on the bases of such breach of warranty. But he may – {1 M}
 - (a) set up against the seller the breach of warranty in diminution or extinction of the price; or
 - (b) sue the seller for damages for breach of warranty.
4. **Repudiation of contract before due date (Section 60):** Where either party to a contract of sale repudiates the contract before the date of delivery, the other may either treat the contract as subsisting and wait till the date of delivery, or he may treat the contract as rescinded and sue for damages for the breach. {1 M}
5. **Suit for interest:** (1) Nothing in this Act shall affect the right of the seller or the buyer to recover interest or special damages, in any case where by law interest or special damages may be recoverable, or to recover the money paid where the consideration for the payment of it has failed. {1 M}

In the absence of a contract to the contrary, the court may award interest at such rate as it thinks fit on the amount of the price to the buyer in a suit by him for the refund of the price in a case of a breach of the contract on the part of the seller-from the date on which the payment was made.

Example 1: In case of a sale of cigarettes which turned out to be mildewed and unfit for consumption, damages were awarded on the basis of the difference between the contract price and the price released.

Example 2: In case of absence of transfer of title or registration the purchaser cannot claim damages for breach of conditions and warranties relating to sale.

Answer 4:

- (a) The doctrine of Indoor Management is laid down in the **Royal British Bank vs. Turquand** (1956) 6E&B 327 case in which the directors of RBB (Royal British Bank) gave a bond to one T (Turquand) without the required resolution being passed. The Articles empowered the directors to issue such bonds under the authority of a proper resolution. In fact no such resolution was passed. It was decided in the case that notwithstanding the non passing of the required resolution, T could sue on the bonds on the ground that he was entitled to assume that the resolution had been duly passed. Thus, the persons dealing with the company are entitled to assume that the acts of the directors or the officers of the company are validly performed, if they are within the scope of their apparent authority. {3 M}
- However, this doctrine is not applicable where the person dealing with the company has notice of irregularity or when an instrument purporting to be enacted on behalf of the company is a forgery.
- In the instant problem the doctrine of indoor management will not apply as the certificate is a forgery which does not give a good title to A and thereby to B. The title of the buyer cannot be better than that of the seller (Sale of Goods Act, 1930). Hence, 'B' will not succeed in getting the share registered in his name. {3 M}
- Case: Ruben v. Great Fingall Consolidated:** In Ruben v. Great Fingall Consolidated, it was held that Doctrine of Indoor Management could not be extended to cases of forgery. Transaction effected by forgery is void ab initio.

Answer:

- (b) Yes, a non-profit organization be registered as a company under the Companies Act, 2013 by following the provisions of section 8 of the Companies Act, 2013. Section 8 of the Companies Act, 2013 deals with the formation of companies which are formed to {1 M}
- 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 {1 M Each}
 - promoting its objects and
 - prohibiting the payment of any dividend to its members.
- The Central Government has the power to issue license for registering a section 8 company.
- (i) Section 8 allows the Central Government to register such person or association of persons as a company with limited liability without the addition of words 'Limited' or 'Private limited' to its name, by issuing licence on such conditions as it deems fit. {1 M Each}
- (ii) The registrar shall on application register such person or association of persons as a company under this section.
- (iii) On registration the company shall enjoy same privileges and obligations as of a limited company.

Answer 5:**(a) Applicability of the Companies Act, 2013:**

The provisions of the Act shall apply to-

- Companies incorporated under this Act or under any previous company law. } {1 M}
- Insurance companies (except where the provisions of the said Act are inconsistent with the provisions of the Insurance Act, 1938 or the IRDA Act, 1999) } {1 M}
- Banking companies (except where the provisions of the said Act are inconsistent with the provisions of the Banking Regulation Act, 1949) } {1 M}
- Companies engaged in the generation or supply of electricity (except where the provisions of the above Act are inconsistent with the provisions of the Electricity Act, 2003) } {1 M}
- Any other company governed by any special Act for the time being in force. } {1 M}
- Such body corporate which are incorporated by any Act for time being in force, and as the Central Government may by notification specify in this behalf. } {1 M}

Answer:**(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; } {1 M Each}
- (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.

Answer 6:**(a) DUTIES OF PARTNERS (SECTION 9 & 10)**

1. **General duties of a partner:** Partners are bound to carry on the business of the firm (i) to the greatest common advantage, (ii) to be just and faithful to each other and (iii) to render to any partner or his legal representative a true account and full information of all things affecting the firm. } {1 M}
2. **To indemnify for fraud or willful neglect:** every partner is liable to indemnify the firm for any damage caused to it because of reason of his fraud or willful neglect in the conduct of the business of the firm. } {1 M}
3. **To attend duties diligently without remuneration:**
 - A partner is bound to attend duties diligently without remuneration.
 - He is also bound to let his partners have the advantage of his knowledge and skill. } {1 M}
4. **To share losses:** All the partners are liable to contribute equally to the loss sustained by the firm. } {1 M}
5. **To account /refund any profit:** if a partner derives any profit for himself from any transaction with the firm } {1 M}

Or

From the use of the property or business connection of the firm or firm's name then he is bound to account for that profit and refund it to the firm. }

6. **To account and pay for profits of competing business:** If a partner carries on business of the same nature as and competing with that of the firm, he must account for and pay to firm all profits made by him in the business but the firm will not be liable for any loss. {1 M}

Answer:

(b) Insolvency of a partner-

- The insolvent partner cannot be continued as a partner.
 - He will be ceased to be a partner from the very date on which the order of adjudication is made.
 - The estate of the insolvent partner is not liable for the acts of the firm done after the date of order of adjudication.
 - The firm is also not liable for any act of the insolvent partner after the date of the order of adjudication,
 - Ordinarily but not invariably, the insolvency of a partner results in dissolution of a firm; but the partners are competent to agree among themselves that the adjudication of a partner as an insolvent will not give rise to dissolution of the firm.
- {3 M}

Death of partner:

- The estate of the deceased partner is not liable for act of the firm after the death of the partner.
 - It is not necessary to give any notice either to the public or the persons having dealings with the firm.
- {3 M}

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PAPER : BUSINESS CORRESPONDENCE & REPORTING

The Question Paper comprises of 5 questions of 10 marks each.
Question No. 7 is compulsory. Out of questions 8 to 11, attempt any three.

SECTION-B : BUSINESS CORRESPONDENCE & REPORTING (40 MARKS)

Answer 7:

(a)

Answer Sheet

1.	2.	3.	4.	5
(D)	(B)	(C)	(A)	(D)

{1 M Each}

Answer:

(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

{2 M}

Key Note –

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

{1 M}

(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.

{2 M}

Answer 8:

- (a) **Physical non-verbal communication: An individual's body language that is,** facial expressions, stances, gestures, touches and other physical signals constitute this type of communication. For example, leaning forward may mean friendliness, acceptance and interest, while crossing arms can be interpreted as antagonistic or defensive posture. {1 M}
- Research estimates show that physical, non-verbal communication accounts for 55 percent of all communication. Smiles, frowns, pursing of lips, clenching of wrists etc. transmit emotions which are not expressed through verbal communication. {1 M}

Answer:

- (b) (i) Rohit wrote a story on the wall.
 (ii) Ravi Sang a Song.
 (iii) What did you eat for breakfast? } {1 M Each}

Answer:

- (c) **Language Endangerment: An Alarming Situation }** {1 M}
 Language endangerment is an alarming situation worldwide. Language teachers should be well trained linguistically and language documentation should be encouraged by state authorities. Similarly, linguists, language activists, and language policy makers have a long-term task to compile and disseminate the most effective and viable mechanisms for sustaining and revitalizing the endangered languages. } {2 M}

Answer 9:

- (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. } {1 M}

Answer:

- (b) (i) Glittering
 (ii) Inconstancy
 (iii) Varun said that Every Kid should learn coding. } {1 M Each}

Answer:

- (c) XYZ Electronics New Delhi.
 Date: 20th Dec, 2018
 Manager, Customer Care XYZ Electronics
 New Delhi. } {1 M}
 Dear Sir/Ma'am
 Sub: Complaint regarding the printer model CanXR 0987, Invoice No: Prin/CanXR/6 - 12- 2018.
 This is regarding the printer that I bought on Dec 6, 2018. After installation, it worked fine for a few days. But lately every time a print command is given, it paper gets stuck and the scanning/photocopying option is not working at all. Please send your executive to examine the problem and rectify it at the earliest or get it replaced. I had bought the equipment to take print-outs at home for an urgent project work submission. } {2 M}
 I request you to look into the problem urgently and send the expert tomorrow evening by 7PM. You can send the name and mobile number of the executive at my number XXXXXXXXXX. Looking forward to a prompt response. } {1 M}
 (Signed) } {1 M}
 ABC }

Answer 10:

- (a) Vertical Network and Wheel & Spoke Network

Vertical Network	Wheel and Spoke Network
{1 ^{1/2} M} A formal network. It is usually between a higher ranking employee and a subordinate.	A network with a single controlling authority who gives instructions and orders to all employees working under him/her.
A two way communication happens	Two way communication happens but useful only in small organizations.

Answer:**(b) Passive to Active**

- (1) The school authorities had to declare the results
 (2) You must complete the test in one hour. } {Each 1 M}

Answer:**(c) Hints:**

- Causes of health issues: a crisp list
 - Office work
 - Lifestyle
 - Eating habits
 - Growing economy
 - Money splurge
 - Effects: direct effects
 - Diseases
 - Physical health issues
 - Strain on eyes
 - Young deaths
- (Any ten points
Each 1/2 M)

Answer 11:

- (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. } {2 M}

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. } {2 M}

Answer:

- (b)** (i) Brief
 (ii) Mysterious
 (iii) The angry mother jeered to her son if he supposed that he knew better than his own father. } {1 M Each}

Answer:

- (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 } {2^{1/2} M}

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 apologies for the inconvenience caused.

Thank you

Yours sincerely

Name of Sender

Designation of Sender

{2^{1/2} M}

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