



CII Institute of Logistics

PGDSCM & Certificate Programs
Semester-end Examination – December 2008

BUSINESS LAWS & TAXES

Time : Three Hours

Marks : 100

Part A

Answer all questions (20 x 1 = 20 Marks)

1. A contract becomes an agreement when all the essential elements referred earlier are present. (True / False)
2. Which of the following is not true in the case of offer?
 - a. Offer must be communicated
 - b. A statement of price is not an offer
 - c. An offer is declaration of intention
 - d. Terms of offer must be definite, unambiguous and certain
3. Free Trade & Warehousing Zones are special category of Special Economic Zones with a focus on trading and warehousing (True / False)
4. Which of the following is not a head of income under the Income Tax Act
 - a. Income from salary
 - b. Income from Business or Profession
 - c. Income from House Property
 - d. Diplomatic pension
5. A valid acceptance can not be implied from silence (True / False)
6. Which of the following contracts are not void ?
 - a. Contracts with alien enemy
 - b. Contract for compensation for voluntary service
 - c. Contracts with insolvents
 - d. Contract without consideration
7. Cross offers do not give rise to a contract (True / False)
8. Which of the following is not true for a negotiable instrument
 - a. Negotiable Instrument can be transferred any number of times
 - b. Negotiable Instruments are Freely transferable
 - c. Negotiable Instrument is not a transferable document
 - d. NI Act does not apply to Hundis
9. Cheque is a bill of exchange with added features (True / False)

10. Every company must have their own Memorandum of Association (True / False)
11. A registered shareholder is a member but a member need not be a shareholder (True / False)
12. Salary includes
 - a. Wages
 - b. Any annuity or pension
 - c. Gratuity
 - d. All the above
13. CENVAT is a duty of excise (True / False)
14. EPCG Scheme allows import of capital goods for pre production, production and post production (True / False)
15. Which of the following is wrong
 - a. NFE=Net Foreign Exchange Earnings
 - b. SEZ=Special Economic Zone
 - c. SSI=Small Scale Institutions
 - d. EOU=Export Oriented Unit
16. Central Sales Tax is applicable only to that state from which the dealer is operating, even if his business is made in other states (True / False)
17. Which of the following is not a head of income under the Income Tax Act
 - a. Income from salary
 - b. Income from Business or Profession
 - c. Income from House Property
 - d. Diplomatic pension
18. The liability to pay fringe benefit tax is there even if there is no liability to pay income tax by an employer (True / False)
19. The Central Excise Duty is a levy on manufactured goods only (True / False)
20. Sweat Equity Shares are an exception to the rule that there cannot be an issue of shares at a discount to the face value (True / False)

Part B

Answer any four (4 x 10 = 40 marks)

1. Discuss about various clauses of the Contracts Act

2. Write a note on the salient features of Environment Protection Act and discuss how the Act has contributed to Environmental Regeneration in India.
3. Write short notes on
 - a. Remedies for breach of contract
 - b. Bill of exchange versus cheque and promissory note
4. Elaborate the recent amendments to the Companies Law
5. Explain the concept of capital for the purposes of Companies Act and enumerate the different ways of alteration of capital
6. Discuss about Advance Licence issued for duty free import

Part C

Case Study : Textile industry moots excise duty rationalisation

Ten days before the Union Budget, chief executive officers of India's leading textile companies held a round table with textile secretary S B Mohapatra arguing that there is a strong case of excise duty rationalisation by Finance Minister Yashwant Sinha on February 28, 2002.

Mohapatra did not give any clue as to what is in store for the textile industry struggling to keep its head above water in the highly competitive global market. "We have forwarded their (industry) recommendations to the finance ministry," the textile secretary told reporters on the sidelines of the round table. However, Mohapatra said he would not like to share the government's views on the industry's wish list which many a time, contains conflicting interests.

On their part, the CEOs said there were distortions in the fiscal regime. To back up their claims, a Confederation of Indian Industry study conducted by Accenture was unveiled on the occasion.

The study said on the fiscal policy side, "it is imperative to announce a roadmap of implementing ideal scenario which can unleash rapid and sustainable growth of the industry". It said despite many advantages, the industry performance has been sub-optimal in comparison to other countries. "India's share in re-location of world trade has been extremely low in comparison to countries like China and even Sri Lanka and Bangladesh", the Accenture study said.

The CEOs said there should be a single rate of excise duty across the entire value chain. The complex regime of exemptions must go and the overall duty level should be reduced to eight per cent. The high rate of duty provides economics for evasion.

Mohapatra referred to the misuse of the facility given to exporters for concessional imports. "I had myself detected 230 cases of misuse in Mumbai," he said. However, he asked the exporters to take their case to the commerce ministry which is in the process of framing the new export-import policy.

The textile secretary said unless the Indian industry modernised within the next 1000 days before the Multi Fibre Agreement was abolished from January 2005, there was little future for it.

The failure of the Textile Upgradation Fund to excite the industry for modernisation has been due to the bad investment climate. Under the TUF, the government offers the interest subsidy on the money borrowed for modernisation. "The question of subsidy comes only if the industry goes to the banks and seeks funds".

The banks and financial institutions do not consider textile as a sun rise industry. They have sunk large funds and are burdened with huge non-performing loans. The central theme of the round table was that it was a difficult position for the textile industry and the government and major players have to find a way out.

Answer all the four (4 x 10 = 40 marks)

- 1) As per Accenture study "India's share in re-location of world trade has been extremely low in comparison to China" Give your comments.
- 2) What are the changes in excise duty effected by subsequent governments for simplifying the complex regime?
- 3) The textile industry was not considered as a sun rise industry. What is the status now? Discuss.
- 4) Will the textile industry in India cope with recession? Explain how.
