



CII Institute of Logistics
PGDSCM & Certificate Programs
Semester-end Examination – June 2009

BUSINESS LAWS & TAXES

Time: Three Hours

Marks: 100

Part A

Answer all questions

(20 x 1 = 20 Marks)

1. A negotiable instrument represents a debt.
(a) True (b) False
2. Hundis are bills of exchange.
(a) True (b) False
3. Can a Banker cross an uncrossed cheque?
(a) Yes (b) No
4. A *del credere agent* guarantees the solvency of the buyer:
(a) True (b) False
5. Which of the following is not collected by the central government?
a. Central Excise duty b. Stamp duty
c. Customs duty d. Anti-dumping duty
6. Display of goods in a self service stores is an invitation to offer:
a. Yes b. No
7. A contract of service is not liable to VAT
a. Yes b. No
8. The central excise duty is levied on goods-
a. Manufactured b. Sold
9. Which of the following is not a value added tax?
a. service tax b. central excise duty
c. stamp duty d. Vat
10. Can there be a contract to enter into a contract?
a. Yes b. No
11. Consideration need not be equivalent or adequate to the promise.
a. True b. False
12. Can there be a partnership of firms?

a. Yes b. No

13. The current rate of central sales tax is:
a. 2% b. 3% c. 1%
14. Works contract involves supply of labor:
a. True b. Not true
15. Which of the following is not an export promotion scheme?
a. DEPB b. NREGA
c. SEZ d. EOU
16. Which of the following is not a principle of environmental law?
a. Polluter pays b. Precautionary principle
c. Caveat emptor
17. Can a fixed deposit be given as a donation?
a. Yes b. No
18. Which of the following does not constitute share capital?
a. Equity shares b. Preference shares
c. Sweat equity d. Debentures
19. Deficiency in hospital services is covered under the Consumer Protection Act:
a. True b. Not true
20. India has a Limited Liability Partnership Act:
a. True b. Not True

Part B

Answer any FOUR

Marks: 4 x 10 =40

1. Define offer and acceptance in the contract law and discuss the various ways in which they can be made.
2. What is service tax? Discuss the various provisions of the law relating to service tax.
3. Analyze the concept of special economic zones and how far they have aided the export efforts of the country.
4. Discuss the importance of the articles & memorandum of association under the company law.

5. Enumerate the salient features of the Environment Protection Act.
6. Write a note on the Consumer Protection Act and its efficacy in serving the consumer cause.

Part C

Case Study

Answer all FOUR

Marks: 4 x 10 =40

The renaissance of the Indian auto industry

The launch of the Nano on the Indian roads by the Tatas marks a watershed in the Indian auto industry. For decades before the advent of the Maruthi- Suzuki, the industry churned out cars that would be unthinkable today. The consumers had little choice. Import of cars was heavily restricted and only the influential and the affluent could go through the trouble of paperwork and the cost involved. For the millions, the rickety old buses and the auto rickshaws were the only options. The bullock carts plied in large numbers. Things began to change from the eighties when the government realized the ill effects of the license raj and slowly went about liberalizing the economy. It takes a crisis to induce real and lasting changes in the Indian system. The year 1991 marked the first serious unshackling of the economy and the subsequent years saw the awakening of the “animal, entrepreneurial spirits” of the Indian businessmen. Over time, Indian car builders have developed and are trying to be world class as much as possible. They of course have a long road ahead. They have the support of a components industry which for its cost effectiveness and relative good quality has won spurs abroad.

In the context of cars of bewildering variety to suit many tastes and fill many purposes filling the global market with the danger of cars one day becoming a kind of commodity, the strategy of the Tatas to develop a car for the masses is an idea that has made every manufacturer around the world to sit up and take notice. The Nano has proved that it is not impossible for any kind of luxury not to be decked down to become affordable for the teeming humanity. Cars are no longer the preserve of the shining humanity alone. Like the television and mobile revolution, this car can humanize the car market in terms of affordability and reach. If the American civilization is built around the cars, the vast humanity of the Indian middle class can now move around and help build a new India. It is movement and migration, travel and transportation that bring new winds of ideas and products and services which in turn are the harbingers of prosperity. Even itinerant monks and flowing water stay pure that way only.

With the Nano, every paradigm in the car market will now be examined afresh. In time there will be pressures even on the most expensive of cars to attempt the Nano mantra for greater reach. The quest is bound to extend to looking for and finding cheaper and renewable sources of energy to sustain the new revolution in personal transport.

What does the Nano episode teach us? Well, that there is nothing like the cost limit to try and develop anything of use and value to people. That we are limited only by our outlook. The Nano need not become a mere interlude and stop at that. The lessons of Nano can be extended to making available “green” technologies so that we can make the Earth a better place to live. The Nano is proof that we waste a lot of our resources and we do not think to save. This idea will percolate to every process, every product and service. Continuous innovation is now possible to every one. The Nano is now going to extend to make housing affordable for every one. The Indian Industry has opened up a new window and the opportunities inherent in the change should be imaginatively grasped and acted upon. That is the challenge of the time. Not just for the Indian auto industry, but for all others.

Questions:

1. What are the advantages of the Nano revolution?
2. What are benefits for the Indian industry inherent in this development, in your view?
3. What are the other areas where such a revolution is likely or needed? Please give illustrations.
4. Do you believe there are any problems associated with this business model and discuss your answer?
