

PAPER – 2: BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING

SECTION A – BUSINESS LAW

Question No. 1 is compulsory.

Attempt any **four** questions from the remaining **five** questions.

Question 1

- (a) Mr. X and Mr. Y entered into a contract on 1st August, 2018, by which Mr. X had to supply 50 tons of sugar to Mr. Y at a certain price strictly within a period of 10 days of the contract. Mr. Y also paid an amount of ₹ 50,000 towards advance as per the terms of the above contract. The mode of transportation available between their places is roadway only. Severe flood came on 2nd August, 2018 and the only road connecting their places was damaged and could not be repaired within fifteen days. Mr. X offered to supply sugar on 20th August, 2018 for which Mr. Y did not agree. On 1st September, 2018, Mr. X claimed compensation of ₹ 10,000 from Mr. Y for refusing to accept the supply of sugar, which was not there within the purview of the contract. On the other hand, Mr. Y claimed for refund of ₹ 50,000 which he had paid as advance in terms of the contract. Analyse the above situation in terms of the provisions of the Indian Contract Act, 1872 and decide on Y's contention. **(4 Marks)**
- (b) A company registered under section 8 of the Companies Act, 2013, earned huge profit during the financial year ended on 31st March, 2018 due to some favorable policies declared by the Government of India and implemented by the company. Considering the development, some members of the company wanted the company to distribute dividends to the members of the company. They approached you to advise them about the maximum amount of dividend that can be declared by the company as per the provisions of the Companies Act, 2013. Examine the relevant provisions of the Companies Act, 2013 and advise the members accordingly. **(4 Marks)**
- (c) Differentiate between Ascertained and Unascertained Goods with example. **(4 Marks)**

Answer

- (a) **Subsequent or Supervening impossibility (Becomes impossible after entering into contract):** When performance of promise become impossible or illegal by occurrence of an unexpected event or a change of circumstances beyond the contemplation of parties, the contract becomes void e.g. change in law etc.

Also, according to section 65 of the Indian Contract Act, 1872, when an agreement is discovered to be void or when a contract becomes void, any person who has received any advantage under such agreement or contract is bound to restore it, or to make compensation for it to the person from whom he received it.

In the given question, after Mr. X and Mr. Y have entered into the contract to supply 50 tons of sugar, the event of flood occurred which made it impossible to deliver the sugar within the stipulated time. Thus, the promise in question became void. Further, Mr. X has to pay back the amount of ₹ 50,000 that he received from Mr. Y as an advance for the supply of sugar within the stipulated time. Hence, the contention of Mr. Y is correct.

- (b) A company that is registered under section 8 of the Companies Act, 2013, is prohibited from the payment of any dividend to its members.

The company in question is a section 8 company and hence it cannot declare dividend. Thus, the contention of members is incorrect.

- (c) **Ascertained Goods** are those goods which are identified in accordance with the agreement after the contract of sale is made. This term is not defined in the Act but has been judicially interpreted. In actual practice the term 'ascertained goods' is used in the same sense as 'specific goods.' When from a lot or out of large quantity of unascertained goods, the number or quantity contracted for is identified, such identified goods are called ascertained goods.

Unascertained goods: The goods which are not specifically identified or ascertained at the time of making of the contract are known as 'unascertained goods'. They are indicated or defined only by description or sample.

Question 2

- (a) *What is Contingent Contract? Discuss the essentials of Contingent Contract as per the Indian Contract Act, 1872.* **(7 Marks)**
- (b) *Explain the essential elements to incorporate a Limited Liability Partnership and the steps involved therein under the LLP Act, 2008.* **(5 Marks)**

Answer

- (a) According to section 31 of the Indian Contract Act, 1872, contingent contract means a contract to do or not to do something, if some event, collateral to such contract, does or does not happen.

Example: Contracts of Insurance, indemnity and guarantee.

Essentials of a contingent contract

- (a) **The performance of a contingent contract would depend upon the happening or non-happening of some event or condition.** The condition may be precedent or subsequent.
- (b) **The event referred to, is collateral to the contract.** The event is not part of the contract. The event should be neither performance promised nor a consideration for a promise.
- (c) **The contingent event should not be a mere 'will' of the promisor.** The event

should be contingent in addition to being the will of the promisor.

- (d) **The event must be uncertain.** Where the event is certain or bound to happen, the contract is due to be performed, then it is a not contingent contract.
- (b) **Essential elements to incorporate Limited Liability Partnership (LLP)-** Under the LLP Act, 2008, the following elements are very essential to form a LLP in India:
- (i) To complete and submit incorporation document in the form prescribed with the Registrar electronically;
 - (ii) To have at least two partners for incorporation of LLP [Individual or body corporate];
 - (iii) To have registered office in India to which all communications will be made and received;
 - (iv) To appoint minimum two individuals as designated partners who will be responsible for number of duties including doing of all acts, matters and things as are required to be done by the LLP. Atleast one of them should be resident in India.
 - (v) A person or nominee of body corporate intending to be appointed as designated partner of LLP should hold a Designated Partner Identification Number (DPIN) allotted by Ministry of Corporate Affairs.
 - (vi) To execute a partnership agreement between the partners inter se or between the LLP and its partners. In the absence of any agreement the provisions as set out in First Schedule of LLP Act, 2008 will be applied.
 - (vii) LLP Name.

Steps to incorporate LLP:

1. Name reservation:
 - The first step to incorporate Limited Liability Partnership (LLP) is reservation of name of LLP.
 - Applicant has to file e-Form 1, for ascertaining availability and reservation of the name of a LLP business.
2. Incorporate LLP:
 - After reserving a name, user has to file e- Form 2 for incorporating a new Limited Liability Partnership (LLP).
 - e-Form 2 contains the details of LLP proposed to be incorporated, partners'/ designated partners' details and consent of the partners/designated partners to act as partners/ designated partners

3. LLP Agreement

- Execution of LLP Agreement is mandatory as per Section 23 of the Act.
- LLP Agreement is required to be filed with the registrar in e-Form 3 within 30 days of incorporation of LLP.

Question 3

(a) "Though a minor cannot be a partner in a firm, he can nonetheless be admitted to the benefits of partnership."

(I) Referring to the provisions of the Indian Partnership Act, 1932, state the rights which can be enjoyed by a minor partner. **(4 Marks)**

(II) A. State the liabilities of a minor partner both:

- (i) Before attaining majority and
- (ii) After attaining majority. **(2 Marks)**

OR

B. State the legal position of a minor partner after attaining majority:

- (i) When he opts to become a partner of the same firm.
- (ii) When he decide not to become a partner. **(2 Marks)**

(b) (i) Mr. Ramesh promised to pay ₹50,000 to his wife Mrs. Lali so that she can spend the sum on her 30th birthday. Mrs. Lali insisted her husband to make a written agreement if he really loved her. Mr. Ramesh made a written agreement and the agreement was registered under the law. Mr. Ramesh failed to pay the specified amount to his wife Mrs. Lali. Mrs. Lali wants to file a suit against Mr. Ramesh and recover the promised amount. Referring to the applicable provisions of the Contract Act, 1872, advise whether Mrs. Lali will succeed. **(3 Marks)**

(ii) A shop-keeper displayed a pair of dress in the show-room and a price tag of ₹2,000 was attached to the dress. Ms. Lovely looked to the tag and rushed to the cash counter. Then she asked the shop-keeper to receive the payment and pack up the dress. The shop-keeper refused to hand-over the dress to Ms. Lovely in consideration of the price stated in the price tag attached to the Ms. Lovely seeks your advice whether she can sue the shop-keeper for the above cause under the Indian Contract Act, 1872. **(3 Marks)**

Answer

(a) (I) **Rights which can be enjoyed by a minor partner:**

- (i) A minor partner has a right to his agreed share of the profits and of the firm.
- (ii) He can have access to, inspect and copy the accounts of the firm.

- (iii) He can sue the partners for accounts or for payment of his share but only when severing his connection with the firm, and not otherwise.
 - (iv) On attaining majority, he may within 6 months elect to become a partner or not to become a partner. If he elects to become a partner, then he is entitled to the share to which he was entitled as a minor. If he does not, then his share is not liable for any acts of the firm after the date of the public notice served to that effect.
- (II) A. (i) **Liabilities of a minor partner before attaining majority:**
- (a) The liability of the minor is confined only to the extent of his share in the profits and the property of the firm.
 - (b) Minor has no personal liability for the debts of the firm incurred during his minority.
 - (c) Minor cannot be declared insolvent, but if the firm is declared insolvent his share in the firm vests in the Official Receiver/ Assignee.
- (ii) **Liabilities of a minor partner after attaining majority:**
- Within 6 months of his attaining majority or on his obtaining knowledge that he had been admitted to the benefits of partnership, whichever date is later, the minor partner has to decide whether he shall remain a partner or leave the firm.
- Where he has elected not to become partner he may give public notice that he has elected not to become partner and such notice shall determine his position as regards the firm. If he fails to give such notice he shall become a partner in the firm on the expiry of the said six months.

OR

- B. (i) **When he becomes partner:** If the minor becomes a partner on his own willingness or by his failure to give the public notice within specified time, his rights and liabilities as given in Section 30(7) of the Indian Partnership Act, 1932, are as follows:
- (a) He becomes personally liable to third parties for all acts of the firm done since he was admitted to the benefits of partnership.
 - (b) His share in the property and the profits of the firm remains the same to which he was entitled as a minor.
- (ii) **When he elects not to become a partner:**
- (a) His rights and liabilities continue to be those of a minor up to the

date of giving public notice.

- (b) His share shall not be liable for any acts of the firm done after the date of the notice.
 - (c) He shall be entitled to sue the partners for his share of the property and profits. It may be noted that such minor shall give notice to the Registrar that he has or has not become a partner.
- (b) (i) **Parties must intend to create legal obligations:** There must be an intention on the part of the parties to create legal relationship between them. Social or domestic type of agreements are not enforceable in court of law and hence they do not result into contracts.

In the given question, Mr. Ramesh promised to pay ₹ 50,000 to his wife so that she can spend the same on her birthday. However, subsequently, Mr. Ramesh failed to fulfil the promise, for which Mrs. Lali wants to file a suit against Mr. Ramesh. Here, in the given circumstance wife will not be able to recover the amount as it was a social agreement and the parties did not intend to create any legal relations.

- (ii) The offer should be distinguished from an invitation to offer. An offer is definite and capable of converting an intention in to a contract. Whereas an invitation to an offer is only a circulation of an offer, it is an attempt to induce offers and precedes a definite offer. Where a party, without expressing his final willingness, proposes certain terms on which he is willing to negotiate, he does not make an offer, but invites only the other party to make an offer on those terms. This is the basic distinction between offer and invitation to offer.

The display of articles with a price in it in a self-service shop is merely an invitation to offer. It is in no sense an offer for sale, the acceptance of which constitutes a contract. In this case, Ms. Lovely by selecting the dress and approaching the shopkeeper for payment simply made an offer to buy the dress selected by her. If the shopkeeper does not accept the price, the interested buyer cannot compel him to sell.

Question 4

- (a) *What is the Doctrine of "Caveat Emptor"? What are the exceptions to the Doctrine of "Caveat Emptor"?* **(6 Marks)**
- (b) (i) *Mr. A. Mr. B and Mr. C were partners in a partnership firm M/s ABC & Co., which is engaged in the business of trading of branded furniture. The name of the partners was clearly written along with the firm name in front of the head office of the firm as well as on letter-head of the firm. On 1st October, 2018, Mr. C passed away. His name was neither removed from the list of partners as stated in front of*

the head office nor from the letter-heads of the firm. As per the terms of partnership, the firm continued its operations with Mr. A and Mr. B as partners. The accounts of the firm were settled and the amount due to the legal heirs of Mr. C was also determined on 10th October, 2018. But the same was not paid to the legal heirs of Mr. C. On 16th October, 2018, Mr. X, a supplier supplied furniture worth ₹ 20,00,000 to M/s ABC & Co. M/s ABC & Co. could not repay the amount due to heavy losses. Mr. X wants to recover the amount not only from M/s ABC & Co., but also from the legal heirs of Mr. C.

Analyses the above situation in terms of the provisions of the Indian Partnership Act, 1932 and decide whether the legal heirs of Mr. C can also be held liable for the dues towards Mr. X. **(3 Marks)**

- (ii) Mr. M, Mr. N and Mr. P were partners in a firm, which was dealing in refrigerators. On 1st October, 2018, Mr. P retired from partnership, but failed to give public notice of his retirement. After his retirement, Mr. M, Mr. N and Mr. P visited a trade fair and enquired about some refrigerators with latest techniques. Mr. X, who was exhibiting his refrigerators with the new techniques was impressed with the interactions of Mr. P and requested for the visiting card of the firm. The visiting card also included the name of Mr. P as a partner even though he had already retired. Mr. X supplied some refrigerators to the firm and could not recover his dues from the firm. Now, Mr. X wants to recover the dues not only from the firm, but also from Mr. P.

Analyse the above case in terms of the provisions of the Indian Partnership Act, 1932 and decide whether Mr. P is liable in this situation. **(3 Marks)**

Answer

(a) Caveat Emptor

In case of sale of goods, the doctrine 'Caveat Emptor' means '**let the buyer beware**'. When sellers display their goods in the open market, it is for the buyers to make a proper selection or choice of the goods. If the goods turn out to be defective, he cannot hold the seller liable. The seller is in no way responsible for the bad selection of the buyer. The seller is not bound to disclose the defects in the goods which he is selling.

Exceptions: Following are the exceptions to the doctrine of Caveat Emptor:

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) of the Sales of Goods Act, 1930].

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.
- (b) (i) Generally, the effect of the death of a partner is the dissolution of the partnership, but the rule in regard to the dissolution of the partnership, by death of partner, is subject to a contract between the parties and the partners are competent to agree that the death of one will not have the effect of dissolving the partnership as regards the surviving partners unless the firm consists of only two partners. In order that the estate of the deceased partner may be absolved from liability for the future obligations of the firm, it is not necessary to give any notice either to the public or the persons having dealings with the firm.
- In the light of the provisions of the Act and the facts of the question, Mr. X (creditor) can have only a personal decree against the surviving partners (Mr. A and Mr. B) and a decree against the partnership assets in the hands of those partners. A suit

for goods sold and delivered would not lie against the representatives of the deceased partner. Hence, the legal heirs of Mr. C cannot be held liable for the dues towards Mr. X.

- (ii) A retiring partner continues to be liable to third party for acts of the firm after his retirement until public notice of his retirement has been given either by himself or by any other partner. But the retired partner will not be liable to any third party if the latter deals with the firm without knowing that the former was partner.

Also, if the partnership is at will, the partner by giving notice in writing to all the other partners of his intention to retire will be deemed to be relieved as a partner without giving a public notice to this effect.

Also, as per section 28 of the Indian Partnership Act, 1932, where a man holds himself out as a partner, or allows others to do it, he is then stopped from denying the character he has assumed and upon the faith of which creditors may be presumed to have acted.

In the light of the provisions of the Act and facts of the case, Mr. P is also liable to Mr. X.

Question 5

- (a) *Mr. G sold some goods to Mr. H for certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged.*

Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different, if the dues were not settled in cash and are still pending? (6 Marks)

- (b) *There are cases where company law disregards the principle of corporate personality or the principle that the company is a legal entity distinct from its shareholders or members. Elucidate. (6 Marks)*

Answer

- (a) 1. According to section 44 of the Sales of Goods Act, 1932, when the seller is ready and willing to deliver the goods and requests the buyer to take delivery, and the buyer does not within a reasonable time after such request take delivery of the goods, he is liable to the seller for any loss occasioned by his neglect or refusal to take delivery and also for a reasonable charge for the care and custody of the goods.

The property in the goods or beneficial right in the goods passes to the buyer at appoint of time depending upon ascertainment, appropriation and delivery of goods. Risk of loss of goods *prima facie* follows the passing of property in goods. Goods remain at the seller's risk unless the property there in is transferred to the buyer, but after transfer of property therein to the buyer the goods are at the buyer's risk whether delivery has been made or not.

In the given case, since Mr. G has already intimated Mr. H, that he wanted to store some other goods and thus Mr. H should take the delivery of goods kept in the godown of Mr. G, the loss of goods damaged should be borne by Mr. H.

2. If the price of the goods would not have settled in cash and some amount would have been pending then Mr. G will be treated as an unpaid seller and he can enforce the following rights against the goods as well as against the buyer personally:
 - (a) Where under a contract of sale the property in the goods has passed to the buyer and the buyer wrongfully neglects or refuses to pay for the goods according to the terms of the contract, the seller may sue him for the price of the goods. [Section 55(1) of the Sales of Goods Act, 1930]
 - (b) Where under a contract of sale the price is payable on a day certain irrespective of delivery and the buyer wrongfully neglects or refuses to pay such price, the seller may sue him for the price although the property in the goods has not passed and the goods have not been appropriated to the contract. [Section 55(2) of the Sales of Goods Act, 1930].
- (b) Corporate Veil refers to a legal concept whereby the company is identified separately from the members of the company.

However, this veil can be lifted which means looking behind the company as a legal person, i.e., disregarding the corporate entity and paying regard, instead, to the realities behind the legal facade. Where the Courts ignore the company, and concern themselves directly with the members or managers, the corporate veil may be said to have been lifted. Only in appropriate circumstances, the Courts are willing to lift the corporate veil and that too, when questions of control are involved rather than merely a question of ownership.

Lifting of Corporate Veil

The following are the cases where company law disregards the principle of corporate personality or the principle that the company is a legal entity distinct and separate from its shareholders or members:

- **Trading with enemy:** If the public interest is likely to be in jeopardy, the Court may be willing to crack the corporate shell
- Where corporate entity is used to evade or circumvent tax, the corporate veil may

be lifted

- Where companies form other companies as their subsidiaries to act as their agent
- Company is formed to circumvent welfare of employees
- **Where the device of incorporation is adopted for some illegal or improper purpose:** Where the device of incorporation is adopted for some illegal or improper purpose, e.g., to defeat or circumvent law, to defraud creditors or to avoid legal obligations.

Question 6

(a) Explain the modes of revocation of an offer as per the Indian Contract Act, 1872.

(5 Marks)

(b) State any four grounds on which Court may dissolve a partnership firm in case any partner files a suit for the same.

(4 Marks)

(c) Mr. X had purchased some goods from M/s ABC Limited on credit. A credit period of one month was allowed to Mr. X. Before the due date Mr. X went to the company and wanted to repay the amount due from him. He found only Mr. Z there, who was the factory supervisor of the company. Mr. Z told Mr. X that the accountant and the cashier were on leave, he is in-charge of receiving money and he may pay the amount to him. Mr. Z issued a money receipt under his signature. After two months M/s ABC Limited issued a notice to Mr. X for non-payment of the dues within the stipulated period. Mr. X informed the company that he had already cleared the dues and he is no more responsible for the same. He also contended that Mr. Z is an employee of the company to whom he had made the payment and being an outsider, he trusted the words of Mr. Z as duty distribution is a job of the internal management of the company.

Analyse the situation and decide whether Mr. X is free from his liability. **(3 Marks)**

Answer

(a) Modes of revocation of Offer

- (i) By notice of revocation
- (ii) **By lapse of time:** The time for acceptance can lapse if the acceptance is not given within the specified time and where no time is specified, then within a reasonable time.
- (iii) **By non-fulfillment of condition precedent:** Where the acceptor fails to fulfill a condition precedent to acceptance the proposal gets revoked.
- (iv) **By death or insanity:** Death or insanity of the proposer would result in automatic revocation of the proposal but only if the fact of death or insanity comes to the knowledge of the acceptor.

- (v) By counter offer
- (vi) By the non- acceptance of the offer according to the prescribed or usual mode
- (vii) By subsequent illegality

(b) Dissolution by the Court (Section 44 of the Indian Partnership Act, 1932):

Court may, at the suit of the partner, dissolve a firm on any of the following ground:

- (1) **Insanity/unsound mind:** Where a partner (not a sleeping partner) has become of unsound mind, the court may dissolve the firm on a suit of the other partners or by the next friend of the insane partner.
- (2) **Permanent incapacity:** When a partner, other than the partner suing, has become in any way permanently incapable of performing his duties as partner, then the court may dissolve the firm. Such permanent incapacity may result from physical disability or illness etc.
- (3) **Misconduct:** Where a partner, other than the partner suing, is guilty of conduct which is likely to affect prejudicially the carrying on of business, the court may order for dissolution of the firm, by giving regard to the nature of business.
- (4) **Persistent breach of agreement:** Where a partner other than the partner suing, wilfully or persistently commits breach of agreements relating to the management of the affairs of the firm or the conduct of its business, or otherwise so conduct himself in matters relating to the business that it is not reasonably practicable for other partners to carry on the business in partnership with him, then the court may dissolve the firm at the instance of any of the partners. Following comes in to category of breach of contract:
 - Embezzlement,
 - Keeping erroneous accounts
 - Holding more cash than allowed
 - Refusal to show accounts despite repeated request etc.
- (5) **Transfer of interest:** Where a partner other than the partner suing, has transferred the whole of his interest in the firm to a third party or has allowed his share to be charged or sold by the court, in the recovery of arrears of land revenue, the court may dissolve the firm at the instance of any other partner.
- (6) **Continuous/Perpetual losses:** Where the business of the firm cannot be carried on except at a loss in future also, the court may order for its dissolution.
- (7) **Just and equitable grounds:** Where the court considers any other ground to be just and equitable for the dissolution of the firm, it may dissolve a firm. The following are the cases for the just and equitable grounds-
 - (i) Deadlock in the management.

- (ii) Where the partners are not in talking terms between them.
- (iii) Loss of substratum.
- (iv) Gambling by a partner on a stock exchange.

(c) **Doctrine of Indoor Management:** The Doctrine of Indoor Management is the exception to the doctrine of constructive notice. The doctrine of constructive notice does not mean that outsiders are deemed to have notice of the internal affairs of the company. For instance, if an act is authorised by the articles or memorandum, an outsider is entitled to assume that all the detailed formalities for doing that act have been observed.

The doctrine of Indoor Management is important to persons dealing with a company through its directors or other persons. They are entitled to assume that the acts of the directors or other officers of the company are validly performed, if they are within the scope of their apparent authority. So long as an act is valid under the articles, if done in a particular manner, an outsider dealing with the company is entitled to assume that it has been done in the manner required.

In the given question, Mr. X has made payment to Mr. Z and he (Mr. Z) gave to receipt of the same to Mr. X. Thus, it will be rightful on part of Mr. X to assume that Mr. Z was also authorised to receive money on behalf of the company. Hence, Mr. X will be free from liability for payment of goods purchased from M/s ABC Limited, as he has paid amount due to an employee of the company.

PAPER – 2: BUSINESS LAW & BUSINESS CORRESPONDENCE AND REPORTING

SECTION-B : BUSINESS CORRESPONDENCE AND REPORTING

Question No. 7 is compulsory.

*Answer any three questions from the remaining **four** questions.*

All candidates (including those who have opted for Hindi Medium) are required to answer the questions in Section B, in English only.

Question 7

(a) *Read the passage carefully and answer the questions given below :*

"Your room is so ugly that no one can enter your room except yourself, son. Please take care of yourself at least. "Harish's mother was simply shouting at Harish. It was a beautiful Sunday morning and. Harish was in no mood to get up from bed even it was already 9.00 A.M. His mother had completed cleaning the whole house except Harish's Room. Harish got up and finished his daily routine. Still, he was only at the receiving end. "All your friends have finished morning walk, breakfast and completed their weekly homework given in the college. Just clean your room and take the whole garbage and throw outside." Harish was surprised. What is mom speaking about? Yesterday only his mom was teaching him about "Swachh Bharat Abhiyan" and today asking him to throw the garbage outside ! "What's this Mom? You advised me so much and today asking to throw garbage outside?" Harish had two options, either to follow his mother's last night advice or to follow her present order. He decided to follow the first and raised objection. His Mom said, "It was just a book son, I was teaching from that only. "Harish still objected and threw the garbage inside a dustbin, located around 200 metres away from his house.

Is it only a matter of reading only? Is really cleanliness not, necessary? Is it a duty of the politicians and Government servants? Harish asked himself all the questions to himself and decided to do what he thought to be proper. If all of us with a little effort try it in our daily life, slowly, but surely we can clean our environment. Only we are responsible for all this non-sense. Therefore we have to act. We have to avoid the use of polythene bags to save our environment; we have to give up our habit of throwing garbage and used plastic bags and bottles here and there. Otherwise day will come, when we and our future generation will be struggling to find a clean road to walk. Think seriously and act accordingly.

- (i) *What was the subject matter of the book, which Harish's mother was teaching him last night? (1 Mark)*
- (ii) *Who has to act properly to ensure a clean environment? (1 Mark)*
- (iii) *Who will suffer if we do not ensure clean environment? (1 Mark)*
- (iv) *Write a summary of the above paragraph. (2 Marks)*

Read the passage :

(i) Make notes, using headings, sub-headings and abbreviations wherever necessary.

(3 Marks)

(ii) Write Summary.

A good business letter is one that gets results. The best way to get results is to develop a letter that in its appearance, style and content, conveys information efficiently. To perform this function, a business letter should be concise, clear and courteous. The business letter must be concise, don't waste words. Little introduction or preliminary chat is necessary. Get to the point, make the point, and leave it. It is safe to assume that your letter is being read by a very busy person with all kinds of papers to deal with. Re-read and revise your message until the words and sentences you have used are precise. This takes time, but is a necessary part of a good business letter. A short business letter that makes its point quickly has much more impact on a reader than a long-winded, rambling exercise in creative writing. This does not mean that there is no place for style and even, on occasion, humour in the business letter. While it conveys a message in its contents, the letter also provides the reader with an impression of you, its author, the medium is part of the message. The business letter must be clear. You should have a very firm idea of what you want to say, and you should let the reader know it. Use the structure of the letter — the paragraphs, topic sentences, introduction and conclusion- to guide the reader point by point from your thesis, through your reasoning, to your conclusion. Paragraph often, to break up the page and to lend an air of organization to the letter. Use an accepted business letter format. Re-read what you have written from the point of view of someone who is seeing it for the first time, and be sure that all explanations are adequate, all information provided (including reference numbers, dates and other identification). A clear message, clearly delivered, is the essence of business communication. The business letter must be courteous. Sarcasm and insults are ineffective and can often work against you. If you are sure you are right, point that out as politely as possible, explain why you are right, and outline what the reader is expected to do about it. Another form of courtesy is taking care in your writing and typing of business letter. Grammatical and spelling errors (even if you call them typing errors) tell a reader that you don't think enough of him or can lower the reader's opinion of your personality faster than anything you say, no matter how idiotic. There are excuses for ignorance; there are no excuses for sloppiness. The business letter is your custom-made representative. It speaks for you and is a permanent record of your message. It can pay big dividends on the time you invest in giving it a concise message, a clear structure, and a courteous tone.

(2 Marks)

Answer**(a) Reading comprehension**

- (i) The subject matter of the book was “Swacch Bharat Abhiyan”
- (ii) We the citizens have to act properly to ensure a clean environment.
- (iii) Our future generations will suffer if we do not ensure clean environment.
- (iv) Harish’s mother scolded him for not cleaning his room, asked him to clean his room and to throw the garbage out as he got up on a Sunday morning. He got confused as previous night his mother was teaching him about “Swacch Bharat Abhiyan” and this morning asked him to throw the garbage recklessly on the road. He acted responsibly, after cleaning his room; he disposed the garbage in a dustbin away from his house.

Every citizen is responsible for cleanliness, not just people in the government. With a little effort, we can keep our environment clean and tidy. We must avoid using polythene bags and littering else, our future generations will struggle for a clean environment.

(b) (i) Note Making

Business Letter

- (i) Rprsnts the athr
- (ii) Gives an idea about the athr’s nature
- (ii) Is a prmnt rcrd

A. Good Business Letter

- (i) Gets results
- (ii) Cnvys infrmtn effcntly
- (iii) Characteristics:

(a) Concise

- Brief Intro.
- To the point
- Precise words

(b) Clear

- Cnvys a firm idea
- Has a structure/format with
 - Subject line
 - Intro

- Main Para
- Cnclsn
- Adqt Info like
 - Ref. No.
 - Date
 - Other idntfctn

(c) Courteous

- Be polite
- Mention reason for your stance
- Specify action to be taken
- Avoid grmtcl/splng errors

Key:

Abbreviations:

Rprsnts: Represents

Athr: Author

Prmnt: Permanent

Rrcrd: Record

Cnvys: Conveys

Infrmtn: Information

Effcntly: Efficiently

Intro: Introduction

Para: Paragraph

Cnclsn: Conclusion

Adqt: Adequate

Ref. No: Reference Number

Idntfctn: Identification

Grmtcl: Grammatical

Splng: Spelling

(ii) Summary

A business letter represents the sender, gives an idea about the author's nature and creates a permanent record. A good business letter is one that conveys information efficiently. It must be:

Concise: Should briefly introduce the intent then explain the main point precisely. It saves reader's precious time and is much more impactful.

Clear: It must convey the idea firmly. It has a structure: subject/topic line, introduction, main paragraph and conclusion. The details mentioned viz. Reference number, dates, other identifications should be sufficient for the reader to make out the letter's intent/essence.

Courteous: Be polite while justifying your stance and specify action to be taken by the reader. Avoid grammatical and spelling mistakes.

Question 8

(a) Describe the term "paralanguage", a mode of communication. **(2 Marks)**

(b) (i) Choose the word which best expresses the meaning of the given word:

Proficient

- (1) Regular (2) Expert
(3) Weak (4) Reserve

(1 Mark)

(ii) Select a suitable **antonym** for the following word:

Support

- (1) Disturb (2) Attend
(3) Oppose (4) Attack

(1 Mark)

(iii) Change the following sentence into indirect speech:

Suchi asked Sunil, "Are you interested to visit the temple?"

(1 Mark)

(c) Write a précis and give appropriate title to the passage given below :

Trees give shade for the benefit of others, and while they themselves stand in the sun and endure the scorching heat, they produce the fruit of which others profit. The character of good men is like that of trees. What is the use of this perishable body if no use is made of it for the benefit of mankind? Sandalwood, the more it is rubbed, the more scent dies it yield. Sugarcane, the more it is peeled and cut up into pieces, the more juice dies it produce. The men who are noble at heart do not lose their qualities even in losing their lives. What matters whether men praise them or not? What difference does it make whether they die at this moment or whether lives are prolonged? Happen what may, those who tread in the right path will not set foot in any other. Life itself is unprofitable to a man who does not live for others. To live for the mere sake of living one's life is to live the life of

dogs and crows. Those who lay down their lives for the sake of others will assuredly dwell forever in a world of bliss. (5 Marks)

Answer

(a) Paralanguage

It refers to the way you say something rather than the actual words used, the voice quality, intonation, pitch, stress, emotion and style of speaking communicates approval, interest or lack of it. Research estimates that tone accounts for 38 percent of communication.

(b) i. (2) Expert

ii. (3) Oppose

iii. Indirect speech: Suchi asked Sunil if he was interested to visit the temple.

(Objective questions, hence either right or wrong)

(c) Precis writing

Possible Titles: Good/Great Men/Souls never die

Good/Great Men/Souls live forever

Good men like trees, live for others. As trees, who face the heat of the sun themselves but bear fruits for others, good men serve others. They do not lose their character, even if they have to lose their lives. They are not bothered whether they are praised or not, or whether they live long or are short lived. They live forever in eternal bliss.

Question 9

(a) (i) Discuss "Cultural barrier in communication." (2 Marks)

OR

(ii) What do you mean by (A) Vertical and (B) Horizontal formal communication?

(2 Marks)

(b) Choose the word which best expresses the meaning of the given word:

(i) Fiction

(1) Fantasy

(2) Story

(3) Fact

(4) Reality

(1 Mark)

(ii) Demote

(1) Rise

(2) Upgrade

(3) Decline

(4) Downgrade

(1 Mark)

(iii) Change the following sentence into indirect speech :

Shalini gave order to her younger sister, "Go home immediately." (1 Mark)

(c) Write a circular addressing to the employees regarding re-organization of manpower and their responsibility in finance department of the company. (5 Marks)

Answer

(a) (i) **Cultural barriers:** Understanding *cultural aspects of communication* refers to having knowledge of different cultures in order to communicate effectively with cross culture people. Understanding various cultures in this era of globalization is an absolute necessity as the existence of cultural differences between people from various countries, regions tribes and, religions, where words and symbols may be interpreted differently can result in communication barriers and miscommunications. Multinational companies offer special courses and documents to familiarize their staff with the culture of the country where they are based for work.

(ii) **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.

Vertical: Information can flow upwards or downwards in the organization. Data that is collected flows up to the top levels of management for review and decision making, while instructions and orders are passed down from the management/ seniors to the subordinates for implementation.

Horizontal: Horizontal communication that involves communication between two parts of the organization at the same level. For example, the managers of a project in a company may hold a regular daily, weekly or monthly meeting to discuss the progress of the project.

- (b) i. 1. Fantasy
ii. 4. Downgrade
iii. Shalini ordered her younger sister to go home immediately.

(Objective type answers; either right or wrong)

(c) Circular

Circular No. XV		13 th Nov, 2018	
Office Circular			
Due to urgent work requirements in the Finance department, the following employees are temporarily shifted to the department for a period of 2 months (60 days) w.e.f Nov 14, 2018.			
Name	Designation	Department	Current Responsibility (Finance Department)
Mr. WER	Upper Division Clerk	Accounts	Clerk
Mr. XYZ	Junior Accountant	Accounts	Accounts Assistant
Ms. PRT	Senior Accountant	Accounts	Accounts Officer
Ms. SDF	Project Manager	Information Technology	Technical Support Manager
Mr. LMN	Network Engineer	Information Technology	Engineer
Mr. RST	Office Assistant	Sales and Marketing Office	Assistant
The above employees are directed to report to Mr. X (Head Finance) at 10 AM tomorrow, Nov 14, 2018.			
Office timings will be from 10 AM till 7PM			
Saturday will be a working day, Sunday is a holiday.			
JKL			
Manager, HR			

Question 10

- (a) *How do Technology barriers effects communication? Explain.* **(2 Marks)**
- (b) (i) *Fill up the blank with the most suitable preposition or adverb given in the brackets.
He apologized _____ his teacher for his misbehaviour. (to /from / with / against)* **(1 Mark)**
- (ii) *Rewrite the following sentence in Passive Voice.
Sunita said, "Please give me a glass of water."* **(1 Mark)**
- (iii) *Rewrite the following sentence in Active Voice.
The case should be handled by you carefully since it is critical in nature.* **(1 Mark)**

(c) Write a Newspaper Report in 250 words on the topic:

"Daughter of Gardener Tops Board Exams."

(5 Marks)

Answer

(a) In the present world, communication modes are primarily technology driven. The communication technology is being constantly upgraded or new formats emerge ever so frequently. Anyone who is not abreast with these struggles to communicate effectively via the medium.

An individual is swamped with huge amount of information every day in the form of emails, texts and social updates. Multitasking is the norm these days. The information overload and trying to accomplish too many things together can result in gaps in communication and miscommunications.

- (b) i. He apologized to his teacher for his misbehaviour.
 ii. Sunita said, "A glass of water be kindly given to me"/ Sunita requested that a glass of water be given to her.
 iii. You should handle the case carefully since it is critical in nature.

(c) Report

"Daughter of a Gardener Tops Board Exams"

Monday June 25, 2018

Sitting in a dingy servant quarters of a sprawling government bungalow in Lodhi Estate, Priya Kumari cannot stop smiling. Priya, daughter of a gardener Mr. Ram Swaroop, a class IV government employee has topped the class XII CBSE Board Examination in the humanities stream. She secured 98.8% marks. A student of Rajkiya Kanya Pratibha Vidyalaya, Sardar Patel Marg, is visibly elated. Eldest of the three siblings, she has always been a bright student, remarked her mother who prepared her daughter's favourite laddoos as the news broke. Her father is proud at her achievement and wants her to become an IAS officer.

Just a month into class XII, she had taken seriously ill with Meningitis that kept her bed ridden for two months. Her Principal granted her medical leave and allowed her to file her exam forms from the hospital. After resuming classes, she completed her pending assignments with the help of her teachers in a month and soon caught up with her peers. "we were confident that she would top in the region(Northern) but topping the Board exams nation-wide, came as a pleasant surprise", quipped one of her teachers. Talking about her daily regimen, she said "I studied regularly for about 5 hours daily after school and often stayed back to study at the school library." She attributes her success to her unflinching spirit, hard work and support of her parents, teachers and principal. Priya plans to pursue English Honours from Lady Sriram College and aspires to fulfil her father's dream by becoming an IAS officer. With her relentless efforts and spirit of steel, she certainly will!

(Staff correspondent)

Question 11

(a) *Non-verbal is also one of the Broad Categories of Communication? Explain. (2 Marks)*

(b) *Select the correct meaning of the following idioms/phrases among the alternatives given below*

(i) *Out of the blue*

(1) *Something happens that was unexpected.*

(2) *Something happens that was very much expected.*

(3) *From the sky*

(4) *From the Ocean*

(1 Mark)

(ii) *Day in and day out*

(1) *Coming and returning in day time*

(2) *The day of importance.*

(3) *Continuously*

(4) *Within a day*

(1 Mark)

(iii) *Rewrite the following sentence in the Active Voice :*

The deer was trapped by the cunning fox.

(1 Mark)

(c) *Mr. Mohit Agarwal, a resident of Meerut, have recently come across an advertisement, for a job vacancy in a leading TV Channel for the post of journalist, in The Times of India dated August 1, 2018.*

Draft a Resume alongwith a cover letter in response to the advertisement. (5 Marks)

Answer

(a) **Nonverbal Communication:** Nonverbal communication is the process of communicating by sending and receiving wordless messages. These messages can aid verbal communication, convey thoughts and feelings contrary to the spoken words or express ideas and emotions on their own. Some of the functions of nonverbal communication in humans are to complement and illustrate, to reinforce and emphasize, to replace and substitute, to control and regulate, and to contradict the denoted message

Physical nonverbal communication: An individual's body language that is, facial expressions, stance, gestures, tone of voice, touch, 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.

Research estimates that physical, non-verbal communication accounts for 55 percent of all communication. Smiles, frowns, pursing of lips, clenching of hands etc. transmit emotions which are not expressed through verbal communication.

Paralanguage: The way you say something, more than the actual words used, reveal the intent of the message. The voice quality, intonation, pitch, stress, emotion, tone, and style of speaking, communicates approval, interest or the lack of it. **Research estimates that tone of the voice accounts for 38 percent of all communications.**

Aesthetic communication: Art forms such as dancing, painting, sculptor, music are also means of communication. They distinctly convey the ideas and thoughts of the artist.

Appearance: Appearance is usually the first thing noticed about a person. A well dressed and groomed person is presumed to be organized and methodical, whereas a sloppy or shabby person fails to make a favourable impression. Therefore, dressing appropriately in all formal interactions is emphasized.

The dress code in office is generally formal. It constitutes of formal suits, trousers with plain white or light coloured shirts and leather shoes. Bright colours, jeans, T - shirts, especially with slogans and other informal wear are frowned upon. For women formal two-piece trouser or skirt sets or formal ethnic wear like sarees, is permissible.

Symbols such as religious, status, or ego-building symbols

- (b) i. 1. Something happens that was unexpected.
 ii. 3. Continuously
 iii. The cunning fox trapped the deer.

(c) **Cover Letter**

To Date: Nov 13, 2018

Manager(HR)

ABC TV

FGH Media Pvt Ltd

Mandi House

New Delhi.

Sir,

Subject: Application for the post of Journalist

Greetings for the day ! I am writing this letter to express my interest in the position of Journalist as advertised in the SDF national daily, Careers section dated August 1, 2018.

I fulfil all the educational and professional requirements as specified in the advert. I am a post graduate in Media Studies from ASD University and interned at renowned media

houses (print and TV) I have two years of relevant experience. Currently I am heading the regional news section at XYZ TV at their Meerut office.

My detailed resume is appended herewith for your perusal. Looking forward for a positive response.

Best Regards,
Mohit Agarwal
36, Civil Lines,
Meerut.
UP.

Resume

Mohit Agarwal
36, Civil Lines
Meerut,UP
Phone: 98XXXXXXXX
Email: abc@xyz.com

OBJECTIVE:

To be associated with an organisation that offers tremendous opportunities for growth and autonomy, providing a challenging environment to harness my creative streak, innovative ideas and utilise my experience as a media correspondent to the maximum.

SUMMARY:

- One year of experience as a staff correspondent in CVB TV.
- Two years of experience as Head Regional News XYZ TV
- Proven skills in content planning, selection and presentation.
- Excellent Reporting skills in English and Hindi.

EXPERIENCE:

2016 – PRESENT Head Regional News XYZ TV Meerut

- Planning and deployment of staff correspondents
- Sponsorship Planning from corporate and media houses
- Staff selection and Training
- Media Planning for regional corporate houses

2015– 2016 Staff Correspondent CVB TV

- Capturing Events
- Conceptualising stories
- Presenter for “Khufia” section of Daily News

EDUCATION:

2014 Masters in Mass Comm, ASD University, New Delhi

2012 English(H), ASD University, New Delhi

INTERNSHIPS:

2014 Two month at World Journalists Association (Articles Section)

2013 4 months at CNN TV in News production and planning

SKILLS

- Well versed with Media Softwares
- Meticulous Planning and Execution skills with an eye for detail

PERSONAL DETAILS

Date of Birth 15 June, 1992

Marital Status Unmarried

Languages Known English, Hindi

DECLARATION

I solemnly declare that all the above information is correct to the best of my knowledge and belief.

Date: Nov 13, 2018

Place: Meerut

(Mohit Agarwal)