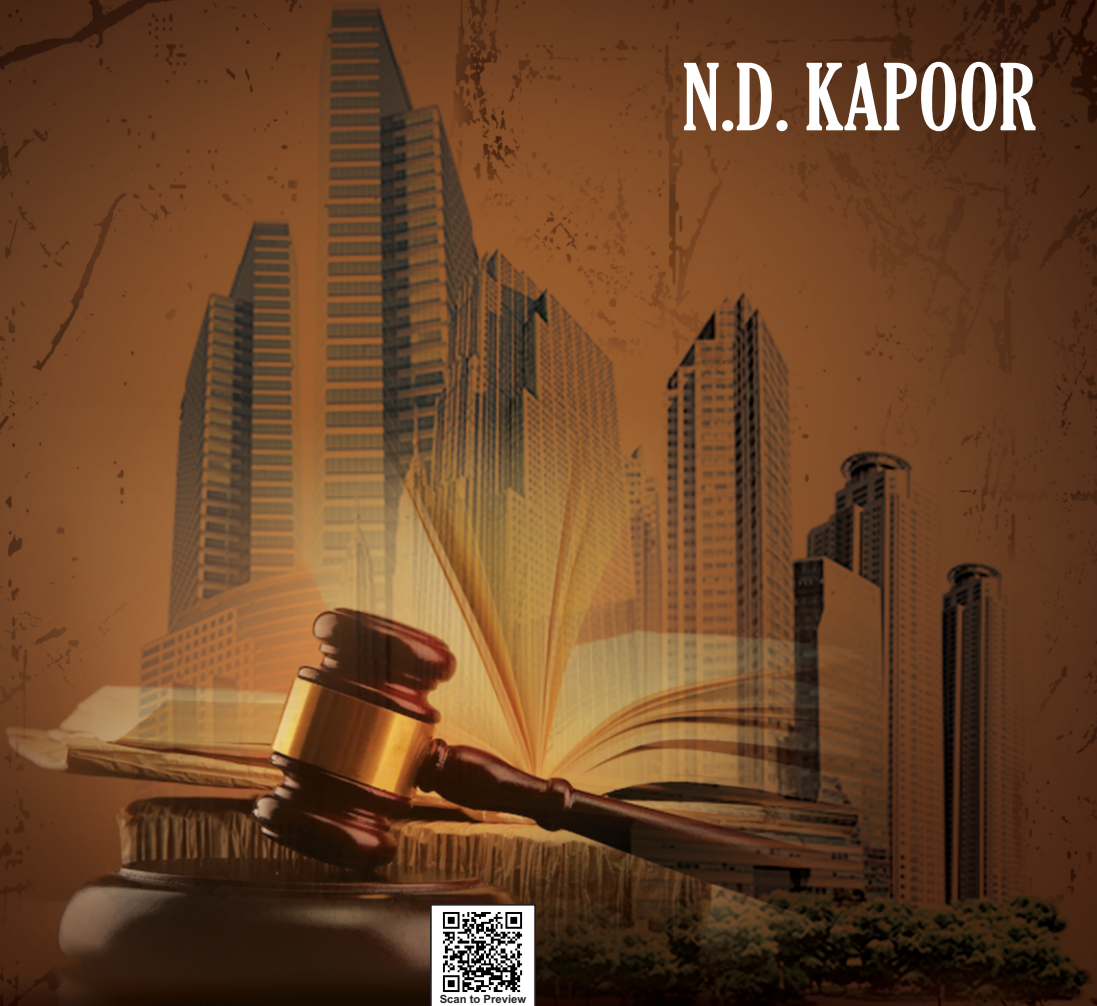


# Legal Systems in *Business*

N.D. KAPOOR



**SULTAN CHAND & SONS**

LEGAL SYSTEMS  
in  
*Business*



# Legal Systems in *Business*

N.D. KAPOOR

*Formerly, Head of the Department of Commerce  
Hans Raj College, University of Delhi, Delhi*



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# Preface

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## **To the Second Revised and Enlarged Edition**

We have great pleasure in presenting the Second revised and enlarged edition of the book entitled “**Legal Systems in Business**” to our esteemed readers. The book contains 38 chapters in which 22 chapters of Law of Contract and Special Contracts in Volume I, 9 chapters of Company Law in Volume II and 7 chapters of Other Laws in Volume III. The new edition attempts to present the ‘Law of Contract’ in which the General Principles of Law of Contracts, the ‘Company Law’, the Labour Law and the ‘Other Laws’ in a way that makes the subject easily intelligible even to a non-specialist.

The salient features of this revised edition are as follows:

- The Company Act, 2013 (Schedules) has been thoroughly updated and amended up to 2020 to our esteemed readers.
- The Designs Act, 2000 has been included in the Intellectual Property Rights.
- The Contract Labour (Regulation and Abolition) Act, 1970 has also been including under Labour Laws.
- The Securities and Exchange Board of India Act, 1992 has been provided as a separate chapter under Other Laws.
- The intricate points of law have been illustrated by examples, and the subject has been dealt with by topics rather than in the strict order of Sections in the various Acts.
- The book shows how the principles of law are applied to the problems which arise in day-to-day conduct of business.
- It gives a summary of important provisions at the end of each chapter so that the readers can recapitulate what he has learnt.

Although a sincere attempt has been made to ensure that this book is absolutely devoid of errors, some may have inadvertently crept in. The feedback of the readers in this regard would be highly appreciated and will go a long way in the enhancement and improvement of the book in subsequent editions.

**Editioral Team**  
**Sultan Chand & Sons**

**Preface to the First Edition**

The chief aim in writing this Book is to present the fundamental principles of Legal System in Business in a simple and easily intelligible manner. The intricate points of Law have been illustrated by examples, and the subject has been dealt with by topics rather than in the strict order of Sections in the various Acts. This has been done to avoid cross-referencing to enable the students to grasp each aspect of the subject thoroughly.

The Book is unusual in simplicity with which the various topics have been dealt with. At the same time, the treatment of the subject is both comprehensive and easy to follow.

The subject has been discussed in the light, of Statute law and *ratio decidendi*. At places, reference has also been made to English law which is the most important source of Indian Business law.

The Book shows how the principles of law are applied to the problems which arise in day-to-day conduct of business.

It gives a summary of important provisions at the end of each chapter in Volume One so that the reader can recapitulate what he has learnt.

It gives Test Questions and Practical Problems (with hints for their solution) with the idea of testing the depth of knowledge of the reader, basic understanding of concepts and his ability to apply whatever he has learnt to a particular situation or problem.

The Book explodes the myth that law is a difficult and dry subject. Even a lay or general reader who wishes to know the broad principles of Business Law will find the discussion interesting and lively. Care has been taken to see that the reader at the primary stage of his study does not find himself lost in the quagmire of legal jargon and in the niceties of legal concepts and interpretations.

**N.D. KAPOOR**

# Syllabus

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## University of Madras (MBA)

### SEMESTER – II, Core Paper – 6 : LEGAL SYSTEMS IN BUSINESS

**Unit 1: The Law of Contracts:** Definition of Contract Offer and Acceptance – Essential Elements of a Valid Contract: Free Consent – Competency of Parties – Lawful Consideration – Legality of Object. Void, Voidable, Unforceable and Illegal Contracts – Performance of Contracts – Privity of Contracts – Assignment of Contracts – By Whom Contract must be Performed – Time and Place of Performance – Performance of Reciprocal Promises – Contracts which need not be performed, Discharge of Contracts: By Performance, By Agreement, By Impossibility, By Lapse of Time, By Operation of Law and By Breach of Contracts – Remedies for Breach of Contracts.

**Unit 2: Sale of Goods Act:** Definition of a Sale and a Contract of Sale – Difference between (1) Sale and an Agreement to Sell (2) Sale and a Contract Form (3) Sale and Bailment (4) Sale and Mortgage of Goods (5) Sale and Time Purchase Conditions and Warrantees – Passing of Property of Goods – Rights of an Unpaid Seller.

**Negotiable Instruments Act:** Negotiable Instruments in General: Cheques, Bills of Exchange and Promissory Notes – Definition and Characteristics.

**Unit 3: Partnership Act:** Evolution – Definition of Partnership – Difference between Partnership and Joint Family Business – Kinds of Partnerships – Registration – Rights and Liabilities of Partners – Dissolution.

**Company Law:** Evolution of Company Form of Organization – Companies separate Legal Entity – Comparison of Company with Partnership and Joint Hindu Family Business – Kinds of Companies – Comparison of Private and Public Companies – Formation of Companies – General idea about Memorandum and Articles of Association, Prospectus, Statement *in lieu* of Prospectus – Management of Companies – General Idea of Management of Companies – Officers, Meetings – Resolutions – Account and Audit – Winding up of Companies – General Idea of the different Modes of winding up.

**Unit 4: Labour Law:** Factories Act, Minimum Wages Act, Industrial Disputes Act, Workmen's Compensation Act, and Payment of Bonus Act, Payment of Gratuity Act, 1972. ESI Act, CPF Act, 1952, Employees Family Pension Scheme, 1971. Maternity Benefits Act, Contract Labour Act.

**Unit 5: Consumer Protection Act:** Competition Act, 2002, Cyber Crimes. IT Act 2002. Intellectual Property Rights: Types of Intellectual Property – Trademarks Act, 1999 – The Copyright Act, 1957 – International Copyright Order, 1999 – Design Act, 2000.



**Tamil Nadu State Council for Higher Education**

B.Com. (General), Second Year – Semester – IV

**Elective-IV: Business Legislation Laws**

**Unit I: Factories Act 1948** – Definitions – Objects – Scope – Approval – Licensing – Registration of Factories – Notice by Occupier – General Duties of Occupier and Manufacturer – Measures to be Taken by Factories for Health, Safety and Welfare of Workers – Measures – Special Provisions Relating to Hazardous Processes – Working Hours of Adults – Additional Provisions Regulating Employment of Women in a Factory – Employment of Young Person and Children – Annual Leave with Wages – Penalties and Procedures.

**Unit II: Foreign Exchange Management Act, 1999** – Introduction – Board Structure of FEMA – Definitions – Regulation & Management of Foreign Exchange – Contraventions & Penalties – Procedure for Compliance.

**Unit III: Prevention of Money Laundering Act, 2002** – Definitions – Punishment for the Offence of Money Laundering – Obligations of Banking Companies – Financial Institutions and Intermediaries or a Person Carrying on a Designated Business or Profession – Adjudication Authorities & Procedures.

**Unit IV: Competition Act, 2002** – Definitions – Prohibition of Agreements – Prohibition of Abuse of Dominant Position – Competition Commission of India – Establishment, Administration & Duties Powers – Competition Advocacy – Adjudication Authorities – Penalties & Prosecution.

**Unit V: Intellectual Property Rights** – Intellectual Property Rights (IPR) – An Introduction – Kinds of Intellectual Property Rights – Patent, Copyright, Trade Mark, Design, Geographical Indication, Plant Varieties and Layout Design Genetic Resources and Traditional Knowledge – Trade Secret – IPR in India: Genesis and Development.

**SRM, Chennai, MBA****MBA 1006: LEGAL SYSTEMS IN BUSINESS**

**Unit 1: The Law of Contracts:** Definition of Contract Offer and Acceptance – Essential Elements of a Valid Contract: Free Consent – Competency of Parties – Lawful Consideration – Legality of Object. Void, Voidable, Unenforceable and Illegal Contracts – Performance of Contracts – Privity of Contracts – Assignment of Contracts – By Whom Contract must be Performed – Time and Place of Performance – Performance of Reciprocal Promises – Contracts which need not be performed, Discharge of Contracts: By Performance, By Agreement, By Impossibility, By Lapse of Time, By Operation of Law and By Breach of Contracts – Remedies for Breach of Contracts.

**Unit 2: Sale of goods Act:** Definition of a Sale and a Contract of Sale – Difference between (1) Sale and an Agreement to Sell (2) Sale and a Contract Form (3) Sale and Bailment (4) Sale and Mortgage of Goods (5) Sale and Time Purchase Conditions and Warranties – Passing of Property of Goods – Rights of an Unpaid Seller.

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**Unit 4: Labour Law:** Factories Act, Minimum Wages Act, Industrial Disputes Act, Workmen's Compensation Act, Payment of Bonus Act.

**Unit 5:** ESI Act, CPF Act, 1952, Employees Family Pension Scheme, 1971, Payment of Gratuity Act, 1972.

**Intellectual Property Rights:** Types of Intellectual Property – Trademarks Act, 1999 – The Copyright Act, 1957 – International Copyright Order, 1999 – Design Act, 2000.

## **Bharathidasan University, Palkalai Perur, Tiruchirappali**

### **MBA CORE COURSE – 14 LEGAL ASPECTS OF BUSINESS**

**Unit 1: The Indian Contract Act, 1872:** Introduction – Definition of Contract – Agreement – Offer – Acceptance – Consideration Capacity to Contract – Contingent Contract – Quasi Contract – Performance – Discharge – Remedies to breach of contract.

**Unit 2:** Partnership – Essentials of partnership, Rights and duties of partner, Types of partners. Dissolution of Partnership.

**Sale of Goods Act:** Sale and Agreement to sell, Conditions and Warranties, Transfer of property, Finder of goods, Performance of contract of sale, rights of an unpaid seller.

**Unit 3:** Contract of agency – Essentials of Contract of Agency – Creation of Agency – Kinds of Agents – Comparison Between an Agent and Servant – Comparison Between and Independent Contractor – Relationship of Principal and Agent – Duties of an Agent – Rights of an Agent – Duties and Rights of the Principal – Delegation of authority by an Agent – sub-Agent – Position of Principal and Agent in relation to third Parties – Termination of Agency.

**Unit 4:** Company – Formation – Memorandum – Articles – Prospective Shares – Debentures – Directors – Appointment – Powers and duties. Meetings – Proceedings – Management – Accounts – Audit – Oppression & Mismanagement – Winding up.

**Unit 5:** The Consumer Protection Act, 1986; Object – Rights of Consumers – Important Terms – Consumer Complaint – Consumer Protection Councils – Redressal Machinery – District Forum – State Commission – National Commission. Cyber Law – Need for Cyber laws – Cyber Law in India – Information technology Act – 2000 – Defining Cyber Crime – Types of Cyber Crimes – Preventing of Computer Crime.

## **Rathinam College of Arts and Science (Autonomous), Coimbatore**

**Unit 1: Contracts** – Nature & Classifications of contracts – Consideration, capacity, performance & discharge of contracts – Negotiable Instruments Act – Nature & requisites of negotiable instruments – Transfer of Negotiable Instruments – Holder in due course special rules for Cheques and Banks – Discharge of Negotiable Instruments.

**Unit 2:** Intellectual property and the meaning of Copyright, Trademark, Trade name, Patent and Invention – Registration and protection of intellectual property.

**Unit 3:** Industrial Law Factories act – Minimum Wages Act – Industrial Disputes Act – Workmen’s Compensation Act – Payment of Bonus-ESI Act, – CPF Act, 1952 – Employees Family Pension Scheme, 1971 – Payment of Gratuity Act, 1972

**Unit 4:** Laws of Partnership and Private Corporation – legal requirements for the formation of business organizations as juridical entities – powers – management and dissolution – The rights and liabilities of the members composing the business organization – whether as partners, stockholders, officers or directors, are also studied – Important doctrines in corporate law are also tackled in the course.

**Unit 5:** Taxation and Income Tax – social and moral responsibility of the people to pay the taxes – Company Law Major principles – Types of Companies – Memorandum & Articles of Association – Prospectus – Powers, Duties & Liabilities of Directors Meetings, Resolutions – Winding up.

## **Savitribai Phule Pune University, Pune**

### **SPPU-MBA**

#### **Semester 1, 111 – Legal Aspects of Business**

**The Contract Act, 1872:** Essential Elements of Valid Contract, Contracts of Indemnity & Guarantee, Contingent Contract, Quasi Contract, Discharge of Contract, Breach of Contract-Meaning & remedies, Agency – Creation of agency – Agent and principal (Relationship/Rights), Types of agency. (5+1)

**Sale of Goods Act, 1930:** Contract of sale of goods, Conditions and warranties, Transfer of property or ownership, Performance of the Contract of sale, Rights of unpaid seller, Sale by Auction. (5+1)

**The Negotiable Instrument Act, 1881:** Negotiable Instruments – Meaning, Characteristics, Types, Parties, Holder and holder in due course, Negotiation and Types of Endorsements, Dishonor of Negotiable Instrument – Noting and Protest. (5+1)

**The Companies (Amendment) Act, 2015:** Company – Definition, Meaning, Features and Types, One Person Company, Incorporation of Company – Memorandum of Association (MOA), Articles of Association (AOA), Share Capital & Debentures, Acceptance of Deposits, Appointment of director including Woman Director. (5+1)

**The Consumer Protection Act, 1986:** Unfair & Restrictive Trade Practices, Dispute Redressal Forums – District, State & National Forum, Composition, Jurisdiction, Powers, Appellate Authority.

**Information Technology Act, 2000:** Digital Signature, Electronic Governance, Electronic Records E-Contracts, E-Business models, E-Commerce & Security, Cyber Crimes. Intellectual Property Laws – Understanding of concepts of patents, copyrights, trademarks and designs. (5+1)

## **Punjab University, Chandigarh**

### **MBARM – LEGAL AND ETHICAL ASPECTS OF BUSINESS**

**Section – A:** The Indian Contract Act, 1872: Nature and kinds of contracts, Offer and Acceptance, Consideration, Capacity to Contract, Free Consent, Legality of Object and Consideration, Void Agreements, Contingent Contracts, Discharge of Contracts, Remedies for Breach of Contract, Quasi Contract, Contracts

of Indemnity and Guarantee, Contracts of Bailment and Pledge, Contracts of agency. The sale of Goods Act, 1930: General Principles, Conditions and Warranties, Transfer of property in goods, Transfer of title, Performance of Contract of sale, Rights of unpaid seller, Miscellaneous.

**Section – B:** Companies Act, 2013: Definition and nature of Company, Kinds of Companies, Formation of Company, Memorandum of Association, Articles of Association, Prospectus, Share and share capital, Membership in a company, Transfer and Transmission in shares, Company meetings, Directors of a Company, Dividends and Interest, Accounts and Audit, Borrowing Powers, Majority Powers and Minority Rights, Winding up. The Consumer Protection Act, 1986: Introduction, Consumer Protection Councils, Consumer Disputes Redressal Agencies.

**Section – C:** Business Ethics: Definition, Concepts and Rationale underlying Business Ethics, Ethical Theories in relation to Business, Ethical Dilemmas, Sources and their resolution, Ethical Decision making in business.

**Section – D:** Changing Dimensions of Ethics in relation to liberalization and globalization. Creating and Sustaining an Ethical Organization, Corporate Ethics and responsibility towards stakeholders, Environmental Protection, Ethics in Functional Areas of Management.

## BBA

### DSC – 401, BUSINESS LAW & ETHICS

**Unit 1: LAW OF CONTRACTS:** Definition of Contract and Agreement – Classification of Contracts, Essential elements of a valid Contract – Offer – Acceptance – Consideration – Capacity to Contract – Free consent, void Contracts – Legality of Object – Performance of Contract – Remedies for breach of Contract – Quasi Contracts.

**Unit 2: LAW RELATING TO SPECIAL CONTRACTS:** Salient features of Contract of Agency, Bailment and Pledge, Indemnity and Guarantee. Sale of Goods Act – Distinction between Sale and Agreement to sell – Conditions and Warranties.

**Unit 3: COMPANIES ACT:** Definition of Company – Characteristics – Classification of Companies – Formation of Company – Memorandum and Articles of Association – Prospectus – Shareholders meetings – Board meetings – Law relating to meetings and proceedings – Company – Management – Qualifications, Appointment, Powers, and legal position of Directors – Board – M.D and Chairman – Their powers.

**Unit 4: CONSUMER PROTECTION LAW:** Introduction to consumer protection law in India – Consumer councils – Redressal machinery – Rights of consumers – Consumer awareness. Pollution Control Law – Air, Water and Environment pollution control.

**Unit 5: BUSINESS ETHICS:** Ethical and Value based Considerations – Need and Justifications – Business ethics and efficiency – Social responsibility of business – Fair and cooperation among owners, managers, workers and customers – Fair Market Wages – Integrity and ethical consideration in business operations – Indian value system and its relevance in Management.

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