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FOR CS EXECUTIVE EXAM PREPARATION

CS Executive 2024 Question Paper · Setting Up of Business, Industrial and Labour Laws

EXAM	YEAR	TYPE
CS Executive	2024	Question Paper

SUBJECT
Setting Up of Business, Industrial and Labour Laws

DATE
June 2024

NEW SYLLABUS

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Roll No. .....

Time allowed : 3 hours ***Maximum marks : 100***

Total number of questions : 6 ***Total number of printed pages : 11***

NOTE : *Answer* ***ALL*** *Questions.*

PART–I

1. A and B are the two experienced professionals in the Information Technology (IT) industry. They have decided to start their own software development business. They aim to provide innovative software solutions to various businesses while fostering a culture of creativity and collaboration within their organization. As they embark on their entrepreneurial journey, they encounter various challenges and opportunities along the way.

A and B need to decide on the legal structure for their business. They are considering forming a Limited Liability Partnership (LLP) to protect their personal assets and enjoy tax benefits. They get the name, "Technical Solutions LLP" reserved by the jurisdictional Registrar. After filing the prescribed e-form, FiLLiP along with the required documents attached thereto, "Technical Solutions LLP" is registered.

"Technical Solutions LLP" requires initial capital to cover the startup costs, such as office space, equipment, and hiring employees. By leveraging a combination of personal resources, support from friends and family, investments from angel investors, crowdfunding, and strategic partnerships, A and B secure the necessary startup funds for "Technical Solutions LLP."

A and B gather the necessary documents for GST registration of "Technical Solutions LLP". After filling the GST registration application form on the GST portal and uploading the required documents as specified in the application form, the GST Registration Certificate of "Technical Solutions LLP" is received electronically through the GST portal.

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With a growing demand for its services, "Technical Solutions LLP" embarked on a phase of aggressive expansion, opening new offices in strategic locations and investing in infrastructure and technology upgrades. It introduced innovative solutions leveraging emerging technologies such as Artificial Intelligence (AI), blockchain, and cloud computing to stay ahead of the competition. Recognizing the need for additional capital to fuel its ambitious growth plans, A and B deliberated on the possibility of converting the LLP into a private limited company to raise capital, enhance visibility, and facilitate future expansion.

After careful consideration and thorough preparation, "Technical Solutions LLP" has initiated the process of converting into a private limited company, adhering to regulatory requirements and compliance standards. The name approval for the company, "Technical Solutions Pvt. Ltd." has been received from the Registrar of Companies. After filing the required form along with the necessary documents, the company, Technical Solutions Pvt. Ltd. is incorporated under the Companies Act, 2013 by taking over the business of "Tech Solutions LLP".

In view of the above, answer the following :

(*a*) Write down the benefits of Limited Liability Partnership (LLP) being considered by A and B while deciding the legal structure for their business.

(*b*) Describe the documents that are required to be attached with the prescribed e-form FiLLiP for getting registration of "Technical Solutions LLP".

(*c*) What are the key considerations for "Technical Solutions LLP" when seeking investments from angel investors to finance its operations ?

(*d*) What documents are required to be uploaded by A and B with the GST registration application form on the GST portal for GST registration of "Technical Solutions LLP" ?

(*e*) Describe the conditions required to be fulfilled for conversion of LLP "Technical Solution LLP" into a private limited company. "Technical Solutions Pvt. Ltd."

(*3 marks each*)

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2. (*a*) Robinhood against Hunger is a registered society under Society Registration Act, 1908. Being a non-profit organization, the society possesses the Tax Exemption Certificate under section 12 of Income Tax Act. The Society is also recognized NGO under section 80G of the Income Tax Act. The Promoters have decided to convert the society into Section 8 Company under Companies Act, 2013, so that food items can be delivered free of cost to poor and needy peoples in State of Madhya Pradesh under mission of "Koi Nahi Bhookha Soyega". The Society is also planning to start its own manufacturing unit for making of various types of food items. The automatic food processing unit(s) will be setup in capital of the State at primary level.

Being a Company Secretary, suggest that what are benefits available to section 8 Company. Also highlight that is there any additional requirement for license to ensure the Food Safety and Standardization of food for health.

(*3 marks*)

(*b*) PNC Ltd. is a company limited by guarantee and not having a share capital. The Articles of Association (AOA) of the company give any person a right to participate in the divisible profits of the company otherwise than as member. Examine the validity of such provisions in the AOA of the company.

(*3 marks*)

(*c*) A and B, close friends who graduated from a renowned college, want to start an 'Other Service Providers' (OSP) company for commercial purposes in Rewari, Haryana. What licenses and documents are needed to obtain to operate as a licensed OSP, similar to other service providers ?

(*3 marks*)

(*d*) PQR Ltd. is listed entity in Textile Sector. Out of total revenue, 40% revenue is generated from export sales to New York City. The Company sells its item in New York through local distributors under tie-up. However, as per the agreement. The

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distributors have rights to use his own logo on the item purchased from PQR Ltd. The Company is planning to incorporate a subsidiary company in City of New York for better branding and direct customer sales. The Company is also planning to set up a manufacturing unit nearby New York City under its subsidiary.

As per the law prevailing in USA, what are the requirements for workers' compensation and disability insurance.

(*3 marks*)

(*e*) ABC Financial Services, a community-based financial institution, is exploring the incorporation of a Nidhi Company under Nidhi Rules, 2014. The institution seeks your advice on the benefits of incorporating a Nidhi Company. Advise ABC Financial Services.

(*3 marks*)

3. (*a*) "The degree of control and management that an entrepreneur desires to have over business affects the choice of form of organization."

In light of above statement, explain how control and management factor is basic factor to choose the suitable form of organization.

(*3 marks*)

(*b*) A group of residents in a housing complex in Delhi who have recently taken possession of their homes from the builder and are dissatisfied with the poor maintenance of the complex by the builder. They wish to create a legal entity specifically for the maintenance of the housing complex. What kind of legal entity would be best suited for them and what are the basic requirements for the creation of such an entity ?

(*3 marks*)

(*c*) Renewable Power Ltd. (RPL) is a leading renewable energy developer with expertise in solar and wind power generation. RPL has identified Wind Power Pvt. Ltd. (WPPL) as a potential partner to establish an equity-based joint venture focused on developing large-scale renewable energy projects in the country. RPL approaches you to seek your advice on the key characteristics of equity-based joint venture. Advise RPL.

(*3 marks*)

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(*d*) J and K are brothers and running the traditional business for production of snacks and namkin items under brand of "Rajaram". The business organization is in form of Private Limited Company and both hold equal shareholding (50 : 50). Due to sudden death of J, there is need to convert the private company into (One Person Company) OPC, as there being no successor of J.

What types of forms along with attachments are required to be filed with Registrar of Companies, Ministry of Corporate Affairs for conversion of Private Company into OPC.

(*3 marks*)

(*e*) A Company registered in Japan had opened the Project Office for setup and commissioning of Coal based Power Plants in India. Due to change in Government policy and promotion of Solar Power projects and other power plants based on renewable energy, the Project Office is not needed. The Nodal Officer in India is instructed by the Management to close the Project Office after due compliances under the Law. Describe the process for closure of Project Office in India opened by foreign entity.

(*3 marks*)

Attempt all parts of either Q. No. 4 or Q. No. 4A

4. (*a*) OTM Financial Services Limited got the license to operate the Payment Bank in India from RBI. As per the terms of the license, where compliances including KYC verification are required to be complied with strictly from time to time. OTM Financial Services Limited made various non-compliances and accordingly lot of restrictions and penalties were imposed by RBI.

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Thereafter, RBI approved a Scheme by which the payment bank may be transferred to any Public Sector Undertaking (PSU).

A leading PSU in financial sector is interested to acquire the business of OTM Financial Services Limited. Before making any offer, the Management of the Bank requires the check points to be considered as other terms and condition for running the business of payment bank. Prepare a note.

(*3 marks*)

(*b*) AB Handicrafts Pvt. Ltd. is a family-owned company based in Jaipur, specializing in the manufacturing and export of handcrafted textiles and home decor items. The company has been operating for the past 15 years and has established itself as a prominent player in the handicrafts industry. The company seeks professional advice on the criteria for classification of Micro, Small and Medium Enterprises. Advise AB Handicrafts Pvt. Ltd.

(*3 marks*)

(*c*) XYZ Solutions Pvt. Ltd. is a newly established technology company based in Bengaluru, India. The company specializes in developing AI-powered software solutions for healthcare providers. As part of its growth trajectory, XYZ Solutions Pvt. Ltd. is exploring the benefits available to startups under the Startup India Program. Advise the company about the benefits given to entrepreneurs establishing startups.

(*3 marks*)

(*d*) MN Ltd. is a newly incorporated company intends to carry on the business of international trade activities in India. The company seeks your guidance on the requirement of obtaining an Import Export Code (IEC). Advise MN Ltd. on the requirement of IEC.

(*3 marks*)

(*e*) Differentiate between Partnership Agreement and Trust Deed.

(*3 marks*)

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OR (Alternative question to Q. No. 4)

4A. (*i*) ABC Ltd. is considering expanding its operations into Singapore due to the country's favourable business environment. The company aims to establish a subsidiary in Singapore to tap into the region's growing market and to benefit from Singapore's pro-business policies. ABC Ltd. seeks your advice on the process and requirements for incorporating a company in Singapore. Advise ABC Ltd.

(*ii*) "While every startup has its unique journey to becoming a unicorn, the minimum and maximum time taken by a startup to become a unicorn are 6 months and 26 years, respectively."

In light of above statement, define the term 'unicorn'. Is a start-up different from Entrepreneurship ? Answer.

(*iii*) "ESDP scheme aims at promoting new enterprises, capacity building of existing MSMEs and inculcating entrepreneurial culture in the country."

Prepare a note on above statement.

(*iv*) What are the factors to be considered by a Secretarial Auditor while segregating the applicability of Specific Law and General Laws.

(*v*) Enumerate the specific laws and regulations that are applicable to "Housing Finance Companies" in India.

(*3 marks each*)

PART–II

5. XYZ Manufacturing Pvt. Ltd. is a reputable medium-sized manufacturing company headquartered in Delhi. Established in 2005, the company specializes in the production of electronic components

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catering to various industries such as telecommunications, automotive, consumer electronics, and industrial automation. With a commitment to quality and innovation, XYZ Manufacturing Pvt. Ltd. has emerged as a trusted supplier in the highly competitive electronics market Infrastructure. The company operates from a state-of-the-art manufacturing facility spanning over 50,000 square feet in Delhi's industrial hub. Equipped with advanced machinery and technology, the facility enables XYZ Manufacturing Pvt. Ltd. to meet the diverse needs of its clients with precision and efficiency. The production lines are organized to optimize workflow and ensure timely delivery of orders.

Workforce : XYZ Manufacturing Pvt. Ltd. prides itself on its skilled and dedicated workforce comprising approximately 500 employees. The workforce includes a mix of permanent staff and contract workers, with roles ranging from production technicians and engineers to administrative personnel and managerial staff. The company fosters a culture of inclusivity, professional development, and employee welfare to enhance productivity and job satisfaction.

Labour Practices :

(1) Health and Safety Measures : XYZ Manufacturing Pvt. Ltd. prioritizes the health and safety of its employees by implementing robust safety protocols and providing necessary protective equipment. Regular safety audits and training programs are conducted to mitigate workplace hazards and promote a culture of safety awareness among workers.

(2) Employee Welfare Initiative : The company recognizes the importance of employee welfare and implements various initiatives to enhance the well-being of its workforce. This includes facilities such as clean restrooms, designated break areas, and access to clean drinking water. Additionally, the company offers health insurance coverage and access to medical facilities for employees and their families.

(3) Training and Skill Development : XYZ Manufacturing Pvt. Ltd. invests in training and skill development programs to empower its employees with the necessary knowledge and skills to excel in their roles. Training sessions on technical skills, quality standards, and soft skills are conducted regularly to enhance employee competence and performance.

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(4) Labour Relations : The company maintains open and transparent communication channels with its employees to address any concerns or grievances effectively. Regular meetings, feedback sessions, and employee engagement programs are organized to foster a positive work environment and build strong relations between management and staff.

Compliance with Labour Laws : XYZ Manufacturing Pvt. Ltd. is committted to upholding the highest standards of compliance with labor laws and regulations in India. The company ensures adherence to the provisions of relevant statutes such as the Factories Act, Minimum Wages Act, Provident Fund Act, Employees' State Insurance Act, Payment of Bonus A/c, Industrial Disputes Act, and Contract Labour Act. Legal compliance is overseen by a dedicated compliance team that monitors regulatory updates, conducts audits, and implements necessary measures to ensure full compliance across all aspects of employment.

XYZ Manufacturing Pvt. Ltd. stands as model enterprise in the manufacturing sector, demonstrating a strong commitment to employee welfare, ethical labour practices, and legal compliance. By prioritizing the health, safety, and well-being of its workforce while adhering to labour laws, the company not only ensures its own sustainability and success but also contributes to the overall socio-economic development of the community.

In view the above, answer the following :

(*a*) What is the duty of inspector with respect to the Safety of Buildings and Machinery ? Can State Government appoint Safety Officer ? Answer.

(*b*) Write down the duties of XYZ Manufacturing Pvt. Ltd. to provide basic and practical training to apprentices under the Apprentices Act, 1961.

(*c*) Write down the procedure for fixing and revising minimum wages under the Minimum Wages Act, 1948.

(*d*) Write down provisions with respect to Contract Labour (Regulation and Abolition) Act, 1970. What are the penalties in case of contravention of the provisions by the Company ?

(*5 marks each*)

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Attempt all parts of either Q. No. 6 or Q. No. 6A

6. (*a*) X was facing a departmental enquiry for allegedly indulging in sexual harassment of his senior woman officer. He contended that as the alleged misconduct took place not at the workplace but in the guesthouse of company where the woman officer was residing, he could not be accused of sexual harassment at workplace. In the light of a decided case law, examine the validity of contention of A.

(*5 marks*)

(*b*) Shailja, a female employee working in a multinational company, informed the manager of the company about her pregnancy. She sought guidance on maternity leave entitlements and benefits under the Maternity Benefit Act, 1961. As the manager of the company, advise Shailja on the maternity leave entitlements and benefits available to her under the Maternity Benefit Act, 1961.

(*5 marks*)

(*c*) ABC Ltd. is a medium-sized manufacturing company that produces automotive parts. The company has a workforce of 150 employees, including both production line workers and administrative staff. ABC Ltd. typically awards annual bonuses to its employees based on performance and company profits. Upon conducting internal investigations and reviewing surveillance footage, the management discovered evidence of theft by a few employees at the stores. Citing the relevant provisions of Payment of Bonus Act, 1965, examine the eligibility for bonus to those employees involved in theft.

(*5 marks*)

(*d*) In 2023, due to a severe economic recession, PR Software Solutions Pvt. Ltd., a mid-sized IT firm in India, decided to lay off a significant portion of its workforce. Among those affected was Y, a project manager who had been with the company for over seven years. Y was given a month's notice before his termination. He believes that his termination was unjust and wants to challenge it under the Industrial Disputes Act, 1947.

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(1) Under the Industrial Disputes Act, 1947, can Y challenge his termination due to the economic recession ?

(2) What is the role of the government in such disputes under the Industrial Disputes Act, 1947 ?

(3) What remedies are available to Y if his claim is upheld ?

(*5 marks*)

OR (Alternative question to Q. No. 6)

6A. (*i*) Define the term 'E.I. Court'. Which types of matters are decided by the E.I. Court ?

(*ii*) What is meaning of gig workers and what are some of the potential benefits and challenges that gig workers might face ?

(*iii*) What are the provisions with respect to Voluntary Reference of Disputes to Arbitration under the Industrial Disputes Act, 1947 ?

(*iv*) "Social Security is guaranteed in our Constitution."

In light of above statement, how does Article 43 of Constitution requires the state to secure living wage ?

(*5 marks each*)

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