

BUSINESS LAWS – STAGE-1**SECTION – 'A'****Q.2 (a) Legislation:**

“Legislation is the law created by the Parliament of a country and other bodies to whom it has delegated authority.”

“Legislation is a body of rules enacted by Parliament of a country in the form of statutes or Acts of Parliament which proceed through a number of stages in the form of bills.”

Components of Legislation:

Legislation comprises of the following:

- (a) Acts of Parliament
- (b) Subordinate legislation deriving their authority from (a) above e.g.
 - bylaws
 - statutory instruments

Forms of Legislation:

Main forms of legislation are:

- (a) Act of Parliament
- (b) Delegated legislation

(b) Civil Court:

A civil court is a court which decides disputed rights between a subject and the State or between one individual and the other.

Civil Court:

Civil courts can be classified into:

- (a) High court
- (b) Court of district judge
- (c) Court of additional district judge
- (d) Court of civil judge.

SECTION – 'B'**Q.3 (a) (i) Essentials of a Valid Offer: (Any six)**

An offer must have certain essentials in order to constitute a valid offer namely:

1. Offer must be made with a view to obtain acceptance.
2. Offer must be made with the intention of creating legal relations.
3. Offer must be definite, unambiguous and certain or capable of being made certain, i.e. must not be loose, vague or ambiguous.

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4. Offer must be distinguished from (a) a mere declaration of intention, or (b) an invitation to offer or to treat.
5. Ordinary social invitation is not an offer in the eyes of law.
6. Offer made by a person under stress of great emotion or excitement is no offer.
7. First statement in the nature of preliminary discussion or an invitation to negotiate or talk in not an offer.
8. Marked prices on articles in a shop do not constitute offer.
9. Offer not communicated to the offeree is no offer.
10. Offer must contain the terms on which the offeror is willing to act.
11. Offer must be something in the nature of request and not an order.

(ii) Case:

There is a contract of indemnity between the shareholder Shafique and the company.

(iii) Consent:

Consent means that two or more persons agree upon the same thing in the same sense. Thus consent involves meeting of minds or what may be called *consensus ad idem*. If there is consent there is an agreement.

(iv) Case:

Rashid and Abid have agreed not to the same thing but to different things. There is no consent and hence no contract.

(b) (i) Dissolution without Court:**1. By Agreement (or Mutual Consent):**

Under the law a partnership is created by a contract between certain person, and can be dissolved by another subsequent contract between them. This is an application of the general principle that a contract may be discharged or terminated by mutual consent.

Under section 40, a firm may be dissolved:

- (a) Where all the partners agree that the firm should be dissolved, or
- (b) Where dissolution occurs in pursuance of a contract previously made between the partners.

Such contracts may be express or implied.

BUSINESS LAWS – STAGE-1**2. Compulsory Dissolution:**

This section provides two circumstances in which a firm is compulsorily (automatically or necessarily) dissolved namely:

- (a) insolvency of all or all except one partner
- (b) happening of any event which makes business unlawful.

(a) By Insolvency of all Partners except One:

If all the partners or all the partners except one become insolvent, the firm is necessarily, (or automatically or compulsorily) dissolved. The reason is that for the existence of a firm there must be at least two persons. Under section 34(1) a partner on being declared insolvent ceases to a partner on the date on which order of adjudication is made.

(b) Happening of any Event which makes Business Unlawful:

Section 41(b) deals with a situation where at the time of constitution of a firm its business was perfectly legal but a subsequent change prohibits it.

This section provides that a firm is compulsorily (or automatically) dissolved if by subsequently even the:

- (a) business of firm is prohibited by law, or
- (b) objects of partnership become unlawful or illegal.

3. Contingent Dissolution:

Subject to the contract between the partners, a firm is dissolved on the happening of any of the following contingencies.

- (a) expiry of the term for which the firm was constituted.
- (b) by the completion of particular adventure or undertaking for which the firm was constituted.
- (c) death of a partner.
- (d) adjudication of a partner as insolvent.

4. By Notice of Dissolution:

Where any partner gives notice in writing to all other partners of his intention to dissolve the firm, the firm is dissolved if the:

- (a) partnership is at will from inception, or
- (b) partnership for a fixed term is being continued beyond the stated period.

The dissolution takes place from the date mentioned in the notice as the date of dissolution, or if no such date is mentioned, as from the date of communication of notice.

(ii) Case:

Yes

Where a partner has become of unsound mind, the court may dissolve the firm on the petition of any other partner or by the next friend of the insane partner. The insanity must be of a permanent nature. Any temporary illness or infirmity, is not sufficient ground for dissolution.

BUSINESS LAWS – STAGE-1**Q.4 (a) (i) Transfer of Property in Specific Goods: (Any three rules with each example)****1. Specific Goods in Deliverable State:**

Where there is an unconditional contract for the sale of specific goods in a deliverable state, the property, in the goods passes to the buyer when the contract is made. The fact that (a) the time of payment of price, or (b) time of delivery of goods, or (c) both, is postponed does not prevent the property in goods passing at once.

'Deliverable state' means a state that the buyer would under the contract bound to take delivery of the goods.

Example:

A agreed to sell B a standing stock of hay for a fixed price, payable on 4th February next and stock was to remain at premises till 1st May following:

It is an immediate sale and the property has passed immediately the contract was made.

2. Specific Goods not in Deliverable State:

Where there is a contract for the sale of specific goods not in deliverable state and the seller has to do something to put them in deliverable state, the property does not pass until such thing is done and the buyer has notice of it.

Example:

A agreed to sell a machine to B weighing 30 tons and fixed in a concrete floor. While removing the machine a part of it was destroyed.

Buyer was entitled to refuse to take delivery as it was not in a deliverable state.

3. Specific Goods in Deliverable State but Price to be Ascertained:

Where there is a contract for the sale of specific goods in a deliverable state, but the seller is to weigh, measure, test, or do some other act, the property does not pass until that act is done and buyer had notice of it.

Example:

A sold to B entire quantity of starch with him at an agreed rate per kilo. Seller had to weigh to determine the price. Before this could done A became bankrupt.

Property had not passed to B.

4. Self-service shop:

In a self-service shop where the goods are picked by the buyers from the shelves and price paid at the exist barrier, no contract of sale is made nor property passes until price is paid.

5. Good delivered on approval:

When goods are delivered by a seller to a person on approval or on sale or return basis, the property passes:

- (a) when he gives his acceptance, or
- (b) does an act adopting the goods, e.g. pledge or resale,
- (c) when he retains the goods without rejecting them beyond the fixed or reasonable time.

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A delivered certain jewellery to B on sale or return basis. B pledged the jewellery with C which was an act by B adopting the transaction.

Property has passed to B as A could not recover it back from C.

6. Sale for cash or return:

Where the seller delivers the goods to a buyer on the terms that the same will remain the property of the seller until settled for or charged, the property does not pass until either of these events has happened.

Example:

A delivered goods to B on 'sale for cash or return' basis, B pawned those goods with C.

A can recover the goods from C as the property had not passed to B.

(ii) Rights of Buyer: (Any four rights)**Rights of Buyer Against the Seller for Breach of Contract:**

- (a) Suit for damages
- (b) Suit for price
- (c) Suit for specific performance
- (d) Suit for breach of warranty
- (e) Repudiation of contract before due date
- (f) Suit for interest

(b) (i) Definition of Cheque:

A cheque as a bill of exchange drawn on a specified banker, and not expressed to be payable otherwise than on demand.

Differences between Bill of Exchange and Cheque: (Any two differences)

The points of distinction between a bill of exchange and a cheque are:

Point of Difference	Bill of Exchange	Cheque
1. Drawee	Bill can be drawn on any person including a banker.	Cheque can be drawn on a banker only.
2. Demand, after date or sight	Bill may be drawn payable on demand, or on the expiry of a certain period after date or sight.	Cheque can only be drawn payable on demand.
3. Acceptance	Bill must be accepted before payment can be demanded.	Cheque does not require acceptance.
4. Days of grace	In case of a bill 3 days of grace are allowed.	In case of cheque no days of grace are allowed, but is intended for immediate payment.

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Point of Difference	Bill of Exchange	Cheque
5. Discharge of Drawer	Drawer of a bill is discharged if it not presented for payment.	Drawer of a cheque is discharged only if he suffers any damage by delay in presentment for payment.
6. Notice of Dishonour	In case of bill notice of dishonour is necessary.	In case of cheque no notice of dishonour is necessary.
7. Revocation	Bill cannot be revoked nor its payment can be countermanded.	Cheque is revocable mandate so its payment can be countermanded, it is also determined by notice of customer's death or insolvency.
8. Crossing	Bill is not crossed.	Cheque may be crossed.
9. Stamps	Bill, except in certain cases, must be stamped.	Cheque does not require any stamp.
10. Noting and protest	Bill may be noted and protested for dishonour.	Cheque does not require to be noted or protested.

(ii) Types of Bill of Exchange:**Accommodation Bill:**

In ordinary sense an accommodation instrument is an instrument drawn, accepted, or indorsed without any consideration moving to the party making himself liable thereon. But in strictness, an accommodation instrument is that in which the principal debtor according to the terms of the instrument (as maker or acceptor) is in substance a mere surety for some other person, who may, or may not, be a party thereto.

Fictitious Bill:

A fictitious bill is one in which the name of the drawer or payee or both are fictitious.

Documentary Bill:

A documentary bill is one to which are annexed the documents of title to the goods and other documents, like invoice, marine insurance policy etc.

Such documents are delivered to the buyer only on acceptance or payment of the bill.

Clean Bill:

A clean bill is one to which no documents of title relating to the goods are attached.

BUSINESS LAWS – STAGE-1**SECTION – "C"****Q.5 (a) Commercial Establishment:**

An establishment in which the business of advertising, commission or forwarding is conducted, or which is a commercial agency, and includes a clerical department of a factory or of any industrial or commercial undertaking, the office establishment of a person who for the purpose of fulfilling a contract with the owner of any commercial establishment or industrial establishment, employs workmen, a unit of a joint stock company, an insurance company, a banking company or a bank, a broker's office or stock-exchange, a club, a hotel, a restaurant or an eating house, a cinema or theatre, and such other establishment or class thereof, as Government may, by notification in the official Gazette declare to be a commercial establishment for the purposes of this Ordinance.

Construction Industry:

An industry engaged in the construction, reconstruction, maintenance, repair, alteration, or demolition of any building, railway, tramway, harbour, dock, pier, canal, inland waterway, road, tunnel, bridge, dam, viaduct, sewer drain, water work, well, telegraphic or telephonic installation, electrical under taking, gas work, or other work of construction as well as the preparation for, or laying the foundation of, any such work or structure.

(b) (i) Ventilation and Temperature:

1. Effective and suitable provisions shall be made in every factory for securing and maintaining in every work room.
 - (a) adequate ventilation by the circulation of fresh air, and
 - (b) such temperature as will secure to workers therein reasonable conditions of comfort and prevent injury to health, and in particular.
 - (i) the walls and roofs shall be of such material and so designed that such temperature shall not be exceeded but kept as low as practicable.
 - (ii) where the nature of the work carried on in the factory involves, or is likely to involve, the production of excessively high temperature, such adequate measures are practicable shall be taken to protect the workers therefrom by separating the process which produces such temperature from the work-room by insulating the hot parts or by other effective means.
2. The Provincial Government may prescribe a standard of adequate ventilation and reasonable temperature for any factory or class or description of factories or parts thereof and direct that a thermometer shall be provided and maintained in such place and position as may be specified.
3. If it appears to the Provincial Government that in any factory or class or description of factories excessively high temperature can be reduced by such methods as white-washing, spraying or insulating and screening outside walls or roofs or windows, or by raising the level of the roof, or by insulating the roof either by an air space and double roof or by the use of insulating roof materials, or by other method, it may prescribe such of these or other methods to be adopted in the factory.

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1. In every part of a factory where workers are working or passing, there shall be provided and maintained:
 - (a) sufficient and suitable lighting, natural or artificial or both and
 - (b) emergency lighting of special points in work-room and passages to function automatically in case of a failure of the ordinary electric system.
2. In every factory all glazed windows and sky-lights used for the lighting of the work-room shall be kept clean on both the outer and inner surfaces and free from observation as far as possible under the rules framed under sub-section (3) of Section 15.
3. In every factory effective provisions shall, so far as is practicable, be made for the prevention of:
 - (a) glare either directly from any source of light or by reflection from a smooth or polished surface; and
 - (b) the formation of shadows to such an extent as to cause eye strain or risk of accident to any worker.
4. The Provincial Government may prescribe standards of sufficient and suitable lighting for factories or for any class or description of factories or for any manufacturing process.

(iii) Drinking Water:

1. In every factory effective arrangements shall be made to provide and maintain at suitable points conveniently situated for all workers employed therein a sufficient supply of wholesome drinking water.
2. All such points shall be legibly marked "Drinking Water" in a language understood by the majority of the workers and no such points shall be situated within twenty feet of any washing place, urinal or latrine, unless a shorter distance is approved in writing by the Chief Inspector.
3. In every factory wherein more than two hundred and fifty workers are ordinarily employed, provision shall be made for cooling the drinking water during the hot weather by effective means and for distribution thereof and arrangements shall also be made for:
 - (a) the daily renewal of water if not laid on; and
 - (b) a sufficient number of cups or other drinking vessels, unless the water is being delivered in an upward jet.
4. The Provincial Government may, in respect of all factories or any class or description of factories, make rules for securing compliance with the provisions of this section.

BUSINESS LAWS – STAGE-1**Q.6 (a) (i) Managing Agent:**

Any person appointed or acting as the representative of another person for the purpose of carrying on such other person's trade or business, but does not include an individual manager subordinate to an employer;

(ii) Accident:

An unlooked-for mishap or an untoward event which is not expected or designed. This word has been used as against the expression "wilful misconduct" or "wilful disobedience". Therefore, an "injury by accident" includes any injury not expected or designed by the injured workman himself, irrespective of whether or not it was brought about by the wilful act of someone else. The personal injury is one not designed but one which by some mishap unforeseen and unexpected.

(b) (i) Employee's Social Security Fund:

1. All contributions paid under this ordinance and all other moneys received by or on behalf of the institution shall be paid into the Fund, which shall be held and administered by the institution for the purposes of this Ordinance.
2. The institution may accept grants, donations and gifts from any Government or from a local authority or other body for all or any of the purposes of this Ordinance.
3. All moneys accruing or payable to the Fund shall be paid into such scheduled bank as may be approved by the Governing Body, or to any office of the institution.
4. The institution shall maintain separate accounts for administrative expenses, and for such branches of social security and such other purposes as may be prescribed.

(ii) Employment Injury:

A personal injury to a secured person caused by an accident or by such occupational disease as may be specified in the regulations, arising out of and in the course of his employment.

THE END