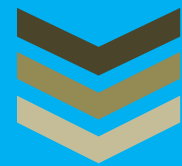


Referencer for Quick Revision



Foundation Course Paper-2: Business Laws & Business Correspondence and Reporting

A compendium of subject-wise capsules published in the
monthly journal "The Chartered Accountant Student"



**Board of Studies
(Academic)
ICAI**

INDEX

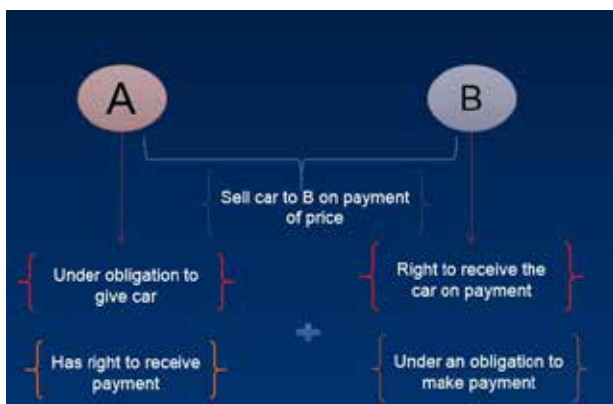
Paper No.	Subject	Page No.	Edition of Students' Journal	Topics
2A	<i>Business Laws</i>	<i>1-9</i>	<i>July 2020, August 2020</i>	<i>Concepts related to entering of contract under The Indian Contract Act, 1872</i>
		<i>10-14</i>	<i>January 2021</i>	<i>Concepts related to performance and breach of contract and special contract under The Indian Contract Act, 1872</i>
		<i>15-20</i>	<i>July 2021</i>	<i>The Sale of Goods Act, 1930</i>
2B	<i>Business Correspondence and Reporting</i>	<i>21-26</i>	<i>September 2021</i>	<i>General Overview</i>

PAPER 2(SECTION A): BUSINESS LAWS

This capsule on Paper 2-Section A: Business Laws at Foundation, have been dealt with important concepts related to the formation of the valid contract under the Indian Contract Act, 1872. In this capsule, we have touched upon significant concepts that are required for making valid contract and the related concepts supported with relevant case laws to have conceptual understanding of the subject. This chapter is important from examination perspective as its form base for the understanding of the nature of the contract which constitutes unit 1 of Chapter 1 of the said paper in the Foundation course. Considering this capsule as summarised version of the unit 1 of chapter 1 will certainly benefit the students to recapitulate the important points while studying the subject.

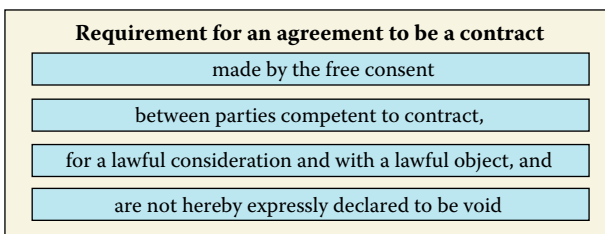
CONCEPTS RELATED TO ENTERING OF CONTRACT UNDER THE INDIAN CONTRACT ACT, 1872

I. Nature of Contract

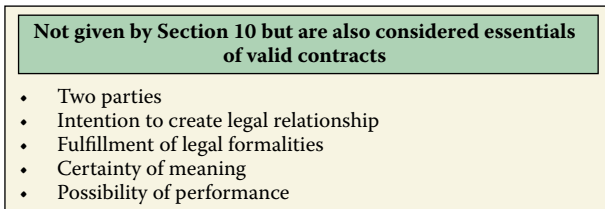


The above situation talks about formation of an agreement. An agreement is the result of a proposal by one party and its acceptance by another with the consideration forming the foundation of any contract. Therefore, such an offer and its acceptance gives rise to right & obligation against each other.

An Agreement in order to be a Contract, must satisfy the conditions as specified under section 10 of the Indian Contract Act, 1872.



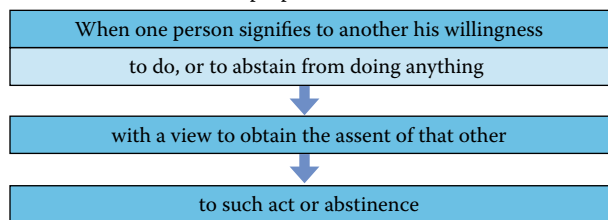
Since section 10 is not complete and exhaustive, so there are certain others sections which also contains requirements for an agreement to be enforceable.



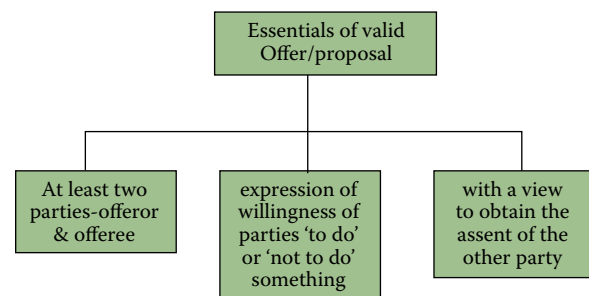
(1) Meaning of offer/proposal

As offer is the starting point in the making of an agreement. An offer is also called as proposal. Thus, for a valid offer, the party making it must express his willingness 'to do' or 'not to do' something.

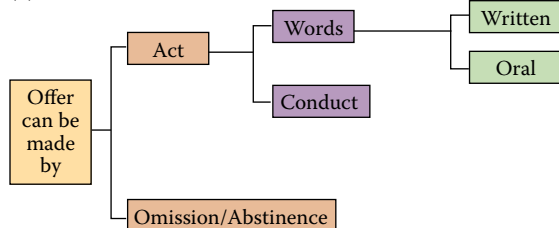
Law defines the term offer/proposal as –



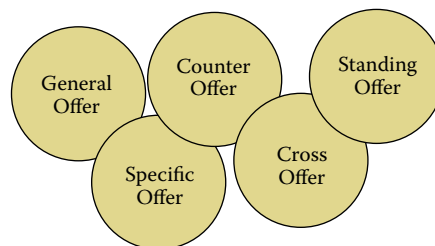
(2) Essentials of the offer/proposal:



(3) Mode of offers



(4) Classification of Offer



General offer

offer made to public at large and anyone can accept by performing the desired act

Special/specific offer

offer made to a specific / ascertained person, & can be accepted only by that specified person

Cross offer

2 parties exchange identical offers in ignorance of each other's offer at the same time. It is not binding

Counter offer

offeree offers to qualified acceptance of the offer subject to modifications and variations in the terms of original offer. Counter-offer amounts to rejection of the original offer

Standing / continuing / open offer

An offer of continuous nature which remains open for acceptance over a period of time

Important case laws

Name of the case laws	Facts of the case	Decision
Carlill Vs. Carbolic Smoke Ball Co.	In this famous case, Carbolic smoke Ball Co. advertised in several newspapers that a reward of £100 would be given to any person who contracted influenza after using the smoke balls produced by the Carbolic Smoke Ball Company according to printed directions. One lady, Mrs. Carlill, used the smoke balls as per the directions of company and even then suffered from influenza.	Held, she could recover the amount as by using the smoke balls she had accepted the offer. In terms of Sec. 8 of the Indian Contract Act, anyone performing the conditions of the offer can be considered to have accepted the offer. Until the general offer is retracted or withdrawn, it can be accepted by anyone at any time as it is a continuing offer.
Lalman Shukla Vs. Gauri Dutt	Gauri Dutt sent his servant Lalman to trace his missing nephew. He then announced that anybody who traced his nephew would be entitled to a certain reward. Lalman traced the boy in ignorance of this announcement. Subsequently when he came to know of the reward, he claimed it.	Held, he was not entitled to the reward, as he did not know the offer. Section 4 of the Indian Contract Act states that the communication of a proposal is complete when it comes to the knowledge of the person to whom it is made. In Lalman case, the defendant's nephew absconded from home. The plaintiff who was defendant's servant was sent to search for the missing boy. After the plaintiff had left in search of the boy, the defendant announced a reward of Rs. 501 to anyone who might find out the boy. The plaintiff who was unaware of this reward, was successful in searching the boy.

Name of the case laws	Facts of the case	Decision
		When he came to know of the reward, which had been announced in his absence, he brought an action against the defendant to claim this reward. It was held that since the plaintiff was ignorant of the offer of reward, his act of bringing the lost boy did not amount to the acceptance of the offer and therefore he was not entitled to claim the reward.
Boulton Vs. Jones	Boulton had taken over the business of one Brocklehurst, with whom Jones had previous dealings. Jones sent an order for goods to Brocklehurst, which Boulton supplied without informing Jones that the business had changed hands. When Jones found out that the goods had not come from Brocklehurst, he refused to pay for them and was sued by Boulton for the price.	Held: Jones is not liable to pay for the good. It is a rule of law that offer made to a specific / ascertained person can be accepted only by that specified person.

(5) Difference between Offer and Invitation to Offer, and Invitation to Treat

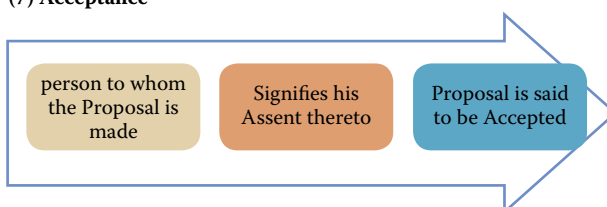
Case laws	Facts of the case	Decision
Harvey Vs. Face	In this case, Privy Council briefly explained the distinction between an offer and an invitation to offer. In the given case, the plaintiffs through a telegram asked the defendants two questions namely, (i) Will you sell us Bumper Hall Pen? and (ii) Telegraph lowest cash price. The defendants replied through telegram that the "lowest price for Bumper Hall Pen is £900". The plaintiffs sent another telegram stating "we agree to buy Bumper Hall Pen at £900". However, the defendants refused to sell the property at the price. The plaintiffs sued the defendants contending that they had made an offer to sell the property at £900 and therefore they are bound by the offer.	Held that the mere statement of the lowest price at which the vendor would sell contained no implied contract to sell to the person who had enquired about the price.

Case laws	Facts of the case	Decision
Mac Pherson Vs. Appanna	The owner of the property had said that he would not accept less than ` 6000/- for it.	It was held that this statement did not indicate any offer but indicated only an invitation to offer.
Harris Vs. Nickerson	An auctioneer advertised in a newspaper that a sale of office furniture will be held on a particular day. Plaintiff (Harris) with the intention to buy furniture came from a distant place for auction but the auction was cancelled.	It was held that plaintiff cannot file a suit against the auctioneer for his loss of time and expenses because the advertisement was merely a declaration of intention to hold auction and not an offer to sell. The auctioneer (Nickerson) does not contract with any one who attends the sale. The auction is only an advertisement to sell but the items are not put for sale though persons who have come to the auction may have the intention to purchase.
Pharmaceutical Society of Great Britain Vs. Boots Cash Chemists Ltd	The goods were displayed in the shop for sale with price tags attached on each article and self-service system was there. One customer selected the goods but the owner refused to sell.	In this case, it was held that display of goods alongwith price tags merely amounts to invitation to treat and therefore if an intending buyer is willing to purchase the goods at a price mentioned on the tag, he makes an offer to buy the goods. Thus, the shopkeeper has the right to accept or reject the same. The contract would arise only when the offer is accepted. Hence there was no contract and customer had no rights to sue the owner.

(6) Rules as to Valid Offer

- Intention to create Legal Relationship
- Certain, Definite and not Vague.
- Expressed or Implied
- Different from an Invitation to Offer
- Offer must be communicated
- Offer may be conditional.
- No term of the non compliance amounting to Acceptance

(7) Acceptance



(8) Acceptance of an offer

General Rule- Offer can be Accepted only by the person or persons to whom it is made

Specific Offer-accepted only by that definite person or particular group of persons to whom it has been made

General Offer-Accepted by any person by complying with the terms of the Offer

(9) Legal rules for a valid acceptance

Absolute and Unqualified

Communicated to Offeror

Prescribed Mode

Time limit

Before the lapse of Offer

Relevant Case laws

Case laws	Facts	Decision
Felthouse Vs. Bindley	F offered by letter to buy a nephews horse, saying," If I hear no more about it, I shall consider the horse mine."The nephew did not reply but he told an auctioneer not to sell that particular horse as he had sold it to his uncle. By mistake, the auctioneer sold the horse. F sued for conversion against his nephew.	Held, F could not succeed as his nephew had not communicated acceptance and there was no contract.
Carlill Vs. Carbolic & Smoke Balls Co.	In this famous case Carbolic smoke Ball Co. advertised in several newspapers that a reward of £100 would be given to any person who contracted influenza after using the smoke balls produced by the Carbolic Smoke Company according to printed directions. One lady, Mrs. Carlill, used the smoke balls as per the directions of company and even then suffered from influenza. Here company took the defend that there was no communication of acceptance of an offer by Mrs. Carlill and so there was no contract between them.	In case of a general offer, it is not necessary to communicate the acceptance if it is made by acting upon the terms of the offer.
Neale Vs. Merret	M offered to sell his land to N for £280. N replied purporting to accept the offer but enclosed a cheque for £ 80 only. He promised to pay the balance of £ 200 by monthly installments of £ 50 each.	It was held that N could not enforce his acceptance because it was not an unqualified one

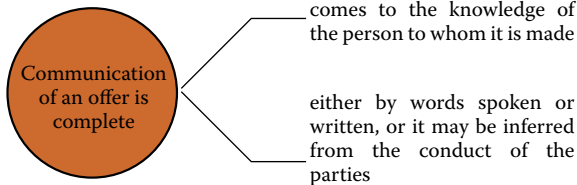
Case laws	Facts	Decision
Brogden vs. Metropolitan Railway Co.	Brogden a supplier, sent a draft agreement relating to the supply of coal to the manager of railway Co. viz, Metropolitan railway for his acceptance. The manager wrote the word "Approved" on the same and put the draft agreement in the drawer of the table Intending to send it to the company's solicitors for a formal contract to be drawn up. By an oversight the draft agreement remained in drawer.	Held, that there was no contract as the manager had not communicated his acceptance to the supplier, Brogden.

(10) Rules for Communication of Offer and Acceptance

For Valid Offer and Acceptance

- Offer must be communicated to the Offeree
- Acceptance must be communicated to the Offeror

(11) When communication of offer is complete?



Relevant Case laws

Case laws	Facts	Decision
Lilly White Vs. Mannuswamy	Plaintiff delivered some clothes to drycleaner for which she received a laundry receipt containing a condition that in case of loss, customer would be entitled to claim 15% of the market price of value of the article, Plaintiff lost her new saree.	Held, the terms were unreasonable and Plaintiff was entitled to recover full value of the saree from the drycleaner. The receipt carries special conditions and are to be treated as having been duly communicated to the customer and therein a tacit acceptance of these conditions is implied by the customer's acceptance of the receipt

(12) When is communication of acceptance complete?

- As against the Proposer- when put in course of transmission to the Proposer
- As against the Acceptor when it comes to the knowledge of the Proposer

(13) Communication of acceptance by post

As against the Proposer-	As against the Acceptor
when the letter of acceptance is posted	when the letter reaches the proposer

(14) Acceptance over telephone or telex or fax

Offer is made by instantaneous communication- Contract is completed	
When the Acceptance is received by the Offeror,	The Contract is made at the place where the Acceptance is received

(15) When revocation of offer and acceptance is complete

as against the person who makes it-	• when it is put into a course of transmission
as against the person to whom it is made-	• when it comes to his knowledge.

(16) When a Proposal and Acceptance can be revoked?

Proposal	Acceptance
may be revoked at any time before the communication of its acceptance is complete as against the proposer	may be revoked at any time before the communication of the acceptance is complete as against the acceptor

(17) Modes of revocation of offer by

- Notice of Revocation
- Lapse of specified or reasonable time
- Death or Insanity of the parties
- Non fulfilment of Conditions of Offer
- Counter Offer

PAPER 2(SECTION A): BUSINESS LAWS

"This capsule on Paper 2(Section A): Business Laws at the Foundation Level, is in continuation to previous issue of July month of the Student Journal. In that issue, we have covered important concepts related to "Offer and Acceptance". In this issue, we are covering other important requirements necessitated for the formation of valid contract under the Indian Contract Act, 1872. These concepts in summarized forms with supported case laws, will help students to recapitulate important points while revision of the subject."

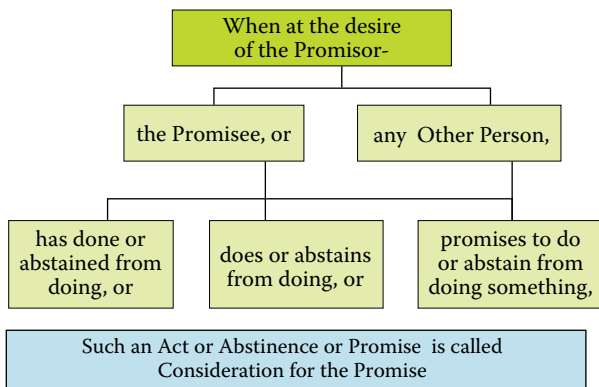
CONCEPTS RELATED TO THE ENTERING OF CONTRACT UNDER THE INDIAN CONTRACT ACT, 1872

I. Consideration

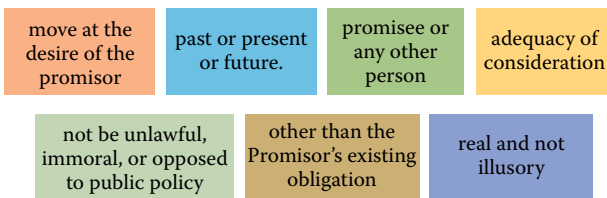
(1) Importance of consideration



(2) Meaning of consideration



(3) Requirements of valid consideration



Relevant Case Law

Caselaws	Facts	Decision
Durga Prasad v. Baldeo	D (defendant) promised to pay to P (plaintiff) a certain commission on articles which would be sold through their agency in a market. Market was constructed by P at the desire of the C (Collector), and not at the desire of the D (Promisor)	D was not bound to pay commission as it was without consideration and hence void.

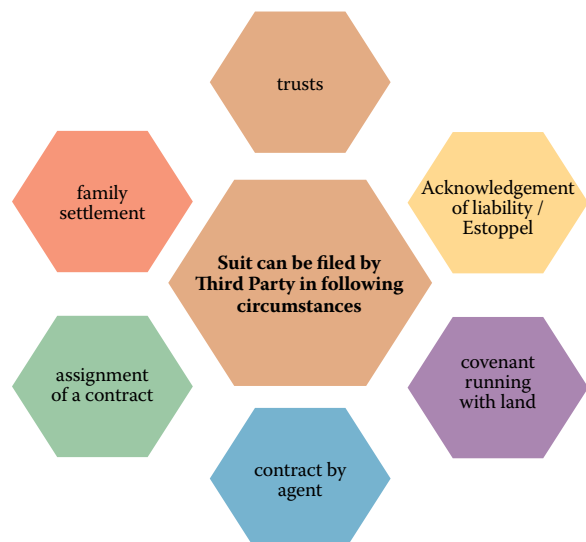
Caselaws	Facts	Decision
Chinnayya vs. Ramayya	An old lady made a gift of her property to her daughter with a direction to pay a certain sum of money to the maternal uncle by way of annuity. On the same day, the daughter executed a writing in favour of the maternal uncle and agreeing to pay him annuity. The daughter did not, however, pay the annuity and the uncle sued to recover it.	It was held that there was sufficient consideration for the uncle to recover the money from the daughter.

(4) Suit by a Third Party on an Agreement (Doctrine of Privity of Contract)

General rule

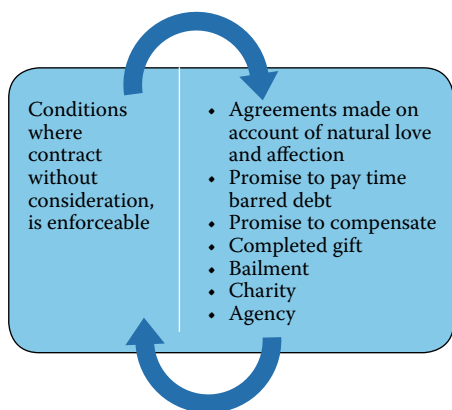
A stranger to a contract cannot sue

Exceptions to the said rule



BUSINESS LAWS

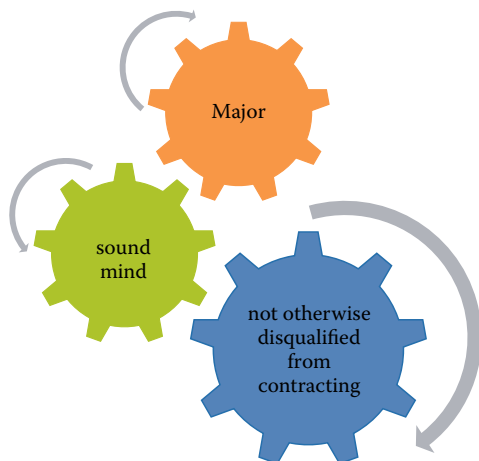
(5) Contracts without consideration



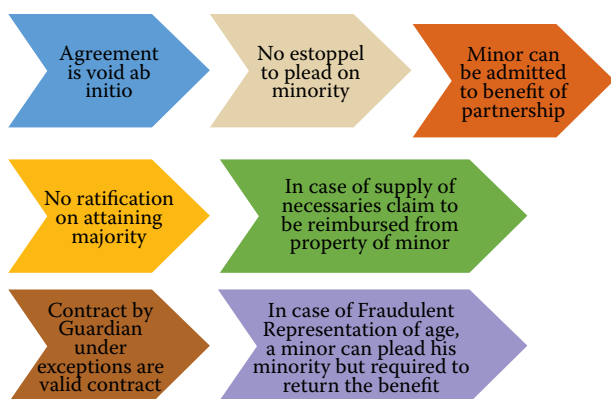
Relevant CaseLaw : In *Kedarnath Vs. Gorie Mohammad*, it was held that if a promisee undertakes the liability on the promise of the person to contribute to charity, there the contract shall be valid.

II. Competency of parties

(1) Persons eligible to make a contract

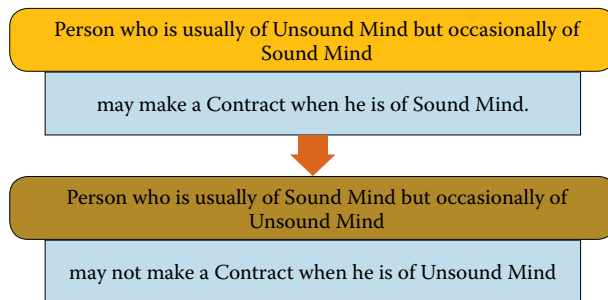


(2) Law relating to Minor's agreement/ Position of minor



Case Law	Facts	Decision
Mohori Bibi vs. Dharmo Das Ghose	A, a minor borrowed ₹20,000 from B and as a security for the same executed a mortgage in his favour. He became a major a few months later and filed a suit for the declaration that the mortgage executed by him during his minority was void and should be cancelled.	It was held that a mortgage by a minor was void and B was not entitled to repayment of money.
Sain Das vs. Ram Chand	Where there was a joint purchase by two purchasers, one of them was a minor	It was held that the vendor could enforce the contract against the major purchaser and not the minor

(3) Position of person of sound mind



(4) Position of agreements with persons of unsound mind

While he is of Unsound Mind	While he is of sound mind
<ul style="list-style-type: none"> • Cannot enter into any Contract • Contract entered during this period is altogether Void • Cannot be held Liable thereon 	<ul style="list-style-type: none"> • Can enter into a valid contract • Liable for such contracts

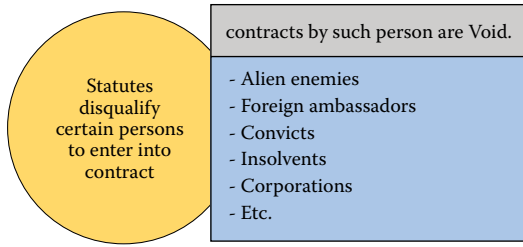
(5) Positions of agreements in case of persons of permanently unsound mind (in case of Idiots)

A person who is permanently of unsound mind		
Cannot enter into any contract	Any agreement entered is altogether void	and not liable thereon

(6) Positions of agreements in case of Drunken/Intoxicated person

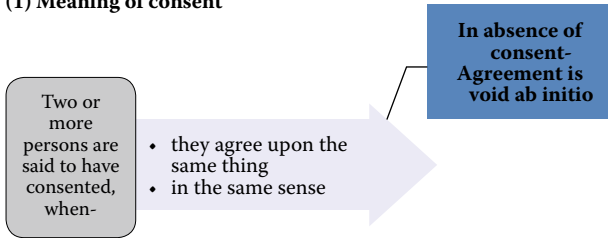
A Sane Person who is delirious from fever or who is so drunk cannot contract during such state because
<ul style="list-style-type: none"> • cannot understand the terms of a contract, • cannot form a rational judgment as to its effect on his interest

(7) Persons disqualified by law

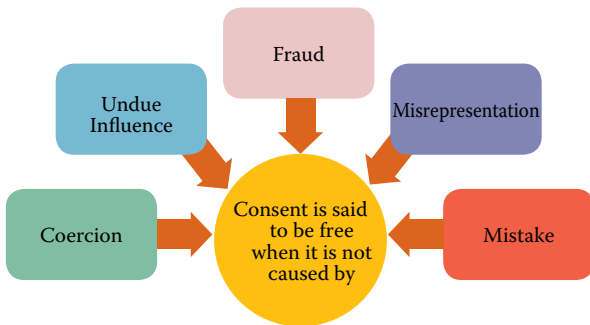


III. Free Consent

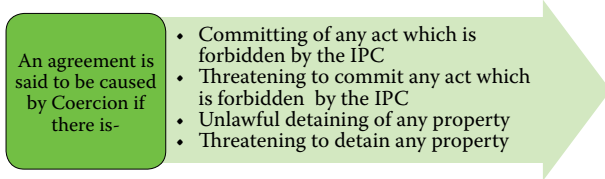
(1) Meaning of consent



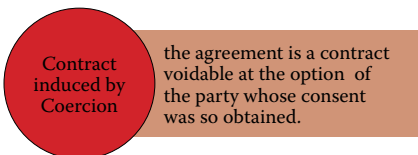
(2) Free Consent



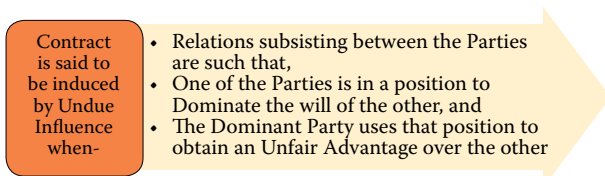
(3) Agreement caused by coercion



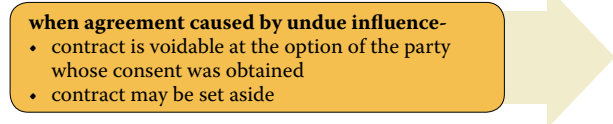
(4) Consequences of Coercion



(5) Undue influence



(6) Effect of undue influence

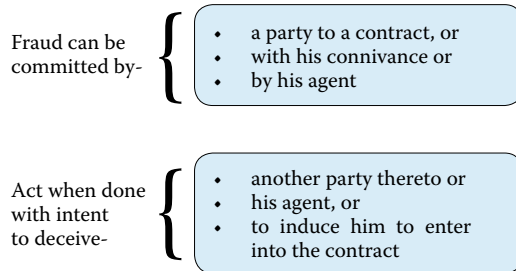


Relevant Case Law
 In Kirpa Ram vs. Sami-Ud-din Ad. Khan, a youth of 18 years of age, spend thrift and a drunkard, borrowed Rs. 90,000 on a bond bearing compound interest at 2% per mensem (p.m.). It was held by the court that the transaction is unconscionable, the rate of interest charged being so exorbitant.

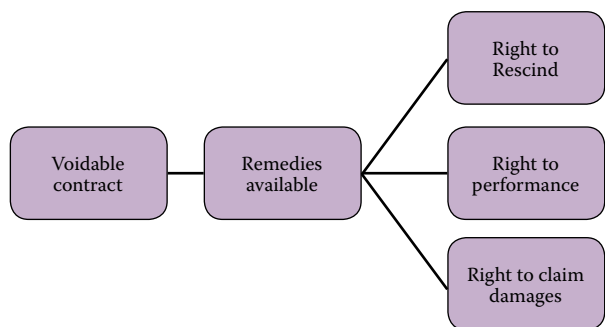
(7) Fraud

Fraud includes any of the following acts-				
suggestion, as to a fact which is not true	active concealment of a fact	promise made without any intention of performing it	Any other act fitted to deceive	act or omission as to law specially declared to be fraudulent

(8) By whom and when fraud is said to be exercised?



(9) Effects of fraud



(10) Does mere silence amount to fraud ?

General Rule- Mere silence as to facts,

- which is likely to affect the willingness of a person, to enter into a contract, **-is no fraud**

Exceptions- Mere silence as to facts,

- where it is the duty of a person to speak, or
- his silence is equivalent to speech, **-silence amounts to fraud**

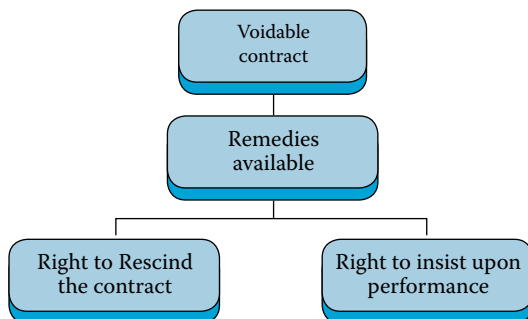
Relevant Case Law

Caselaws	Facts	Decision
Word vs. Hobbs	H sold to W some pigs which were to his knowledge suffering from fever. The pigs were sold 'with all faults' and H did not disclose the fact of fever to W.	Held there was no fraud.
Peek vs Gurney	The prospectus issued by a company did not refer to the existence of a document disclosing liabilities. The impression thereby created was that the company was a prosperous one, which actually was not the case.	Held the suppression of truth amounted to fraud.
Regier V. Campbell Staurt	A broker was asked to buy shares for client. He sold his own shares without disclosing this fact.	Held that the client was entitled to avoid the contract or affirm it with a right to claim secret profit made by broker on the transaction since the relationship between the broker and the client was relationship of utmost good faith.

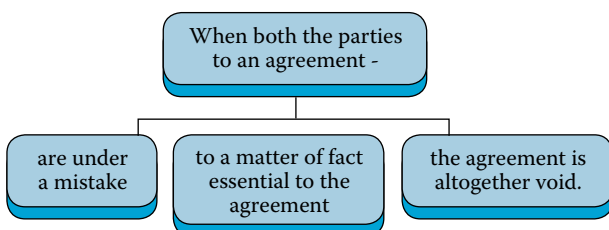
(11) Misrepresentation

- When a person positively states that a fact is true when his information does not warrant it to be so
- When there is a breach of duty by a person without intention to deceive which brings an advantage to him, and loss to the other;
- When a party causes the other party to the agreement to make a mistake as to the subject matter.

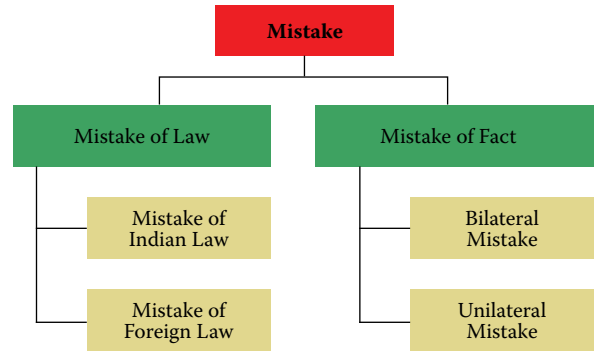
(12) Consequences of misrepresentation



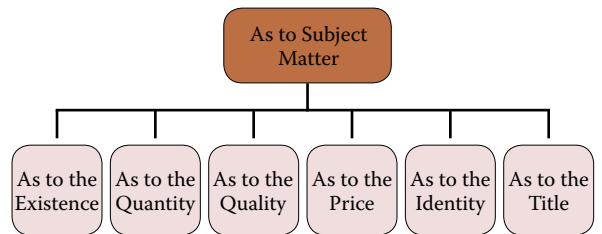
(13) Mistake



(14) Types of mistake



(15) Bilateral Mistake



(16) Unilateral Mistake

- Where only one party to the agreement is under a mistake { A Contract is not Voidable merely because it was caused by one of the parties to it being under a Mistake as to Matter of Fact.
- Exception, { The agreement is void where a unilateral mistake relates to the-
 - Identity of the person contracted with, or
 - Nature of the contract.

(17) Effects of mistake

Nature of Mistake and the nature of Agreement	
In Bilateral Mistake -	The agreement is void.
In Unilateral Mistake -	
• As to identity of the person contracted with	• The agreement is void.
• As to the nature of contract.	• The agreement is void.
• As to other matter.	• The agreement is not void.

(18) Remedies under mistake

Obligation of aggrieved party	He must restore any benefit received by him under the contract to the other party from whom the benefit had been received [Section 64].
Obligation of other party	The person to whom money has been paid or anything delivered by mistake must repay or return it. [Section 72]

(19) Differences

Coercion and Undue influence

Basis of difference	Coercion	Undue Influence
Nature of action	It involves the physical force or threat.	It involves moral or mental pressure.
Involvement of criminal action	It involves committing or threatening to commit any act forbidden by Indian Penal Code or detaining or threatening to detain property unlawfully.	No such illegal act is committed or a threat is given.
Relationship between parties	It is not necessary that there must be some sort of relationship between the parties.	Some sort of relationship between the parties is absolutely necessary.
Exercised by whom	Coercion need not proceed from the promisor nor need it be directed against the promisor. It can be used even by a stranger to the contract.	Undue influence is always exercised between parties to the contract.
Enforceability	The contract is voidable at the option of the party whose consent has been obtained by the coercion.	Where the consent is induced by undue influence, the contract is either voidable or the court may set aside or enforce it in a modified form.

Fraud and misrepresentation

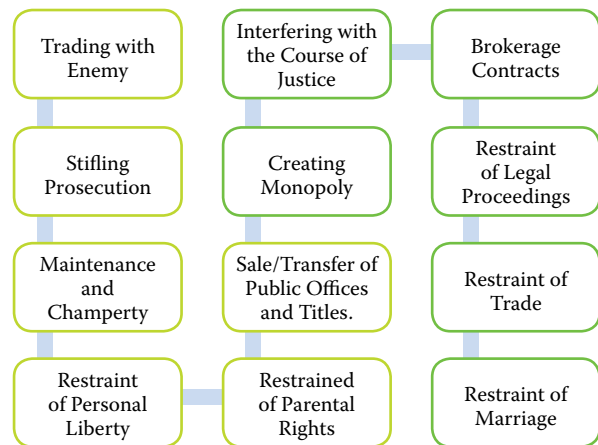
Basis of difference	Fraud	Misrepresentation
Intention	To deceive the other party by hiding the truth.	There is no such intention to deceive the other party.
Knowledge of truth	The person making the suggestion believes that the statement is untrue.	The person making the statement believes it to be true, although it is not true.
Rescission of the contract and claim for damages	The injured party can repudiate the contract and claim damages.	The injured party is entitled to repudiate the contract or sue for restitution but cannot claim the damages.
Means to discover the truth	The party using the fraudulent act cannot secure or protect himself by saying that the injured party had means to discover the truth.	Party can always plead that the injured party had the means to discover the truth.

IV. Legality of Object and Consideration

(1) When there is an unlawful object & unlawful consideration in an agreement, its effect

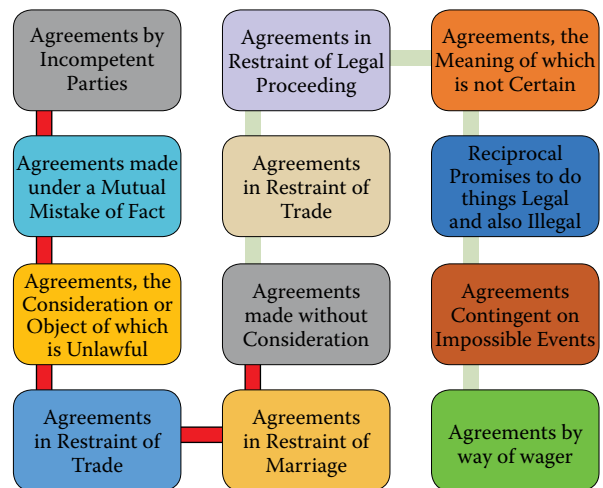
Consideration or Object of an agreement is unlawful, if-				
forbidden by law	defeats provision of any law	If it is fraudulent	involves or implies injury to a person or property of another	immoral or opposed to public policy
The Agreement is Void.	The agreement is void.	The agreement is void.	The agreement is void	The agreement is void.

(2) Agreements against Public policy

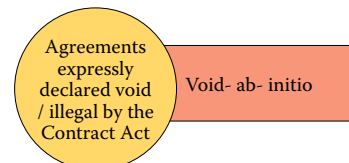


V. Agreements which are expressly declared void

(1) Law declares following agreement to be either illegal or void



(2) Consequences of agreement expressly declared void

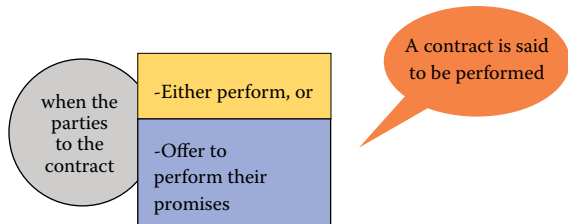


This Capsule deals with the significant concepts covered under units 4, 5 & 6 of Chapter 1 of the Study material of Foundation Paper 2 - Section A -Business Laws. It is in continuation to units 1, 2, & 3 of the chapter 1 published earlier in July 2020 and August 2020 edition of the Student Journal. This capsule itemize significant concepts related to “Performance and Breach of Contract”, and “Special Contracts discussing Contingent and Quasi Contract under the Indian Contract Act, 1872. In order to have understanding of the related concepts, this capsule will help to revise and retain the important facet of the legal provisions.

CONCEPTS RELATED TO PERFORMANCE AND BREACH OF CONTRACT AND SPECIAL CONTRACT UNDER THE INDIAN CONTRACT ACT, 1872

I. Performance of Contract

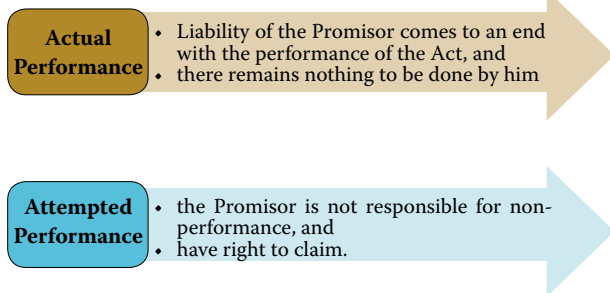
(1) Meaning of Performance



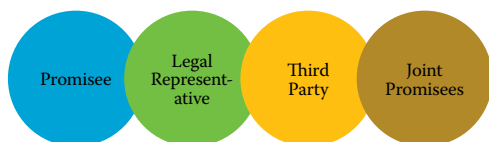
(2) Types of performance of the Contract

Actual performance	Attempted Performance
<ul style="list-style-type: none"> Where a Promisor, made an offer of performance, to Promisee, and the offer has been accepted by the Promisee 	<ul style="list-style-type: none"> Where a Promisor, made an offer, to the Promisee, and the offer has not been accepted by the Promisee

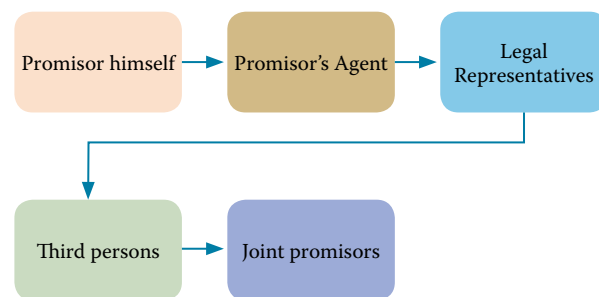
(3) Effects of the performance of the contract



(4) Who may demand performance of contract



(5) Who may perform the contract



(6) Liability of joint promisor

General rule-If two or more persons have made a joint promise, all of them must jointly fulfill the promise.	
After death of any one of them- his legal representative jointly with the survivor/survivors	After the death of the last survivor- the legal representatives of all the original co-promisors

(7) Rules as to time and place for performance of the promise

Case where	Rule as to performance
Time not specified	Within the reasonable time
Time specified but promise is to be performed without promisee's application	During the usual business hours on that particular day
Time specified but promise is to be performed on promisee's application	The promisee must apply for performance at a proper place and within usual business hours
Place not specified	The promisor must apply to the promisee to appoint a reasonable place for the performance and to perform the promise at such place.
Manner for performance	The promise must be performed in the manner and at the time prescribed by the promisee.

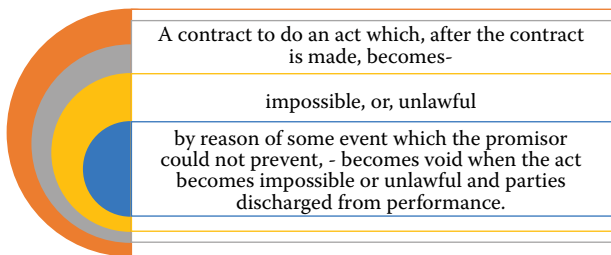
(8) Is time an essence of Contract?

Cases, where-	When time is essence of contract
Parties have Expressly agreed	Time is considered to be essence of Contract
Non-performance at the specified time results in an injury to the Party	Time is considered to be essence of Contract
Nature and necessity requires the performance of the Contract within the specified time	Time is considered to be essence of Contract

(9) Consequences of Non-performance within the specified time

Cases where time is essence of the contract	Cases where time is not essence of a contract
<ul style="list-style-type: none"> Contract becomes Voidable at the option of the Promisee 	<ul style="list-style-type: none"> Contract does not become voidable at the option of the Promisee
<ul style="list-style-type: none"> If performance beyond the specified time is accepted by the Promisee- The Promisee cannot claim compensation for any loss caused by non-performance at the agreed time, unless at the time of acceptance ,he has given a notice to the Promisor of his intention to claim compensation. 	<ul style="list-style-type: none"> The Promisee is entitled to claim compensation for any loss occasioned to him by non-performance of the promise at the agreed time.

(10) Impossibility of performance



(11) Impossibility existing at the time of contract or Initial Impossibility

Case	Effects
If the impossibility is known to the parties	Such an agreement is void-ab-initio
If unknown to the parties	Such an agreement is void on the ground of mutual mistake
If known to the promisor only	Such promisor must compensate for any loss which such promisee sustains through the non performance of the promise.

(12) Supervening impossibility

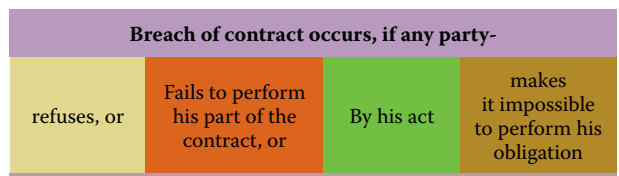
Case	Effects
Where an act becomes impossible after the contract is made	The contract becomes void when the act becomes impossible.
Where an act becomes unlawful by reason of some event beyond the control of promisor	The contract becomes void when the act becomes unlawful.
Where the promisor alone knows about the impossibility	Promisor must compensate the promisee for any loss which might have suffered on account of non-performance of the promise.
Where an agreement is discovered to be void or where a contract becomes void	Any person who has received any benefit under such agreement or contract is bound to restore it or to make compensation to the person from whom he received it.

(13) Discharge of a contract

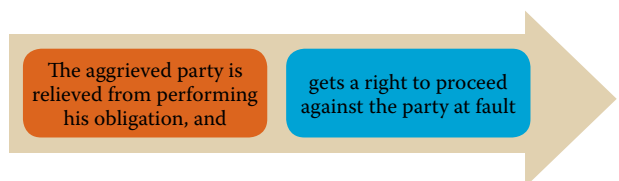
- Discharge by performance
- Discharge by mutual agreement
- Discharge by impossibility of performance
- Discharge by lapse of time
- Discharge by operation of law
- Discharge by breach of contract

II. Breach of contract

(1) When breach of contract take place?

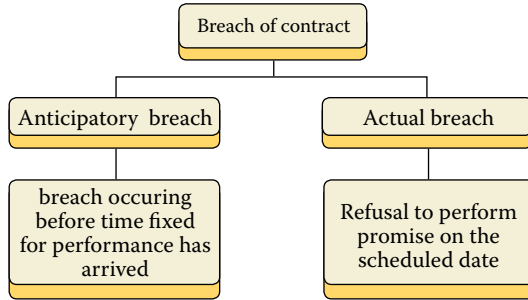


(2) Effects of the Breach of Contract

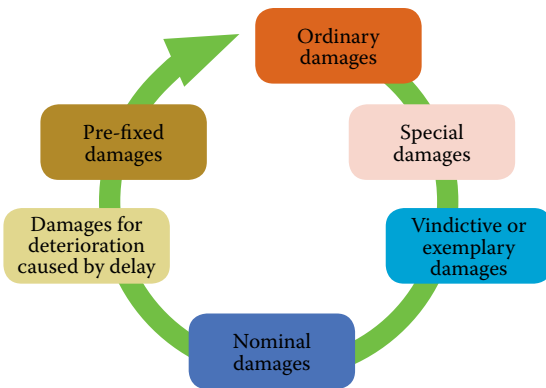


BUSINESS LAWS ||

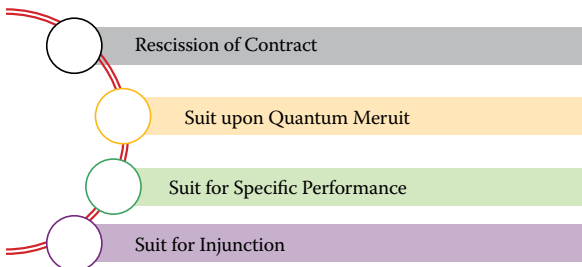
(3) Types of breach of contract



(4) Liability for Damages



(5) Remedies Available

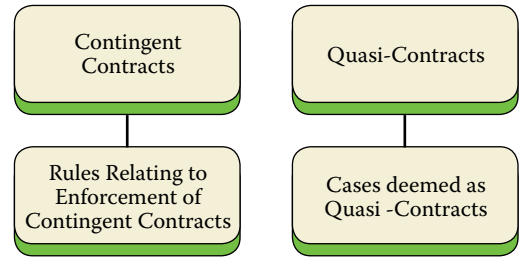


Relevant case laws

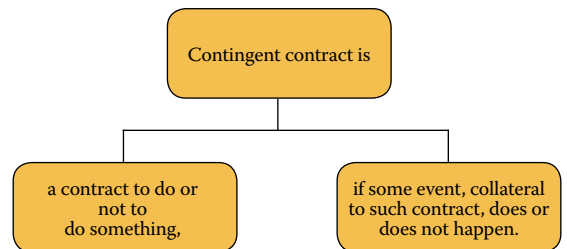
Case laws	Facts	Decision
Hadley Vs. Baxendale	The crankshaft of P's flour mill had broken. He gives it to D, a common carrier who promised to deliver it to the foundry in 2 days where the new shaft was to be made. The mill stopped working, D delayed the delivery of the crankshaft so the mill remained idle for another 5 days. P received the repaired crankshaft 7 days later than he would have otherwise received. Consequently, P sued D for damages not only for the delay in the delivering of the broken part but also for loss of profits suffered by the mill for not having been worked.	The court held that P was entitled only to ordinary damages and D was not liable for the loss of profits because the only information given by P to D was that the article to be carried was the broken shaft of a mill and it was not made known to them that the delay would result in loss of profits.

Case laws	Facts	Decision
Gibbons Vs. West Minister Bank	A business man whose credit has suffered will get exemplary damages even if he has sustained no pecuniary loss.	In the case, it was held that a non-trader cannot get heavy damages in the like circumstances, unless the damages are alleged and proved as special damages.

III. Special types of Contract

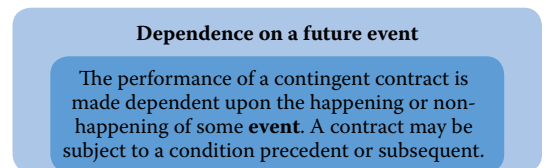


(1) Contingent Contract

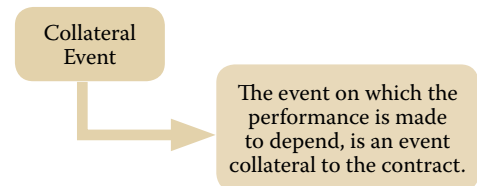


(2) Essentials of a Contingent Contract

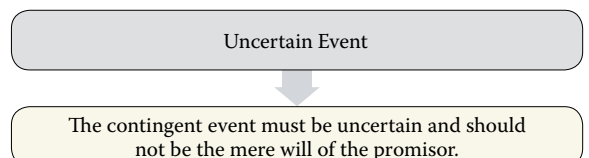
(a) Dependence on future event



(b) 'Event' referred is collateral to the contract



(c) The event must be uncertain



(3) Rules regarding Contingent contracts

<p>Rule 1 Enforcement of contracts contingent on an event 'happening'</p>	<p>Rule 2 Enforcement of contracts contingent on an event 'not-happening'</p>	<p>Rule 3 Contract contingent upon the future conduct of a living person</p>	<p>Rule 4 Contract contingent upon the happening of an uncertain specified event within a fixed time</p>	<p>Rule 5 Contracts contingent upon the non-happening of an uncertain specified event within a fixed time</p>	<p>Rule 6 Agreement contingent on impossible event.</p>
--	--	---	---	--	--

(a) Rule 1 regarding contingent contracts

Enforcement of contracts contingent on an event 'happening'

Where a contingent contract is made to do or not to do anything if an uncertain future event happens,

- it cannot be enforced by law unless and until that event has happened.
- If the event becomes impossible, such contracts become void.

(b) Rule 2 regarding contingent contracts

Enforcement of contracts contingent on an event 'not-happening'

- Where a contingent contract is made to do or not to do anything
- if an uncertain future event does not happen
- it can be enforced only when the happening of that event becomes impossible and not before.

(c) Rule 3 regarding contingent contracts

Contract contingent upon the future conduct of a living person

- Where, the future event on which a contract is contingent is the way in which a person will act at an unspecified time.
- In such a case, the event shall be considered to have become impossible when such person does anything which renders it impossible that he should so act within any definite time or otherwise than under further contingencies.

(d) Rule 4 regarding contingent contracts

Contract contingent upon the happening of an uncertain specified event within a fixed time;

- Such type of contracts become void if before the expiry of fixed time-
 - Such event does not happen, or
 - Such events becomes impossible.

(e) Rule 5 regarding contingent contracts

Contract contingent upon the non-happening of an uncertain specified event within a fixed time;

- Such contract can be enforced by law if before the expiry of fixed time-
 - Such event does not happen ,or
 - It become certain that such event will not happen.

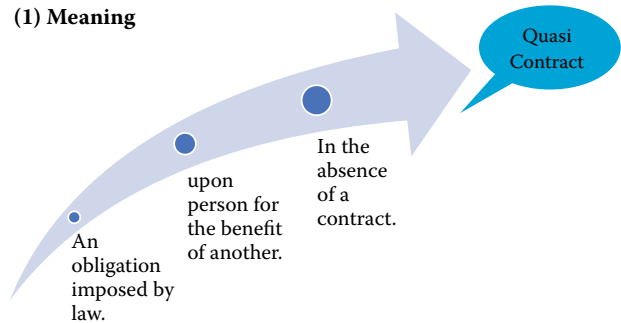
(f) Rule 6 regarding contingent contracts

Agreement contingent on impossible event.

- A contingent agreement to do or not to do anything, if an impossible event happens, is void.
- The impossibility of the event may be or may not be known to the parties to the agreement at the time when they entered into it.

IV. Quasi-Contract

(1) Meaning



(2) Features of a Quasi- Contract

- Imposed by Law
- Obligation is a duty and not the promise of a party
- The right is always a right to money
- Right is available against specific person
- Suit for breach may be filed same as of a complete contract

BUSINESS LAWS ||

(3) Difference between quasi contracts and Contingent contract

Basis of distinction	Quasi- Contract	Contingent Contract
Essential for the valid contract	The essentials for the formation of a valid contract are absent	Present
Obligation	Imposed by law	Created by the consent of the parties

(4) Types of quasi-contracts

- i Claim for necessaries supplied to persons incapable of contracting
- ii Right to recover money paid for another person
- iii Obligation of a person enjoying benefits of non-gratuitous act
- iv Responsibility of a finder of goods
- v Liability for money paid or thing delivered by mistake or under coercion

(a) Type i of quasi-contracts

Claim for necessaries supplied to persons incapable of contracting-

- If necessaries are supplied to a person who is incapable of contracting, e.g. minor or a person of unsound mind-
- the supplier is entitled to claim their price from the property of such a person.

(b) Type ii of quasi-contracts

Right to recover money paid for another person

- A person who has paid a sum of money which another is obliged to pay-
- Such person is entitled to be reimbursed by that other person.

Provided, the payment has been made by him to protect his own interest

(c) Type iii of quasi-contracts

Obligation of a person enjoying benefits of non-gratuitous act

- Such an obligation/right to recover arises "where a person lawfully does anything for another person, or delivers anything to him not intending to do so gratuitously and such other person enjoys the benefit thereof,
- the latter is bound to make compensation to the former in respect of, or to restore, the thing so done or delivered.

(d) Type iv of quasi-contracts

Responsibility of a finder of goods

- A person who finds goods belonging to another, and takes them into his custody
- there such person is subject to the same responsibility as a bailee

(e) Type v of quasi-contracts

Liability for money paid or thing delivered by mistake or under coercion

- A person to whom money has been paid, or anything delivered by mistake, or
- under coercion
- must repay or return it.

(5) Remedy on breach of quasi-contract

When the obligation created by the quasi-contract is not discharged-

- there the injured party is entitled to receive the compensation same as defaulted party had contracted to discharge as it had broken his contract.

Relevant case laws

Case laws	Facts	Decision
ShyamLal vs. State of U.P	'S' a government servant was compulsorily retired by the government. He filed a writ petition and obtained an injunction against the order. He was reinstated and was paid salary but was given no work and in the mean time government went on appeal.	The appeal was decided in favour of the government and 'S' was directed to return the salary paid to him during the period of reinstatement
Hollins vs. Howler L. R. & H. L.,	'H' picked up a diamond on the floor of 'F's shop and handed over the same to 'F' to keep till the owner was found. In spite of the best efforts, the true owner could not be traced. After the lapse of some weeks, 'H' tendered to 'F' the lawful expenses incurred by him and requested to return the diamond to him. 'F' refused to do so.	Held that 'F' must return the diamond to 'H' as he was entitled to retain the goods found against everybody except the true owner.
Trikamdas vs. Bombay Municipal Corporation	T' was traveling without ticket in a tram car and on checking he was asked to pay ₹5/- as penalty to compound transaction. T filed a suit against the corporation for recovery on the ground that it was extorted from him.	The suit was decreed in his favour.

In this capsule, we have summarized the important concepts of the Unit 1 and 2 of the Chapter 2: The Sale of Goods Act, 1930. From Examination point of view, this chapter comprises of around 12 to 14 marks of the paper. In this chapter, students are tested with conceptual understanding of the legal provisions, as well application of the important concepts in the simple practical scenarios. This capsule will help the students to revise and retain essentials of some of the important definitions and various requirements in the formation of the Contract of Sale.

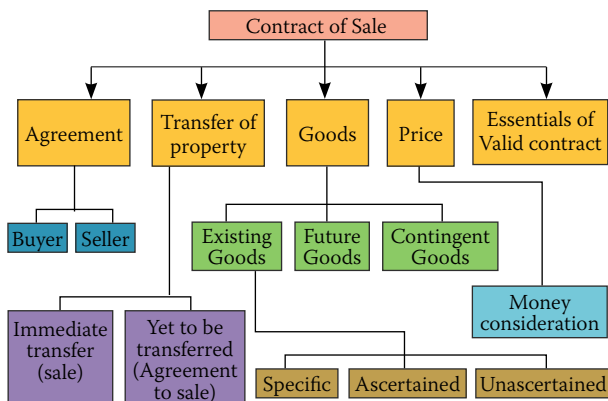
THE SALE OF GOODS ACT, 1930

Primer to the Sale of Goods Act, 1930

- Sale of goods is one of the specific forms of contracts recognized and regulated by law in India.
- It is an Act to define and amend the laws relating to the sale of goods.
- It came into force on 1st July, 1930.
- The provisions of the Act are applicable to the sale of ONLY movable properties and the Act is not applicable to immovable properties.
- It extends to the whole of India.

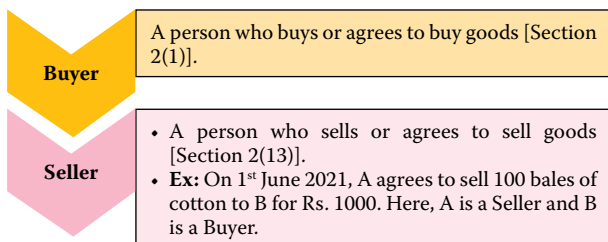
Formation of the Contract of Sale

Framework

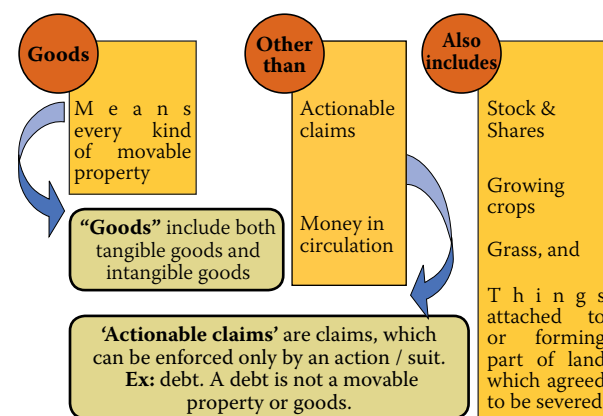


Important Terminologies

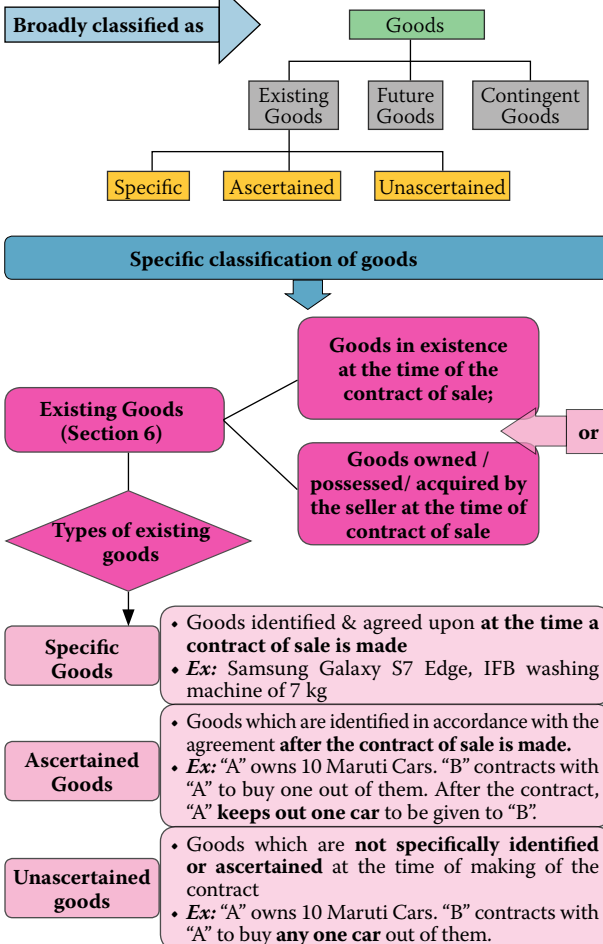
1. Buyer and Seller



2. Goods [Section 2(7)] and related terms



3. Classification of Goods



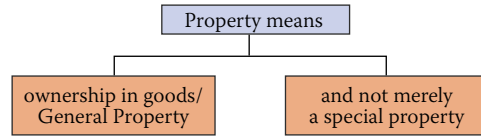
Future Goods [Section 2 (6)].

- Goods to be
 - manufactured or
 - produced or
 - acquired
- by the seller after making the contract of sale
- **Ex:** 1000 quintals of potatoes to be grown in Mr. A's field.

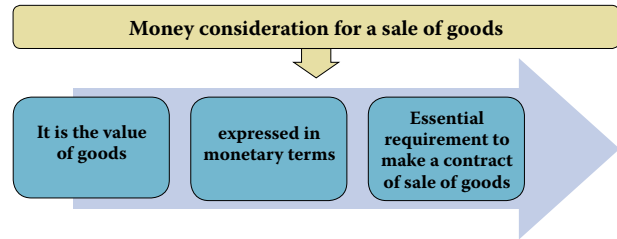
Contingent Goods [Section 6(2)]

- The acquisition of which
 - by the seller
 - depends upon an uncertain contingency (uncertain event)
- **Ex:** P contracts to sell 500 pieces of particular item provided the ship which is bringing them reaches the port safely.

7. Property [Section 2(11)]



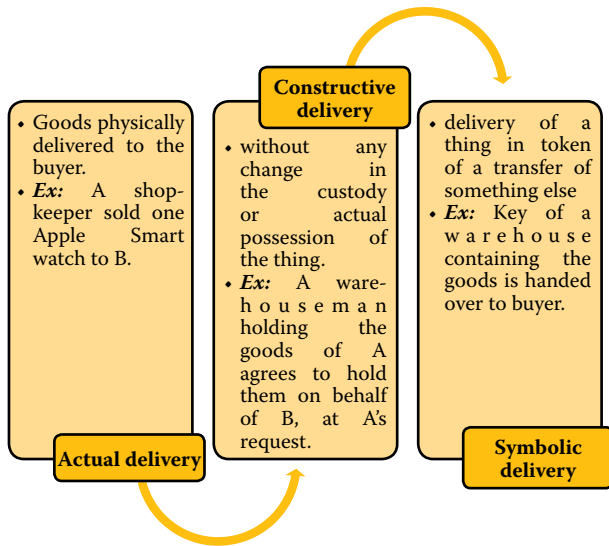
8. Price [Section 2(10)]



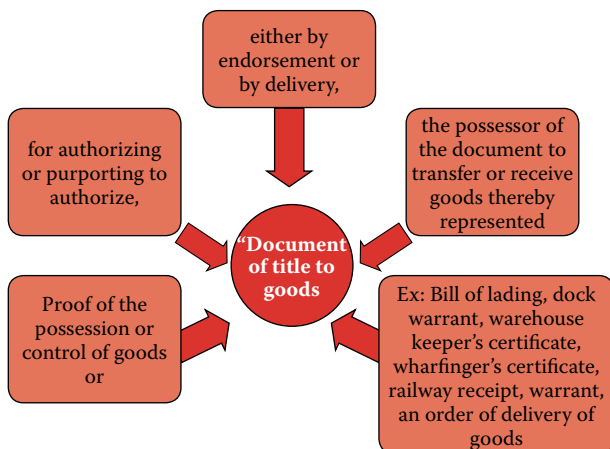
4. Delivery – Meaning [Section 2(2)]



5. Types of Delivery

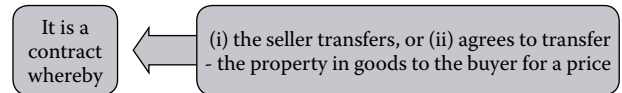


6. Document of title to goods [Section 2(4)]

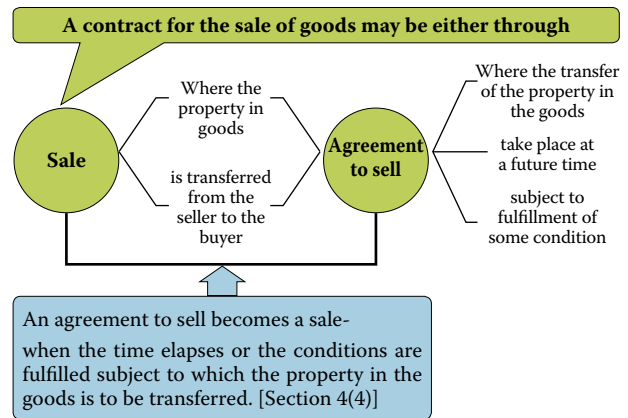


Sale and agreement to sell [Section 4]

1. Meaning of Contract of Sale of goods



2. Mode for contract of sale of goods

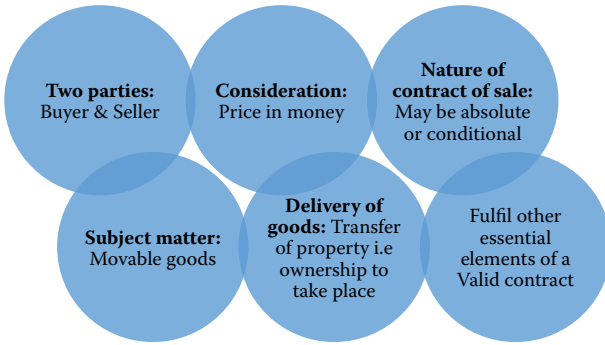


3. Differences in Sale and Agreement to Sell

Basis of difference	Sale	Agreement to sell
Transfer of property	Immediately	Future Date or fulfillment of condition
Nature of contract	Executed	Executory
Remedies for breach	Sue for price	Sue for damages only and not for price
Liability of parties	Liability of the buyer	Liability of the seller
Burden of risk	Buyer	Seller
Nature of rights	Jus in rem	Jus in personam
Right of resale	Seller cannot re-sell the goods	Seller may re-sell
Insolvency of seller	Official Assignee • not be able to take over the goods • will recover the price from the buyer.	Official Assignee • acquire control over the goods • the price will not be recoverable.
Insolvency of buyer	Official Assignee • control over the goods.	Official Assignee • no control over the goods.

BUSINESS LAWS

4. Contract of sale – elements must co-exist



Sale Distinguished from other Similar Contracts

1. Sale and Hire Purchase

Basis of difference	Sale	Hire- Purchase
Time of passing property	Immediately	On payment of last instalment
Position of the party	Buyer is like that of owner	Position of the hirer is like that of bailee till final payment
Termination of contract	the buyer cannot terminate the contract and bound to pay price	The hirer may terminate the contract by returning the goods
Burden of Risk of insolvency of the buyer	risk of seller	Owner takes no risk and has right to take back the goods
Transfer of title	The buyer can pass a good title to a bona fide purchaser	Hirer cannot pass any title even to a bonafide purchaser
Resale	The buyer can	Hirer cannot, unless all installments paid

2. Sale and Bailment

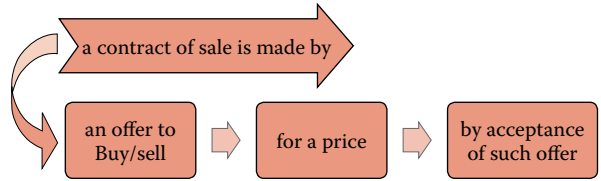
Basis of difference	Sale	Bailment
Transfer of property	Transferred from seller to buyer	Transfer of possession of goods from bailor to bailee
Return of goods	Not possible	Bailee must return the goods to the Bailor on accomplishment of the purpose
Consideration	It is the Price in terms of money	It may be gratuitous or non-gratuitous.

3. Sale and contract for work and labour

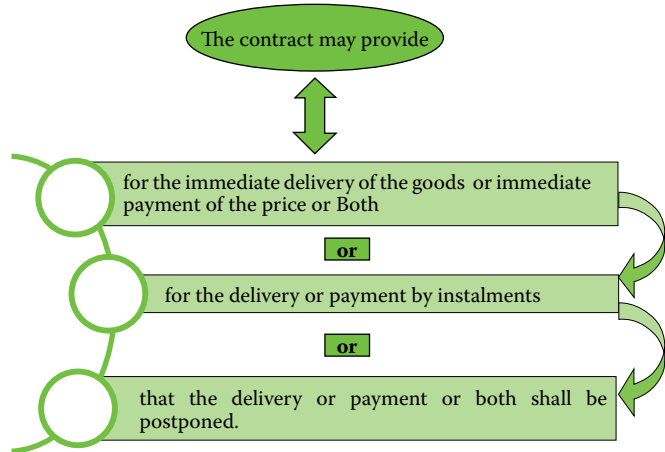
Basis of difference	Sale	Contract for work and labour
Nature of Contract	It's a contract in which some goods are sold or are to be sold for a price	No goods are sold, and there is only the doing or rendering of some work of labour.

Procedure for conduct of Contract of Sale [Section 5]

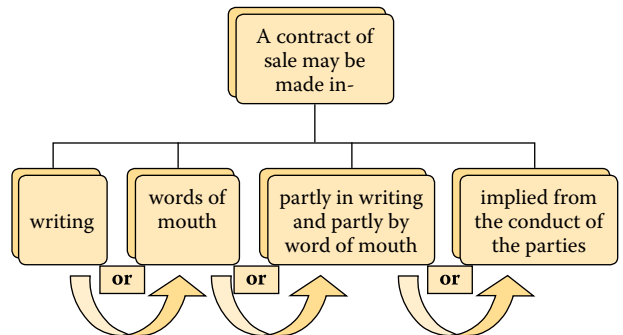
1. Process



2. Mode of delivery and Payment



3. Mode for entering into contract of Sale



Subject matter of Contract of Sale [Section 6, 7, & 8]

1. Goods which form the subject matter of a contract of sale

Existing goods

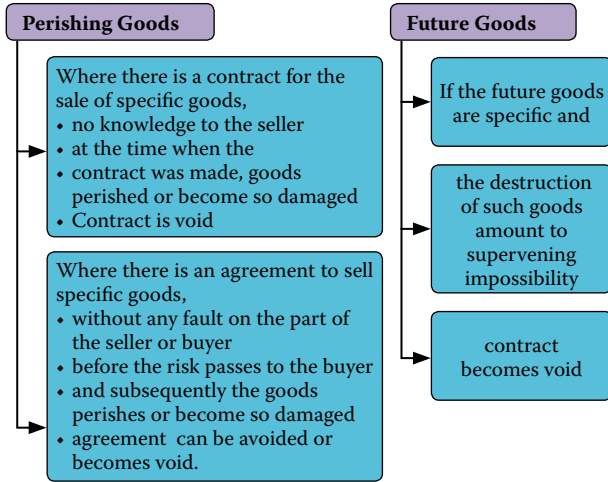
existing goods that are acquired, owned or possessed by the seller

Future goods

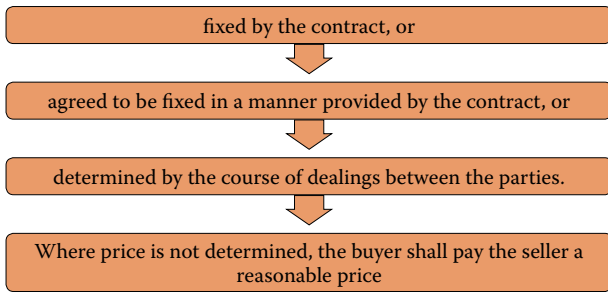
the acquisition of which by the seller depends upon a contingency which may or may not happen

Whereby 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

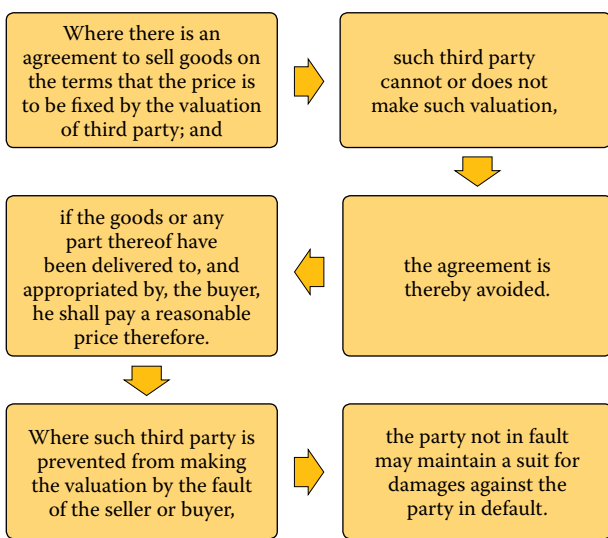
2. Nature of contract of sale with respect to perishing goods



Ascertainment of price [Section 9]

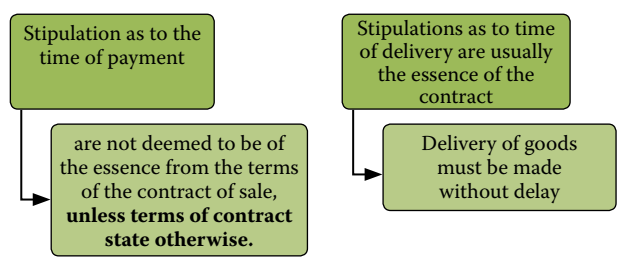


Agreement to sell at valuation [Section 10]



Ex: P is having two bikes. He agrees to sell both of the bikes to S at a price to be fixed by the Q. He gives delivery of one bike immediately. Q refuses to fix the price. As such P ask S to return the bike already delivered while S claims for the delivery of the second bike too. In the given instance, buyer S shall pay reasonable price to P for the bike already taken. As regards the Second bike, the contract can be avoided.

Stipulation as to time of Payment and time of delivery [Section 11]



Conditions and Warranties with reference to the goods [Section 12]

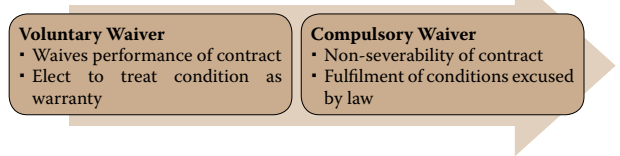
1. Meaning -Condition and Warranty

Condition	Warranty
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.	is a stipulation co-lateral 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.

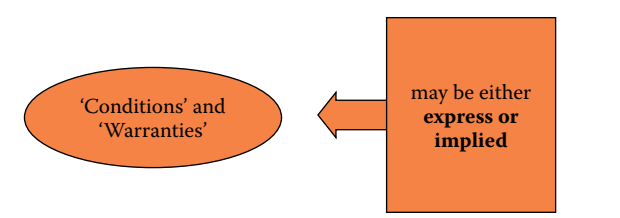
2. Differences

Point of differences	Condition	Warranty
Meaning	A stipulation essential to the main purpose of the contract.	A stipulation collateral to the main purpose of the contract.
Right in case of breach	Repudiate or claim damages or both	Claim only damages
Conversion of stipulations	A breach of condition may be treated as a breach of warranty.	A breach of warranty cannot be treated as a breach of condition.

3. Waiver of conditions [Section 13]

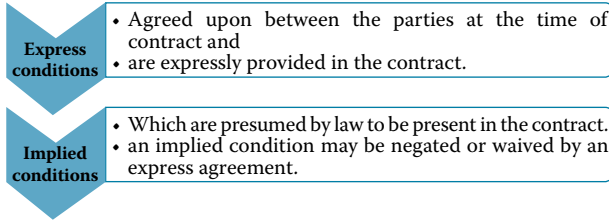


Mode of Conditions and Warranties

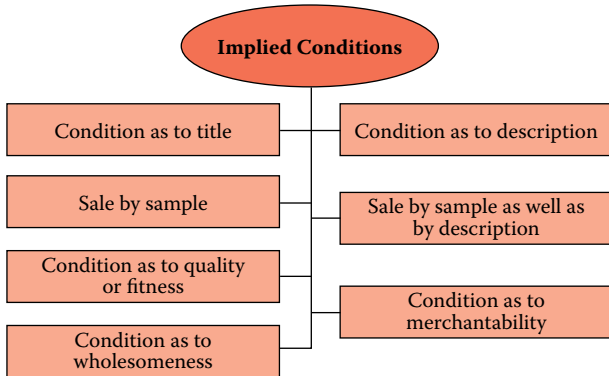


BUSINESS LAWS

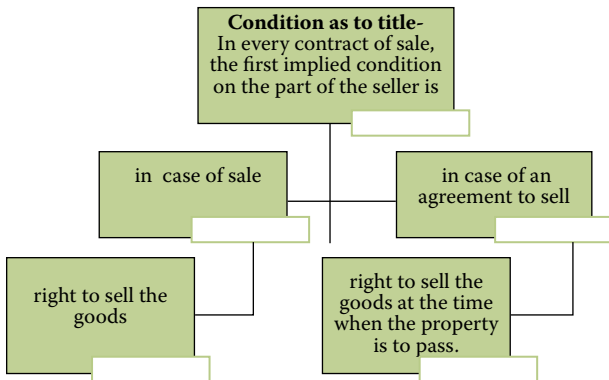
1. Express and Implied Conditions-Meaning



2. Implied Conditions-Types



3. Condition as to title [Section 14]



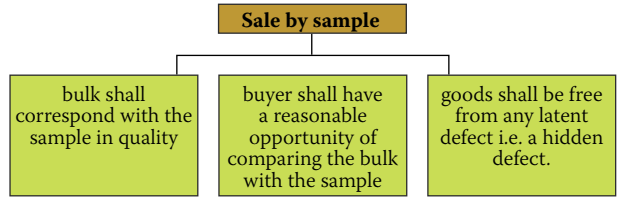
Ex: A purchased a tractor from B who had no title to it. After 2 months, the true owner spotted the tractor and demanded it from A. Held that A was bound to hand over the tractor to its true owner and that A could sue B, the seller without title, for the recovery of the purchase price.

4. Sale by description [Section 15]



Ex: A ship was contracted to be sold as "copper-fastened vessel" but actually it was only partly copper-fastened. Held that goods did not correspond to description and hence could be returned or if buyer took the goods, he could claim damages for breach.

5. Sale by sample [Section 17]



Ex: A company sold certain shoes made of special sole by sample for the French Army. The shoes were found to contain paper not discoverable by ordinary inspection. Held, the buyer was entitled to the refund of the price plus damages.

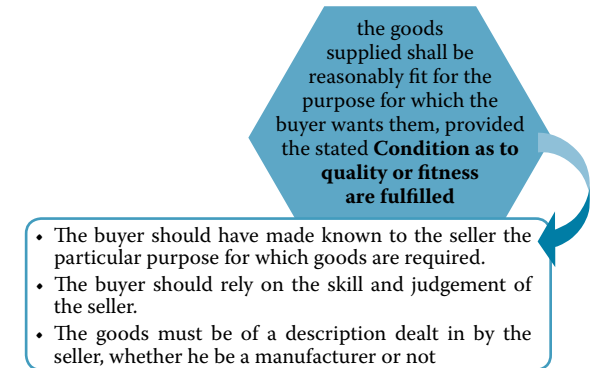
6. Sale by sample as well as by description [Section 15]

Sale by sample as well as by description bulk of the goods supplied shall correspond both with the sample and the description

In case the goods correspond with the sample but do not tally with description or vice versa or both, buyer **can repudiate the contract**.

Ex: A agreed with B to sell certain oil described as refined sunflower oil, warranted only equal to sample. The goods tendered were equal to sample but contained a mixture of hemp oil. B can reject the goods.

7. Condition as to quality or fitness [Section 16(1)]



Ex: 'A' bought a set of false teeth from 'B', a dentist. But the set was not fit for 'A's mouth. 'A' rejected the set of teeth and claimed the refund of price. It was held that 'A' was entitled to do so as the only purpose for which he wanted the set of teeth was not fulfilled.

8. Condition as to Merchantability [Section 16(2)]

Condition as to Merchantability

- Goods should be bought by description.
- The seller should be a dealer in goods of that description.
- **Exception:** If the buyer has examined the goods, there shall be no implied condition as regards defects which such examination ought to have revealed.

Ex: A bought a black velvet cloth from C and found it to be damaged by white ants. Held, the condition as to merchantability was broken.

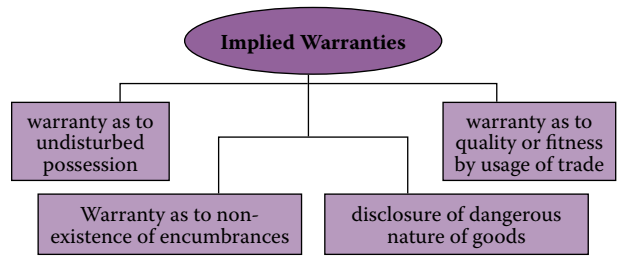
9. Condition as to wholesomeness

Condition as to wholesomeness

- In the case of eatables and provisions,
- in addition to the implied condition as to merchantability,
- there is another implied condition that the goods shall be wholesome.

Ex: A supplied F with milk. The milk contained typhoid germs. F's wife consumed the milk and was infected and died. Held, there was a breach of condition as to fitness and A was liable to pay damages.

10. Implied Warranties-Types



11. Implied warranty

Warranty as to undisturbed possession	Warranty as to non-existence of encumbrances	Warranty as to quality or fitness by usage of trade	Disclosure of dangerous nature of goods
buyer shall have and enjoy quiet possession of the goods.	the goods shall be free from any charge or encumbrance	An implied warranty as to quality or fitness for a particular purpose may be annexed or attached by the usage of trade	the goods are dangerous in nature and
If the buyer having got possession of the goods, is later on disturbed in his possession,	in favour of any third party not declared or known to the buyer	<i>Ex:</i> Shares purchased from broker expected to be free from bad deliveries	the buyer is ignorant of the danger,
he is entitled to sue the seller for the breach of the warranty.	before or at the time the contract is entered into.		the seller must warn the buyer of the probable danger.
<i>Ex:</i> A Purchased a second hand typewriter which happened to be stolen	<i>Ex:</i> : S sells a car which was given as security by Y against a loan		If there is a breach of warranty, the seller may be liable in damages.
			<i>Ex :</i> Lid of disinfectant powder to be opened with care.

Caveat Emptor [Section 16]

1. Meaning of doctrine

Caveat Emptor

Let the buyer beware

General rule

It is the duty of the buyer to examine the goods thoroughly before he buys them in order to satisfy himself that the goods will be suitable for his purpose for which he is buying them.

Ex: A purchases a horse from B. A needed the horse for riding but he did not mention this fact to B. The horse is not suitable for riding but is suitable only for being driven in the carriage. Caveat emptor rule applies here and so A can neither reject the horse nor can claim compensation from B.

2. Required conditions when doctrine is not attracted:

Conditions to be satisfied

- Buyer had made known to the seller the purpose of his purchase, and
- buyer relied on the seller's skill and judgement, and
- seller's business to supply goods of that description

3. Exceptions to Doctrine of caveat Emptor:

Exceptions

- Fitness as to quality or use
- Goods purchased under patent or brand name
- Goods sold by description
- Goods of Merchantable Quality
- Sale by sample
- Goods by sample as well as description
- Trade Usage
- Seller actively conceals a defect or is guilty of fraud

BUSINESS CORRESPONDENCE AND REPORTING

CA FOUNDATION - PAPER 2B - Business Correspondence and Reporting

The capsule presents an outline of the topics along with vital aspects about the concepts covered in all four parts of the curriculum. It also discusses:

- Types of questions asked in the examination from each of the chapters.
- Handy tips/cues for preparation as well as presentation of answers in an effective manner.
- A list of prescribed Do's and Don'ts to reinforce important points to be remembered from examination's standpoint.

As you would know, the syllabus has been divided into 4 Parts. The table below indicates the relevant details

S.No	Part Name	Chapters Covered	Weight-Age in marks	Skill level*
1.	Part-I Communication	1	5-6	Level-I
2.	Part-II Sentence Types and Vocabulary	2,3	9-10	Level-II
3.	Part-III Comprehension and Note Making	4,5	10	Level-II
4.	Part-IV Developing Writing Skills	6 to13	15	Level-II

Level-I: Knowledge and Comprehension

Level-II: Application

Each Part elucidates one of the significant aspects of **Business Correspondence**.

Part-I Communication

Overview:

Communication forms the basis of any interaction. It is the process of exchange of ideas, thoughts and opinions through a verbal or non-verbal medium, between two or more people intending to communicate or correspond with each other or in a group.

Chapter-1 broadly discusses the essential aspects of the process of communication, its types, mediums, characteristics of effective communication and barriers.

Types of Questions

The questions that can be asked from this chapter can be both direct and indirect in nature.

- Direct questions can be from any topic/concept as mentioned above.
 - **What is network in communication? (1 Mark)**
 - **Define non-verbal communication. What are its various types? (2 Marks)**
- Indirect questions check the student's level of understanding of the concept. These can be in the form of statements where comments or brief explanations are sought on these. Student is expected to answer with appropriate justification or supporting statement or argument. For example:
 - **Specify the kind of a formal business setting where 'Star Communication Network' cannot be applied. (1 Mark)**
 - **Body language can sometimes be deceptive. Comment. (2 Marks)**
 - **Physical barriers are a result of our surroundings. Discuss. (2 Marks)**

NOTE: The questions above have been taken from past year question papers. Answers are available as part of Suggested Answers.

Both the type of questions can be for 1 or 2 marks each.

One mark questions should be answered very precisely with clarity.

Two mark questions may include

- brief description of the topic/concept covering major points with examples/illustrations,
- comments with apt reason/argument/justification

How to Prepare (Tips and Cues)

You are advised to read, comprehend and memorize definitions, concepts and nuances of each topic. Understanding the concepts is essential to be able to make out what is being asked as questions are sometimes paraphrased in a manner to test the examinee's

comprehension or expression. Students can ask themselves simple definitions, pointers, examples while studying the chapter to reinforce the concept.

Part-II Sentence Types and Vocabulary (Word Power)

Overview

Sentences and Vocabulary are the basic building blocks of all formats and language constructs. While sentence construction determines and enhances the coherence, clarity and progression in any piece of writing; vocabulary lends a meaning, describes its connotation with precision at the same time enriching the language.

Chapter 2 Sentence Types comprises the basic sentence structure, subject, predicate, dependent and independent clauses and types of sentences: simple, compound, complex and complex-compound, subject-verb agreement, types of speech: direct indirect; active-passive voice.

Types of Questions

All questions carry one mark, include:

- Rewrite a sentence from direct to indirect speech and vice versa
- Rewrite a sentence from active to passive voice and vice versa
- Identify the type of sentence (compound/complex/compound-complex)

How to Prepare (Tips and Cues)

You are required to:

- Develop a habit of reading newspaper articles on myriad themes and subjects, fictional content or reviews.
- They can try to identify different sentence structures, dependent and independent clauses and types to observe the writing style used to state/describe ideas, opinions and suggestions.
- Comprehend the rules to convert a sentence from direct to indirect speech and vice versa
- Comprehend the rules to convert a sentence from active to passive voice and vice versa
- Practise extensively to convert sentences.

This will not only help to understand the usage/application of the various sentence types but also enable you to hone your verbal and written expression during group discussions and presentations as well as answering questions during the examination.

Chapter-3 Vocabulary

Includes jargon words/phrases, synonyms-antonyms, roots of words, prefix-suffix, phrasal words, collocations and idioms.

Types of Questions

All questions carry one mark, include:

- MCQs based on synonyms, antonyms, idioms and collocations.
- MCQs as fill ups based on phrasal verbs

How to Prepare (Tips and Cues)

Building a good vocabulary requires regular reading to learn new

words. It can be enhanced gradually by:

- Judiciously following a daily habit of learning at least 5 new words with their meanings, both in English and Hindi or in the vernacular/ native language.
- Carrying pocket dictionaries (English to English and English to Hindi/native language) always
- Noting at least one synonym and antonym for each of these words to understand how these words could be used interchangeably.
- Identifying words used in colloquial English or frequently used words in different types and styles of conversations such as debates, interviews, lectures, formal speech/address etc.
- Inculcating the habit of noting down unfamiliar/new words encountered while reading books, studying, attempting questions from exercises or watching any audio/video content.
- Using these words extensively in oral and written communications for retention.
- Preparing a personalized lexicon for ready reference.

These activities/exercises would help to remember the precise meaning of the word, its origin, different connotations thereby, providing more clarity on the usage with respect to the context.

Part-III Comprehension passages and Note Making

Chapter-4 Comprehension Passages

Overview

Comprehension passages are an integral part of any language curriculum and most competitive/language exams. Reading without understanding is inconsequential, as it does nothing beyond phonetics. The exercise aims at enhancing vital language skills such as **Reading, Writing, Listening and Speaking** by enabling you to understand whatever is written in terms of its context and connotation thus helping you to make out ideas, thoughts, opinions, suggestions from plane words. It also hones your analytical skills. The passages in questions can have academic or general content and style and may include topics from a variety of fields including arts, sciences, social sciences, etc. You may or may not be familiar to the topic. However, an underlying assumption is that the passage is exhaustive and the answers to the questions can be retrieved /derived from within the passage only.

The chapter describes strategies for attempting these passages in a stepwise manner covering:

- Enhancing reading skills by improving reading speed
- Developing higher order thinking skills through Bloom's Taxonomy to improve comprehension skills.

Types of Questions

Part-III is important because there is a compulsory question from the section having two parts with one question each based on Comprehension passage and Note Making carrying 5 marks each.

In Comprehension Passages, there may be 4 to 5 questions (for 1 or 2 marks) based on a given text/passage/excerpt that primarily include:

- Multiple Choice Questions
- Subjective questions to be answered in 1-2 sentences

These can be:

Main idea questions: Test the understanding of the whole passage rather than the individual paragraphs/sections of the passage.

Specific detail questions: Based on the facts/details/events presented in the passage.

Inference questions: Ask to draw a logical conclusion from what is said in the passage.

Vocabulary based questions: Ask the meaning of a word or phrase within the context of the passage.

How to Prepare (Tips and Cues)

After a cursory reading of the passage and the questions, try to comprehend the passage verbatim. Thereafter, you must attempt to:

- Find /locate/identify same/similar/associative words from the question in the passage.
- Ask questions like **What, When, Where, How** and seek answers in the passage about the keywords, subjects or procedures identified

earlier. Record the answers.

- Figure out the central idea or the theme of the given passage. This has to be a noun i.e. a person, place, idea, or a thing. Mostly, the main idea of a passage is stated in the first sentence of the first paragraph. Sometimes it is mentioned at the end of the paragraph and rarely, anywhere else in the paragraph. In cases where the passage is taken from middle or end of a larger text, the central idea may not be stated at all, but simply implied.
- Read the opening and closing statement of each paragraph.
- Differentiate between the relevant and irrelevant information in the passage.
- Mark keywords, these can be subjects or entities (nouns), about which something is described, procedures(action verbs) explained, conjunctions between clauses, events/incidents narrated.

These may be:

Reason words – because, due to, owing to, in view of, reason being
Cause-and-effect words – thus, as a result, therefore, leading to, culminating into

Time words – meanwhile, before, after, at the same time, simultaneously

Contrast words – contrary, contrarily, in contrast, conversely, Unlike, opposite to

Addition words – also, in addition to, As well as, as well

Emphasis words – note, more/most importantly, remember, moreover

- Identify logical sequence of events and supporting details across the entire passage describing the central theme.
- Mark specific words and phrases. They help to understand the relationship between the ideas in a paragraph or paragraphs.
- Note the context and sentence structure for clues in case of vocabulary based questions specifically, if the answer is not known.
- Identify logical sequence of events and supporting details across the entire passage describing the central theme.
- Read through the passage and identify **statements, arguments and inferences or conclusions.**

Chapter 5 Note Making

Overview

Note Making is significant to learning, revision and retention. It is an essential skill to be developed so as to prepare skimmed and summarized subject material for revision. Notes essentially comprise important points, numerous categories and different aspects of the subject/entity/idea succinctly without omitting the vital details. As a student, it is highly relevant for you, as you are required to retain and recall voluminous subject contents during examinations and in other academic pursuits and even later in your profession while making speeches and presentations.

The chapter enables students to:

- Prepare extensive notes in a structured manner spanning through the text without skipping any detail complete with indentation and abbreviations.
- Write summary comprising pertinent details.

It highlights the significance of the topic for students and elucidates a step wise process to prepare notes for a given text material in a sequential manner comprising:

- Strategies of effective Note Making
- Difference between Note Making and Note Taking
- Linear Note Making
- Steps for Linear Note Making
 - Format
 - Indentation
 - Abbreviations/Acronyms

Types of Questions

Question in Note Making has 2 parts

- To prepare Notes

BUSINESS CORRESPONDENCE AND REPORTING

- To write Summary

How to Prepare (Tips and Cues)

You need to:

- Read the passage intently at least twice.
- Select/Frame an appropriate heading based on the central theme of the passage.
- Mark the key sentences that help to develop the main idea or the central theme, these may include entities (nouns), activities (verbs), details (descriptions) and other aspects such as cause, effect, types, categories etc. to prepare subheadings and sub subheadings to present these in a logical sequence as given in the passage.
- Not write complete sentences, just the keywords such as nouns and verbs.
- Ensure that indentation is duly maintained.
- Abbreviate long words to prepare the key.
- Collate the aforesaid points and ideas in a logical sequence to prepare the summary of the passage. Prepare the notes first, and then draft the summary elaborating the note pointers.
- Note that summary must be less than half the size of the passage and present the vital points in the given passage. However, the order of details presented may be altered.

Part-IV: Developing Writing Skills

Overview

This part comprises eight chapters from Chapter 6 to 13. It constitutes the biggest and the most important portion in the curriculum, carrying the maximum weight-age (15 marks). It encompasses:

- Major writing constructs such as Précis, Articles and Reports.
- Inter-office and intra-office business communication/correspondence constructs such as Letters, Mails (both inter-office), Memos and Circulars (both intra-office).
- Preparing a Resume with/without a cover letter; Agendas, Minutes and Action Taken Report (ATR) of a Meeting.

These constructs are frequently used in the process of information exchange, and formal correspondence in day-to-day business operations. It is therefore important for you to familiarize yourself with these constructs to be able to communicate effectively in formal corporate settings.

Chapters 7 to 13 discuss each one of these constructs including their formats, types, forms and versions complete with numerous examples illustrations and exercises.

Types of Questions

- Write a Précis for the given passage / Article or Report on the given topic subject or event / Letter or Mail to a recipient
- Prepare a Resume / Agenda, Minutes and ATR of a Meeting

How to Prepare (Tips and Cues)

(I) Generic

You must be conversant with the basic format and essential details corresponding to each of these constructs. While attempting, you must:

- Prepare a rough skeleton structure or a template of the construct.
- List down essential details such as date, subject, time, salutations, item code / order number/ cheque details/ name and main body, concluding message, designation and names of participants etc.
- Prepare the main body and sub sections of the construct and vital pointers with respect to the subject matter to be included for these.
- Fill in the details to complete it.
- Edit the first draft to ensure appropriate words are used with the correct connotation/context and do not use overtly long sentences which makes it cumbersome for the examiner to read.

(II) Specific

(A) Chapter-7 Précis Writing

You should:

- Read the text carefully to understand its central theme/idea.
- Give a suitable title around the central theme
- Mark keywords such as nouns, verbs, adjectives and adverbs to identify entities, activities/processes and descriptions.

- Skim out any redundant and insignificant details from the passage/text.
- Shorten the sentences to simplify the information by converting overtly long complex and complex-compound sentences to simple and compound sentences.
- Always write in third person, indirect reported speech in past tense.
- State the relevant details briefly around the central theme, without missing out any data.
- Ensure that the sequence of events is maintained as narrated in the passage.
- Adhere to the thought process/view-point of the author in the given passage/text. Refrain from making any contrary remark, comment or suggestion.
- Ensure that the précis does not exceed more than one third of the given passage.
- Re-iterate the complete process to further omit unnecessary words/sentences, or re-frame the sentences to prepare a final edited version.

(B) Chapter-8 Article Writing

Format

Title illustrating the idea/subject - In the first line

By: Name of the author -Second line

Writing Tips/Cues

- Structure the contents into 2-3 paragraphs, each with a different central idea.
- **Introduction (Paragraph-1):**
 - Begin with a striking first sentence, a quote, proverb or idiom a popular newspaper headline that goes with the title/theme.
 - Follow it up with a brief introduction/overview.
- **Main Body (Paragraph-2):**
 - Mention related facts/figures/practices
 - Major aspects; Key stakeholders; Comparison with a similar concept (major similarities/dissimilarities); Origin/Source; Nature, Types and Forms; Major Causes and Effects on different entities;
- **Main Body (Paragraph-3):**
 - Mention proposed precautions measures/solution; Merits/demerits; Advantages/Disadvantages;
 - Past/Present/Future perspectives,
 - Conclusion/Inference; Final comment/opinion/recommendations.
- Collate your ideas in rough as pointers as per the structure above. Frame the pointers in sentences.
- Use adjectives/adverbs/phrases/idioms to make it engaging/riveting for the reader.
- Adhere to the word limit

(C) Chapter-9 Report Writing

Format

Title : Brief description of the incident/event In the first line

By: Name of the author -Second line

Writing Tips

- Delineate the report into 2-3 paragraphs, comprising different set of details in each paragraph.
- Write in third person, indirect reported speech and in past tense.
- Adhere to the word limit.
- **Paragraph-1:**
 - Give first-hand description of the incident /event as a live witness/viewer.
 - Begin with a striking opening sentence followed by brief description. including date, time and place of the incident/event;
 - Name of the event, institution/
 - People involved / Organizers
 - Objective
 - Chief Guest/ Guest of honour, Audience

BUSINESS CORRESPONDENCE AND REPORTING

- **Paragraph-2:**
 - Narrate the event in a chronological manner, stating minute yet significant details.
 - List down the programmes/activities entailed and brief description of each of them / Causes of the incident,
 - State relevant facts/figures; include / description by eye witnesses/ audience feedback.
- **Concluding Paragraph-3:**
 - Future perspectives, plans; important implications, major repercussions; concluding remarks/comments.

(D) Chapter-10 Formal Letters and Official Communication

(i) Letter

Format with tips

Sender's Address

Date:

Addressee's Address

Salutation

Subject: A one line statement crisply citing the purpose of the letter that catches the attention of the recipient and makes the intent aptly clear.

- **Introduction (Paragraph-1)**
 - Briefly mention the reason/objective for writing in 2-3 sentences.
- **Main Body (Paragraph-2)**
 - Pertinent details about the subject matter and key points to be conveyed in 3-4 sentences. .
 - Include Item/cheque/order/complaint number;
 - Product/Order/Cheque/Complaint specifications or any other supporting document
 - In case of a complaint/request for replacement, specify the person in-charge /entity who will visit to address the issue.
- **Concluding Paragraph-3**
 - Re-iterate the objective;
 - State appropriate action to be taken(if, any) by the recipient;
 - Expected timeline/(timely delivery, quality, specific requirements).
 - Essential terms and conditions to be adhered to
 - Close the letter on a positive note, hoping for a favourable response within the designated time period.
- Complimentary Close: Warm Regards/Thanking You/Yours truly/ Yours sincerely
- Sender's Name & Designation

(D)(ii) Official Communication: Circulars

These are formal communications (One to many) to be propagated amongst a large target audience such as office employees, students in an institution or members of a club/consortium/organization

Format

Circular No. xxxxx

Date:

Title in 2-3 words : Office Transport Rules/
Working Hours;School Vacations/ Trip;
Club timings/rules; Party Meetings etc.

For all employees/students/members,

- **Paragraph-1**
 - Objective of the communication should be clearly stated unambiguously, with relevant details.
- **Paragraph-2**
 - If any action or response is requested, specify the name of the employee/teacher/member with complete details such as: designation, department, official E-mail, telephone number etc.

Name of the Person (Optional)

Designation with Department (Mandatory)

(D)(iii) Official Communication: Memos OR Memorandums

These are reminders, formal communications (One to many) to be communicated amongst a limited target audience of a particular office departments/staff members of an institution or a specific group of members of a club or organisation, informing/apprising them about a specific decision.

Format

Name of the organization/institution/club

Inter Departmental Memo

Date:

To: Employees of a Department/ Teachers of a class or department/ Senior Members of a club

From: Name with Designation and Department

Subject: Objective clearly stated such as: Purchase/Issuance of equipment such as Laptops Mobile Phones/ Tablets; Suspension/ Dismissal of Mr. X;

- **Paragraph-1**

- Information/Decision with stringent norms/penal action if required, clearly stated.

(E) Writing Formal E-Mails: These are most commonly used means of instant one to one OR one to many communication. E-mails are used/exchanged to share information, issue instructions, demand action, elicit response, request details or any other purpose where some interaction is needed.

Format

To: E-mail address (es) of the recipient(s).

Cc: Copy to: E-Mail addresses of the other stakeholders concerned with the communication

Subject: Purpose of sending the mail clearly stated such as: Payment to a vendor for bill number xxx; Confirmation of Order Number xxx; Status of application for registration to CA Foundation/Intermediate/ Final etc.

- **Main Body**

Salutations: Dear/Respected Sir/Madam

- **Paragraph-1**

- Brief description in 1-2 sentences, about the purpose of the mail with reference to the subject.

- **Paragraph-2**

- Pertinent details including recent correspondence such as policy decision, data gathered about the issue, any other information
- Specific action expected from the recipient. Clear and concise instructions should be given.
- Enclose necessary annexures/ attachments (if, required)

- **Paragraph-3**

- Express hope for a favourable response from the recipient within the stipulated time period.

• **Complimentary Closure:** Regards/Warm or Best Regards

Name and designation of the sender

Telephone Number: Landline, Mobile (optional)

(F) Resume Writing

• **Chronological Resume:** Resume is a formal document that comprises complete information about the antecedents of an incumbent including personal, academic and training (Information Technology & Soft skills) related details to be presented to the prospective employer in accordance with a specific post/profile in a specific chronological sequence. This format is most commonly used by students who intend to apply for formal training programmes as part of professional courses such as articulation as part of the Chartered Accountancy Course.

Format (Chronological Resume)

- Name and Contact Details
- Career Objective
- Academic achievements/antecedents in a chronological sequence
- Co-curricular Achievements
- Previous trainings completed / conducted

BUSINESS CORRESPONDENCE AND REPORTING

- Technical/soft skills
- Interests/Hobbies (optional)
- Personal Details
- Declaration about the details mentioned in the resume document being true.
- Date: Name and Signature

(F)(ii) Functional Resume:

This emphasises your skills and achievements. Previous experience is of little importance. The format is ideal for professionals who intend to join their respective profession after a gap/sabbatical or those who have numerous gaps in their career due to whatever reasons.

Format

- Name and Contact Details
- Career Objective
- Skills
- Technical Training/s
- Achievements
- Experience
- Academic details
- Personal details
- Declaration about the details mentioned in the resume document being true.
- Date: Name and Signature

(F)(iii) Combination Resume:

This presents a combination of the incumbent's skills along with professional and academic antecedents. This format is used to highlight past employment history and specific skill-sets suitable for a given job profile while applying for the same. It is written in reverse chronological sequence with the recent job profile coming first and so on.

Format

- Name and Contact Details
- Career Objective
- Summary of experience gained
- Experience details in reverse chronological sequence
 - Name of the Organisation/Company
 - Position/Designation held
 - Responsibilities
 - Appreciation/Promotions/Rewards if, any
- Technical/soft skills
- Academic achievements/antecedents in a chronological sequence
- Co-curricular Achievements
- Previous trainings conducted
- Personal Details
- Declaration about the details mentioned in the resume document being true.
- Date: Name and Signature

(F)(iv) Cover Letter: It is a formal letter to express interest for a specific job profile/position advertised by an organization. It must

highlight the reason for applying, strengths and requisite skill set vis a vis the position so as to evoke employer's interest in the applicant / incumbent.

Format

Sender's Address

Date:

Designation/Name of the Addressee:

Address:

Salutation:

Subject:

- **Paragraph-1**
 - Introduction with name and position against which applied; mention the source of information
- **Paragraph-2**
 - Explain the incumbent's interest in the job profile
 - Highlight relevant skills and experience most suited for the job profile.
 - Make specific associations between capabilities and job requirements as mentioned in the job description.
 - Project the skills and experience to make the incumbent most suitable for the job.
 - Exhibit awareness about the organisation's affairs.
- **Concluding Paragraph-3**
 - Hope for a favourable response
 - Ask for follow up details and tentative dates for the subsequent interview/interaction.
- **Complimentary Closure**
 - Yours Sincerely/Thanks & Regards/Best Regards/Warm Regards

Signature

(Name)

(G) Meetings: It can be defined as an assembly of individuals in a formal environment such as a corporate set-up to deliberate/debate upon certain issues/problems in order to conclude matters, in most cases take decisions. Meetings are mostly preordained, to be held at a fixed time, date and venue with a fixed agenda entailing issues/items to be discussed.

Agenda: It is prepared in advance, with items (including requisite annexures) contributed by or prepared with the consent of some of the key participants. Once prepared, the draft Agenda is circulated/propagated amongst the participants/attendees. The Agenda defines/determines and ensures:

- Objective of a meeting
- Issues/topics to be discussed
- Specific time slot allocated to each speaker
- Sequence in which the issues will be taken up during the meeting.
- Meeting is focused and speakers do not deviate from the issues.

(G)(i) Tabular Agenda

Format

Time	Topic/Item	Attendees	Speaker	Duration
10 AM	Strategy for launch of a new product/service/initiative	Name and designations of the participants such as Head of Production, Head of Sales, Head of marketing, Head of Finance, Managing Director etc.	Name of the official who presents the issue/ item	Time(in minutes) allotted for presentation/discussion for eg. 30 minutes
10:30 AM	Market Trends			30 minutes
11 AM	Tea Break			15 minutes
	Subsequent Items			
2 PM	Vote of thanks		Director	2 minutes

BUSINESS CORRESPONDENCE AND REPORTING

(G)(ii) Minutes of a Meeting: These entail comments/opinions/suggestions put forth by each of the speaker/participant on a particular item/issue and the subsequent decision taken, stated unambiguously in a sequential manner. These are documented and duly filed/maintained as a compilation for future reference.

Format

Date:

Time:

Venue:

Meeting started in time

Mr. X, Director Operations (Convenor) gave an Introduction

Mr. Y, the Product Head explained the new product and its salient features.

Mr. Z, the Marketing Head gave a detailed presentation about the marketing strategy for various media. The details have been captured in Annexure-A. Suggestions were sought from the members. Individual reports to be submitted by (*specified dates*)

Mr. A the Sales Head along with a team member explained the sales strategy in upcoming as well as existing markets. Details are provided in Annexure-B. Suggested to recruit more staff to scale up the sales operations.

Mr. B the HR Head, proposed for a separate meeting to be held within a week's time to discuss the modalities of the recruitment process.

Mr. C the Managing Director declared the house open for suggestions and thanked the participants.

Concluding Remarks:

Proposal for fresh recruitments

Marketing Team to collate the suggestions from participants and prepare a detailed report.

Marketing Team to initiate the tendering process to identify media partners to advertise the new product.

Action Taken Report to be submitted by the Marketing and Sales Team by (*specified date*)

(G)(iii) Action Taken Report: Detailed Report to be submitted by an official or team on the ground work done/action taken arising out of the discussions held during a meeting. It is important to gauge the progress on the respective item/issue discussed during the previous meeting.

Format

Action Taken Report nth Meeting of Department Heads
XYZ Ltd.

As per the meeting held on date: , at : venue; the following have been reported:

- Marketing team compiled the suggestions and tendering process initiated the tendering process Annexure-I
- The HR team prepared the modalities for the recruitment process. Detailed report submitted as Annexure-II

Undersigned

Director, Operations (Convenor)

Dos and Don'ts

- Do practise questions in Part-III and Part-IV from Revision Test Papers (RTPs), previous year question papers and Mock Test Papers (MTPs).
- Do write complete words, do not use abbreviations unless required (in Note Making)
- Do use different types (Simple, Compound and Complex) of sentences ((Simple, Compound and Complex); Direct/Indirect; Active /Passive) to highlight your writing skills, specifically while attempting questions form Part-IV
- Do not exceed the word limit (250-300 words) and time limit (15-18 min each) specifically for writing exercises (Part-IV).
- Do not use unfamiliar words.
- Do not write overtly long sentences with multiple clauses.
- Do not repeat the same point to increase the length of the answer
- Do not repeat a word in an answer; use synonyms to highlight your vocabulary.
- Revise your answers and if time permits, edit it.