

UNIT I COMMERCIAL LAW

1. A Holder in Due Course -

- “Holder in due course” means any person who for consideration became the possessor of a promissory note, bill of exchange or cheque if payable to bearer, or the payee or indorsee thereof, if [payable to order], before the amount mentioned in it became payable, and without having sufficient cause to believe that any defect existed in the title of the person from whom he derived his title.
- In commercial law, a holder in due course is someone who takes a negotiable instrument in a value-for-value exchange without reason to doubt its legitimacy.

2. Agreement to Sell -

An agreement of sale constitutes the terms and conditions of sale of a property by the seller to the buyer. These terms and conditions include the amount at which it is to be sold and the future date of full payment.

3. An Agent -

- An agent, in legal terminology, is a person who has been legally empowered to act on behalf of another person or an entity.
- An agent may be employed to represent a client in negotiations and other dealings with third parties. The agent may be given decision-making authority.

4. Bill of exchange -

- A bill of exchange is a written order used primarily in international trade that binds one party to pay a fixed sum of money to another party on demand or at a predetermined date.
- Bills of exchange are similar to checks and promissory notes—they can be drawn by individuals or banks and are generally transferable by endorsements.

5. Breach of Contract -

A breach of contract is a violation of any of the agreed-upon terms and conditions of a binding contract. The breach could be anything from a latepayment to a more serious violation, such as the failure to deliver a promised asset.

6. Caveat Emptor -

- Caveat emptor is a Latin phrase that translates to "let the buyer beware." It means that an individual buys at their own risk.
- Caveat emptor is sometimes used in legal contracts as a type of disclaimer. In many jurisdictions, it is the contract law principle that places the onus on the buyer to perform due diligence before making a purchase.

7. Conditional Sale -

A conditional sale refers to a transaction in which the purchaser receives possession of and the right to use certain goods, but the title remains with the seller until the performance of a condition is met by the buyer.

8. Contract -

- Contract, in the simplest definition, a promise enforceable by law.
- The promise may be to do something or to refrain from doing something.
- The making of a contract requires the mutual assent of two or more persons, one of them ordinarily making an offer and another accepting.


9. Difference between Contract And Agreement –

Particulars	Agreement	Contract
Section	Agreement is defined under Section 2 (e) of the Indian Contract Act, 1872.	A contract is defined under Section 2 (h) of the Indian Contract Act, 1872.
Definition	Every promise(s) forming the consideration for each other is an agreement as per the Act.	An agreement enforceable by law is a contract as per the Act.
Essentials	An offer and its acceptance eventually form an agreement.	When an agreement is enforceable by law, it becomes a contract.
Scope	Scope of an agreement is too wide.	Scope of contract is limited since it has to comply with

		numerous conditions.
After Effects	Not all agreements create legal obligations upon the parties.	All contracts lead to legally obliged parties unless there arises some legal exception.
Nature	An agreement can be legal as well as illegal.	A contract has to be legal to be effective.
Inter-relation	An agreement is preliminary to a contract.	A contract cannot be entered into without agreement of parties.
Example	An agreement to attend a party whereby gifts have to be sent is a social gesture and not a legal obligation	An agreement to attend a social event whereby entry is available through paid tickets is a valid contract enforceable under law.

10. Difference between Sub Agent and Substituted Agent –

DISTINCTION BETWEEN AN AGENT AND A SUB-AGENT	
Agent	Sub-agent
An agent is appointed by a principal and is under his control.	A sub-agent is appointed by an agent and as such is under the control of the agent.
An agent acts under the principal.	A sub-agent acts under an agent.
A privity of contract exists between a principal and an agent.	No privity of contract exists between a principal and a sub-agent.
An agent can ask for remuneration from the principal.	A sub-agent cannot ask for remuneration from the principal.



11. Draft -

A piece of text, a formal suggestion, or a drawing in its original state, often containing the main ideas and intentions but not the developed form:

12. Duties of Agent -

1. Right to remuneration
2. Right to indemnity
3. Right to compensation
4. Right of retainer
5. Right of lien

13. Guarantee -

- Guarantee is a legal term more comprehensive and of higher import than either warranty or "security".
- It most commonly designates a private transaction by means

of which one person, to obtain some trust, confidence or credit for another, engages to be answerable for him.

14. Implied Condition in Contract of Sale -

According to Section of Sales of Goods Acts (1932), 'A condition is a stipulation essential the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated. Condition is a crucial matter in asale agreement that is specified by a buyer to the seller.

15. Negotiable Instrument -

A negotiable instrument is a signed document that promises a sum of payment to a specified person or the assignee. In other words, it is a formalized type of IOU (I Owe You): A transferable, signed document that promises to pay the bearer a sum of money at a future date or on-demand. The payee, who is the person receiving the payment, must be named or otherwise indicated on the instrument.

16. Noting and Protesting -

Noting and Protest is a proactive measure to protect the holder's right of recourse against the drawer and endorsers of a dishonored bill. Noting means recording (noting) the minutes of dishonor, by the 'Notary Public' on the dishonored bill. Noting on a paper affixed to the dishonored bill or partly on the dishonored bill and partly on the paper attached to the bill is permitted under Negotiable Act. Protest is the next step of noting. A formal certificate is issued with Notary's seal, attesting the fact that the bill is dishonored.

17. Offer -

An offer is a conditional proposal made by a buyer or seller to buy or sell an asset, which becomes legally binding if accepted. An offer is also defined as theact of offering something for sale, or the submission of a bid to buy something.

18. Principal -

As defined in Section 182 of the Indian Contract Act, 1872, an agent is a person employed to do any act for another, or to represent others in dealings with third parties and the person for whom such act was done or who was so represented was so-called “the principal”.

An agent is merely an extended hand of the principal and cannot claim independent rights.

19. Promissory Note -

A promissory note is a debt instrument that contains a written promise by one party (the note's issuer or maker) to pay another party (the note's payee) a definite sum of money, either on-demand or at a specified future date.

A promissory note typically contains all the terms pertaining to the indebtedness, such as the principal amount, interest rate, maturity date, date and place of issuance, and issuer's signature.

20. Quasi Contract -

A quasi contract is an after-the-fact contract between two parties who were otherwise not in a legal commitment to one another. This kind of contract is mandated by a judge seeking to address a situation where one party benefited from something at the expense of the other.

PART B

1. Essential Elements of Valid Contract

- 1. Offer & acceptance** – Offer must be definite acceptance of offer must be absolute and unconditional
- 2. Intention to create legal relationship** – When the two parties enter in to an agreement, their intention must be to create legal relationship.
- 3. Lawful consideration** – It means something in return.
- 4. Capacity of parties - competency** – must be capable of entering into the contract. I.e, sound mind, major.
- 5. Free and genuine consent** – There must be a free and genuine consent of the parties to the agreement
- 6. Lawful object** – Object must not be illegal, immoral, opposed to policy
- 7. Agreement not declared void** - Must not have been expressly declared void by law in force in the country
- 8. Certainty and possibility of performance** – The agreement must be certain and not vague
- 9. Legal formalities** – Contract should be made in writing or in the presence of witness or registered.

2. THE SALE OF GOODS ACT 1930

An Act to define and amend the law relating to the sale of goods

1. Short title, extent and commencement

(1) This Act may be called the Sale of Goods Act, 1930.

2 It extends to the whole of India [except the State of Jammu and Kashmir].]

(3) It shall come into force on the 1st day of July, 1930.

2. Application of provisions of Act 9 of 1872

The unrepeated provisions of the Indian Contract Act, 1872, save insofar as they are inconsistent with the express provisions of this Act, shall continue to apply to contracts for the sale of goods.

FORMATION OF THE CONTRACT OF SALE

Sale and agreement to sell

(1) A contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price. There may be a contract of sale between one part-owner and another.

(2) A contract of sale may be absolute or conditional.

(3) Where under a contract of sale the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell.

(4) An agreement to sell becomes a sale when when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.

FORMALITIES OF THE CONTRACT

Contract of sale how made

(1) A contract of sale is made by an offer to buy or sell goods for a price and the acceptance of such offer. The contract may provide for the immediate delivery of the goods or immediate payment of the price of both, or for the delivery or payment by instalments, or that the delivery or payment or both shall be postponed.

(2) Subject to the provisions of any law for the time being in force, a contract of sale may be made in writing or by word of mouth, or partly in writing and partly by word of mouth or may be implied from the conduct of the parties.

SUBJECT MATTER OF CONTRACT

Existing or future goods

(1) The goods which form the subject of a contract of sale may be either existing goods, owned or possessed by the seller, or future goods.

(2) There may be a contract for the sale of goods the acquisition of which by the seller depends upon a contingency which may or may not happen.

(3) Where by a contract of sale the seller purports to effect a present sale of future goods, the contract operates as an agreement to sell the goods.

Goods perishing before making of contract

Where there is a contract for the sale of specific goods, the contract is void if the goods without the knowledge of the seller have, at the time when the contract was made, perished or become so damaged as no longer to answer to their description in the contract.

Goods perishing before sale but after agreement to sell

Where there is an agreement to sell specific goods, and subsequently the goods without any fault on the part of the seller or buyer perish or become so damaged as no longer to answer to their description in the agreement before the risk passes to the buyer, the agreement is thereby avoided

3. CONDITIONS AND WARRANTIES

Stipulations as to time

Unless a different intention appears from the terms of the contract, stipulations as to time of payment are not deemed to be of the essence of a contract of sale. Whether any other stipulation as to time is of the essence of the contract or not depends on the terms of the contract.

Condition and warranty

- (1) A stipulation in a contract of sale with reference to goods which are the subject thereof may be a condition or a warranty.
- (2) A condition is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated.
- (3) A warranty is a stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to reject the goods and treat the contract as repudiated.
- (4) Whether a stipulation in a contract of sale is a condition or a warranty depends in each case on the construction of the contract. A stipulation may be a condition, though called a warranty in the contract.

When condition to be treated as warranty

- (1) Where a contract of sale is subject to any condition to be fulfilled by the seller, the buyer may waive the condition or elect to treat the

breach of the condition as a breach of warranty and not as a ground for treating the contract as repudiated.

(2) Where a contract of sale is not severable and the buyer has accepted the goods or part thereof, 5[***] the breach of any condition to be fulfilled by the seller can only be treated as a breach of warranty and not as a ground for rejecting the goods and treating the contract as repudiated, unless there is a term of the contract, express or implied, to that effect.

(3) Nothing in this section shall affect the case of any condition or warranty fulfilment of which is excused by law by reason of impossibility or otherwise.

Implied undertaking as to title, etc.

In a contract of sale, unless the circumstances of the contract are such as to show a different intention there is-

an implied condition on the part of the seller that, in the case of a sale, he has a right to sell the goods and that, in the case of an agreement to sell, he will have a right to sell the goods at the time when the property is to pass;

(a) an implied warranty that the buyer shall have and enjoy quiet possession of the goods;

(b) an implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time when the contract is made.

Sale by description

Where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description; and, if the sale is by sample as well as by description, it is not sufficient that the bulk of the goods corresponds with the sample if the goods do not also correspond with the description.

Implied conditions as to quality or fitness

Subject to the provisions of this Act and of any other law for the time being in force, there is no implied warranty or condition as to the quality or fitness for any particular purpose of goods supplied under a contract of sale, except as follows:-

- (1) Where the buyer, expressly or by implication, makes known to the seller the particular purpose for which the goods are required, so as to show that the buyer relies on the seller's skill or judgement, and the goods are of a description which it is in the course of the seller's business to supply (whether he is the manufacturer or producer or not), there is an implied condition that the goods shall be reasonably fit for such purpose:

PROVIDED that, in the case of a contract for the sale of a specified article under its patent or other trade name, there is no implied condition as its fitness for any particular purpose.

- (2) Where goods are bought by description from a seller who deals in goods of that description (whether he is the manufacturer or producer or not), there is an implied condition that the goods shall be of merchantable quality;

PROVIDED that, if the buyer has examined the goods, there shall be no implied condition as regards defects which such examination ought to have revealed.

- (3) An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade.
- (4) An express warranty or condition does not negative a warranty or condition implied by this Act unless inconsistent therewith.

4. PERFORMANCE OF THE CONTRACT

Duties of seller and buyer

It is the duty of the seller to deliver the goods and of the buyer to accept and pay for them, in accordance with the terms of the contract of sale.

Payment and delivery are concurrent conditions

Unless otherwise agreed, delivery of the goods and payment of the price are concurrent conditions, that is to say, the seller shall be ready and willing to give possession of the goods to the buyer in exchange for the price, and the buyer shall be ready and willing to pay the price in exchange for possession of the goods.

Delivery

Delivery of goods sold may be made by doing anything which the parties agree shall be treated as delivery or which has the effect of putting the goods in the possession of the buyer or of any person authorised to hold them on his behalf.

Effect of part delivery

A delivery of part of goods, in progress of the delivery of the whole has the same effect, for the purpose of passing the property in such goods, as a delivery of the whole; but a delivery of part of the goods, with an intention of severing it from the whole, does not operate as a delivery of the remainder

Buyer to apply for delivery

Apart from any express contract, the seller of goods is not bound to deliver them until the buyer applies for delivery.

Rules as to delivery

(1) Whether it is for the buyer to take possession of the goods or for the seller to send them to the buyer is a question depending in each case on the contract, express or implied, between the parties. Apart from any such contract, goods sold are to be delivered at the place at which they are at the time of the sale, and goods agreed to be sold are to be delivered at the place at which they are at the time of the

agreement to sell, if not then in existence, at the place at which they are manufactured or produced.

(2) Where under the contract of sale the seller is bound to send the goods to the buyer, but no time for sending them is fixed, the seller is bound to send them within a reasonable time.

(3) Where the goods at the time of sale are in the possession of a third person, there is no delivery by seller to buyer unless and until such third person acknowledges to the buyer that he holds the goods on his behalf:

PROVIDED that nothing in this section shall affect the operation of the issue or transfer of any document of title to goods.

(4) Demand or tender of delivery may be treated as ineffectual unless made at a reasonable hour. What is a reasonable hour is a question of fact.

(5) Unless otherwise agreed, the expenses of and incidental to putting the goods into a deliverable state shall be borne by the seller.

Delivery of wrong quantity

(1) Where the seller delivers to the buyer a quantity of goods less than he contracted to sell, the buyer may reject them, but if the buyer accepts the goods so delivered he shall pay for them at the contract rate.

(2) Where the seller delivers to the buyer a quantity of goods larger than he contracted to sell the buyer may accept the goods included in the contract and reject the rest, or he may reject the whole. If the buyer accepts the whole of the goods so delivered, he shall pay for them at the contract rate.

(3) Where the seller delivers to the buyer the goods he contracted to sell mixed with goods of a different description not included in the contract, the buyer may accept the goods which are in accordance

with the contract and reject the rest, or may reject the whole.

(4) The provisions of this section are subject to any usage of trade, special agreement or course of dealing between the parties.

Instalment deliveries

(1) Unless otherwise agreed, the buyer of goods is not bound to accept delivery thereof by instalments.

Where there is a contract for the sale of goods to be delivered by stated instalments which are to be separately paid for, and the seller makes no delivery or defective delivery in respect of one or more instalments, or the buyer neglects or refuses to take delivery of or pay for one or more instalments, it is a question in each case depending on the terms of the contract and the circumstances of the case, whether the

(2) breach of contract is a repudiation of the whole contract, or whether it is a severable breach giving rise to a claim for compensation, but not to a right to treat the whole contract as repudiated.

5. RIGHTS OF UNPAID SELLER AGAINST THE GOODS

"Unpaid seller" defined

(1) The seller of goods is deemed to be an "unpaid seller" within the meaning of this Act.-

(a) When the whole of the price has not been paid or tendered;

(b) When a bill of exchange or other negotiable instrument has been received as conditional payment, and the condition on which it was received has not been fulfilled by reason of the dishonour of the instrument or otherwise.

(2) In this Chapter, the term "seller" includes any person who is in the

position of a seller, as, for instance, an agent of the seller to whom the bill of lading has been endorsed, or a consignor or agent who has himself paid, or is directly responsible for, the price.

Unpaid seller's rights

(1) Subject to the provisions of this Act and of any law for the time being in force, notwithstanding that the property in the goods may have passed to the buyer, the unpaid seller of goods, as such, has by implication of law-

(a) a lien on the goods for the price while he is in possession of them;

(b) in case of the insolvency of the buyer a right of stopping the goods in transit after he has parted with the possession of them;

(c) a right of re-sale as limited by this Act.

(2) Where the property in goods has not passed to the buyer, the unpaid seller has, in addition to his other remedies, a right of withholding delivery similar to and co-extensive with his rights of lien and stoppage in transit where the property has passed to the buyer.

UNPAID SELLER'S LIEN

Seller's lien

(1) Subject to the provisions of this Act, the unpaid seller of goods who is in possession of them is entitled to retain possession of them until payment or tender of the price in the following cases, namely:-

(a) where the goods have been sold without any stipulation as to credit;
(b) where the goods have been sold on credit, but the term of credit has expired;

(c) where the buyer becomes insolvent.

(2) The seller may exercise his right of lien notwithstanding that he is in possession of the goods as agent or bailee for the buyer.

Part delivery

Where an unpaid seller has made part delivery of the goods, he may exercise his right of lien on the remainder, unless such part delivery has been made under such circumstances as to show an agreement to waive the lien.

Termination of lien

(1) The unpaid seller of goods loses his lien thereon-

(a) when he delivers the goods to a carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal of the goods;

(b) when the buyer or his agent lawfully obtains possession of the goods;

(c) by waiver thereof.

(2) The unpaid seller of goods, having a lien thereon, does not lose his lien by reason only that he has obtained a decree for the price of the goods.

STOPPAGE IN TRANSIT

Right of stoppage in transit

Subject to the provisions of this Act, when the buyer of goods becomes insolvent, the unpaid seller who has parted with the possession of the goods has the right of stopping them in transit, that is to say, he may resume possession of the goods as long as they are in the course of transit, and may retain them until payment or tender of the price.

How stoppage in transit is effected

(1) The unpaid seller may exercise his right of stoppage in transit either by taking actual possession of the goods, or by giving notice of his claim to the carrier or other bailee in whose possession the goods are. Such notice may be given either to the person in actual possession of the goods or to his principal. In the latter case the notice, to be

effectual, shall be given at such time and in such circumstances, that the principal, by the exercise of reasonable diligence, may communicate it to his servant or agent in time to prevent a delivery to the buyer.

(2) When notice of stoppage in transit is given by the seller to the carrier or other bailee in possession of the goods, he shall re-deliver the goods to, or according to the directions of, the seller. The expenses of such re-delivery shall be borne by the seller.

Effect of sub-sale or pledge by buyer

(1) Subject to the provisions of this Act, the unpaid seller's right of lien or stoppage in transit is not affected by any sale or other disposition of the goods which the buyer may have made, unless the seller has assented thereto:

UNIT II COMPANY LAW AND COMPETITION ACT

1. Sale -

A transaction between the buyer and the seller in which the seller sells intangible or tangible goods, assets, or services against money is known as a sale. Sale is done between two or more parties.

A sale can also be defined as an agreement between the two parties in the financial market, where the buyer and seller agree upon a definite price of a security.

2. Scope and Objective of the Sale Of Goods Act, 1930 -

- *Scope* - The act deals with "Goods" but not with other movable property, e.g. actionable claim of money. In other words, this Act does not deal with movable property other than Goods and immovable property.

The sale of goods act deals with "Sale" but not with mortgage (which is dealt with under the Transfer of Property Act, 1882) or pledge (which is dealt with under the Indian Contract Act, 1872).

- *Objective* - It provides for the setting up of contracts where the seller transfers or agrees to transfer the title (ownership) in the goods to the buyer for consideration. It is applicable all over India. Under the act, goods sold from owner to buyer must be sold for a certain price and at a given period of time.

3. Valid Contract -

A valid contract is an agreement, which is binding and enforceable. In a valid contract, all the parties are legally bound to perform the contract. The Indian Contract Act, 1872 defines and lists the essentials of a valid contract through interpretation through various judgments of the Indian judiciary.

4. Various Methods of Discharge –

- Discharge of contract by breach of contract
- Discharge of contract by accord and satisfaction
- Discharge of contract by the impossibility of performance
- Discharge of contract by lapse of time
- Discharge of contract by agreement

5. Various Modes of Delivery -

MEANING AND MODES OF DELIVERY

According to Sec. 2(2) of the Act, delivery means “voluntary transfer of possession of goods from one person to the other person.” –

Types of delivery of Goods:

- 1) *Actual Delivery*: Where the seller or his authorized agent physically handover the contracted goods to buyer or his authorized agent by giving in possession.
- 2) *Symbolic Delivery*: When the goods are bulkier (or ponderous), where actual handover is not possible, a symbolic handover is done. (Ex: handover of key of car or warehouse or papers)
- 3) *Constructive Delivery or Delivery by Attornment*: where a third person i.e. an agent or bailer, who holds the goods on behalf of the buyer and acknowledges the buyer.

6. Various Types of Bills -

A bill is said to be a draft statute that is presented in either houses of the Parliament only after being passed by both the houses of the Parliament and it has received president’s assent. These are legislative proposals that are introduced in the forms of bills.

Types of Bills in India

1. Ordinary Bills
2. Money bills
3. Financial bill
4. Constitutional Amendment Bill
5. Ordinance Replacing Bill

7. Void Contract -

A void contract is a formal agreement that is effectively illegitimate and unenforceable from the moment it is created.

A void contract differs from a voidable contract because, while a void contract is one that was never legally valid to begin with (and will never be enforceable at any future point in time), voidable contracts may be legally enforceable once underlying contractual defects are corrected. At the same time, void contracts and voidable contracts can be nullified for similar reasons.

8. Voidable Contract -

A voidable contract is a formal agreement between two parties that may be rendered unenforceable for any number of legal reasons, which may include:

- Failure by one or both parties to disclose a material fact
- A mistake, misrepresentation, or fraud
- Undue influence or duress
- One party's legal incapacity to enter a contract (e.g., a minor)
- One or more terms that are unconscionable
- A breach of contract

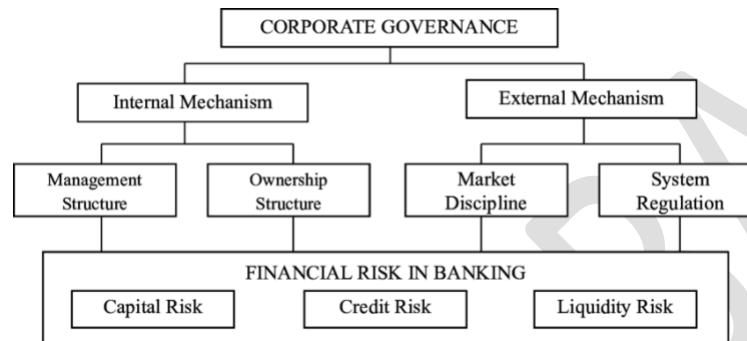
The legal right to void such a contract is known as disaffirmance.

9. Difference between the Agreements and Sell –

Sl. No.	Particulars	Sale	Agreement to Sell
1.	Ownership Transference	The property (ownership or title) in the goods passes from the seller to the buyer immediately so that the seller is no more owner.	The property (ownership or title) in the goods has to pass at a future time or after the fulfilment of certain conditions specified in the contract.
2.	Risk of Loss	Where the goods sold under the contract of sale are destroyed, the loss falls squarely on the buyer as the ownership in the goods has already passed on to the latter. Even though the goods are in the possession of seller.	Where the goods under the agreement to sell are destroyed, the loss falls squarely on the seller as the ownership is still vested with the seller even though the possession of the goods is with the buyer.
3.	Consequences of violating the contract	Where the buyer fails to pay the price, the seller cannot seize the goods. The seller can only file a case against the buyer for violating the contract.	Where the buyer violates the contract, the seller can repossess the goods from the former. He can sue for damages for violation of the contract.
4.	Nature of contract	It is an executed contract i.e. completed contract	It is an executory contract, i.e. contract yet to be performed by the party to the contract.
5.	Insolvency of the Buyer	In a sale, if a buyer becomes insolvent before he pays for the goods even though the goods sold are under the possession of the seller, the latter has to return them to the Official Receiver or Assignee as the ownership of goods has already been transferred to the buyer. The seller can claim only rateable dividend. The seller has to inevitably part with the possession of the goods under his custody.	If the buyer becomes insolvent before the payment of the price, the seller can retain the goods if they are under his possession or even he can repossess the goods even if the possession of the goods is transferred to the buyer. In other words, the seller is not bound to lose possession of the goods.
6.	Insolvency of the Seller	If the seller become insolvent before delivering the goods to the buyer, the buyer can claim the delivery of the goods from the Official Receiver or Assignee as the ownership is already passed on to the buyer.	The buyer cannot do so. Further if the buyer has already paid the price of the goods or made any advance, he can claim only rateable dividend and not the goods because the ownership in the goods is not yet passed to him.

10. Brief the mechanism of corporate governance.

Corporate governance mechanisms or variables are many but frequently considered mechanisms are: board composition, board committees, CEO duality/separation, board meetings and the extent of shareholder concentration.



11. Define Liability.

- i. The state of being responsible for something
- ii. A liability is something a person or company owes, usually a sum of money. Liabilities are settled over time through the transfer of economic benefits including money, goods, or services.
- iii. Liabilities can be contrasted with assets. Liabilities refer to things that you owe or have borrowed; assets are things that you own or are owed.

12. Define Memorandum of Association.

Memorandum of association of the company deals with all aspects of that particular organisation such as the operations delegation of duties and policies, principles, etc. The memorandum of association of

any company is formed or designed by considering the objective of a particular firm. In the year 2013, section 399 of the companies act, designed to form an MOA, which is the public document and needs to get aware of this moa to all employees of an organisation.

13. Define prospectus.

A prospectus is a formal document required by and filed with the Securities and Exchange Commission (SEC) that provides details about an investment offering to the public. A prospectus is filed for offerings of stocks, bonds, and mutual funds.

The prospectus can help investors make more informed investment decisions because it contains a host of relevant information about the investment or security. In areas other than investing, a prospectus is a printed document that advertises or describes an offering such as a school, commercial enterprise, forthcoming book, etc. All forms of prospectus exist to attract or inform clients, members, buyers, or investors.

14. Discuss briefly the importance of corporate governance.

Good corporate governance ensures that an organisation's board of directors meet regularly, retain control over the business and have clearly defined responsibilities. It also ensures a robust risk management system. Corporate governance is one of the cornerstones of any good business.

Governance helps you to always act in the best interests of the business. More specifically, it can improve the performance of your business, help it become more stable and productive, and unlock new opportunities. It can reduce risks, and enable faster and safer growth. It can also improve reputation and foster trust.

15. Discuss briefly the liability of director.

Liabilities of Directors

Liability Towards Company

- Liability of Ultra-Vires Acts
- Liability for Negligence
- Liability for Fraud

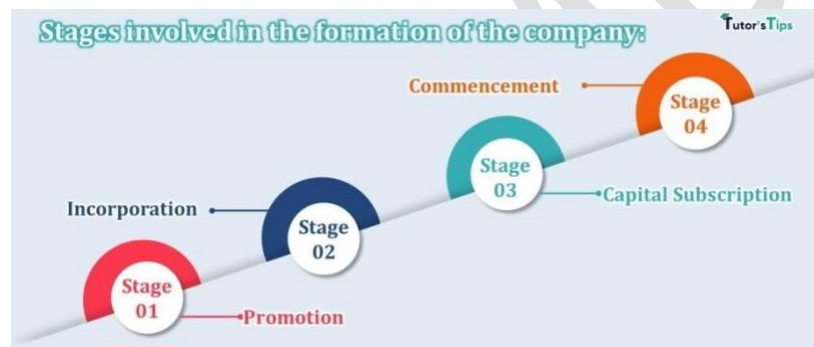
Liability Towards Outsiders

- Liability for Ultra-Vires Acts
- Liability as Agents
- Liability in Relation to Allotment

16. Discuss briefly the various types of directors.

Types of Directors in a Company

- a) Managing Director
- b) Independent Director
- c) Small Shareholders Director
- d) Women Director
- e) Additional Director
- f) Alternate Director
- g) Nominee Director
- h) Executive Director
- i) Non-executive Director



17. Enlist the stages in company formation.

The major steps in formation of a company are as follows:

- I. Promotion stage
- II. Registration stage
- III. Incorporation stage
- IV. Commencement of Business stage

18. Explain the modes of winding – up.

According to Section 270 of the Companies Act, 2013, a company can be wound up in two ways. They are:

- i. Compulsory Winding up of Company by Tribunal
- ii. Voluntary Winding up of Company

PART B

1. Company act 1956 :

Company act 1956 The company act came into force from 1 April 1956. The act was based upon the recommendation of company law committee appointed under the chairmanship of Mr. C. H. Bhaba on 25 -10-1950. The committee submitted its report in 1952. The Indian company act extends to the whole India.

COMPANY :

COMPANY Section 3(1)(i)&(ii) of the Companies Act, 1956 defines a company as: —a company formed and registered under this Act or an existing Company. ‘Existing Company’ means a company formed and registered under any of the earlier Company Laws

INCORPORATION UNDER COMPANY ACT 1956.. :

1. Separate legal entity :

1. Separate legal entity A company is an separate legal entity means it is different from its members. It works as a individual body. It can make contracts, open a bank account, can sue and be sued by others.

Artificial person :

Artificial person A company is a purely a creation of law. It is invisible, intangible and exists only in the eyes of law. It has no soul, no body, but has a position to enter or exit into a contract. In short it can do every thing just like a natural person.

Perpetual existence sec 34(2) :

Perpetual existence sec 34(2) Section 34(2) of the act states that an incorporated company has perpetual life. The life of the company is not related to the life of the members . Law create the company and law alone can dissolve it. The existence of the company is not affected by death, insolvency, retirement or transfer of share of members.

Common seal :

Common seal A company being an artificial person can not work as a

natural being. Therefore, it has to work through its directors, officers and other employees. Common seal used as a official signature of a company.

Limited liability :

Limited liability It means that the liability of a member shall be limited to the value of the share held by him, he cannot be called upon to bear the loss from his personal property.

Transferability of share sec 82 :

Transferability of share sec 82 The share of a company are freely transferable. The shareholder can transfer his share to any person without the consent of other members. A company cannot impose absolute restrictions on the rights of member to transfer their shares

2. Types of companies (Registered under company act 1956) :
Types of companies (Registered under company act 1956)

INCORPORATED :

1.CHARTERED COMPANIES These companies are incorporated under a special charter such as the east India company. The bank of England. the company act does not apply to it. 2.STATUTORY COMPANIES These companies are incorporated by special act of legislature(act of parliament or state legislature) eg. RBI, UTI, LIC

REGISTERED COMPANIES companies registered under the Indian Companies Act, 1956 are called registered companies. To become a registered company one has to take the certification of incorporation from the registrar. Cont....

COMPANY WITH LIABILITY :

COMPANY WITH LIABILITY COMPANY LIMITED BY SHARE

[sec12(2)a] companies in which the liability of its members is limited to the extent of the amount unpaid on the shares held by a particular member.

COMPANY LIMITED BY GUARANTEE The liability of members is limited to a fixed amount which members undertake to contribute to the assets of the company in case of its winding up.

UNLIMITED LIABILITY wherein members are liable for the debts of the company irrespective of

their interest in the company.

Number of members PRIVATE COMPANIES [sec 3(1)(iii)] A private company is one which, by its Article of association restricts the right to transfer its share, if any limits the maximum number of its member to fifty prohibits any invitation to the public to subscribe for any share or debenture of the company.

PUBLIC COMPANY [SEC 3(1)(iv)] A public company means a company which is not a private company. In other words, a public company, means a company which by its article does not- limit the number of its member. prohibit any invitation to the public to subscribe for any share in, or debentures, of the company.

companies according to control :

HOLDING AND SUBSIDIARY COMPANY where a company has control over another company, it is known as the holding company The company over which control is exercised is called the subsidiary company.

ownership :

GOVERNMENT COMPANY (sec617) a government company means any company in which at least 51% of the paid up share capital is held by the central government or by any state government or partly by one or more state Government.

3. MEMORENDUM OF ASSOCIATION:

The first step in the formation of the company is to prepare memorandum of association. it is one of the documents which has to be filed with registrar of the companies at the time of incorporation of a company. It is vital document; tell about the object of the company's formation, the power of the company as well as the boundaries beyond which the action of the company cannot go.

Contents of Memorendum of association

Name clause, Registered office clause, Object clause, Doctrine of ultra-vires, Liability clause, Capital clause

Importance of memorandum:

It defines the rights and liabilities of the members. It shows the capital structure of the company It shows the object of the company It specifies the state in which the registered office of the company is situated. It shows the constitution of the company It specify the conditions under which the company has been incorporated.

4. Article of association :

Contents of article of association :

Rights of different classes of shareholder. Use of common seal of the company. Keeping of book of accounts and their audit. Appointment , powers, duties, salary of MD, manager, and secretary. Borrowing power of directors. Voting rights of member . Board meetings and proceedings. Winding up company.

Prospectus

A prospectus, as per Section 2(36), means any document described or issued as prospectus and includes any notice, circular, advertisement or other document inviting deposits from the public or inviting offers from the public for the subscription or purchase of any shares or debentures of a body corporate.

Thus, a prospectus is not merely an advertisement; it may be a circular or even a notice. A document shall be called a prospectus if it satisfies two things:

- (a) It invites subscription to shares or debentures or invites deposits.
- (b) The aforesaid invitation is made to the public.

5. Duties of Director

(a) Statutory Duties

1. To file return of allotment: Section 75 of the Companies Act, 1956 requires a company to file with the

Registrar, within a period of 30 days, a return of the allotments

stating the specified particulars. 2. **Not to issue irredeemable preference share or shares or share redeemable after 20 years** 3. **To disclose interest**

4. *To disclose receipt from transfer of property.*

5. **To disclose receipt of compensation from transferee of shares**

6. *Duty to attend Board meetings*

7. **Other Duties:**

A. To convene statutory, Annual General meeting (AGM) and also extraordinary general meetings

B. To prepare and place at the AGM along with the balance sheet and profit & loss account a report on the company's affairs including the report of the Board of Directors

C. To authenticate and approve annual financial statement

D. To appoint first auditor of the company

E. To appoint cost auditor of the company

General Duty:

1. Duty of good faith, 2. Duty to care, 3. Duty not to delegate

Director's Liability:

1. Breach of fiduciary duty, 2. Ultra vires acts, 3. Negligence, 4. Mala fide acts

UNIT III INDUSTRIAL LAW

1. List any three vital duties of a director.

- i. Act within powers
- ii. Promote the success of the company
- iii. Exercise independent judgment
- iv. Exercise reasonable care, skill and diligence
- v. Avoid conflicts of interest (a conflict situation)
- vi. Not accept benefits from third parties
- vii. Declare interests in proposed or existing transactions or arrangements with the company

2. List the essential elements of corporate governance.

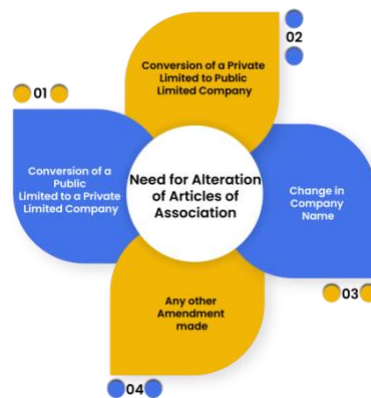
Six Essential Elements of Effective Corporate Governance

1. Director independence and performance
2. A focus on diversity
3. Regular compensation review and management
4. Auditor independence and transparency
5. Shareholder rights and takeover provisions
6. Proxy voting and shareholder influence

3. List the nature of the company.

NATURE AND CHARACTERISTICS OF COMPANY

- i. Corporate Personality
- ii. Company As An Artificial Person
- iii. Company Is Not A Citizen
- iv. Company Has Nationality And Residence
- v. Limited Liability
- vi. Perpetual Succession
- vii. Separate Property
- viii. Transferability Of Shares
- ix. Capacity To Sue And Be Sued
- x. Contractual Rights
- xi. Limitation Of Action
- xii. Separate Management
- xiii. Voluntary Association For Profit
- xiv. Termination Of Existence



4. List the steps in the procedure for Alteration of AOA.

1. Convene a Meeting of Board of Directors [As per Section 173 & Secretarial Standard (SS-1)]
2. Convene General Meeting [Section 96, 100 and Secretarial Standard (SS-2)]
3. Filing of Form MGT-14 with ROC [Section 117]
4. Alteration of Articles to be noted in every copy [Section 15(1)]

5. State the characteristics of corporate governance.

Seven Characteristics of Corporate Governance

- | | |
|--------------------|----------------------------|
| i. Discipline | v. Responsibility |
| ii. Transparency | vi. Fairness |
| iii. Independence | vii. Social responsibility |
| iv. Accountability | |

6. State the different modes of Winding – Up.

Winding up is the process of liquidating a company. While winding up, a company ceases to do business as usual. Its sole purpose is to sell off stock, pay off creditors, and distribute any remaining assets to partners or shareholders. The term is synonymous with liquidation, which is the process of converting assets to cash.

1. The sole purpose of a business that is winding up is to sell off assets, payoff creditors, and distribute any remaining assets to the owners.
2. The two main types of winding up are compulsory winding up and voluntary winding up.

7. State the grounds on which a person ceases to be the member of the company.

A person may cease to be the member of the company:

- i. If he transfers his shares to another person.
- ii. If his shares are forfeited

- iii. If the company sells his share under some provision in the article
- iv. If he rescinds the contract to take shares on the ground of misrepresentation in the prospectus or on the ground of irregular allotment
- v. If redeemable preference share are redeemed
- vi. If he surrender his share .were surrendered in permitted
- vii. If she warren r issued to him is exchange of fully paid shares

8. State the misstatements in the prospectus.

A prospectus is a document that contains information that the public can use to subscribe to or purchase a company's securities. If it contains any inaccuracies, it will have major ramifications.

Any statement in the prospectus that is erroneous or misleading is referred to as misstatements in the prospectus. A misrepresentation is defined as the inclusion or omission of a fact that is likely to mislead the public.

The prospectus shall be regarded a prospectus with an erroneous statement if a relevant matter has been omitted from the prospectus and such omission is likely to mislead the public.

9. State the various types of prospectus.

Types of prospectus

1. Deemed Prospectus
2. Red Herring Prospectus
3. Shelf prospectus
4. Abridged Prospectus

10. What are the clauses associated with MOA?

Memorandum of Association (MOA) includes six different clauses as mentioned below:

- | | |
|--------------------|---------------------|
| 1. Name Clause | Clause |
| 2. Domicile Clause | 4. Liability Clause |
| 3. Objects | |

5. Capital
Clause

6. Subscription
Clause



11. What are the objectives of corporate governance?

Objectives of Corporate governance

1. To create social responsibility
2. To create a transparent working system
3. To create a management accountable for corporate functioning
4. To protect and promote the interest of shareholders
5. To develop an efficient organization culture
6. To aid in achieving social and economic goals

12. What do you mean by winding – up?

Winding up refers to

- i. *closing the operations of a business,*
- ii. *selling off assets,*
- iii. *paying off creditors and*
- iv. *Distributing any remaining assets to the owners.*

Once the winding-up process is complete, the dissolution step comes into play. This is when the company formally under law ceases to exist.

13. What is a company meeting? Give its characteristics.

A company meeting may be defined as a concurrence or coming together of at least a quorum of members in order to transact either ordinary or special business of the company.

The characteristics of a company meeting are as follows:

1. Two or more persons (who are the members of the Company) must be present at the meeting
2. The assembly of persons must be for discussion and transaction of some lawful business
3. A previous notice would be given for convening a meeting
4. The meeting must be held at a particular place, date and time

5. The meeting must be held as per provisions/rules of Companies Act

14. What is a company?

A company is a type of business structure that is a separate legal entity from its owners. It's a complex business structure, with higher set-up and administrative costs because of extra reporting requirements and higher-level legal obligations.

15. What is corporate governance?

Corporate governance is defined, described or delineated in diverse ways, depending on the writer's purpose. Writers focused on a disciplinary interest or context often adopt narrow definitions that appear purpose-specific.

16. What is the need of corporate governance?

Corporate governance is important because it creates a system of rules and practices that determines how a company operates and how it aligns the interest of all its stakeholders. Good corporate governance leads to ethical business practices, which leads to financial viability. In turn, that can attract investors.

17. What is the procedure of members' voluntary winding – up?

Steps for voluntary winding up –

- i. Declaration of Solvency duly verified by an affidavit by majority of directors
- ii. Board meeting
- iii. General Meeting of shareholders/members
- iv. Intimation to ROC
- v. Intimation to Insolvency and Bankruptcy Board of India (IBBI)
- vi. Public Announcement by Liquidator

18. What is the qualification of a director?

The Companies Act has not prescribed any academic or professional qualifications for directors. Also, the Act imposes no share

qualification on the directors. So, unless the company's articles contain a provision to that effect, a director need not be a shareholder unless he wishes to be one voluntarily. But the articles usually provide for a minimum share qualification.

19. Write a brief note on capital subscription / flotation.

Flotation is the process of converting a private company into a public company by issuing shares available for the public to purchase. It allows companies to obtain financing externally instead of using retained earnings to fund new projects or expansion.

The term "flotation" is commonly used in the United Kingdom, whereas the term "going public" is more widely used in the United States.

20. Write a short note on registration of articles.

Articles of Association can be considered as a contract between the members and the company. These articles bind the present as well as the future members of the company. The company and its members are bound by the articles as soon as the document is signed.

- i. Members have various rights and duties towards the company.
- ii. The articles together with the memorandum of association make the constitution of the company.

21. Write a short note on the structure of corporate governance.

The structure of corporate governance determines the distribution of rights and responsibilities between the different parties in the organization and sets the decision-making rules and procedures. It is usually up to the management board to decide how the company will develop.

PART B

1. Safety Measures

Fencing of machinery – Sec. 21

Work on near machinery in motion. – Sec 22

Employment prohibition of young persons on dangerous machines. – Sec 23 Striking gear and

devices for cutting off power. – Sec 24

Self-acting machines.-

Sec 25 Casing of new machinery.- Sec 26

Prohibition of employment of women and children

near cotton-openers.- Sec 27 Hoists and lifts.- Sec 28.

Welfare Measures

• Washing facilities – Sec 42

- Facilities for storing and drying clothing – Sec 43
- Facilities for sitting – Sec 44
- First-aid appliances – one first aid box not less than one for every 150 workers– Sec 45
- Canteens when there are 250 or more workers. – Sec 46
- Shelters, rest rooms and lunch rooms when there are 150 or more workers. – Sec 47
- Creches when there are 30 or more women workers. – Sec 48
- Welfare office when there are 500 or more workers. – Sec 49

2. THE PAYMENT OF WAGES ACT, 1936

OBJECT OF THE ACT

To regulate the payment of wages to certain classes of employed persons. Two fold:-First the date of payment of wages and

Secondly the deductions from wages whether as fine or otherwise.

APPLICABILITY OF THE ACT

Persons employed in:-

Any factory (a saw mill, ginning factory, godowns, yards etc as defined in Factories Act, 1948). Tramway service or motor transport service engaged in carrying passengers or good or both by road for hire or reward.

Air transport service Dock, Wharf or Jetty,

Inland vessel, mechanically propelled Mine, quarry or oil-field plantation

Workshop or other

establishment etc. WAGE

Wage includes any remuneration:-

Payable under any award or settlement between the parties or order of a Court; Over time work or holiday or any leave period;

Any additional remuneration under the terms of employment.

Wage does not includes any bonus, pension fund or provident fund, travelling allowance and any gratuity. WAGES TO BE PAID IN

CURRENT COINS OR CURRENCY NOTES

a . All wages shall be paid in current coins or currency notes or in both.

After obtaining the authorization, either by Cheque or by crediting the wages in employees banks Account {Section 6}

3. TIME OF PAYMENT OF WAGES

The wages of every person employed is paid. When less than 1000 persons are employed shall be paid before the expiry of the 7th day of the following month. When more than 1000 workers, before the expiry of the 10th day of the following month. (Section 5). Drawing average wage upto Rs.6500 pm as amended with effect from 6th September 2005.

COVERAGE OF
EMPLOYEES
DEDUCTION MADE
FROM WAGES

Deductions such as, fine, deduction for amenities and services supplied by

the employer, advances paid, over payment of wages, loan, granted for house-building or other purposes, income tax payable, in pursuance of the order of the Court, Provident Fund contributions, cooperative societies, premium for Life Insurance, contribution to any fund constituted by employer or a trade union, recovery of losses, Employees State Insurance contribution etc. (Section 7).

DEDUCTION FOR ABSENCE FROM DUTIES FOR UNAUTHORISED ABSENCE

Absence for whole or any part of the day – If ten or more persons absent without reasonable cause, deduction of wages upto 8 days {Section 9}

For default or negligence of an employee resulting into loss. Show cause notice has to be given to the employee. {Section 10}

DEDUCTION FOR DAMAGE OR LOSS DEDUCTIONS FOR SERVICE RENDERED

When accommodation amenity or service has been accepted by the employee. {Section 11}

Deductions for recovery

of Advance. Deduction

for recovery of loans.

Deductions for payment to co-operative societies

and Insurance schemes.

AUTHORITIES UNDER THIS ACT

INSPECTORS.

AUTHORITY TO HEAR CLAIMS

Any commissioner for Workmen's Compensation; or Any Regional Labour Commissioner Any Assistant Labour Commissioner. Presiding Officer of any Labour Court or Industrial Tribunal.

PRESENTATION OF CLAIM APPLICATION
SINGLE APPLICATION IN RESPECT OF CLAIMS
FROM UNPAID GROUP APPEAL

4. Payment Of

Bonus Act,1965.

Applicability :

Applicability Every factory or an establishment employing not less than 20 employees during an accounting year. The establishment once covered under the Act shall continue the coverage even if the number of employees falls below 20 subsequently.

Employee :

Employee Any person other than apprentice, engaged for hire or reward Includes supervisors Includes Managers. Includes all administrative staff. Includes a person who has worked not less than 30 days in an accounting year. But does not include any person whose salary exceeds 10000/- pm.

Can a person drawing wages more than 10000 make a claim? :

Can a person drawing wages more than 10000 make a claim? No. It is not maintainable under the Act.

Maximum salary :

Maximum salary Employees drawing salary upto Rs. 10000/- are eligible for Bonus. But their salary will be limited to Rs. 3500/- for the purpose of Bonus.

Max and Min Bonus :

Max and Min Bonus Maximum of 20% and Minimum of 8.33% of the Salary/ Wages. Maximum amount of Bonus is limited to Rs.84000/-
(3500x12x20/100)

Can Bonus be denied to an employee on the condition that on the day of declaration of Bonus he was not in employment ? :

Can Bonus be denied to an employee on the condition that on the day of declaration of Bonus he was not in employment ? NO. It violates the provisions of Sec. 8 of the Act.

Whether a Probationer is eligible for Bonus ? :

Whether a Probationer is eligible for Bonus ? A probationer will be eligible for bonus as there is no exclusion in the definition of employee under the Act.

Forfeiture of Bonus. :

Forfeiture of Bonus. Sec. 9. Bonus can be forfeited to an employee who has been dismissed from service on grounds of fraud, theft, misappropriation, or sabotage of any property of the establishment.

5. Industrial Disputes Act 1947

Purpose of the Act

The Industrial Disputes Act, 1947 came into existence in April 1947. It was enacted to make provisions for investigation and settlement of industrial disputes and for providing certain safeguards to the workers.

AUTHORITIES UNDER THIS ACT Works Committee

In the case of any industrial establishment in which one hundred or more workmen are employed or have been employed on any day in the preceding twelve months the appropriate Government may by general or special order require the employer to constitute in the prescribed manner a Works Committee consisting of representatives of employers and workmen engaged in the establishment so however that the number of representatives of workmen on the Committee shall not be less than the number of representatives of the employer.

Conciliation officers

The appropriate Government may, by notification in the Official Gazette, appoint such number of persons as it thinks fit, to be conciliation officers, charged with the duty of mediating in and promoting the settlement of industrial disputes.

A conciliation officer may be appointed for a specified area or for specified industries in a specified area or for one or more specified industries and either permanently or for a limited period.

Boards of Conciliation

- (1) The appropriate Government may as occasion arises by notification in the Official Gazette constitute a Board of Conciliation for promoting, the settlement of an industrial dispute.
- (2) A Board shall consist of a Chairman and two or four other members, as the appropriate Government thinks fit.
- (3) The Chairman shall be an independent person and the other

members shall be persons appointed in equal numbers to represent the parties to the dispute and any person appointed to represent a party shall be appointed on the recommendation of that party: **Provided** that, if any party fails to make a recommendation as aforesaid within the prescribed time, the appropriate Government shall appoint such persons as it thinks fit to represent that party.

(4) A Board, having the prescribed quorum, may act notwithstanding the absence of the Chairman or any of its members or any vacancy in its number

Courts of Inquiry

(1) The appropriate Government may as occasion arises by notification in the Official Gazette, constitute a Court of Inquiry for inquiring into an matter appearing to be connected with or relevant to an industrial dispute.

(2) A Court may consist of one independent person or of such number of independent persons as the appropriate Government may think fit and where a Court consists of two or more members, one of them shall be appointed as the chairman.

(3) A Court, having the prescribed quorum, may act notwithstanding the absence of the chairman or any of its members or any vacancy in its number

Labour Courts

(1) The appropriate Government may, by notification in the Official Gazette, constitute one or more Labour Courts for the adjudication of industrial disputes relating to any matter specified in the Second Schedule and for performing such other functions as may be assigned to them under this Act.

(2) A Labour Court shall consist of one person only to be appointed by the appropriate Government.

(3) A person shall not be qualified for appointment as the Presiding Officer of a Labour Court, unless -

(a) he is, or has been, a Judge of a High Court; or

(b) he has, for a period of not less than three years, been a District Judge or an Additional District Judge; or

- (c) he has held any judicial office in India for not less than seven years ; or
- (d) he has been the Presiding Officer of a Labour Court constituted under any Provincial Act or State Act for not less than five years.

Tribunals

- (1) The appropriate Government may, by notification in the Official Gazette, constitute one or more Industrial Tribunals for the adjudication of industrial disputes relating to any matter and for performing such other functions as may be assigned to them under this Act.
- (2) A Tribunal shall consist of one person only to be appointed by the appropriate Government.
- (3) A person shall not be qualified for appointment as the presiding officer of a Tribunal unless:
 - (a) he is, or has been, a Judge of a High Court; or
 - (b) he has, for a period of not less than three years, been a District Judge or an Additional District Judge.
- (4) The appropriate Government may, if it so thinks fit, appoint two persons as assessors to advise the Tribunal in the proceeding before it.

National Tribunals

- (1) The Central Government may, by notification in the Official Gazette, constitute one or more National Industrial Tribunals for the adjudication of industrial disputes which, in the opinion of the Central Government, involve questions of national importance or are of such a nature that industrial establishments situated in more than one State are likely to be interested in, or affected by, such disputes.
- (2) A National Tribunal shall consist of one-person only to be appointed by the Central Government.
- (3) A person shall not be qualified for appointment as the presiding officer of a National Tribunal unless he is, or has been, a Judge of a High Court.
- (4) The Central Government may, if it so thinks fit, appoint two

persons as assessors to advise the National Tribunal in the proceeding before it.

Disqualifications for the Presiding Officers of Labour Courts, Tribunals and National Tribunals

No person shall be appointed to, or continue in, the office of the Presiding Officer of a Labour Court, Tribunal or National Tribunal, if -

- (a) he is not an independent person; or
- (b) he has attained the age of sixty-five years.

