

Roll No.

Total No. of Pages : 02

Total No. of Questions : 15

MBA (2012 & Onward) (Sem.-3)

CORPORATE LEGAL ENVIRONMENT

Subject Code : MBA-302

Paper ID : [C1170]

Time : 3 Hrs.

Max. Marks : 60

INSTRUCTION TO CANDIDATES :

- 1. SECTION-A contains SIX questions carrying FIVE marks each and students has to attempt any FOUR questions.**
- 2. SECTIONS-B consists of FOUR Subsections : Units-I, II, III & IV. Each Subsection contains TWO questions each carrying EIGHT marks each and student has to attempt any ONE question from each Subsection.**
- 3. SECTION-C is COMPULSORY and consist of ONE Case Study carrying EIGHT marks.**

SECTION-A

1. Discuss what is Law of Contract.
2. Who is an Auditor? Explain.
3. What is a Company? Explain.
4. What is VAT? Explain.
5. What is Carrier? Explain.
6. What are the rules for crossing of cheques? Explain.

SECTION-B

UNIT- I

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7. "No Consideration, No Contract." Is it true? Why?
8. Who is an Agent? Explain different types of mercantile agents.

UNIT- II

9. Write a detailed note on Conditions and Warranties.
10. In case of Dishonor of a Cheque, what are the liabilities of a bank and drawer? Discuss.

UNIT- III

11. What is Articles of Association? Discuss in detail its relevance.
12. Discuss and elaborate major provisions related to the appointment of a Director.

UNIT-IV

13. Give an overview of taxation framework in India.
14. What are major direct and indirect taxes? Explain.

SECTION-C

15. Read the following case study and answer the questions mentioned at the end :

In the case of CIT v. Saurashtra Cement and Chemical Industries Ltd. (91 ITR 170) the Gujarat High Court had held that 'Business' connoted a continuous course of activities. All the activities which go to make up the business need not be started simultaneously in order that the business may commence. The business would commence when the activity which is first in point of time and which must necessarily precede all other activity is started. Reliance on the above case was placed by the Allahabad High Court in the case of Modi Industries Ltd. v. CIT (1977) 110 ITR 855, while deciding the question of allowance of business expenditure, it was held in this case that the foreign tour expenses of the chairman for setting up of two new factories were not allowable as business expenditure under Section 37 and were of a capital nature. The decision of Sarabhai Management Corporation Ltd. (supra) was also relied upon in the case of Hotel Alankar v. CIT (1982) 133 ITR 866 and CIT v. O.P. Khanna and Sons (1983) 140 ITR 558. The Andhra Pradesh High Court laid down the following principles to determine whether a business has commenced or not in CIT v. Sponge Iron India Ltd. (1993, 201 ITR 770) : Whether a business has commenced or not is a question of fact, (a) There is a distinction between the setting up of business and the commencement of business, (b) Where the business consists of a continuous course of activities, for commencement of business all the activities which go to make up the business need not be started simultaneously. As soon as an activity which has the essential activity in the course of carrying on the business is started, the business must be said to have commenced. In this case, it was held, on facts, that since the business had not commenced, the interest income could not be treated as business income. It was also held that the assessee was not entitled to the deduction of the administrative expenses and exploration and mining expenses from out of its interest income. It is possible that pending setting up of business, the funds raised by a company may be invested temporarily so that they do not remain idle. Incomes from such investments are taxable under Income from Other Sources.

Questions :

- a) In simple words, write down the problem discussed in CIT v. Saurashtra Cement and Chemical industries Ltd.
- b) Why Andhra Pradesh High Court judgment is more logical? Discuss.
- c) In simple words write the problem discussed in the case.