aglasem.com

FOR CS EXECUTIVE EXAM PREPARATION

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

EXAM
CS Executive

YEAR
2024

TYPE
Question Paper

SUBJECT
Setting Up of Business, Industrial and Labour Laws

DATE
December 2024

NEW SYLLABUS

523

Roll No. .....

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

Total number of questions : 6 ***Total number of printed pages : 12***

NOTE : *Answer* ***ALL*** *questions.*

PART–I

1. XYZ Appliances Pvt. Ltd. is carrying on the business of manufacturing and trading of kitchen appliances at Sadar Bazar, Delhi. X, Y and Z are the three directors of the company who also hold shares of the company in the ratio of 35 : 35 : 30. The business of the company is flourishing and the company has opened its branches in the cities of Noida, Gurgaon and Faridabad.

In order to protect their personal interests, X, Y and Z propose that any amendment in the Articles of Association of the company should be made only with the approval of all the shareholders of the company. They approach M, a practicing company secretary to seek his advice on the alteration of Articles of Association of the company only with the approval of all the shareholders. M advises them suitably.

XYZ Appliances Pvt. Ltd. receives an export order from a company based at France. In order to export the goods, the company requires Importer Exporter Code (IEC). The directors of the company again approach M who explains them the procedure to apply for IEC on the DGFT portal. After getting the IEC in the name of the company, the export order is successfully completed by the company.

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

A company based at Japan approaches XYZ Appliances Pvt. Ltd. to form an alliance for sharing of latest technical advancements in the industry for mutual benefit of both the companies. The directors of XYZ Appliances Pvt. Ltd. discuss on the objectives of the foreign collaboration. Thereafter, a technical collaboration is made between both the companies.

The scale of operations of XYZ Appliances Pvt. Ltd. increases multifold and the directors intend to convert it into a public limited company. With the professional assistance of M, the company is converted into a public limited company. M also advises on the post conversion requirements to be arranged by XYZ Appliances Ltd.

Y goes on a business trip to Singapore and meets his friend John, who is a director in a company based at Singapore in the name of JSS Realtech Pte. Ltd. JSS Realtech Pte. Ltd. is engaged in the development of townships, construction of residential or commercial premises, roads or bridges for selling or leasing. John advises Y that the company, XYZ Appliances Ltd. may invest in JSS Realtech Pte. Ltd. to earn more profits. On return, Y informs X and Z that XYZ Appliances Ltd. may invest in JSS Realtech Pte. Ltd., engaged in real estate activity at Singapore. However, Z is of the view that the Overseas Direct Investment (ODI) in a foreign entity engaged in real estate activity is prohibited.

In view of the above, answer the following :

(*a*) What is the advice of M to X, Y and Z on their proposal regarding alteration of Articles of Association of XYZ Appliances Pvt. Ltd. only with the approval of all the shareholders ?

(*3 marks*)

(*b*) What is the process to apply for Importer Exporter Code (IEC) on the DGFT portal as advised by M to the directors of XYZ Appliances Pvt. Ltd. ?

(*3 marks*)

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

(*c*) What are the objectives of the foreign collaboration as discussed by the directors of XYZ Appliances Pvt. Ltd. ?

(*3 marks*)

(*d*) What are the post conversion requirements to be arranged by XYZ Appliances Ltd. after conversion from a private limited company to a public limited company ?

(*3 marks*)

(*e*) Is the view of Z regarding the Overseas Direct Investment (ODI) by XYZ Appliances Ltd. in JSS Realtech Pte. Ltd. correct ?

(*3 marks*)

2. (*a*) ABC Group is a combination of dairy farmers operating in two States, Maharashtra and Gujarat. They have been operating successfully under separate state cooperative societies for several years. However, due to growing demand for their products and the need to streamline operations across state boundaries, the group is considering the formation of a Multi-State Cooperative Society (MSCS) under the Multi-State Cooperative Societies Act, 2002.

What are the legal and procedural steps involved in registering a Multi-State Cooperative Society under the Multi-State Cooperative Societies Act, 2002 ?

(*3 marks*)

(*b*) Resilience Asset Reconstruction Company (RARC) emerged in response to the growing crisis of non-performing assets (NPAs) in the Indian banking sector by offering innovative solutions for asset recovery and management.

How does RARC contribute to improving the financial health of banks ?

(*3 marks*)

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

(*c*) MNC LLP, a consulting firm, faced serious allegations of financial misconduct involving a senior partner, Kumar, who was accused of falsifying financial reports. Employees felt unsafe reporting these concerns internally until Priya, a junior consultant, decided to blow the whistle. She submitted a formal complaint along with evidence to the Whistleblower Committee, citing Section 31(1) of the Limited Liability Partnership Act, which protects whistleblowers from retaliation.

What are the protections provided to Priya for reporting misconduct under Section 31(1) of the LLP Act, 2008 ?

(*3 marks*)

(*d*) GreenTech Innovations is a micro enterprise founded in 2020 by Raj, an engineering graduate with a passion for renewable energy. Based in a small town, the company specializes in manufacturing solar-powered lamps aimed at rural areas that lack reliable access to electricity. Raj's vision is to provide affordable, sustainable lighting solutions that improve the quality of life in these communities.

Explain the role of Micro, Small, and Medium Enterprises (MSMEs) like GreenTech Innovations in economic development and community empowerment.

(*3 marks*)

(*e*) Global Tech Solutions, a prominent software development company headquartered in the United States, has successfully established its initial branch office in Bengaluru. Following the success of this office, the company has identified the need to establish an additional branch office in Hyderabad to further expand its market presence and enhance service delivery.

What are the critical steps and activities involved in establishing an additional branch office in India for foreign entities like Global Tech Solutions ?

(*3 marks*)

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

3. (*a*) Anil wants to incorporate a company in the name 'National Electricity Corporation Limited'. However, the application was rejected with the reason that the name is identical to the name of an existing company i.e., 'Rashtriya Vidyut Nigam Limited'. Anil objects to this rejection.

Referring to the provisions of Rule 8 of the Companies (Incorporation) Rules, 2014, examine the validity of objection of Anil.

(*3 marks*)

(*b*) The Green Future Trust operates transparently and focuses on charitable purposes, adhering to legal requirements for trusts in India. According to the Indian Trust Act, 1882, what are the constituents of The Green Future Trust ?

(*3 marks*)

(*c*) Chitra Chit Fund Company, established in 2015, operates in a small town in India, providing a platform for local residents to save and borrow money through a traditional chit fund system. With a growing customer base, the company aims to expand its operations while ensuring compliance with regulatory requirements.

What are the restrictions imposed by the RBI on chit fund companies like Chitra Chit Fund Company ?

(*3 marks*)

(*d*) QuickTech Solutions, a small software development company based in Pune, specializes in creating customized software applications for businesses across India. Initially, the company operated under the composition scheme due to its modest revenue. However,

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

in the financial year 2022-23, QuickTech's turnover surpassed ₹ 30 lakh, and it began offering services to clients in other states.

What are the implications of Section 24 of the CGST Act, 2017, for QuickTech Solutions in terms of compulsory GST registration ?

(*3 marks*)

(*e*) BrightFuture Foundation wants to apply for section 8 company license while engaging in commercial activities, such as offering paid online courses, to fund its charitable activities. How would these commercial activities align with the eligibility criteria for a section 8 company, which focuses on promoting charitable objectives over profit-making ventures ?

(*3 marks*)

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

4. (*a*) Differentiate between an Equity based Joint Venture and a Contractual Joint Venture.

(*b*) Explain the concept of Life Cycle of Start-up.

(*c*) 'Contracts lie at the crux of running any business'. Elucidate.

(*d*) Prepare a note on 'Infrastructure Debt Fund : Non-Banking Financial Company (IDF-NBFC)'

(*e*) What are the benefits of incorporating a Nidhi Company ?

(*3 marks each*)

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

OR (Alternate question to Q. No. 4)

4A. (*i*) 'The degree of control and management that an entrepreneur desires to have over business affects the choice of form of organization'. Explain

(*ii*) Which are the technological aspects that should be considered before choosing a business location outside India ?

(*iii*) State the method of calculating Net Owned Funds as per RBI definition for obtaining NBFC license.

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

(*v*) What is meant by Joint Hindu Family Business ?

(*3 marks each*)

PART–II

5. Hindustan Power Supply Ltd. (HPSL) is a wholly owned Government Company. The company employed a diverse workforce, including both full-time employees and contractual workers, who played important roles in the company's success. However, as the company expanded, disparities in pay and benefits between these two groups began to surface.

Rajesh, holds a degree in Electrical Engineering (BE) from UGC recognized university having over 10 years of experience in the company. He has been working on projects alongside full-time employees and had been a key contributor to HPSL for over a decade. As an Assistant Engineer, he worked on numerous high-profile power generation and transmission projects, often collaborating closely with full-time employees. Despite his contributions being at par with those of his full-time colleagues, Rajesh's compensation remained significantly lower.

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

He also lacked the job security and benefits, such as health insurance and paid leave, that were provided to full-time employees.

Over the years, the disparity between Rajesh's compensation and that of his full-time counterparts, like Meera, a full-time Executive Engineer, who joined the company around the same time as Rajesh, enjoying higher pay, benefits, and job security became more pronounced. Meera, who had great respect for Rajesh's skills and work ethic, was aware of the inequity but felt uncertain about how to address it within the corporate structure. Meanwhile, Rajesh's growing frustration began to affect his motivation and sense of loyalty to the company.

One evening, after discussing his situation with a friend, Rajesh was introduced to Anjali, a renowned Advocate in service matters and employee related issues. Rajesh shared his concerns with Anjali, who informed him about a significant legal precedent in India– 'Dhirendra Chamoli *Vs*. State of U.P.', whereas Hon'ble Apex Court passed the doctrine of equal pay for equal work. Anjali also referenced the recent judgement of Hon'ble Supreme Court in the matter of State of Punjab & Ors. vs Jagjit Singh & Ors., in which the Court primarily addressed the regularization of temporary employees and strongly affirmed the principle of "equal pay for equal work." According to this principle, Rajesh, who was performing the same duties as full-time employees, was entitled to equal compensation, regardless of his contractual status.

Empowered by this information, Rajesh decided to take action. With Anjali's guidance, he and several other contractual workers in the company submitted a formal grievance to Patel, the Chief General Manager, Human Resources of the company. The grievance outlined their concerns about the pay disparity and referenced the various judgements of Supreme Court, requesting the company to review its compensation practices to ensure fairness.

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

Patel, a seasoned HR professional with a strong commitment to ethical business practices, took the grievance seriously. He initiated a comprehensive review of the company's compensation policies and consulted with legal experts to understand the implications of the judgements of Supreme Court with respect to 'Equal pay for Equal work' in the corporate context. Recognizing that maintaining the current pay disparity was both legally risky and ethically questionable, Patel decided to take corrective action.

Over the next few weeks, Patel led the development of a new compensation policy in the company. The policy introduced a standardized pay scale for all employees, ensuring that those performing similar roles received equal pay, irrespective of their employment status. This change was communicated transparently across the company, with efforts made to address any concerns and ensure a smooth transition. The Management also took the steps for registration under Atal Beemit Vyakti Kalyan Yojna (ABVKY).

The implementation of the new pay structure had a positive impact on the company's workforce. Contractual workers, who had long felt undervalued, now experienced a renewed sense of commitment and motivation. Rajesh, in particular, felt a deep sense of satisfaction and loyalty towards the Company, knowing that his contributions were finally being recognized and rewarded fairly. Meera and other full-time employees also welcomed the change, appreciating the company's commitment to fairness.

Under Patel's leadership, the Company not only resolved the pay disparity but also set a precedent for other companies in the industry. The company's proactive approach to addressing the issue enhanced employee morale, reduced employee turnover, and reinforced its reputation as a fair and progressive employer.

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

In view of the above, answer the following :

(*a*) Define the term 'Equal Pay for Equal Work' in the light of Constitutional provisions.

(*b*) In the above situation, if some workers, who are on contractual employment, do not get the regular employment and retrenched by the company, how will they be facilitated under Atal Beemit Vyakti Kalyan Yojna ?

(*c*) Discuss the prohibition of employment of contract Labour.

(*d*) Rajesh and other contractual workers decided to go on strike. However, the company is in public utility service. Describe the prohibition of strikes and lock-outs in public utility service.

(*5 marks each*)

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

6. (*a*) ABC Healthcare is a well-established hospital with a workforce of 100 female employees. One of the nurses, Priya, is expecting her first child and is preparing to take maternity leave. Priya is not aware of her right to payment of maternity benefits and she is unsure about the procedure for claiming these benefits and the necessary notice she needs to provide to her employer.

Advise Priya on her right to payment of maternity benefits and on the requirements for the notice of claim for maternity benefit under Section 6 of the Maternity Benefit Act, 1961.

(*5 marks*)

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

(*b*) Techno Soft Solutions, a software development company, has been in operation for over a decade and has a workforce of 150 employees. Recently, one of the senior software engineers, Rajesh, decided to resign after completing 5 years of service with the company. He is inquiring about his entitlement to gratuity under the Payment of Gratuity Act, 1972.

Under what circumstances and to whom is the gratuity payable under the Payment of Gratuity Act, 1972 ?

(*5 marks*)

(*c*) Bright Futures Ltd., is imparting education to the students. It has been facing financial difficulties and has delayed salary payments and other dues to its employees for the past three months. Several employees have resigned due to the non-payment of wages, while those remaining are increasingly concerned about their financial stability. The affected employees have approached the company management several times, but no concrete measures have been taken to resolve the issue. Consequently, the employees have decided to take legal action to recover the amounts due to them under the Payment of Wages Act, 1936.

Explain the measures to be taken by the employees for recovery of amount due from the employer.

(*5 marks*)

(*d*) QualityTech Industries, based in Hyderabad, is a prominent manufacturer of electronic components. To meet its production needs, the company has employed a significant number of contract workers in various roles, including assembly and quality control. In 2023, a Labour Inspector conducted a routine inspection of QualityTech Industries to assess compliance with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970.

Describe the powers of Inspector under section 28 of the Contract Labour (Regulation and Abolition) Act, 1970.

(*5 marks*)

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com

523

OR (Alternate question to Q. No. 6)

6A. (*i*) Discuss the implications of Section 14 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, regarding punishment for false or malicious complaints.

(*ii*) Explain the provisions for novation of contracts of apprenticeship under Section 5 of the Apprenticeship Act, 1961.

(*iii*) What are the stipulations regarding the payment of minimum bonus and maximum bonus under the Payment of Bonus Act, 1965 ?

(*iv*) Enumerate the matters that need to be provided in Standing Orders under the Industrial Employment (Standing Orders) Act, 1946.

(*5 marks each*)

———— o ————

aglasem.com For more Question Papers, Sample Papers, Notes & Syllabus visit aglasem.com