

COMMERCIAL AND INDUSTRIAL LAW AND AUDITING

COMMERCIAL AND INDUSTRIAL LAW

LAWS OF CONTRACT

- Q1. An agreement with insufficiency of consideration is void abinitio. [Ref: Q1. (a), Dec '08 / Paper-6] 2
- Q2. Mr. Ramesh promised to pay Rs. 10,000/- on 30.10.08 jointly to Mr. Bhabesh and Mr. Naresh for some consideration. Mr. Bhabesh died on 1.9.08. On 30.10.08 Mr. Naresh demanded payment of whole amount of Rs. 10,000/-. Whether Mr. Naresh is justified? [Ref: Q2. (a), Dec '08 / Paper-6] 2
- Q3. BEE owes Rs. 10,000/- to CEE. Amount was guaranteed by GEE. Said debt becomes payable on 25.10.07. CEE does not sue BEE. Hence due to delay GEE is automatically discharged from his suretyship. – Comment. [Ref: Q2. (b), Dec '08 / Paper-6] 2
- Q4. An agent retained all the stock and other papers of a principal until his pending dues are cleared by the principal. State legal position. [Ref: Q2. (e), Dec '08 / Paper-6] 2
- Q5. Mr. Ramesh direct his agent to sell his Maruti car. Agent buys the car for himself but in the name of his friend at Rs. 50,000/- against market price of Rs. 70,000/- without the consent of Mr. Ramesh. What action Mr. Ramesh can take? [Ref: Q2. (g), Dec '08 / Paper-6] 2
- Q6. Time is the essence of contract. [Ref: Q4. (a) (i), Dec '08 / Paper-6] 4
- Q7. Misrepresentation. [Ref: Q4. (a) (iv), Dec '08 / Paper-6] 4
- Q8. Every person is competent to contract. [Ref: Q1. (d), June '09 / Paper-6] 2
- Q9. 'A' saved life of 'B', who was drawing. Later 'A' demanded remuneration from 'B' for saving him since saving of life was valid consideration, 'A' would succeed. [Ref: Q1. (g), June '09 / Paper-6] 2
- Q10. 'A' executed a guarantee in favour of State Bank of India as Security for a loan to 'B'. Later 'A' contended that the guarantee was not enforceable as it was not supported by consideration as he was not paid guarantee commission. Is 'A's stand correct in law? [Ref: Q2. (c), June '09 / Paper-6] 2
- Q11. 'A' is owner of the factory building and also of product. 'A' authorises 'B' to take an insurance policy on factory building for Rs. 2 lacs. 'B' procures a policy for Rs. 2 lacs on factory and another policy for Rs. 2,000 on products. 'A' refused to reimburse to 'B'. [Ref: Q2. (g) (i), June '09 / Paper-6] 2
- Q12. What is fraud under Indian Contract Act, 1872? [Ref: Q3. (i), June '09 / Paper-6] 2

- Q13. Write explanatory notes on Effects of 'coercion' on a contract.
[Ref: Q4. (a) (i), June '09 / Paper-6] 4
- Q14. Write explanatory notes on Bailee's particular lien. [Ref: Q4. (a) (iii), June '09 / Paper-6] 4
- Q15. Mr. B (a broker) by the orders of Mr. A purchases 10 Drums of oil for A from Mr. C. Afterwards Mr. A refuses to receive oil. Mr. C sues Mr. B who informs Mr. A but Mr. A repudiates the contract. Although Mr. B defends but failed. Mr. B has to pay cost, damages and incurs expense. Can B recover any amount from A?
[Ref: Q4. (b), June '09 / Paper-6] 2

LAWS RELATING TO SALE OF GOODS

- Q1. Mr. X offers to sell his Maruti car to Mr. Y for and intended sum of Rs. 90,000/- but by mistake he makes an offer in writing for Rs. 70,000/- instead of Rs. 90,000. Mr. X can plead mistake as defence.
[Ref: Q1. (c), Dec '08 / Paper-6] 2
- Q2. Mr. X delivered 1000 mt. steel pipes to Mr. Y. 100 mt. were not as per specification, hence Mr. Y refused to accept and informed Mr. X to take back at his cost and risk. Mr. X rejected Mr. Y's request and demanded to return to Mr. X freight paid. State the correct position.
[Ref: Q1. (d), Dec '08 / Paper-6] 2
- Q3. What will be the consequences when goods are sold by a person not the Owner and without Owner's consent.
[Ref: Q3. (a), Dec '08 / Paper-6] 4
- Q4. Rights of the unpaid seller. [Ref: Q4. (a) (iii), Dec '08 / Paper-6] 4
- Q5. Sale and agreement to sell. [Ref: Q4. (a) (v), Dec '08 / Paper-6] 4
- Q6. Comment on the following statements based on legal provisions :
An hirer, who obtains possession of a car from its owner under a hire purchase agreement, sells the car to a buyer who buys in good faith and without notice of the right of the owner. The buyer gets good title to the car.
[Ref: Q1. (a), June '09 / Paper-6] 2
- Q7. Mr. A agreed to purchase 100 bales of cotton from 'B' from his large stock. 'A' sent his men to take delivery of cotton. On completion of packing of only 70 bales, there was accidental fire and entire stock including packed 70 bales were destroyed. There was no Insurance cover. Who will bear the loss?
[Ref: Q2. (b), June '09 / Paper-6] 2
- Q8. State the rights and liabilities of 'A' in the following cases :
'A' authorises 'B' to buy 500 pieces of Sunlight soap for him but 'B' buys 500 pieces Sunlight and 200 pieces Henko at a total price of Rs. 5000. 'A' refused to pay to 'B'.
[Ref: Q2. (g) (ii), June '09 / Paper-6] 2

- Q9. An Auctioneer advertised in a newspaper that a sale of office furniture will be held at Kolkata on 29.11.2009. 'A' came from New Delhi to buy the furniture but the auction was cancelled. Whether 'A' can file a suit against the auctioneer for his loss of time and cost.
[Ref: Q2. (g) (iii), June '09 / Paper-6] 2
- Q10. A minor can be appointed as agent. — Comment. [Ref: Q3. (b), June '09 / Paper-6] 2
- Q11. In an Auction sale, a bid once made can be withdrawn by the Bidder. Comment citing rules.
[Ref: Q3. (d), June '09 / Paper-6] 2
- Q12. Stipulation as to time of payment is deemed to be essence of a contract of sale. — Comment.
[Ref: Q3. (e), June '09 / Paper-6] 2
- Q13. As per sales order A is to supply 20 MT of sugar to B. A however supplied 22 MT and billed for accordingly. B paid cost of 20 MT which was ordered by B. Can A take any action against B?
[Ref: Q3. (f), June '09 / Paper-6] 2
- Q14. When property passes to the buyer under 'goods on approval' or 'on sale or return'?
[Ref: Q3. (g), June '09 / Paper-6] 2
- Q15. A Railway company refuses to deliver certain goods to the consignee except upon payment of Rs. 2000 being excess/illegal charge. The consignee paid the said amount in order to obtain the goods. Is there any remedy?
[Ref: Q3. (h), June '09 / Paper-6] 2
- Q16. Write explanatory notes on Seller's lien. [Ref: Q4. (a) (v), June '09 / Paper-6] 4

INDUSTRIAL LAWS

Factories Act :

- Q1. Personnel Manager told to Director that at least one canteen shall be provided in every factory. Do you agree? [Ref: Q2. (d), Dec '08 / Paper-6] 2
- Q2. Occupier of a factory in relation to the company means factory Manager of the factory. Answer based on legal provision. [Ref: Q2. (e), June '09 / Paper-6] 2
- Q3. As per provision of Factories Act, every factory is to appoint at least one Welfare Officer – Do you agree? Answer citing rules. [Ref: Q3. (a), June '09 / Paper-6] 2

Industrial Dispute Act :

- Q1. Dr. B has been dismissed by the Manager of an Industrial Establishment. Workmen demanded his reinstatement. Comment legal position. [Ref: Q2. (i), Dec. '08 / Paper-6] 2
- Q2. 'A' (workman), is laid-off by his employer 'B' because of strike in another part of B's establishment. 'A' is entitled to get compensation for lay off under the Industrial Disputes Act, 1947. [Ref: Q1. (e), June '09 / Paper-6] 2

Workman Compensation Act :

- Q1. Workmen working in a public utility services have right to go on strike even without giving notice. [Ref: Q1. (g), Dec. '08 / Paper-6] 2
- Q2. In case of personal injury, the employer is liable to pay compensation within 3 months from the date when it fall due. State legal provisions. [Ref: Q2. (c), Dec. '08 / Paper-6] 2
- Q3. A workman while returning home after duty was murdered within the premises of the employer. A's widow is not entitled to compensation under the Workmen's Compensation Act 1923. [Ref: Q1. (f), June '09 / Paper-6] 2

Payment of Wages Act, Minimum Wages Act :

- Q1. Permissible deduction under Payment of Wage Act. [Ref: Q4. (a) (ii), Dec. '08 / Paper-6] 2
- Q2. Powers of Inspectors (Minimum Wage Act). [Ref: Q4. (a) (ii), June '09 / Paper-6] 2

Provident Funds Act :

- Q1. When and under what circumstances a person can received pension under Employees Provident Fund Scheme? [Ref: Q2. (h), Dec. '08 / Paper-6] 2

Payment of Bonus Act :

- Q1. Every employee in an establishment is entitled to bonus under the Payment of Bonus Act.
[Ref: Q1. (b), Dec. '08 / Paper-6] 2
- Q2. A dismissed employee is not entitled to bonus under Bonus Act. – Comment, based on legal provision.
[Ref: Q4. (b), Dec '08 / Paper-6] 2
- Q3. Is there any time limit for payment of Bonus under Bonus Act?
[Ref: Q2. (d), June '09 / Paper-6] 2

Payment of Gratuity Act :

- Q1. Calculate the amount of gratuity of Mr. X who joined the company on 1.5.78 and retired on 30.11.08 when his salary was Rs. 26,000/- per month. During November, 2008 he received overtime and incentive Rs. 5,000/-.
[Ref: Q2. (f), Dec '08 / Paper-6] 2
- Q2. A complaint can be filed under Consumer Protection Act within 36 months from the date on which cause of action arose.
[Ref: Q1. (c), June '09 / Paper-6] 2
- Q3. Every employee, whose salary is not more than Rs. 3500 per month is entitled to Gratuity as per Payment of Gratuity Act. State the legal provision if not correct.
[Ref: Q2. (f), June '09 / Paper-6] 2
- Q4. Write explanatory notes on Recovery of Gratuity. [Ref: Q4. (a) (iv), June '09 / Paper-6] 4

Consumer Protection Act :

- Q1. Consumer under Consumer Protection Act, 1986 means persons who obtains goods for resale or for any commercial purpose.
[Ref: Q1. (e), Dec. '08 / Paper-6] 2

OTHER LAWS

- Q1. A limited liability Partnership is a body corporate. [Ref: Q1. (b), June '09 / Paper-6] 2
- Q2. Public Information Officer shall as expeditiously as possible and in any case within 30 days of receipt of request provide the required information. [Ref: Q1. (f), Dec '08 / Paper-6] 2
- Q3. One mistake was detected after passing of orders by the Commission under Competition Act, 2002. Whether such mistake can be rectified? If so, by whom and how? [Ref: Q3. (c), Dec '08 / Paper-6] 2
- Q4. What is dominant position (Competition Act, 2002)? [Ref: Q3. (c), June '09 / Paper-6] 2
- Q5. Make of a cheque is not liable under N.I. Act for dishonour of cheque under certain conditions. State such conditions. [Ref: Q3. (b), Dec '08 / Paper-6] 3
- Q6. Mr. Paul gave a cheque dated 7.2.2009 for Rs. 10,000 to Mr. Roy for payment of Mr. Roy's Tution fees. Cheque was dishonoured for insufficiency of funds. Mr. Paul is liable for prosecution. [Ref: Q2. (a), June '08 / Paper-6] 2