

BUSINESS LAWS – STAGE-1**SECTION – "A"****Q.2 (a)****(Any three of the following)**

- LEGISLATURE** is the law created by the Parliament of a country and other bodies to whom it has delegated authority.
- PRECEDENT** is a judgment or decision of a court of law cited as an authority for deciding an identical case which serves as an authority for legal principle embodied in its decisions.
- CUSTOMS** are an important source of law. The law which is based on custom is termed as *customary law*. Customs are not a permanent source of law. Its importance goes on diminishing as the society develops. In Pakistan customary law has been replaced by Shariat Law. Customs are still an important source of law in those areas where Shariat Law is not in force.
- AGREEMENT**: Not infrequently parties in their agreements incorporate a number of stipulations voluntarily which are binding on the contracting parties. The stipulations have the force of law and may be termed as *conventional law*. The contract acts as a mutual special law and is binding on the contracting parties in addition to general law of the country.

(b) ACT OF PARLIAMENT:

The Act of Parliament is also termed as "Statute". It is the primary source of law and is made by the Parliament itself. Act begins as a bill and after passing through the National Assembly and Senate becomes law on the granting of assent of the President. Act is binding on everyone. The purpose of Act of Parliament is to:

(Any four of the following)

- create new law when none exists before;
- consolidate existing law;
- amend existing law;
- cancel existing law;
- authorize taxation;
- codify and clarify existing law.

SECTION – "B"**Q.3 (a) (i) EXPRESS CONTRACT:**

An express contract is one in which the parties have made oral or written declaration of their intention and of the terms of the transaction.

 IMPLIED CONTRACT:

An implied contract is that the terms of which are inferred from the conduct of the parties or from the circumstances of the case, or course of dealings between them.

BUSINESS LAWS – STAGE-1□ **QUASI CONTRACT:**

Quasi contract may be defined as an obligation created by law (regardless of agreement) whereby an obligation is imposed on a party and an action is allowed to be brought by another party.

(ii) Yes, Sajid can recover the value from Hilal's property.

(iii) □ **BAILMENT:**

Bailment means the delivery of goods by one person to another for some purpose, upon a contract, that they shall, when the purpose is accomplished, be returned or otherwise disposed of according to the directions of the person delivering them.

□ **BAILOR:**

The person delivering the goods is called bailor.

□ **BAILEE:**

The person to whom the goods are delivered is called bailee.

(iv) Yes, there is a contract of bailment between Naveed and Javaid as it is fulfilling the essential feature i.e., contract of bailment.

(b) (i) **ADVANTAGES OF PARTNERSHIP: (Any six of the following)**(1) **Ease of formation:**

A partnership can be formed easily as it does not entail any legal formalities or expenditure i.e., a partnership is free from government regulations.

(2) **Large amount of capital available:**

In partnership capital can be increased whenever desired by additional investment by partners or by borrowings.

(3) **Credit standing:**

In partnership the creditors have full confidence for the payment of their debts as the liability is unlimited.

(4) **Combined managerial skill and judgment:**

Partnership enjoys the advantage of the combined skill, judgment, experience resources and talents for the common benefit.

(5) **Retention of valuable employees:**

In partnership the partners are in close touch of each executive and are able to evaluate their importance and utility to the organization.

(6) **Personal Interest:**

In view of the existence of the personal interest of each partner in the business and the corresponding care, efficiency and economy is an added advantage.

(7) **Elasticity:**

Partnership business is extremely mobile and elastic, being free from legal restrictions on its activities.

BUSINESS LAWS – STAGE-1**(8) Quick decision:**

Partners in order to avoid inefficiency and damage to business take quick and timely decisions.

(9) Sharing of risk:

In partnership as the risk is allocated among all the partners the firm usually remain solvent.

(10) Extensive public relationing:

In partnership each partner unconsciously or without mutual decision practice public relationing which adds the reputation of the business.

(11) Possibility of expansion:

In partnership combined efforts, credit standing, business contacts and public relationing can greatly facilitate business expansion.

(12) Business secrets:

In partnership the partners themselves handle the business matters. So, the business secrets remain confidential.

(13) Protection of minority:

In partnership the minority is effectively protected by law as in matters of policy no decision can be taken without concurrence of all the partners.

(14) Ease of dissolution:

Partnership firm can be dissolved without any legal formality.

- (ii) Even though the heirs jointly carry on the inherited business they do not *ipso facto* become partners in such business. They are joint owners. If the heirs desire to create a partnership they must make an express or implied agreement between themselves to carry on the business in common.
- (iii) Held, the firm was liable, as it is the case of liability of the firm for wrongful acts of a partner.

Q.4 (a) (i) DISTINCTION BETWEEN CONDITION AND WARRANTY – SALE OF GOODS ACT, 1930:

(Any two of the following)

(1) Nature:

A condition is a stipulation in a contract which is essential to the main purpose of the contract, whereas a warranty is a stipulation in contract collateral to the main purpose of the contract.

(2) Effect of breach:

The breach of a condition gives the aggrieved party a right to treat the contract as repudiated and also claim damages, whereas breach of warranty gives rise to a claim for damages. Where a condition is not fulfilled the buyer has a right to refuse to accept the goods and if he/she has already paid for them he/she can recover the price. If there is a breach of warranty the buyer must accept the goods and claim damages.

BUSINESS LAWS – STAGE-1**(3) Change of status:**

Under section 13 a breach of condition may be treated as a breach of a warranty. But a breach of warranty cannot be treated as a breach of condition.

(ii) ESSENTIAL ELEMENTS OF CONTRACT OF SALE:

Essential elements of contract of sale are:

- (a) Existence of two distinct persons
- (b) Subject matter of contract must be goods
- (c) Price must be money
- (d) Transfer must be of general property
- (e) Elements of valid contract must be present

(a) Existence of two distinct persons:

There must be two distinct persons – buyer and seller – to form a contract of sale. Buyer means a person who buys goods and seller means a person who sells the goods.

(b) Subject matter of contract must be goods:

There must be some goods the property in which is to be transferred from the seller to the buyer.

(c) Price must be money:

The consideration for the contract of sale, called the price, must be money and not money's worth i.e., goods. However, law does not prohibit a consideration being partly in money and partly in goods.

(d) Transfer of general property:

There must be a transfer of ownership from the seller to the buyer. The transfer must be of general property and not of special property in the goods.

(e) Elements of valid contract:

In a contract of sale all the essential elements of a valid contract must be present.

BUSINESS LAWS – STAGE-1

- (iii) The contract was void as the grapes no longer answered their description in the contract.

(b) (i) PROMISSORY NOTE:

A promissory note is an instrument in writing (not being a bank-note or currency note) containing an unconditional undertaking, signed by the maker, to pay a certain sum of money to, or to the order of, a certain person, or to the bearer of the instrument.

ESSENTIAL ELEMENTS OF PROMISSORY NOTE: (Any five of the following)

As per section 4, the following salient features are noticed:

- Promissory note must be in writing.
- Promissory note must contain express promise or clear undertaking to pay.
- Promise must be definite and unconditional.
- Maker must sign otherwise it will be of no legal effect.
- Maker must be a certain (i.e., definite) person.
- Payee must be a certain (i.e., definite) person.
- Sum payable must be certain (i.e., definite).
- Promise to pay must be money only.
- Bank note or currency note is not a promissory note.
- Date, place are not essential matters.

(ii) DIFFERENTIATE BETWEEN BILL OF EXCHANGE AND CHEQUE: (Any two of the following)

Point of Difference	Bill of Exchange	Cheque
Drawee	Bill can be drawn on any person including a banker.	Cheque can be drawn on a banker only.
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.
Acceptance	Bill must be accepted before payment can be demanded.	Cheque does not require acceptance.
Days of grace	In case of a bill three (3) days of grace are allowed.	In case of a cheque no days of grace are allowed, but is intended for immediate payment.
Discharge of drawer	Drawer of a bill is discharged if it not presented for payment.	Drawer of a cheque is discharged only if he/she suffers any damage by delay in presentment for payment.
Notice of dishonour	In case of bill notice of dishonour is necessary.	In case of cheque no notice of dishonour is necessary.

BUSINESS LAWS – STAGE-1

Point of Difference	Bill of Exchange	Cheque
Revocation	Bill cannot be revoked nor its payment can be countermanded.	Cheque is a revocable mandate, so its payment can be countermanded; it is also determined by notice of customer's death or insolvency.
Crossing	Bill is not crossed.	Cheque may be crossed.
Stamps	Bill, except in certain cases, must be stamped.	Cheque does not require any stamp.
Noting and protest	Bill may be noted and protested for dishonour.	Cheque does not require to be noted or protested.

SECTION 7C**Q.5 (a) (i) COMMERCIAL ESTABLISHMENT:**

Commercial establishment means 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 restaurant or 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.

(ii) CONSTRUCTION INDUSTRY:

Construction industry means 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 undertaking, gas work, or other work of construction as well as the preparation for, or laying the foundation of, any such work or structure.

(iii) WORKMAN:

Workman means any person employed in any industrial or commercial establishment to do any skilled or unskilled, manual or clerical work for hire or reward.

(b) HEALTH AND SAFETY OF WORKERS: (Any five of the following)**□ Cleanliness:**

Every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance.

□ Disposal of waste and effluents:

Effective measures should be made for the disposal of wastes and effluents resulting from manufacturing process carried on in the factory.

BUSINESS LAWS – STAGE-1

- **Ventilation and temperature:**

Proper arrangement should be made for adequate ventilation by circulation of fresh air and temperature should be kept at a comfortable level.
- **Precautions against fire:**

Every factory must provide exits for escape in case of fire. Alarm shall be ready to warn workers in case of fire.
- **Fencing of machinery:**

All dangerous type of machines shall be fenced to ensure the safety of workers.
- **Overcrowding:**

No workroom should be overcrowded to extent injurious to the health of the workmen.
- **Lighting:**

Sufficient and suitable lighting, natural or artificial or both are required to be provided and maintained.
- **Drinking water:**

In every factory where more than 250 workers are ordinarily employed, provision shall be made for cooling the drinking water during the hot weather.
- **Latrines and urinals:**

Sufficient latrines and urinals are required to be provided separately for males and females.
- **Spittoons:**

Sufficient number of spittoons is required to be provided at convenient places and should be maintained with clean and hygienic conditions.
- **Precautions against contagious or infectious diseases:**

The factory doctor will ensure that each worker in a factory is not suffering from any contagious or infectious diseases.
- **Vaccination and inoculation:**

Each worker in a factory is required to be vaccinated and inoculated against such diseases.
- **Provision of canteen:**

In a factory where more than 250 workers are employed, the employer must provide an adequate canteen for the use of workers.
- **Welfare officer:**

In a factory where not less than 500 workers are employed, the manager shall employ such number of welfare officers, having such qualifications as may be prescribed.
- **Dust and fumes:**

Steps should be taken so that dust and fumes are not inhaled or accumulated.
- **Artificial humidification:**

The water used for artificial humidification must be pure.

BUSINESS LAWS – STAGE-1

- **Machinery in motion:**

While machinery is in motion, an examination can only be carried out by a trained male adult worker, wearing tight fitting clothing.
- **Employment on dangerous machine:**

No child or adolescent shall be allowed to work on dangerous machine.
- **Cutting of power:**

There shall be suitable striking gear or other mechanical appliances to be used for moving driving belts to and from fast and loose pulleys, which form part of the transmission machinery.
- **Self acting machine:**

In factory traversing part of a self acting machine and the material carried on it, shall not be allowed to run within a distance of 18 inches from any fixed structure, if the space over which it runs is a space over which a person is liable to pass.
- **Casing of new machinery:**

Every set of screw, bolt or key on any revolving shaft, spindle, wheel or proper casing of new machinery
- **Cotton openers:**

No women or children is allowed to be employed in any part of a factory for pressing cotton in which a cotton opener is adverse.
- **Cranes and lifting machinery:**

All part of cranes and other lifting machines must be of good construction and be properly maintained. The crane must be at a specified distance from the wheel track of the crane.
- **Hoists and lifts:**

Every hoist and lift shall be of good mechanical construction, sound material and adequate strength and properly maintained.
- **Revolving machinery:**

Where grinding is carried on, the maximum safe working speed of revolving machinery connected therewith must be notified.
- **Pressure plant:**

Where an operation is carried on at a pressure higher than the atmospheric pressure, steps must be taken to ensure that the safe working pressure is not exceeded.
- **Floor, stairs and mean of access:**

All floors, steps, stairs, passage and gangways shall be of sound construction and properly maintained.
- **Pits and sumps:**

Pits, sumps, opening in floor etc., must be securely covered or fenced.
- **Excessive weights:**

In any factory a person shall not be allowed to lift or move any load so heavy as to be likely to cause him injury.

BUSINESS LAWS – STAGE-1

- **Protection of eyes:**

The workers are required to use protective devices provided for them to protect their eyes.
- **Specification of defective parts:**

If any building, machinery or plant is in a dangerous condition, the inspector can ask for holding of test to determine the strength and quality of any specified part.
- **Safety of building:**

If the inspector thinks that any building, machinery, plant or manufacturing process is in such a condition that it is dangerous to health and safety of workers, he may order the manager specifying the measures to be adopted.
- **Framing of rules:**

The provincial government may make rules providing for the use of further devices and measures for security of workers.
- **Precautions against fumes:**

No person shall be allowed to enter any chamber, tank, pipe, etc., where dangerous fumes are likely to be present, unless it is provided with manhole or other means of going out.
- **Explosive or inflammable gas:**

Where a manufacturing process produces inflammable gas, dust, fume, etc., steps must be taken to enclose the machine concerned and prevent the accumulation of substances and exclude all possible sources of ignition.
- **Prohibition of children:**

The provincial government may make rules prohibiting the admission to any specified class of factories or specified parts thereof, of children who cannot be lawfully employed therein.
- **Notice of accidents:**

Where in any factory an accident occurs which causes death or injury whereby any person injured is prevented from resuming his work during 48 hours, the manager of the factory shall give notice thereof to the concerned authorities.
- **Appeals:**

When an inspector gives any order in writing to the manager or occupier of a factory, they can make an appeal against such order within 30 days to the provincial government or authority appointed in this behalf.
- **Shelters for rest:**

The provincial government may make rules requiring that in any factory wherein more than 150 workers are ordinarily employed, an adequate shelter of prescribed standard shall be provided for use of the workers during periods of rest.

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

Minor means a person who is under the age of fifteen years.

(ii) COMMISSIONER:

Commissioner means a Commissioner of Workmen's Compensation appointed under Section 20.

(iii) EMPLOYER:

Employer includes any body of persons whether incorporated or not and any managing agent of an employer and the legal representative of a deceased employer, and, when the services of a workman are temporarily lent or let on hire to another person by the person with whom the workman has entered into a contract of service or apprenticeship, means such other person while the workman is working for him.

(b) (i) CONTRIBUTION:

Contribution means the sum of money payable to the Institution by an employer in respect of an employee, in accordance with the provisions of this Ordinance.

(ii) DISABLEMENT:

Disablement means a condition caused by an employment injury which, as certified by a medical practitioner authorized for the purpose as provided in the regulation, has permanently reduced or is likely to permanently a secured person's earning capacity and disablement shall be "minor" where the loss of earning capacity is less than twenty per centum, "partial" where the loss of earning capacity ranges from twenty-one per centum to sixty-six per centum and "total" where the loss of earning capacity is in excess of sixty-six per centum.

(iii) INDUSTRY:

Industry means any business, trade, undertaking, manufacture or calling of employers, and includes any calling, service, employment, handicraft, industrial occupation or avocation of workmen.

THE END