

## 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 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 ₹10 lakhs would be paid to him if he does not take up the 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? **(4 Marks)**

- (b) ABC Limited has allotted equity shares with voting rights to XYZ Limited worth ₹ 15 Crores and issued Non-Convertible Debentures worth ₹ 40 Crores during the Financial Year 2019-20. After that total Paid-up Equity Share Capital of the company is ₹ 100 Crores and Non-Convertible Debentures stands at ₹ 120 Crores.

Define the Meaning of Associate Company and comment on whether ABC Limited and XYZ Limited would be called Associate Company as per the provisions of the Companies Act, 2013? **(4 Marks)**

- (c) Write any four exceptions to the doctrine of Caveat Emptor as per the Sale of Goods Act, 1930. **(4 Marks)**

#### Answer

- (a) The problem as asked in the question is based on Section 10 of the Indian Contract Act, 1872. This Section says that all agreements are contracts if they are made by the free consent of the parties competent to contract, for a lawful consideration and with a lawful object and are not expressly declared to be void. Further, Section 23 also states that every agreement of which the object is unlawful is void.

Accordingly, one of the essential elements of a valid contract in the light of the said provision is that the agreement entered into must not be which the law declares to be either illegal or void. An illegal agreement is an agreement expressly or impliedly prohibited by law. A void agreement is one without any legal effects.

The given instance is a case of interference with the course of justice and results as opposed to public policy. This can also be called as an agreement in restraint of legal proceedings. This agreement restricts one's right to enforce his legal rights. Such an agreement has been expressly declared to be void under section 28 of the Indian

Contract Act, 1872. Hence, Mr. C in the given case cannot recover the amount of ₹ 10 lakh promised by Mr. X because it is a void agreement and cannot be enforced by law.

- (b) As per Section 2(6) of the Companies Act, 2013, an 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 the company having such influence and includes a joint venture company.

The term “significant influence” means control of at least 20% of total share capital, or control of business decisions under an agreement.

The term “Total Share Capital”, means the aggregate of the -

- (a) Paid-up equity share capital; and
- (b) Convertible preference share capital.

In the given case, as ABC Ltd. has allotted equity shares with voting rights to XYZ Limited of ₹ 15 crore, which is less than requisite control of 20% of total share capital (i.e. 100 crore) to have a significant influence of XYZ Ltd. Since the said requirement is not complied, therefore ABC Ltd. and XYZ Ltd. are not associate companies as per the Companies Act, 2013. Holding/allotment of non-convertible debentures has no relevance for ascertaining significant influence.

- (c) The doctrine of Caveat Emptor given under the Sale of Goods Act, 1930 is 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, 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. [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.

**Question 2**

- (a) *Define Misrepresentation and Fraud. Explain the difference between Fraud and Misrepresentation as per the Indian Contract Act, 1872.* **(7 Marks)**
- (b) *State the circumstances under which LLP may be wound up by the Tribunal under the Limited Liability Partnership Act, 2008.* **(5 Marks)**

**Answer**

**(a) Definition of Fraud under Section 17 of the Indian Contract Act, 1872:**

'Fraud' means and includes any of the following acts committed by a party to a contract, or with his connivance, or by his agent, with an intent to deceive another party thereto or his agent, or to induce him to enter into the contract:

- (1) the suggestion, as a fact, of that which is not true, by one who does not believe it to be true;
- (2) the active concealment of a fact by one having knowledge or belief of the fact;
- (3) a promise made without any intention of performing it;
- (4) any other act fitted to deceive;
- (5) any such act or omission as the law specially declares to be fraudulent.

**As per Section 18 of the Indian Contract Act, 1872, 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 anyone claiming under him; by misleading another to his prejudice or to the prejudice of anyone 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.

**Distinction between fraud and misrepresentation:**

Basis of difference	Fraud	Misrepresentation
<b>Intention</b>	To deceive the other party by hiding the truth.	There is no such intention to deceive the other party.
<b>Knowledge of truth</b>	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.
<b>Rescission of the contract and claim for damages</b>	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.
<b>Means to discover the truth</b>	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) Section 64 of the Limited Liability Partnership Act, 2008 states circumstances in which limited liability partnership (LLP) may be wound up by Tribunal.
- if the limited liability partnership decides that limited liability partnership be wound up by the Tribunal;
  - if, for a period of more than six months, the number of partners of the limited liability partnership is reduced below two;
  - if the LLP is unable to pay its debts;
  - if the limited liability partnership has acted against the interests of the sovereignty and integrity of India, the security of the State or public order;
  - if the limited liability partnership 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
  - if the Tribunal is of the opinion that it is just and equitable that the limited liability partnership be wound up.

**Question 3**

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

**(2 Marks)**

OR

- (ii) Comment on 'the right to expel partner must be exercised in good faith' under the Indian Partnership Act, 1932. **(2 Marks)**
- (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? **(4 Marks)**
- (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? **(6 Marks)**

**Answer**

**(a) (i) Partnership at will under the Partnership Act, 1932**

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.

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.

**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 *bona fide* interest of the business of the firm.

**(b) (i) Consequences of Non-registration of partnership firm:**

Under Section 69 of the Indian Partnership Act, 1932 non-registration of partnership gives rise to a number of disabilities. Though registration of firms is not compulsory, yet the consequences or disabilities of non-registration have a persuasive pressure for their registration. Following are the consequences:

- (a) **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.
- (b) **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 ₹ 100 or pursue other proceedings to enforce the rights arising from any contract.
- (c) **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.
- (d) **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, affect 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 ₹ 100 in value.

- (c) (i)** As per Section 51 of the 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 and willing to perform his reciprocal promise. Such promises constitute concurrent conditions and the performance of one of the promise is conditional on the performance of the other. If one of the promises is not performed, the other too need not be performed.

Referring to the above provisions, in the given case, Mr. S is not bound to deliver goods to Mr. R since payment was not made by him at the time of delivery of goods.

- (ii) Promise to pay time-barred debts - Section 25 (3):** Where there is an agreement, made in writing and signed by the debtor or by his agent, to pay wholly or in part a

time barred debt, the agreement is valid and binding even though there is no consideration.

In the given case, the loan given by Mr. Y to Mr. G has become time barred. Thereafter, Mr. G agreed to make payment of full amount to Mr. Y.

Referring to above provisions of the Indian Contract Act, 1872 contract entered between parties post time barred debt is valid so, Mr. G is bound to pay the agreed amount to Mr. Y provided the above mentioned conditions of section 25 (3) are fulfilled.

- (iii) Where there is a breach of contract for supply of a unique item, mere monetary damages may not be an adequate remedy for the other party. In such a case, the court may give order for specific performance and direct the party in breach to carry out his promise according to the terms of contract. Here, in this case, the court may direct A to supply the item to B because the refusal to supply the agreed unique item cannot be compensated through money.

#### 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. (6 Marks)
- (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:

- (i) Rights of P & Q to start a competitive business.
- (ii) Rights of P & Q regarding their share in property of M/S PQRS & Co. (6 Marks)

#### Answer

- (a) In the following cases, a non-owner can convey better title to the bona fide purchaser of goods for value.

(1) **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;

- (a) 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 of the Sale of Goods Act, 1930).
- (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 of 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) Rights of outgoing partner to carry on competing business (Section 36 of the Indian Partnership Act, 1932)**

- (1) An outgoing partner may carry on business competing with that of the firm and he may advertise such business, but subject to contract to the contrary, he may not,-
  - (a) use the firm name,
  - (b) represent himself as carrying on the business of the firm or
  - (c) solicit the custom of persons who were dealing with the firm before he ceased to be a partner.
- (2) Although this provision has imposed some restrictions on an outgoing partner, it effectively permits him to carry on a business competing with that of the firm. However, the partner may agree with his partners that on his ceasing to be so, he will not carry on a business similar to that of the firm within a specified period or within specified local limits. Such an agreement will not be in restraint of trade if the restraint is reasonable [Section 36 (2)]

From the above, we can infer that P & Q can start competitive business in the name of M/S PQ & Co after following above conditions in the absence of any agreement.

**(ii) Right of outgoing partner in certain cases to share subsequent profits (Section 37 of the Indian Partnership Act, 1932)**

According to Section 37, where any member of a firm has died or otherwise ceased to be partner, and the surviving or continuing partners carry on the business of the firm with the property of the firm without any final settlement of accounts as between them and the outgoing partner or his estate, then, in the absence of a contract to the contrary, the outgoing partner or his estate is entitled at the option of himself or his representatives to such share of the profits made since he ceased to be a partner as may be attributable to the use of his share of the property of the firm or to interest at the rate of six per cent per annum on the amount of his share in the property of the firm.

In the instant case, P & Q can share in property of M/s PQRS & Co. keeping in view of the above provisions.

**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? (6 Marks)*
- (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. (6 Marks)*

**Answer**

- (a) As per the provisions of Section 24 of the Sale of Goods Act, 1930, when goods are delivered to the buyer on approval or "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 does not 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 the goods, on the expiration of such time, and, if no time has been fixed, on the expiration of a reasonable time; or
- (c) he does something to the good 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.

- (i) In the instant case, Ms. K, who had taken delivery of the two wheeler on Sale or Return basis pledged the two wheeler to Mr. A, has attracted the third condition that she has done something to the good which is equivalent to accepting the goods e.g. she pledges or sells the goods. Therefore, the property therein (Two wheeler) passes to Mr. A. Now in this situation, Ms. R cannot claim back her two wheeler from Mr. A, but she can claim the price of the two wheeler from Ms. K only.
- (ii) It may be noted that where the goods have been delivered by a person on "sale or return" on the terms that the goods were to remain the property of the seller till they

are paid for, the property therein does not pass to the buyer until the terms are complied with, i.e., price is paid for.

Hence, in this case, it is held that at the time of pledge, the ownership was not transferred to Ms. K. Thus, the pledge was not valid and Ms. R could recover the two wheeler from Mr. A.

**(b) Section 8 Company- Significant points**

- ◆ Formed for the promotion of commerce, art, science, religion, charity, protection of the 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 the 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, the 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. (5 Marks)*
- (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. (4 Marks)*
- (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? **(3 Marks)**

**Answer**

**(a) Distinction between Wagering Agreement and Contract of Insurance**

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

**(b) Liability of Firm for Misapplication by Partners (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.

**Analysis of section 27:**

It may be observed that the workings of the two clauses of Section 27 are 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 a 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.

- (c) **Foreign Company [Section 2(42) of the Companies Act, 2013]:** It 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.

Since Mike Limited is a company incorporated in India, hence, it cannot be called as a foreign company. Even though, Liaison was officially established at Singapore, it would not be called as a foreign company as per the provisions of the Companies Act, 2013.

**SECTION B – BUSINESS CORRESPONDENCE AND REPORTING**

Question No. 7 is compulsory.

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

**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?* **(2 Marks)**
- (ii) *Is there any need to amend or abandon the Policy of educational reimbursement?* **(1 Marks)**
- (iii) *What measures do you suggest for overcoming high employee attrition problem?*

**(2 Marks)**

(b) Read the Passage :

(i) Make Notes, using Headings, Subheadings and abbreviations whenever necessary.

**(3 Marks)**

(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 the 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.

**(2 Marks)**

**Answer**

- (a) (i) The employees after acquiring higher qualifications expect a sizeable salary increment and career growth commensurate with their current qualifications. In absence of a concrete incentive or promotion policy aligned with qualification enhancement scheme, the employees start looking for better opportunities with other companies in the sector and quit the job as soon as they get it.
- (ii) The policy needs to be amended. Abandoning the policy will be demoralizing for the employees.
- (iii) Attrition can be contained in this organization by amending the current reimbursement policy. Here are a few recommended changes:

1. The policy needs to be aligned with a concrete incentive/promotion policy, with lucrative perks such as fully paid family holidays once a year.
  2. The policy should be offered to only the top 20% of employees who have been performing consistently for the last 3 years.
  3. The employees availing the policy should be bound by a commitment to serve the company for a stipulated period or pay double the amount, by making them sign a bond.
  4. The cost of qualification enhancement should be paid in 36 equal monthly instalments to make them stay at least for the next three years.
    - a. by the company
    - b. by the employee as an interest free loan
  5. Periodically benchmarking salary structure and perks vis-a-vis other organisations in the sector to ensure employee satisfaction.
  6. Adopting a robust periodically reviewed appraisal policy to ensure the inclusion of the deserving employees
  7. Providing fast-track career growth options, to the selected employees on the basis of their performance
  8. Ensuring a conducive, cordial and harmonious work environment, where team spirit is strongly inculcated and encouraged
  9. Establishing a strong ethical leadership that encourage employees to voice their grievances and initiate discussions and resolve their issues/predicaments objectively.
  10. Sponsoring and conducting periodic short and long term training programs /courses to enable employees to upgrade knowledge and enrich their skills.
- (b) (i)** Note Making, Recycle, Reuse, Reduce
- Recyhg,
    - 1.1 Prcsng. /reusing waste, create utility items
    - 1.2 Examples
      - 1.2.1 Prcsng. used paper, cups and cardboards
        - 1.2.1.1 Bnfts.
          - 1.2.1.1.1 Cnsrvs. envrmt.
          - 1.2.1.1.2 Mnmzs. Ctnng. of trees
      - 1.2.2 Reusing plastic



1.2.2.1 Bnfts.

1.2.2.1.1 Rdcs. air poltn.

1.2.2.1.2 Rdcs. water poltn.

1.3 Bnfts.

1.3.1 Cnsrvs. natural resources

1.3.2 Cnsrvs. energy

1.3.3 Rdcs. poltn.

1.3.4 Mnmzs. the need for raw material

1.3.5 Eco-friendly

1.3.6 Helps create better lvng. cndtns.

Key to Abbreviations:

1. Recyclg.- recycling
2. Prcsng. -processing
3. Bnfts.-benefits
4. Cnsrvs.-conserve
5. Envmt.-environment
6. Mnmzs.-minimizes
7. Ctng.-cutting
8. Rdcs.-reduces
9. Poltn.-pollution
10. Lvng.-living
11. Cndtns.-conditions

**(ii) Summary**

Recycling can be termed as processing or reusing waste to create new utility items. For example, used paper, cardboards and paper cups can be recycled to create new ones. This helps in conserving the environment by minimizing cutting of trees. Plastic can be reused thus, reducing air and water pollution. Recycling has many benefits including conservation of natural resources and energy, reducing pollution, minimizing the need for raw material, helping to create better living conditions on our planet earth.

**Question 8**

- (a) *Body language speaks the truth while speaker may play with words to hide the truth, comment?* **(2 Marks)**
- (b) (i) *Choose the word which best expresses the meaning of the given word:*  
*SCINTILLATING*
- (1) *Smouldering*
  - (2) *Glittering*
  - (3) *Touching*
  - (4) *Warming* **(1 Marks)**
- (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".* **(1 Marks)**
- (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 train 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 for 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.* **(5 Marks)**

**Answer**

(a) In most cases the body language comprising facial expressions, gesticulation and posture genuinely convey the speaker's intent which might not match with his speech. However, seasoned fraudsters and criminals can control their body language to match their words, hiding their true intent.

(b) (i) Glittering

(ii) Inconstancy

(iii) Varun suggested/said/advised that every kid should learn coding.

(c) **Precis**

Title: Ubiquitous Earphones and Probable Risks / Risks of Earphone

People are hooked to gadgets so much so that they use them while travelling and even crossing roads. Possible reasons are that they do not want to be bothered or they want to project themselves as being tech-savvy. Almost everybody is seen with earphones on, busy in their own virtual world, oblivious to the real world around. This leads to unexpected and serious events occurring in the most mundane situations. Skilled labour like electricians with the earphones on, do not pay heed to instructions thus do not deliver as per expectations, wasting precious man-hours and efforts. In public transport such as Metro, carefree passengers recklessly keep their luggage in any random corner. While they are engrossed in music, comfortably dozing off during travel, their unattended luggage sometimes leads to alarming situations such as bomb hoax causing an unnecessary ruckus and severe inconvenience to other commuters.

**Question 9**

(a) *What is formal communication, explain.* **(2 Marks)**

OR

*Encoding the matter is an important element of communication, comments?* **(2 Marks)**

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

*Concise*

(1) *Brief*

(2) *Better*

(3) *Important*

(4) *Interesting*

**(1 Marks)**

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

*Cryptic*

(1) *Pertinent*

(2) *Common*

(3) *Mysterious*

(4) *Loyalty*

**(1 Marks)**

(iii) Change the following sentence to indirect speech:

*"Do you suppose you know better than your own father?" jeered his angry mother.*

**(1 Marks)**

(c) Draft Newspaper Report on "Project to interconnect rivers in India" to be published in a national newspaper. **(5 Marks)**

### **Answer**

- (a) 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.
  - Diagonal: Cross-functional communication between employees at different levels of the organizational hierarchy is described as diagonal communication. Diagonal communication is increasingly common in larger organizations. It reduces the chances of distortion or misinterpretation by encouraging direct communication between the

relevant parties. For example, a junior engineer reports directly to the General Manager regarding the progress on the project.

**OR**

Encoding is an important step in the process of communication as it converts/envelopes the message contents into a format/version that is amenable to be sent through the medium. It adds certain specific details to the message so that it can be easily sent across the medium and can be easily interpreted by the receiver at the other end of the medium. This step is built-in or rendered by the medium. For example for a message to be sent through an e-mail, it requires us to compose a message and then copy the contents of the message into the given interface. Without this step, the message cannot be sent. Likewise, if we want to send a message through postal service we need to enclose the message into an envelope with postal stamps in order to send it. In verbal communication, we add diction, tone, modulation, gestures and facial expressions to make the communication more effective.

- (b) (i) Brief**
- (ii) Mysterious**
- (iii) His angry mother jeered and asked (jeeringly asked) the son whether (if) he supposed he knew better than his father.**

**(c) Project to interconnect rivers in India**

By XXX

India is bestowed with abundant natural water resources in the form of a network of perennial and seasonal rivers flowing across the length and breadth of its landscape. But the lack of homogeneity of water resources has led to large scale research and implementation for water resources development in India in order to boost agricultural production, improve domestic water supply, and address the energy crisis.

The interlinking of rivers in India is an ambitious mega-project in engineering called the National River Linking Project (NRLP). It is in the planning stage that aims to connect Indian rivers through a network of reservoirs canals and dams. This would facilitate transfer of water from surplus regions in the north-east with major rivers i.e. the Ganges and the Brahmaputra, to the water scarce areas of western and southern India. It will connect 37 rivers and will have 3,000 storages.

The project will substantially increase the utilizable water resource and hydropower potential. Other major advantages include prevention of floods striking every year in the Ganga and Brahmaputra region, saving human lives, livelihood, preventing huge material losses and devastation. This will also provide water throughout the year to farmers who

will not be dependent on monsoon. The land under irrigation will increase by about 15%. The inland waterway transportation for nearly 15,000 km will be developed.

However, the mammoth mega-project poses a lot of challenges. Apart from an exorbitant cost estimate and the time required, there are various environmental and socio-economic and political challenges and concerns attributed with the project. Clearing the forest and adjoining land earmarked for reservoirs will change the landscape and environment drastically causing irreversible climate changes in the area. Local inhabitants including a sizeable tribal population will have to be rehabilitated, which might be faced with a strong backlash from their leaders and various NGOs. These concerns need to be diligently studied, researched and addressed before the project is embarked upon.

Source: National Water Planning Institute (NWPI)

### Question 10

- (a) *Explain how listening for Understanding helps in communication.* **(2Marks)**
- (b) (i) *Change the sentence from Active to Passive Voice.*  
*Question - The crew cleaned the entire stretch of highway.* **(1 Marks)**
- (ii) *Change the sentence from Passive to Active Voice.*  
*Question - The house was remodelled by the homeowners to help it sell.* **(1 Marks)**
- (iii) *Change the following sentence to indirect speech.*  
*Question - Socrates said, "Virtue is its own reward."* **(1 Marks)**
- (c) *Write an article of about 250 words on the topic, "The Pros and cons of online education in India".* **(5 Marks)**

### Answer

- (a) As we 'hear' conversations, news, gossip and many other forms of speech, we do not listen to it carefully and therefore are not able to understand or partially understand or misunderstand the message. A good listener does not only listen to the spoken words, but observes carefully the nonverbal cues to understand the complete message. He absorbs the given information, processes it, understands its context and meaning to form an accurate, reasoned, intelligent response. The listener has to be objective, practical and in control of his emotions. Often the understanding of a listener is coloured 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.
- (b) (i) The entire stretch of the highway was cleaned by the crew.
- (ii) The homeowners remodelled the house to sell it. / The homeowners remodelled the house to help it sell.

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

**(c) The Pros and Cons of online education in India**

By S. Kumar

Online education in India, though not a new concept in higher education has become an inevitable reality for learners across the board at all levels including school colleges and universities. The recent paradigm shift in knowledge delivery from a physical classroom to a virtual one due to the sudden onslaught of COVID-19 pandemic has raised many a debate about the efficacy of online learning and credibility of courses offered.

There are many advantages of online learning, foremost is the flexibility and convenience of time and place. One can pursue course contents anytime, anywhere just using their smart devices. Short term courses can be pursued by enthusiastic learners ranging from enhancing their skills in communication, team dynamics and leadership to learning new languages, IT programming, online accounting software solutions and many others. These courses are much more cost effective as compared to regular class-room courses thus economically viable to a large spectrum of learners. Such courses inculcate discipline, responsibility, commitment and focus.

Before signing up for one, accreditation, relevance and contents of these courses must be duly verified and checked. Since there is little or no one-on-one interaction with the teachers, it may lead to learning gaps. With hardly any stipulation or protocol, most learners may lose interest or focus, may quit the course before completion or defer the end term exam, defeating the purpose of joining.

Online learning poses many constraints for young school children. They are not able to develop many skills that they would in a physical classroom such as interaction with peers and following instructions. Practical experiments which are integral to the senior school curriculum are difficult to demonstrate and explain. Therefore, online education is an effective mode of learning for mature and conscientious learners only.

(Source.....)

**Question 11**

(a) *Explain Wheel & Spoke network in communication.* **(2 Marks)**

(b) *Select the correct meaning of Idioms/Phrases given below:*

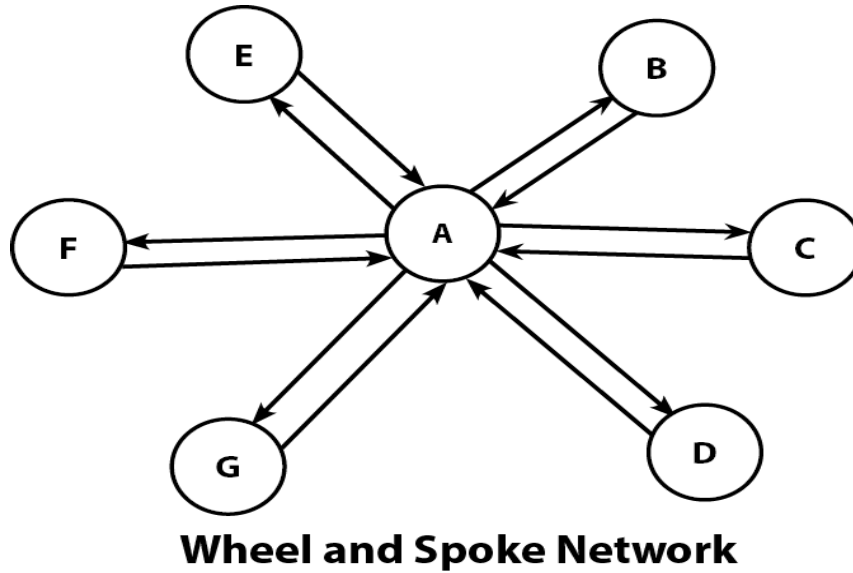
- (i) *To be a mastermind*
- (1) *To be a pioneer*
- (2) *To be an entrepreneur*
- (3) *To be an amateur*

- (4) *To be a villain* (1 Marks)
- (ii) *At wit's end*
- (1) *Impoverished*
- (2) *Drained*
- (3) *Completed*
- (4) *Perplexed* (1 Marks)
- (iii) *Change the sentence into Passive voice:*
- Question - *Will you tell me a story?* (1 Marks)
- (iv) *Choose the word which best expresses the meaning of the given word:*
- COMBAT
- (1) *Conflict*
- (2) *Quarrel*
- (3) *Feud*
- (4) *Fight* (1 Marks)
- (c) *Write a letter to an applicant informing him about the postponement of his interview date.* (4 Marks)

**Answer**

- (a) In Wheel and Spoke network in communication 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 an inappropriate way of communication in a large organization with many people. A company with many employees needs a complete hierarchy of decision makers. In a big organisation, this network will fail if the central figure is not competent.





- (b) (i) To be a pioneer  
(ii) Perplexed  
(iii) Will a story be told to me by you?  
(iv) Fight

(c) **Letter**

ABC Consultants Pvt. Ltd,  
21, Spearhead Arcade,  
Eastern Avenue Road,  
Jackson Heights,  
New Delhi xx00xx.} Sender's address

To

Date: Dec 10, 20xx

Mr. XYZ,  
45-A, BSD Enclave,  
DFG Lane,  
Begumpur,  
New Delhi xx00xx  
Dear Mr. XYZ,

**Subject: Postponement of personal interaction to be held on Dec 15, 20xx**

Greetings! We hereby inform that your personal interaction with the HR team for the position of **Senior Manager Finance** scheduled to be held on Dec 15, 20xx has been postponed. The same has been rescheduled for Monday, Dec 21, 20xx at 10 a.m.

We regret any inconvenience caused and look forward to discussing your prospective role in context with the recent changes brought about by our management in the finance team.

Best Regards,

S. Kumar

Manager, HR

ABC Consultants Pvt. Ltd.