

**CA Foundation
Solved Paper
PAPER – 2: BUSINESS LAWS & BUSINESS
CORRESPONDENCE AND REPORTING
January 2021**

SECTION A – BUSINESS LAWS

Question No. 1 is compulsory.

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

Question 1

- (a) *Mr. S aged 58 years was employed in a Government Department. He was going to retire after two years. Mr. D made a proposal to Mr. S to apply for voluntary retirement from his post so that Mr. D can be appointed in his place. Mr. D offered a sum of `10 Lakhs as consideration to Mr. S in order to induce him to retire.*

Mr. S refused at first instance but when he evaluated the amount offered as consideration is just double of his cumulative remuneration to be received during the tenure of two years of employment, he agreed to receive the consideration and accepted the above agreement to receive money to retire from his office.

Whether the above agreement is valid? Explain with reference to provision of Indian Contract Act, 1872.

(4 Marks)

- (b) *ABC Limited was registered as a public company. There were 245 members in the company. Their details are as follows:*

<i>Directors and their relatives</i>	<i>190</i>
<i>Employees</i>	<i>15</i>
<i>Ex-employees</i>	
<i>(shares were allotted when they were employees)</i>	<i>20</i>
<i>Others</i>	<i>20</i>

(Including 10 joint holders holding shares jointly in the name of father and son)

The Board of directors of the company propose to convert it into a private company. Advice whether reduction in the number of members is necessary for conversion.

(4 Marks)

- (c) *What are the rules which regulate the Sale by Auction under the Sale of Goods Act, 1930?*

(4 Marks)

Answer

- (a) Section 10 of the Indian Contract Act, 1872 provides for the legality of consideration and objects thereto. Section 23 of the said Act also states that every agreement of which the object or consideration is unlawful is void.

The given problem talks about entering into an agreement for traffic relating to public office, which is opposed to public policy. Public policy requires that there should be no money consideration for the appointment to an office in which the public is interested. Such consideration paid, being opposed to public policy, is unlawful.

In the given case, Mr. S, who was going to be retired after two years was proposed by Mr. D, to apply for voluntary retirement from his post, in order that he can be appointed in his place. In lieu of that Mr. D offered Mr. S a sum of ₹ 10 lakh as consideration. Mr. S refused initially but later accepted the said offer to receive money to retire from his office.

Here, Mr. S's promise of sale for Mr. D, an employment in the public services is the consideration for Mr. D's promise to pay ₹10 lakh. Therefore, in terms of the above provisions of the Indian Contract Act, the said agreement is not valid. It is void, as the consideration being opposed to public policy, is unlawful.

- (b) In the given case, ABC Limited was having 245 members in the company. The Board of Directors of said company proposes to convert it into private company. In lines with Section 2 (68) of the Companies Act, 2013, a private company by its Articles, limits the number of its members to 200.

Provided that, where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member.

It is further provided that, following persons shall not be included in the number of members-

- (i) Persons who are in the employment of the company; and
- (ii) Persons, who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased.

As per the facts, ABC Limited has members constituting of Directors & their relatives, employees, Ex-employees and others including 10 joint holders. In line with the requirement for being a private company, following shall be restricted to be as members i.e., Directors & their relatives & joint holders holding shares jointly constituting 200 members (190+10).

Accordingly, ABC Limited when converted to private company shall not be required to reduce the number of members as the number of members as per requirement of a private company, is fulfilled that is of maximum 200 members.

- (c) **Rules of Auction sale:** Section 64 of the Sale of Goods Act, 1930 provides following rules to regulate the sale by auction:

- (i) **Where goods are sold in lots:** Where goods are put up for sale in lots, each lot is *prima facie* deemed to be subject of a separate contract of sale.

- (ii) **Completion of the contract of sale:** The sale is complete when the auctioneer announces its completion by the fall of hammer or in any other customary manner and until such announcement is made, any bidder may retract from his bid.
- (iii) **Right to bid may be reserved:** Right to bid may be reserved expressly by or on behalf of the seller and where such a right is expressly reserved, but not otherwise, the seller or any one person on his behalf may bid at the auction.
- (iv) **Where the sale is not notified by the seller:** Where the sale is not notified to be subject to a right to bid on behalf of the seller, it shall not be lawful for the seller to bid himself or to employ any person to bid at such sale, or for the auctioneer knowingly to take any bid from the seller or any such person; and any sale contravening this rule may be treated as fraudulent by the buyer.
- (v) **Reserved price:** The reserved price is the lowest price at which a seller is willing to sell an item. The auction sale may be notified to be subject to a reserve or upset price; and
- (vi) **Pretended bidding:** If the seller makes use of pretended bidding to raise the price, the sale is voidable at the option of the buyer.

Question 2

- (a) *Define the term acceptance under the Indian Contract Act, 1872. Explain the legal rules regarding a valid acceptance.* **(7 Marks)**
- (b) *State the circumstances under which a LLP and its partners may face unlimited liability under the Limited Liability Partnership Act, 2008.* **(5 Marks)**

Answer

- (a) **Definition of Acceptance:** In terms of Section 2(b) of the Indian Contract Act, 1872 the term acceptance is defined as "When the person to whom the proposal is made signifies his assent thereto, proposal is said to be accepted. The proposal, when accepted, becomes a promise".

Legal Rules regarding a valid acceptance

- (1) **Acceptance can be given only by the person to whom offer is made.** In case of a specific offer, it can be accepted only by the person to whom it is made. In case of a general offer, it can be accepted by any person who has the knowledge of the offer.
- (2) **Acceptance must be absolute and unqualified:** As per section 7 of the Act, acceptance is valid only when it is absolute and unqualified and is also expressed in some usual and reasonable manner unless the proposal prescribes the manner in which it must be accepted. If the proposal prescribes the manner in which it must be accepted, then it must be accepted accordingly.

- (3) **The acceptance must be communicated:** To conclude a contract between the parties, the acceptance must be communicated in some perceptible form. Further when a proposal is accepted, the offeree must have the knowledge of the offer made to him. If he does not have the knowledge, there can be no acceptance. The acceptance must relate specifically to the offer made. Then only it can materialize into a contract.
- (4) **Acceptance must be in the prescribed mode:** Where the mode of acceptance is prescribed in the proposal, it must be accepted in that manner. But if the proposer does not insist on the proposal being accepted in the manner prescribed after it has been accepted otherwise, i.e., not in the prescribed manner, the proposer is presumed to have consented to the acceptance.
- (5) **Time:** Acceptance must be given within the specified time limit, if any, and if no time is stipulated, acceptance must be given within the reasonable time and before the offer lapses.
- (6) **Mere silence is not acceptance:** The acceptance of an offer cannot be implied from the silence of the offeree or his failure to answer, unless the offeree has in any previous conduct indicated that his silence is the evidence of acceptance.
- (7) **Acceptance by conduct/ Implied Acceptance:** Section 8 of the Act lays down that “the performance of the conditions of a proposal, or the acceptance of any consideration for a reciprocal promise which may be offered with a proposal, constitutes an acceptance of the proposal. This section provides the acceptance of the proposal by conduct as against other modes of acceptance i.e. verbal or written communication.

Therefore, when a person performs the act intended by the proposer as the consideration for the promise offered by him, the performance of the act constitutes acceptance.

- (b) As per Section 30 of the Limited Liability Partnership Act, 2008, LLP and its Partners may face unlimited liability in case of fraud. According to this section, the liability arises, in the event of an act carried out by an LLP or any of its partners -
- with intent to defraud creditors of the LLP,
 - or any other person, or
 - for any fraudulent purpose.

The liability of the LLP and partners who acted with intent to defraud creditors or for any fraudulent purpose shall be unlimited for all or any of the debts or other liabilities of the LLP. However, in case any such act is carried out by a partner, the LLP is liable to the same extent as the partner unless it is established by the LLP that such act was without the knowledge or the authority of the LLP.

Where LLP, Partner or employee of LLP has conducted the affairs of the LLP in fraudulent manner, then without prejudice to any criminal proceedings which may arise under any law for the time being in force, the LLP and any such partner or employee shall be liable to pay compensation to any such person who has suffered any loss by reason of such conduct.

Question 3

- (a) (i) What do you mean by "Particular Partnership" under the Indian Partnership Act, 1932? (2 Marks)

OR

- (ii) Who is a nominal partner under the Indian Partnership Act, 1932? What are his liabilities? (2 Marks)
- (b) "Business carried on by all or any of them acting for all." Discuss the statement under the Indian Partnership Act, 1932. (4 Marks)
- (c) Mr. B makes a proposal to Mr. S by post to sell his house for ` 10 lakhs and posted the letter on 10th April 2020 and the letter reaches to Mr. S on 12th April 2020. He reads the letter on 13th April 2020.

Mr. S sends his letter of acceptance on 16th April 2020 and the letter reaches Mr. B on 20th April 2020. On 17th April Mr. S changed his mind and sends a telegram withdrawing his acceptance. Telegram reaches to Mr. B on 19th April 2020.

Examine with reference to the Indian Contract Act, 1872:

- (i) On which date, the offer made by Mr. B will complete?
- (ii) Discuss the validity of acceptance.
- (iii) What would be validity of acceptance if letter of revocation and letter of acceptance reached together? (6 Marks)

Answer

- (a) (i) **Particular partnership:** A partnership may be organized for the prosecution of a single adventure as well as for the conduct of a continuous business. Where a person becomes a partner with another person in any particular adventure or undertaking, the partnership is called 'particular partnership'.

A partnership, constituted for a single adventure or undertaking is, subject to any agreement, dissolved by the completion of the adventure or undertaking.

OR

- (ii) **Nominal Partner:** A person who lends his name to the firm, without having any real interest in it, is called a nominal partner.

Liabilities: He is not entitled to share the profits of the firm. Neither he invests in the firm nor takes part in the conduct of the business. He is, however liable to third parties for all acts of the firm.

- (b) **Business carried on by all or any of them acting for all:** The business must be carried on by all the partners or by anyone or more of the partners acting for all. In other words, there should be a binding contract of mutual agency between the partners.

An act of one partner in the course of the business of the firm is in fact an act of all partners. Each partner carrying on the business is the principal as well as the agent for all the other partners. He is an agent in so far as he can bind the other partners by his acts and he is a principal to the extent that he is bound by the act of other partners.

It may be noted that the true test of partnership is mutual agency. If the element of mutual agency is absent, then there will be no partnership.

In *KD Kamath & Co.*, the Supreme Court has held that the two essential conditions to be satisfied are that:

- (1) there should be an agreement to share the profits as well as the losses of business; and
- (2) the business must be carried on by all or any of them acting for all, within the meaning of the definition of 'partnership' under section 4.

The fact that the exclusive power and control, by agreement of the parties, is vested in one partner or the further circumstance that only one partner can operate the bank accounts or borrow on behalf of the firm are not destructive of the theory of partnership provided the two essential conditions, mentioned earlier, are satisfied.

- (c) (i) According to Section 4 of the Indian Contract Act, 1872, "the communication of offer is complete when it comes to the knowledge of the person to whom it is made".

When a proposal is made by post, its communication will be complete when the letter containing the proposal reaches the person to whom it is made. Further, mere receiving of the letter is not sufficient, he must receive or read the message contained in the letter.

In the given question, Mr. B makes a proposal by post to Mr. S to sell his house. The letter was posted on 10th April 2020 and the letter reaches to Mr. S on 12th April 2020 but he reads the letter on 13th April 2020.

Thus, the offer made by Mr. B will complete on the day when Mr. S reads the letter, i.e. 13th April 2020.

- (ii) **When communication of acceptance is complete:** Where a proposal is accepted by a letter sent by the post, in terms of Section 4 of the Act, the communication of acceptance will be complete as against the proposer when the letter of acceptance is posted and as against the acceptor when the letter reaches the proposer.

Revocation of Acceptance: The acceptor can revoke his acceptance any time before the letter of acceptance reaches the offeror, if the revocation telegram arrives before or at the same time with the letter of acceptance, the revocation is absolute.

In the given question, when Mr. S accepts Mr. B's proposal and sends his acceptance by post on 16th April 2020, the communication of acceptance as against Mr. B is complete on 16th April 2020, when the letter is posted. As against Mr. S acceptance will be complete, when the letter reaches Mr. B i.e. 20th April 2020. Whereas, acceptor, will be bound by his acceptance only when the letter of acceptance has reached the proposer.

The telegram for revocation of acceptance reached Mr. B on 19th April 2020 i.e. before the letter of acceptance of offer (20th April 2020). Hence, the revocation is absolute. Therefore, acceptance to an offer is invalid.

- (iii) It will not make any difference even if the telegram of revocation and letter of acceptance would have reached on the same day, i.e. the revocation then also would have been absolute. As per law, acceptance can be revoked anytime before the communication of acceptance is complete. Since revocation was made before the communication of acceptance was complete and communication can be considered as complete only when the letter of acceptance reaches the proposer i.e. Mr. B.

Question 4

- (a) *What are the differences between a 'Condition' and 'Warranty' in a contract of sale? Also explain, when shall a 'breach of condition' be treated as 'breach of warranty' under provisions of the Sale of Goods Act, 1930?* **(6 Marks)**
- (b) *M, N and P were partners in a firm. The firm ordered JR Limited to supply the furniture. P dies, and M and N continues the business in the firm's name. The firm did not give any notice about P's death to the public or the persons dealing with the firm. The furniture was delivered to the firm after P's death, fact about his death was known to them at the time of delivery. Afterwards the firm became insolvent and failed to pay the price of furniture to JR Limited.*

Explain with reasons:

- (i) *Whether P's private estate is liable for the price of furniture purchased by the firm?*
- (ii) *Whether does it make any difference if JR Limited supplied the furniture to the firm believing that all the three partners are alive?* **(6 Marks)**

Answer

(a) Difference between conditions and warranties:

The following are important differences between conditions and warranties.

Point of differences	Condition	Warranty
Meaning	A condition is essential to the main purpose of the contract.	It is only collateral to the main purpose of the contract.
Right in case of breach	The aggrieved party can repudiate the contract or claim damages or both in the case of breach of condition.	The aggrieved party can claim only damages in case of breach of warranty.
Conversion of stipulations	A breach of condition may be treated as a breach of warranty.	A breach of warranty cannot be treated as a breach of condition.

Breach of condition be treated as a breach of warranty

Section 13 of the Sales of Goods Act, 1930, specifies cases where a breach of condition be treated as a breach of warranty. As a result of which the buyer loses his right to rescind the contract and can claim for damages only.

In the following cases, a contract is not avoided even on account of a breach of a condition:

- (i) Where the buyer altogether waives the performance of the condition. A party may for his own benefit, waive a stipulation.
 - (ii) Where the buyer elects to treat the breach of the conditions, as one of a warranty. That is to say, he may claim only damages instead of repudiating the contract.
 - (iii) Where the contract is non-severable and the buyer has accepted either the whole goods or any part thereof.
 - (iv) Where the fulfilment of any condition or warranty is excused by law by reason of impossibility or otherwise.
- (b) According to Section 35 of the Indian Partnership Act, 1932, where under a contract between the partners the firm is not dissolved by the death of a partner, the estate of a deceased partner is not liable for any act of the firm done after his death.

Further, in order that the estate of the deceased partner may be absolved from liability for the future obligations of the firm, it is not necessary to give any notice either to the public or the persons having dealings with the firm.

In the given question, JR Limited has supplied furniture to the partnership firm, after P's death. The firm did not give notice about P's death to public or people dealing with the firm. Afterwards, the firm became insolvent and could not pay JR Limited.

In the light of the facts of the case and provisions of law:

- (i) Since the delivery of furniture was made after P's death, his estate would not be liable for the debt of the firm. A suit for goods sold and delivered would not lie against the representatives of the deceased partner. This is because there was no debt due in respect of the goods in P's lifetime.
- (ii) It will not make any difference even if JR Limited supplied furniture to the firm believing that all the three partners are alive, as it is not necessary to give any notice either to the public or the persons having dealings with the firm, so the estate of the deceased partner may be absolved from liability for the future obligations of the firm.

Question 5

- (a) *Mr. T was a retail trader of fans of various kinds. Mr. M came to his shop and asked for an exhaust fan for kitchen. Mr. T showed him different brands and Mr. M approved of a particular brand and paid for it. Fan was delivered at Mr. M's house; at the time of opening the packet he found that it was a table fan. He informed Mr. T about the delivery of the wrong fan. Mr. T refused to exchange the same, saying that the contract was complete after the delivery of the fan and payment of price.*
 - (i) *Discuss whether Mr. T is right in refusing to exchange as per provisions of Sale of Goods Act, 1930?*
 - (ii) *What is the remedy available to Mr. M?* **(6 Marks)**
- (b) *Explain Doctrine of 'Indoor Management' under the Companies Act, 2013. Also state the circumstances where the outsider cannot claim relief on the ground of 'Indoor Management'.* **(6 Marks)**

Answer

- (a) (i) **According to Section 15 of the Sale of Goods Act, 1930**, where the goods are sold by sample as well as by description, the implied condition is that the goods supplied shall correspond to both with the sample and the description. In case, the goods do not correspond with the sample or with description or vice versa or both, the buyer can repudiate the contract.

Further, as per Section 16(l) of the Sales of Goods Act, 1930, when the buyer makes known to the seller the particular purpose for which the goods are required and he relies on the judgment or skill of the seller, it is the duty of the seller to supply such goods as are reasonably fit for that purpose.

In the given case, Mr. M had revealed Mr. T that he wanted the exhaust fan for the kitchen. Since the table fan delivered by Mr. T was unfit for the purpose for which Mr. M wanted the fan, therefore, T cannot refuse to exchange the fan.

- (ii) When one party does not fulfill his obligation according to the agreed terms, the other party may treat the contract as repudiated or can insist for performance as per the original contract. Accordingly, the remedy available to Mr. M is that he can either rescind the contract or claim refund of the price paid by him or he may require Mr. T to replace it with the fan he wanted.

- (b) **Doctrine of Indoor Management (The Companies Act, 2013):** According to the “doctrine of indoor management” the outsiders, dealing with the company though are supposed to have satisfied themselves regarding the competence of the company to enter into the proposed contracts are also entitled to assume that as far as the internal compliance to procedures and regulations by the company is concerned, everything has been done properly. They are bound to examine the registered documents of the company and ensure that the proposed dealing is not inconsistent therewith, but they are not bound to do more. They are fully entitled to presume regularity and compliance by the company with the internal procedures as required by the Memorandum and the Articles. This doctrine is a limitation of the doctrine of “constructive notice” and popularly known as the rule laid down in the celebrated case of **Royal British Bank v. Turquand**. Thus, the doctrine of indoor management aims to protect outsiders against the company.

The above mentioned doctrine of Indoor Management or Turquand Rule has limitations of its own. That is to say, it is inapplicable to the following cases, namely:

- (a) **Actual or constructive knowledge of irregularity:** The rule does not protect any person when the person dealing with the company has notice, whether actual or constructive, of the irregularity.
- (b) **Suspicion of Irregularity:** The doctrine in no way, rewards those who behave negligently. Where the person dealing with the company is put upon an inquiry, for example, where the transaction is unusual or not in the ordinary course of business, it is the duty of the outsider to make the necessary enquiry.
- (c) **Forgery:** The doctrine of indoor management applies only to irregularities which might otherwise affect a transaction but it cannot apply to forgery which must be regarded as nullity.

Question 6

- (a) *The general rule is that an agreement without consideration is void. Discuss the cases where the agreement though made without consideration will be valid and enforceable as per Indian Contract Act, 1872.* **(5 Marks)**
- (b) *Discuss the liability of a partner for the act of the firm and liability of firm for act of a partner to third parties as per Indian Partnership Act, 1932.* **(4 Marks)**

- (c) *SK Infrastructure Limited has a paid-up share capital divided into 6,00,000 equity shares of INR 100 each. 2,00,000 equity shares of the company are held by Central Government and 1,20,000 equity shares are held by Government of Maharashtra. Explain with reference to relevant provisions of the Companies Act, 2013, whether SK Infrastructure Limited can be treated as Government Company.* **(3 Marks)**

Answer

- (a) The general rule is that an agreement made without consideration is void (Section 25 of the Indian Contract Act, 1872). In every valid contract, consideration is very important. A contract may only be enforceable when consideration is there. However, the Indian Contract Act contains certain exceptions to this rule.

In the following cases, the agreement though made without consideration, will be valid and enforceable.

1. Natural Love and Affection: Conditions to be fulfilled under section 25(1)

- (i) It must be made out of natural love and affection between the parties.
- (ii) Parties must stand in near relationship to each other.
- (iii) It must be in writing.
- (iv) It must also be registered under the law.

A written and registered agreement based on natural love and affection between the parties standing in near relation (e.g., husband and wife) to each other is enforceable even without consideration.

2. Compensation for past voluntary services: A promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, is enforceable under Section 25(2). In order that a promise to pay for the past voluntary services be binding, the following essential factors must exist:

- (i) The services should have been rendered voluntarily.
- (ii) The services must have been rendered for the promisor.
- (iii) The promisor must be in existence at the time when services were rendered.
- (iv) The promisor must have intended to compensate the promisee.

3. Promise to pay time barred debt: Where a promise in writing signed by the person making it or by his authorised agent, is made to pay a debt barred by limitation it is valid without consideration [Section 25(3)].

4. Agency: According to Section 185 of the Indian Contract Act, 1872, no consideration is necessary to create an agency.

5. Completed gift: In case of completed gift i.e. when gift is made by a donor and accepted by the donee, the rule, no consideration no contract does not apply.

6. **Bailment:** In case, the delivery of goods is made by one person to another for a particular purpose, without transfer of ownership, no consideration is required.
7. **Charity:** If a promisee undertakes the liability on the promise of another person to contribute to charity, the contract shall be valid without consideration.

(b) **Liability of a partner for acts of the firm (Section 25 of the Indian Partnership Act, 1932):** Every partner is liable, jointly with all the other partners and also severally, for all acts of the firm done while he is a partner. The partners are jointly and severally responsible to third parties for all acts which come under the scope of their express or implied authority. This is because that all the acts done within the scope of authority are the acts done towards the business of the firm.

The expression 'act of firm' connotes any act or omission by all the partners or by any partner or agent of the firm, which gives rise to a right enforceable by or against the firm. Again in order to bring a case under Section 25, it is necessary that the act of the firm, in respect of which liability is brought to be enforced against a party, must have been done while he was a partner.

Liability of the firm for wrongful acts of a partner and for misapplication by partners (Sections 26 & 27 of the Indian Partnership Act, 1932): Where, -

by the wrongful act or omission of a partner in the ordinary course of the business of a firm, or with the authority of his partners, loss or injury is caused to any third party, or any penalty is incurred, the firm is liable therefor to the same extent as the partner.

a partner acting within his apparent authority receives money or property from a third party and misapplies it, or 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.

(c) **Government Company [Section 2(45) of the Companies Act, 2013]:** Government Company means any company in which not less than 51% of the paid-up share capital is held by-

- (i) The Central Government, or
- (ii) By any State Government or Governments, or
- (iii) Partly by the Central Government and partly by one or more State Governments,

and the section includes a company which is a subsidiary company of such a Government company.

In the instant case, paid up share capital of SK Infrastructure Limited is 6,00,000 equity shares of ₹ 100 each. 200,000 equity shares are held by Central government and 1,20,000 equity shares are held by Government of Maharashtra. The holding of equity shares by both government is 3,20,000 which is more than 51% of total paid up equity shares.

Hence, SK Infrastructure Limited is a Government company.

Question No. 7 is compulsory.

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

Question 7

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

Success of any organization depends on offering quality products at competitive prices. All over the world, it is being realized that quality control be ensured through inspection and test alone. Every department and individual has a contribution to make in the achievement of quality. Quality product at competitive prices is the most significant factor in determining the long - run success of any organization. High quality of products can give a competitive edge to an organization. On the other hand, good quality generates satisfied customers who reward the organization with continued patronage and favourable word of mouth advertising.

Growth in consumer quality awareness has put a greater strain on businesses. Consumer demand and dynamic technological changes have opened up new and highly competitive markets. The quality of goods and services can no longer be taken for granted.

The rapid growth of the service sector has also introduced new perceptions of quality management. Institutions, such as the Government, banks and hospitals do not produce tangible goods. The interaction between employees and customers is much more critical in such organizations. As a result, the skills, attitudes and training of service personnel affect the quality of the services delivered. Information processing represents a large component of the work done by service organizations and poses special quality considerations. Errors in computer billing, or airline and hotel reservations are the results of poor quality control of computer software and data input systems.

In View of globalization of markets, Governments have begun to realize that quality is essential to international trade and the national economy. Therefore, public purchasing authorities have been instructed to buy goods that conform to the quality standards.

- (i) In what manner good quality products give rewards to organizations? **(1 Mark)**
- (ii) Most significant factor which determines the long run success of an organization ?
(1 Mark)
- (iii) Quality of goods and services cannot be compromised by organizations, give reasons. **(1 Mark)**
- (iv) Write the summary of the above passage. **(2 Mark)**

(b) *Read the Passage :*

Whether one runs a large business, or is starting out with a new venture, or works as a corporate professional, chances are that at some point, one would be required to make a business presentation. Whether you are selling a product to a client, sharing your vision with your employees, or looking for new investors for your business, your presentation will always matter.

Making a good business presentation can be intimidating - you want to capture as much information as possible to answer any prospective questions from your audience, yet you want to keep your audience constantly engaged and interested. So, what makes a good presentation?

It is important to connect with your audience with a story. And no, it doesn't mean your presentation needs to be the most exciting work of fiction. Take your audience on a journey. When trying to convince potential investors, make them see the success you are striving for and what it will do for you and for them. To win over your employees with your new staff policy, take them through the journey of why you are introducing a new policy and how does it benefit them. Tell personal stories, give analogies and cite examples. Get your audience emotionally involved and you will be more likely to get them to side with you.

You want to keep your audience engaged at all times. Do not overwhelm them with a lot of information. Settle on three to five key messages that you want them to absorb and stick with them. You do not want to include everything. Instead, choose out powerful points that you want to make. It is important to keep your presentation as straightforward and concise as possible.

At the same time, you need to know your content extremely well. While you keep your presentation short and to the point, it is no excuse for you to not have more detailed information regarding the subject of your presentation. It is likely you would need to answer questions from your audience at the end of the presentation. You must review all pertinent information and key facts and figures before your presentation. Not only will it help you answer questions later, but it will also give you more confidence during your presentation, so you refer to your notes less and connect with your audience more.

In the end, a business presentation is about selling ideas. Do your researches well, describe your ideas crisply, weave them into an interesting story and you are more likely to succeed.

- (i) Make notes, using headings, sub - headings and abbreviations whenever necessary.*
- (ii) Write Summary.*

Answer

- (a) (i) Good quality products can give reward to organization in following ways:
- It gives long term success to any organization.
 - It can give competitive edge i.e., higher profit and increased market share.
 - It leads to satisfied customers thus playing a significant role in increasing the customer base.
- (ii) Providing quality products at competitive prices is the most significant factor that determines the success of the organization in the long run.
- (iii) Increased awareness amongst customers regarding quality has led organizations to constantly improve the quality of products and services by adopting new technologies which satisfies the customer's demands to remain competitive. Thus, businesses cannot ignore this aspect, if they intend to sustain longer in the market.
- (iv) Organizations across the world whether in the manufacturing or service sectors pin their success on offering quality products and services at competitive prices. This is the mantra for long-term sustainable growth of any business. With growing consumer awareness about quality, markets have become highly competitive and more and more businesses embracing new technologies. In critical service sectors viz. healthcare, government and many online data/information processing services, quality relies on skilled and trained workforce. International trade and economy can grow only if stringent quality standards are maintained.

(b) (i) Note Making

Business Presentation

1. Essen. for

- 1.1 Large Bsns, startups & prfs.to
 1. sell product to clients
 2. share vision
 - 1.1.2.1 new staff policy and benefits
 3. find new investors
 1. discuss mutual benefits

2. Objectives

- 2.1 Engage the aud.
- 2.2 Tell a story
- 2.3 Give prsnlegs./anlgs.

3. Do's and Don'ts

3.1 research well

1. cap. det. info.
2. Do not prt. excess info.
3. Prt. 3-5 pts.
4. Expln. Briefly &prcly.
5. Prep. Cont. well
 1. Rvw. Imp. Info.
 2. Facts & data

Key:

- Bsns.: businesses
- Prfs.: professionals
- Aud.: audience
- Prsnl.: personal
- Egs.: examples
- Anlgs.: analogies
- Cap.: capture
- Det.:detailed
- Info.: information
- Prt.: present
- Expln.: explain
- Prcly.: precisely
- Prep.: prepare
- Cont.: content
- Rvw.: review
- Imp.: important

(ii) Summary

Preparation and presentation of Business Presentations are essential skills for owner of a large business, startup or a working professional alike. It is a useful tool to provide product details to clients, to share your ideas and vision with employees

about new policies and their benefits or to find investors to expand or diversify. The objective is to engage the target audience by spawning a story around your ideas by narrating personal anecdotes. For a good presentation you must research the subject in detail, do not swarm the audience with too much information. You must stick to 3-5 points and explain them with brevity and precision. Prepare the subject well and review important facts, figures and data.

Question 8

(a) *Emotional barriers affect communication, discuss.* **(2 Marks)**

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

Repulsive

- (1) *Attractive*
- (2) *Normal*
- (3) *Disgusting*
- (4) *Confused*

(1 Mark)

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

Gratify

- (1) *Frustrate*
- (2) *Depress*
- (3) *Discourage*
- (4) *Distress*

(1 Mark)

(iii) *Change the following sentence to indirect speech:*

He said, "The horse died in the night".

(1 Mark)

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

Gratitude implies thankfulness or an appreciation of benefits conferred together with a desire, when practicable, to return those benefits. It should be distinguished from thanks, which is too often a matter of words and not accompanied by a feeling of thankfulness or by those actions which indicate a grateful mind. The grateful man feels joy at the kindness of his benefactor and cultivates a respect that is akin to love.

In almost all the relations of ordinary life the feelings of gratitude should be aroused. The child owes thanks to his parents for food, clothes, education and tender care; the scholar to his teachers for the training of his intelligence; personal friends to one another for mutual services.

The frequent use of the phrase, "Thank you," though often not more than a polite convention, nevertheless shows the universal belief in the necessity for cultivating a grateful attitude towards those who do something for us, however small that service be. As Citizens, there are few who have no cause to be grateful. Great generals who have given devoted service gratuitously, statesmen, poets and philosophers, all those who have stood for right, justice and freedom of thought, have conferred inestimable benefits upon their countrymen.

When deeds are impossible, the expression of thanks is the best that can be done. The inscriptions on the tombs and monuments erected by a nation to its great men are an expression of thanks in words. As for deeds, an old story will serve as an excellent illustration. An old man was found planting fruit trees by a friend who came to him and said, "Why do you plant trees, the fruit of which I enjoy. I now plant trees that those who come after may enjoy fruit."'

In conclusion, no good man wishes to give pain, especially to those who have done him good. The ungrateful man hurts the feelings of his benefactor and cannot, therefore, be a good man.

(5 Marks)

Answer

- (a) One of the chief barriers to open and free communications is the emotional barrier. Anger, fear of criticism or ridicule, mistrust of person, suspicion of intentions, jealousy, anxiety and many more feelings and sentiments we carry within us, affect our communication ability and quality. A person who is upset and disturbed cannot pass on or receive information appropriately and objectively. His/her emotions will colour his perception and assessment of the communication.
- (b) (i) (3) Disgusting
(ii) (1) Frustrate
(iii) He said that the horse had died in the night.
- (c) Precis

Title: Attitude of Gratitude

Gratitude means being genuinely thankful or showing heartfelt appreciation for those who have helped you in need and readiness to reciprocate the kindness. Conventionally, 'Thank You' is used frequently to show politeness. Yet a grateful attitude should be cultivated towards those who do even a small service for us. There are many army Generals, statesmen, poets and philosophers who have selflessly contributed their services. As a token of gratitude, monuments and inscriptions are erected to commemorate their service. Practically, one can plant trees so that the later generations can enjoy the benefits. A conscientious individual would always wish well for everyone without any expectations.

NOTE: Precis should be one third of the given text.

Question 9

(a) (i) Define circuit and star network under network in communication. **(2 Marks)**

OR

(ii) Discuss the term "physical non-verbal communication" In communication. **(2 Marks)**

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

Nostalgic

(1) Sharp

(2) Painful

(3) Delighted

(4) Homesick

(1 Marks)

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

Economise

(1) Reduce

(2) Save

(3) Minimise

(4) Accumulate

(1 Marks)

(iii) Change the following sentence into indirect speech:

He said to him, "Please wait here till I return."

(1 Marks)

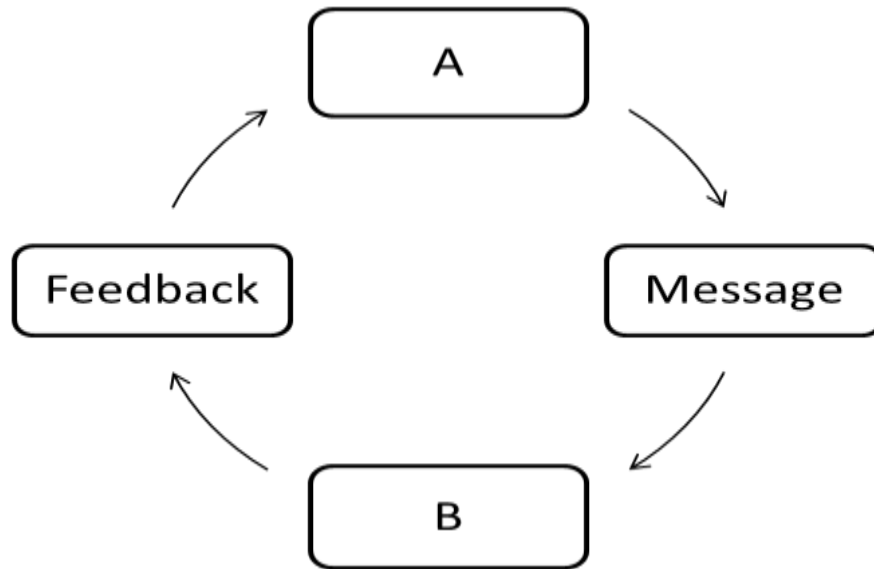
(c) Draft a circular to warn the employees of Packing Department not to participate in strike.

(5 Marks)

Answer

(a) Circuit Network:

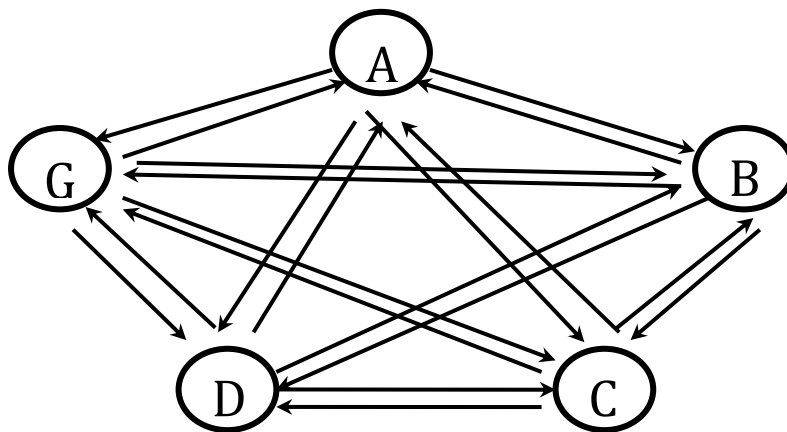
When two persons communicate with each other sending messages and feedbacks, they form a communication circuit. Therefore, it is known as circuit network. The two people interacting can be colleagues placed at the same hierarchical level in the organization.



Circuit Network

Star Network:

The star network communication has multiple channels of communication open between all members. This network propagates group communication and is essential where teamwork is involved. The members communicate and exchange information with each other freely and without hindrance or hesitation.



Star Network

OR

Physical Non-verbal Communication

An individual's body language that is, facial expressions, stances, gestures, touches, and other physical signals constitute this type of communication. For example, leaning forward may mean friendliness, acceptance and interest, while crossing arms can be interpreted as antagonistic or defensive posture.

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

- (b) (i) (4) Homesick
(ii) (2) Save
(iii) He requested him to wait there till he returned.
- (c) XXX Ltd

CIRCULAR

No.: xxx/xxx/xxx

Date: xx-xx-xxxx

To: All Employees of Packing Department

It has been reported that a section of employees working in the Packing Department of the Company are proposing to go on strike on xx-xx-xxxx (date) to fulfil some unusual demands. It is hereby made known to all concerned employees that the proposed strike is illegal and unlawful and employees whosoever participate in such a strike shall be subjected to disciplinary action as per the company's service rules and other applicable laws.

Sd/-

XYZ

Manager, HR

Question 10

- (a) *How do organizational structure barriers affect communication?* **(2 Marks)**
- (b) (i) *Change the sentence from Active to Passive Voice.*
Rama was making a kite. **(1 Marks)**
- (ii) *Change the sentence from Passive to Active Voice.*
The lion was shot by the hunter. **(1 Marks)**
- (iii) *Change the following sentence to indirect speech.*
Father said to his son, "Work hard for success in life". **(1 Marks)**

(c) Write an article of about 250 words on the topic. "The Pleasures of reading". (5 Marks)

Answer

(a) Communication problems occur when the systems, structures and processes in the organization are not clear or have gaps in them. If the chain of command is unclear, a person may not know whom to contact for a particular issue. Inappropriate information transmission systems, lack of supervision, and unclear role and responsibility demarcations lead to confusion and inefficiency.

(b) (i) A kite was being made by Rama.

(ii) The hunter shot the lion.

(iii) Father advised/said to/told his son to work hard for success in life.

(c) The Pleasures of Reading

By: XYZ

Ever since humankind invented the printed word, reading has been a learning exercise for some, pastime for many others. Undoubtedly, reading whets our quest for knowledge, our imagination and evokes a spectrum of emotions, thus offering instant gratification and pleasure.

Few can deny the joy of reading the daily newspaper while enjoying a cup of tea in the mornings, an ultimate start to a great day. It's a daily ritual we would not like to miss for anything. Who doesn't get glued to the highpoint or climax of a novel. It transcends us into a surreal world, away from the harsh realities where we slip into our favorite character etched out straight from the novel and become a part of the narrative, going through the whole gamut of emotions from respect to affection, pain to joy, despair to hope, failure to success and fulfillment. It induces heightened feelings of fear, suspense and adventure raising the adrenaline rush. The sheer delight of reading a piece of poetry laden with eloquence, rhythm and soul stirring emotions makes us feel high. While reading informative articles, journals and technical books develop our intellectual capability by enriching our knowledge and enhancing our analytical skills and critical thinking, creative and descriptive pieces enhance our vocabulary, expression and creative writing skills. On the lighter note, reading satire and comic pieces tickle our ribs and relieves stress.

Reading makes us aware of our emotional self and sensitizes us to appreciate feelings of others. It enlightens our mind and soul and makes us a better human being. We must inculcate the habit of reading everyday.

Question 11

(a) What do you mean by diagonal communication?

(2 Marks)

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

(i) *Pen and Ink*

(1) *Modern day technology*

(2) *Extensively*

(3) *Wastage*

(4) *In writing*

(1 Marks)

(ii) *A snake in the grass*

(1) *Unforeseen happening*

(2) *Secret or hidden enemy*

(3) *Unreliable person*

(4) *Unrecognizable danger*

(1 Marks)

(iii) *Change the sentence into Active Voice*

Twenty runs were scored by him.

(1 Marks)

(iv) *Choose the word which best expresses the meaning of the given word.*

Applaud

(1) *Flatter*

(2) *Praise*

(3) *Pray*

(4) *Request*

(1 Marks)

(c) *Mr. ABC is an IT manager in Quick Software Solutions Private*

Limited. Write a mail on behalf of Mr. ABC to Mr. MNJ, dealer of HP Laptops seeking quotation for 100 new laptops of model HP - 610. The laptops are required for new branch of Quick Software Solutions Private Limited.

(4 Marks)

Answer

(a) 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.

- (b) (i) (4) In writing
- (ii) (2) Secret or hidden enemy/ (4) Unrecognizable danger
- (iii) He scored twenty runs.
- (iv) (2) Praise

(c) To mnj@qwe.co.in

Subject: Quotation for 100 new HP-60 laptops

Dear Mr. MNJ

Greetings! We at Quick Software Solutions Private Limited require the aforementioned laptops for our new branch at Noida, UP. The machines must have the latest malware for virus protection and anti-glare screens. Kindly send detailed quotation including:

Warranty

Insurance

Yearly Maintenance

After sales service charges

Looking forward to an earliest response.

Regards,

ABC

IT Manager,

Quick Software Solutions