



**J.K. SHAH**<sup>®</sup>  
TEST SERIES

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**SUGGESTED ANSWERS**

**CA FOUNDATION**

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**Head Office: Shraddha, 3<sup>rd</sup> Floor, Near Chinai College, Andheri E,**

**Mumbai – 69**

**Tel: (022) 26836666**

## Answers

### Section A

#### Q.1

##### (a)

As per Section 59 of Indian Contract Act, 1872, where the debtor has stated that the payment made by him should be adjusted against a particular debt, the creditor must do so if he accepts the payment. And if there is no express, intimation by the debtor, the law will gather his intention from the circumstances regarding the payment, e.g., if the amount paid by the debtor is the exact amount of one of the debts, it must be used to discharge that particular debt. Also, as per Section 60, where the debtor makes payment without any indication about the appropriation of the payment, the creditor may adjust the payment according to his discretion. **(2 Marks)**

In the given question, Navin paid ₹32,000 on 02/12/2019 with a request to appropriate the same against amount borrowed on 05/10/2019. Applying the above provisions, Navin, as a debtor, has a right to decide the debt towards which payment is to be appropriated.

If Navin fails to specify, the amount will be appropriated as per Pravin's instructions or law will gather its intention from the circumstances. **(2 Marks)**

##### (b)

Small Company: According to Section 2(85) of the Companies Act, 2013, Small Company means a company, other than a public company,—

- (1) Paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than ten crore rupees; and
- (2) Turnover of which as per its last profit and loss account does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees.

Nothing in this clause shall apply to -

(a) a holding company or a subsidiary company;

(b) a company registered under section 8; or

(c) a company or body corporate governed by any special Act. **(2 Marks)**

- (i) In the present case, Maharana Pratap Private Ltd., a company registered under the Companies Act, 2013 with a paid up share capital of ₹40 lakh and having turnover of ₹2.8 crore. Since only one criteria of share capital of ₹50 Lakhs is met, but the second criteria of turnover of ₹2 crores is not met and the provisions require both the criteria to be met in order to avail the status of a small company, Maharana Pratap Ltd cannot avail the status of small company.

- (ii) If the turnover of the company is ₹1 crore, then both the criteria will be fulfilled and Maharana Pratap Ltd. can avail the status of small company. (1 + 1 Marks)

(c)

Price and Modes of fixing the price

The price means the money consideration for the sale of goods. Price may be fixed in any of the following modes provided in Section 9:

1. The fixation of price by the contract of sale: The price may be expressly fixed the contract of sale. The parties may fix any price they like.
2. The fixation of price in a manner provided in the contract of sale: The contract of sale may provide for some manner in which price is to, be fixed. In such cases, the price may be fixed in a manner provided in the contract.
3. The fixation of price by course of dealings: Sometimes, the customs or usage of trade provides certain principles for the determination of the price. In such cases, the price may be determined from the course of dealings between the parties.
4. The fixation of a reasonable price: Sometimes, none of the above principles is applicable. In such cases, the buyer shall pay to the seller a reasonable price. The term 'reasonable' price is a question of fact which depends on the circumstances of each particular case.
5. The fixation of price by third party [Section 10]: The parties may agree to sell and buy goods on the terms that the price shall be fixed by the valuation of a third party. However, if such third party fails to make the valuation, the contract becomes void. (4 Marks)

**Q.2**

(a)

- (a) Meaning of Quasi Contracts: When the law implies a promise imposing obligations on one party and conferring right in favour of the other even when there is no offer, no acceptance, no genuine consent, lawful consideration, etc. and in fact neither agreement nor promise. Such cases are not contracts in the strict sense, but the Court recognizes them as relations resembling those of contracts and enforces them as if they were contracts. Such contracts are known as Quasi –contracts. (1 Mark)

**Salient features of Quasi Contracts:**

- a) In the first place, such a right is always a right to money and generally, though not always, to a fixed sum of money.
- b) Secondly, it does not arise from any agreement of the parties concerned, but is imposed by the law; and

- c) Thirdly, it is a right which is available not against the entire world, but against a particular person or persons only, so that in this respect it resembles a contractual right. **(1 Mark)**

**Circumstances of Quasi Contracts:**

Following are the circumstances in which the quasi contractual obligations arise.

These are contained in Sections 68 to 72 of the Indian Contract Act:

1. Supply of necessaries to persons who are incompetent to contract (Section 68): When a person supplies the necessaries to a person who is not competent to contract (i.e., minor, persons of unsound mind such as lunatics, etc.), or to another person to whom the incompetent person is bound to support, the person supplying the necessaries is entitled to recover the cost of necessaries from the property of such incompetent person even if there is no valid contract between them.
2. Payment by an interested person (Section 69): When the person who has made the payment can recover such money from the person who is legally bound to pay.
3. Non-gratuitous acts (Section 70): The 'non-gratuitous- acts' means the acts which are not done free. A person, who does some non-gratuitous acts for another, is entitled to recover compensation for such acts if the other person enjoys the benefits of such acts.
4. Finder of goods (Section 71): When a person finds certain goods, belonging to some other person. In such cases, the goods not become the property of the finder. it becomes the duty of the finder to keep the goods with care and take some steps to trace the true owner and return the goods to him.
5. Payment of money or deliver of goods by mistake or under coercion (Section 72): When a certain amount of money is paid or something is delivered to a person by mistake or under coercion. In such cases, the person receiving the money or goods must repay or return the same to the person who has paid or delivered by a mistake or under coercion. **(1 Mark for each point)**

**(b)**

1. Proper Books of account: The LLP shall maintain such proper books of account as may be prescribed relating to its affairs for each year of its existence on cash basis or accrual basis and according to double entry system of accounting and shall maintain the same at its registered office for such period as may be prescribed.
2. Statement of Account and Solvency: Every LLP shall, within a period of 6 months from the end of each financial year, prepare a Statement of Account and

Solvency for the said financial year as at the last day of the said financial year in such form as may be prescribed, and such statement shall be signed by the designated partners of the LLP.

3. Every LLP shall file within the prescribed time, the Statement of Account and Solvency prepared with the Registrar every year in such form and manner and accompanied by such fees as may be prescribed.
4. The accounts of LLP shall be audited in accordance with such rules as may be prescribed. However, the Central Government may, by notification in the Official Gazette, exempt any class or classes of LLP from the requirements of this section.
5. Any LLP which fails to comply with the provisions of this section shall be punishable v With fine which shall not be less than ₹5,000. But which may extend to ₹5 Lakhs Every designated partner of such LLP shall be punishable with fine which shall not be less than ₹10,000 but which may extend to ₹1 Lakh.

(1 Mark for each point)

**Q.3**

(a)

**Partnership and Association:**

Partnership	Club / Association
1. Business oriented objects	1. Not aimed at making profits entirely.
2. Maximum partners can be 50.	2. No such limit is applicable here.
3. Does not enjoy long lease of life	3. Enjoys a long lease of life
4. There is mutual agency amongst the partners	4. There is no mutual agency amongst the members

(0.5 Mark for each point)

(b)

**Partnership Deed**

- Partnership is the result of an agreement. No particular formalities are required for an agreement of partnership. The document in writing containing the various terms and conditions as to the relationship of the partners to each other is called the ‘partnership deed’. It should be stamped according to the provisions of the Stamp Act, 1899. Where the partnership comprises of immovable property, the instrument of partnership must be in writing, stamped and registered under the Registration Act.

A partnership firm may add or delete any provision according to the needs of the firm. (2 Marks)

- **Partnership deed may contain the following information:-**

1. Name of the partnership form.
2. Names of all the partners.

3. Nature and place of the business of the firm.
4. Date of commencement of partnership.
5. Duration of the partnership firm.
6. Capital contribution of each partner.
7. Profit Sharing ratio of the partners.
8. Admission and Retirement of a partner.
9. Rates of interest on Capital, Drawings and loans.
10. Provisions for settlement of accounts in the case of dissolution of the firm.
11. Provisions for Salaries or commissions, payable to the partners, if any.
12. Provisions for expulsion of a partner in case of gross breach of duty or fraud.

**(2 Marks)**

**(c)**

As per provisions of Indian Contract Act, an offer is definite and capable of converting an intention into 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. An invitation to offer is an act before making an offer. Acceptance of an invitation to an offer does not result in the contract and only an offer emerges in the process of negotiation. In order to ascertain whether a particular statement amounts to an 'offer' or an 'invitation to offer', the test would be intention with which such statement is made. Does the person who made the statement intend to be bound by it as soon as it is accepted by the other or he intends to do some further act, before he becomes bound by it. In the former case, it amounts to an offer and in the latter case; it is an invitation to offer.

**(3 Marks)**

In the given question, an auctioneer in Delhi advertised in a newspaper that a sale of office furniture would be held on December 25, 2019. A broker came from Assam to attend the auction, but all the furniture was withdrawn. The broker from Assam sued the auctioneer for loss of his time and expenses. When a person advertises that he has to goods, there is no offer to be bound by any contract. Such advertisements are offers to negotiate-offers to receive offers. Hence, the advertisement of auction sales is just an invitation to offer and not offer. So, no contract is concluded. Auctioneer has full right to withdraw the furniture.

**(2 Marks)**

Therefore, the broker cannot claim damages.

**(1 Mark)**

**Q.4****(a)****(i) Right of Lien**

- The right of lien is the right to retain possession of the goods.
- This right can be exercised only when the possession of goods is with the seller.
- The unpaid seller of goods can retain his possession of goods until payment of the price in following cases:
  - a) Where the goods are not sold on credit.
  - b) Where the goods have been sold on credit, but the term of credit has expired
  - c) Where the buyer becomes insolvent.
- The unpaid seller can retain the goods only for the payment of the price of the goods
- **Termination of Lien:**
  - a) By delivery of goods to the carrier/ buyer
  - b) By Estoppel i.e., where the seller by his conduct makes third parties believe that he has waived his right of lien.
  - c) By waiver of the lien
  - d) By payment of price by the buyer

**(2 Marks)****(ii) Right of stoppage in transit**

- The right of stoppage in transit means the right of stopping the goods while they are in transit, to regain the possession and to retain them till the full price is paid.
- When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent, he can exercise this right of asking the carrier to return the goods back, or not to deliver the goods to the buyer.
- This right is the extension of the right of lien because it entitles the seller to regain possession even when the seller has parted with the possession of the goods.
- **Duration of transit:** The goods are deemed to be in course of transit from the time when they are delivered to a carrier or other bailee for the purpose of transmission to the buyer, until the buyer or his agent in that behalf takes delivery of them from such carrier or other bailee.

**(2 Marks)**

**(iii) Right of Resale**

- The unpaid seller has the direct right to resell the goods in the following circumstances:
  1. Where the goods are of perishable nature
  2. Where the unpaid seller has expressly reserved his right of resale.
- In any other case, the unpaid seller has the right to resell the goods by following the procedure:
  1. Unpaid seller should give a notice to the buyer of his intention to resell the goods and additional time for payment
  2. If the buyer does not pay the price within a reasonable time, the seller may resell the goods **(2 Marks)**

**(b)**

As per Section 31 of Indian Partnership Act, 1932, an incoming partner is not liable for the acts of the firm done before his admission into the firm. The liability of an incoming partner starts from the date of his admission into the firm. Thus, he is liable for all the acts of the firm done after he became a partner in the firm. If the incoming partner agrees to bear the past liabilities, then for past liabilities he shall not be liable to third parties as he is a stranger to contract but he shall be liable to other partners.

**(3 Marks)**

In the given question, Rahul was admitted to the partnership firm on 1<sup>st</sup> April, 2020 but he agreed with other partners to bear the past liabilities from 1st January, 2020. On 10th February, 2020, the firm entered into a contract with Divya to buy raw materials for manufacturing goods of the business. Since, Rahul agreed to bear the past liabilities, after considering the above provisions, he is liable to other partners for the above mentioned liability.

**(2 Marks)**

Hence, if the firm failed to pay Divya, Rahul is not liable to pay Divya as he is a stranger to the contract but he is liable to other partners.

**(1 Mark)**



**Q.5****(a)**

As per Section 23 of Sale of Goods Act, 1930, appropriation of goods involves selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and the buyer. The essentials for appropriation are:

- a) There is a contract for the sale of unascertained or future goods.
- b) The goods should conform to the description and quality stated in the contract.
- c) The goods must be in a deliverable state.
- d) The goods must be unconditionally appropriated to the contract either by delivery to the buyer or his agent or the carrier.
- e) The appropriation must be made by:
  - (i) The seller with the assent of the buyer; or
  - (ii) The buyer with the assent of the seller.
- f) The assent may be express or implied.
- g) The assent may be given either before or after appropriation.

**(3 Marks)**

The ownership is transferred to the buyer after appropriation of goods.

In the given question, Ganesh sent a delivery order for 125 bags from a wharf, and wrote saying that the remaining 15 bags were ready for delivery at his place of business. Priyansh did not collect 15 bags until March 25. Applying the above provisions, all the essentials of appropriation seem to be satisfied. Hence, ownership is transferred.

**(1 Marks)**

Therefore,

- (i) Ganesh has appropriated the contract and Priyansh has assented to such appropriation as Ganesh had appropriated 15 bags and Priyansh's assent to appropriation can be inferred from his conduct in not objecting it as assent can be express or implied.
- (ii) Since property is already transferred to Priyansh he cannot recover the price paid

**(2 Marks)**

(b)

### Memorandum of Association

**Meaning:** The Memorandum of Association of company is its **charter**; it defines its constitution and the scope of the powers of the company with which it has been established under the Act. It contains the object for which the company is formed and therefore identifies the possible scope of its operations beyond which its actions cannot go. It enables shareholders, creditors and all those who deal with company to know what its powers are and what activities it can engage in. (2 Marks)

### Content of the Memorandum:

1. **Name clause:** The first clause in the memorandum must state the name by which a company is known. The name of the company with the last word "Limited" in the case of a public limited company, or the last words "Private Limited" in the case of a private limited company.
2. **Situation or registered office clause:** The name of the State in which the registered office of the company is to be situated must be given in the memorandum. But the exact address of the registered office is not required to be stated therein.
3. **Object clause:** The objects for which the company is proposed to be incorporated and any matter considered necessary in furtherance thereof;
4. **Liability Clause:** The liability of members of the company, whether limited or unlimited, and also state,—
  - in the case of a company limited by shares, that the liability of its members is limited to the amount unpaid, if any, on the shares held by them; and
  - in the case of a company limited by guarantee, the amount up to which each member undertakes to contribute—
    - ✓ to the assets of the company in the event of its being wound-up while he is a member or within one year after he ceases to be a member, for payment of the debts and liabilities of the company or of such debts and liabilities as may have been contracted before he ceases to be a member, as the case maybe; and
    - ✓ to the costs, charges and expenses of winding-up and for adjustment of the rights of the contributories among themselves;
5. **Capital Clause (only in the case of a company having a share capital):**The amount of authorized capital divided into share of fixed amounts and the number of shares with the subscribers to the memorandum have agreed to take, indicated opposite their names, which shall not be less than one share. A company not having share capital need not have this clause.

6. **Association/Subscription Clause:** In this clause, the persons (includes a body corporate) subscribing to the memorandum declare their desire to be formed into a company and agree to take the shares indicated opposite their respective names.
7. **Succession Clause (only in the case of OPC):** This clause shall state the name of the person who, in the event of the death of the subscriber, shall become the member of the company. (4 Marks)

## Q.6

(a)

### **Doctrine of Privity of Contracts:**

A contract is a private relationship between parties who make it, hence the rights and obligations under such a contract are strictly confined to them. This is known as the doctrine of “privity of contract”. It is a general rule of law that a person who is not a party to the contract cannot sue.

The rule is “**Stranger to contract cannot sue. But a stranger to a consideration can sue**”. (1 Mark)

However, following are the exceptions to the Rule” A stranger to a contract cannot sue”:

(1) **Beneficiaries in the case of trust:**

An agreement to create a trust can be enforced by the beneficiary, though he was not a party to the contract between the settler and the trustees.

(2) **Written family settlements:**

In the case of family settlement, if the terms of settlement are reduced in writing, members of the family who were not a party to the settlement can also enforce their claim.

(3) **Partition of Hindu Undivided Family:**

In the case of certain marriage contracts a female member can enforce a provision for marriage expense based on a petition made by the Hindu undivided family.

(4) **Assignment of contract:**

Where there is an assignment of a contract, the assignee can enforce the contract for various benefits that would accrue to him on account of the assignment.

(5) **Acknowledgement of Debts:**

In case of part performance of a contractual obligations or where there is acknowledgment of liability on account of estoppel, a third party can sue for benefits.

**(6) Covenants with land:**

Where a piece of land which is sold to buyer with certain covenants relating to land and the buyer is kept on notice of the covenants with certain duties, there the successors to the seller can enforce these covenants.

**(7) Contracts made by the agent:**

The principal can enforce the contracts entered by his agent where the agent has acted within the scope of his authority and in the name of the principal.

**(4 Marks)**

**(b)**

Yes, a firm may be dissolved without the intervention of the court i.e., without going to the Court of Law.

The dissolution without the intervention of the court may take place in any of the following ways:

**1. Compulsory dissolution (Section 41):**

In the following cases, the firm is compulsorily dissolved even if the partners agree that the firm shall not be dissolved in such cases.

**(a) Insolvency/death of all the partners:**

Where all the partners of the firm become insolvent/death, the firm is dissolved. The firm is also dissolved when all the partners except one have become insolvent/died.

**(b) Business of the firm becoming unlawful:**

This includes the cases where the business of the firm is rendered unlawful by the outbreak of war, or where the object for which the firm was formed becomes unlawful or illegal, or where the business remains lawful but it is forbidden to be carried on in partnership.

**(2 Marks)**

**2. Optional dissolution:**

**(a) Dissolution by agreement between the partners (Section 40):** A firm may also be dissolved in accordance with a contract between the partners in the same way as a firm is formed with the contract between the partners. There may be a separate contract for the dissolution of the firm, or it may also be contained in the partnership deed itself.

**(b) Dissolution by notice (Section 43):** A firm can also be dissolved by any partner by giving a notice of dissolution to the other partners where the partnership firm is 'at will'.

**(c) Dissolution on the happening of certain contingencies (Section 42):** On the happening of anyone of the following contingencies (i.e., events), the firm is automatically dissolved.

**(i) Expiry of fixed term:**

Where the firm is constituted for a fixed term, the firm is dissolved on the expiry of that term. This is, however, subject to a contract to the contrary i.e., if the contract provides that the firm shall not be dissolved, then it will not be dissolved.

**(ii) Completion of the adventure or undertaking:**

Where the firm is constituted to carry out one or more adventure or undertaking, the firm is dissolved on the completion of such adventure or undertaking. This is also subject to a contract to the contrary.

**(iii) Death/Insolvency of a partner:**

If one of the partners of a firm dies or becomes insolvent during the continuance of the firm. In such cases, the firm is dissolved on the death/insolvency of the partner. This is subject to a contract to the contrary. **(2 Marks)**

**(c)**

As per provisions of The Companies Act, 2013, Corporate Veil refers to a legal concept whereby the company is identified separately from the members of the company. Courts can lift the corporate veil if companies form other companies as their subsidiaries to act as their agent.

As per the case of **Merchandise Transport Limited vs. British Transport Commission**, the Transport Company wanted to obtain licences for its vehicles, but could not do so if applied in its own name. It, therefore, formed a subsidiary company, and the application for licence was made in the name of the subsidiary. The vehicles were to be transferred to the subsidiary company. Held, the parent and the subsidiary were one commercial unit and the application for licences was rejected. **(2 Marks)**

The given question is similar to the facts of the above case law. Uver Transport Company held 90% of the equity share capital of Uter Transport Company. Hence, Uter Transport Company is subsidiary of Uver Transport Company who applied for license to indirectly conduct business activities of its holding Company. Here, the courts can lift the corporate veil and treat them as one commercial unit. **(1 Mark)**

**SECTION – B: BUSINESS CORRESPONDENCE AND REPORTING****Q.7****(a)**

- (1) Because he felt that such a warning would weaken the shock effect of the bomb. (1 Mark)
- (2) The decision made in Postdam Conference. (1 Mark)
- (3) The reason appears to be to destroy few but save more lives in the long run. (1 Mark)

**(4) Summary:**

The dilemma of dropping the bomb in desert was either inability to convince sceptical Japanese or forewarning them to send war prisoners there.

The fact was scarcity of plutonium. Truman and Churchill had to take the difficult decision to save more lives than ruin, avoid long lasting war, cost and casualties. As ordered by Truman, Hiroshima and Nagasaki were chosen over Nigata and Kokara; only after he left Postdam.

**(2 Marks)****(b)****(1) Transition of Social empowerment and Employment****1. Trans.of soc.empt.**

- 1.1 found in
- 1.1. Modern age
- 1.2. ancnt.,mdvl,pre mod.age
- 1.2.a. ingrnd.in cult.
- 1.2.b. ensd.law,eq.and harmony
- 1.2.c. also contd.by British

**2. Aft. Ind.chngs.**

- 2.1. socio-eco.cult.chngd.due to expltn.of British
- 2.1.1. became uneco.,poor

**3. Other reasons**

- 3.1. Mismgt.
- 3.2. famine
- 3.3. ineq.
- 3.4. soc.cult.trdns.

- 4. Mixed Eco.**
  - 4.1. state initiative
  - 4.2. Png.Com.for f'ship prog.revwd.
    - 4.2.a. perfmnc.
    - 4.2.b. eff.on eco.
    - 4.2.c. empd.mgnlsd.farmers
- 5. Imperative for**
  - 5.1. eq.grwth.
  - 5.2. unlock potntl.of deprvd.
- 6. Rural Schemes lnkd.to**
  - 6.1. soc.infra.
  - 6.2. prod.emplyt.
- 7. Women Power**
  - 7.1. eq.in vedic period
  - 7.2. now subjtd.,harassed
- 8. MOCWD**
  - 8.1. Leadership to promote
    - 8.1.a. Wmn.empt.
    - 8.1.b. dignity
    - 8.1.c. eq.
    - 8.1.d. free frm.vio.& discrimn.
- 9. Children**
  - 9.1. ICDS
    - 9.1.1. world's largest and unq.prog.
- 10. Result**
  - 10.1. shft.frm.agr.eco.
  - 10.2. edn.opp.
  - 10.3. ↑ DD for emplyt.
    - 10.3.a. basic emplyt in lean season
    - 10.3.b. ↑ asprns.of youth.

**Key:**

Trans. – Transition

Soc.empt. - Social Employment

ancnt.,mdvl,pre mod.age – Ancient. Medieval, Pre-modern age

ingrnd – Ingrained

cult. – culture  
 ensd. – ensured  
 eq. – equality  
 contd – continued  
 aft. – after  
 ind. -- independence  
 expltn. -- exploitation  
 uneco. – uneconomic  
 mismgt. --- mismanagement  
 ineq. --- inequality  
 socio.cult.trdns. --- socio cultural traditions  
 plng.comn.f<sup>o</sup>ship prog.revwd. -Planning Commission flagship programmes  
 pfmnc. ---- performance  
 eff. --- effect  
 eco. --- economic  
 empwd. --- emowered  
 mgnlsd. --- marginalised  
 eq. - equitable  
 potntl. --- potential  
 depd. ---- deprived  
 schms. --- schemes  
 lkd. --- linked  
 soc.infra. -- social infrastructure  
 prod.employt. ---- productive employment  
 subjgtd. --- subjugated  
 MOCWD ---- Ministry of Child and Women Development  
 Prom. --- promote  
 Wmn.empt. ---- women empowerment  
 Vio.and discrnm. --- violence and discrimination  
 Unq.prog. ---- unique programme  
 Shft.frm.agr.eco. --- shift from agricultural economy  
 Edn.opp. --- educational opportunities  
 DD ---- Demand  
 Asprns. ---- aspirations  
 Yth. ---- youth  
 ↑ --- increased

(3 Marks)



**(2) Summary:****Social Welfare – Indian Transition**

Social welfare schemes have been prevailing right through the Mouryan Age to British to modern age ;as a part of our culture – to ensure law, equity and harmony.

After independence, socio-economic fabric changed due to British exploitation. India became poor and diseased following famines, inequality and traditions.

State took initiative through Planning Commission to review performance of various programmes, designed to empower women and children. These programmes were necessary for equality and to unlock potential of our population and provide employment.

While women were empowered and freed from violence and discrimination by MOCWD on one hand; the children (0-6 yrs.) were provided care and development through the largest and unique ICDS schemes.

This resulted into shift from agro economy to opportunity and employment generating economy.

**(2 Marks)**

**Q.8****(a)**

Communication Network refers to the method and pattern to transmit information to other employees, in an organisation. It helps the flow of communication created by managers, as per the task at hand.

The structure of this network depends on the size and communication channels of the organisation. It also depends on the number of persons involved in the process.

**(2 Marks)**

**(b)**

**(1) (iv) Unrelenting (1 Mark)**

**(2) (iii) giant (1 Mark)**

**(3) She asked whom he had asked. (1 Mark)**

(c)

**Precis:**

Rationale behind FDI

Despite availability of low - risk alternatives like exporting and licensing, a firm decides to invest in foreign markets because heavy and voluminous products attract higher freight and low competitiveness. Further, ease of doing business lies more with indigenous firms adding to the cost; termed as liability of foreignness.

For example, Kellogg being unaware of Indian market and habits, blundered and took long to understand it before positioning it as a complimentary rather than a substitute product.

Moreover, Disneyland failed in France owing to similar and analogical reasons.

Thus, a trade – off between scale economy by producing at a single location and FDI benefits like proximity, control and better access to the market; needs to be arrived at.

**(5 Marks)**

**Q.9**

(a)

Coherent is one of the most important characteristics of communication. It is the logical bridge between words, sentences and paragraphs.

Communication can be coherent and understandable by the reader only if the information is organised sequentially and presented logically.

In a nutshell, coherence means that the content should be relevant, interconnected and presented in a flow.

**(2 Marks)**

**OR**

(a)

There are many barriers in communication. One of them is Organizational structure. It occurs when systems, structures and processes within the organization are not clear and if there are gaps in between. It precipitates from unclear chain of command.

An employee is confused as to whom to contact for a particular issue. Thus, inappropriate information transmission systems, lack of supervision, lack of clarity of individual roles and responsibility demarcations; lead to confusion and inefficiency and thus, act as barriers in communication.

**(b)**

- (1) (iii) gluttonous (1 Mark)
- (2) (i) Parsimonious (1 Mark)
- (3) Abodh asked Subodh if(whether) he had visited Dehradun when he had been in Delhi, the previous year. (1 Mark)

**(c)**

10 farmers commit suicide in Maharashtra  
Times of India

July,23 Mumbai : ‘Jai Jawan Jai Kisaan’ has been the dictum of our nation from time immemorial. While the Jawans have been laying down their lives for the nation; it now seems to be the turn of Kisaans , to do so.

10 farmers have been reported to have committed suicide in the Latur district of Maharashtra, reportedly due to their inability to pay debts and monsoon failure.

It may be recalled that over 12000 suicides are reported in the agricultural sector every year, since 2013.Farmers’ suicides account for nearly 10% of all suicides in India.

“The menace of farmers’ suicides exists and runs counter to the aspirations of reaping benefits of our Demographic Dividend. This will go on until the high debt burdens coupled with hostile government policies are dealt with. The farmer who is responsible to fill the stomach of millions, has to die because he cannot fill his own stomach. How paradoxical!” Said the Secretary of Shetkari Kaamgaar Sangathan ; Shri Baburao Dhakne.

The government, on its part, has assured the farmers of waiver of loans up to a staggering 65000 crores and increase the Minimum Support Price of key food grains to meet the surging costs and end the distress caused due to loans.

Thus, the government has yet again relied on appeasement policies instead of restructuring and re-investment measures.

**(5 Marks)****Q.10****(a)**

**The broad categories of communication are as follows:**

**1. Based on Channels:**

A/Verbal (Written and Oral) B/ Non-Verbal (Physical Non Verbal, Appearance, Aesthetic and Paralanguage) C/ Visual

**2. Based on Purpose and Style:**

A/Formal B/ Informal

**(2 Marks)**

**(b)**

- (1) The customer is practically being accused of lying by the agent. **(1 Mark)**  
(2) Nature will exalt him who humbles himself. **(1 Mark)**  
(3) Simple. **(1 Mark)**

**(c)**

ABC Ltd.  
Park Lane  
Mumbai 400 016.

July 20,2000  
Senior Manager  
Operations Department  
ITC Ltd.  
Chowringee  
Kolkata

Dear Mr.Ranganathan,

Subject: Reply to complaint against Order No. FE/2019-20

This has reference to your Order No. FE/19-20, dated May 20,2020 pertaining to the supply of 6 sets of fire -fighting equipment, A-4 type.

We accept the inordinate delay on our part in the supply of the same and apologise for the same, profusely.

We wish to request you to understand the authentic reasons for the same.

We are using German spindles as a main spare part to ensure double safety. Our consignment from Germany got stranded due to a huge fire; our German suppliers suffered in their factory, three weeks ago.

However, we have already sourced out the same spare part from Japan and the same is likely to reach us in a week's time.

We finally promise you to supply the equipment, duly assembled; by August 3,2020.

You have been our valued customer for years and thank you for bearing with us during this unforeseen situation.

As a small token of honour and as a mark of apology, we will waive off all of our installation charges in the spirit of continued business relationship.

We look forward to your support.

Thanking you in anticipation.

Sanjeev Goel  
General Manager- Sales  
ABC Ltd.

**(5 Marks)**

**Q.11**

**(a)**

The proportion accounted for is as follows:

Verbal - 55%; Non Verbal - 7%; Paralanguage - 38%

Grapevine - It is common that employees of any organisation interact with each other outside the formal domain. Such communication is called ‘grapevine’. This refers to gossip in the office and discussion among employees of different departments at different levels.

The grapevine satisfies the social needs of the employees and helps in building relationships. It also addresses grievances of employees.

**(2 Marks)**

**(b)**

(1) (iv) Argue in support of both the sides **(1 Marks)**

(2) (i) To escape **(1 Marks)**

(3) Could Kalidasa have preferred an idle weekend? **(1 Marks)**

(4) (iii) Omnipotent **(1 Marks)**

**(c)**

**1. AGENDA**

<b>Time</b>	<b>Topic</b>	<b>Attendees</b>	<b>Speaker</b>	<b>Duration</b>
10.00 AM	Introduction	Mr. P,Q,R – S&M Mr.A,B,C -Product Devt.	Mr.P	15 Minutes
10.15 AM – 11.00 AM	Review Policies	-- do ----	Mr.B	45 Minutes
11.00 AM	Tea Break			
11.30 AM - 12.30 AM	1) Profitable v/s Non-Profitable Products 2) Non- Profitable Products	-- do ----	Mr.Q  Mr.A	60 Minutes  ----

**2. MINUTES OF THE MEETING:**

**DATE: October 19, 2020**

- The meeting started at 10.00 AM.
- Mr. P gave an introduction.
- Mr. B reviewed policies of the last year and compared them with suggested changes.
- The participants appreciated and approved the changes suggested by Mr. B.
- Mr. Q had segregated profitable and non – profitable products, beforehand and that helped the focus on only the selected and profitable products.
- A congenial atmosphere prevailed throughout the meeting and the Advertising agency representative, Mr. C was entrusted to devise an effective campaign and was instructed to submit Action Taken Report by October 29, 2020.

**(4 Marks)**