

**PAPER – 2: BUSINESS LAWS AND BUSINESS CORRESPONDENCE AND REPORTING**

**SECTION A: BUSINESS LAWS**

**PART – I: RELEVANT AMENDMENTS APPLICABLE FOR NOVEMBER 2021 EXAMINATION**

For November 2021 examinations for Paper 2A: Business Laws, the significant amendments made in the respective subject upto 30<sup>th</sup> April, 2021 are relevant and applicable.

Students are advised to refer study material of October 2020 edition with these applicable amendments.

**Relevant amendments:** Here are given relevant amendments:

<b>Amendment in Companies Act, 2013</b>	<b>Earlier provision</b>	<b>New provision</b>	<b>Page No.</b>
<b>Resident in India in One Person Company:</b> Substituted by <i>Companies (Incorporation) Second Amendment Rules, 2021, w.e.f. 1-4-2021.</i>	Only a natural person who is an Indian citizen and resident in India (person who has stayed in India for a period of not less than <b>182 days</b> during the immediately preceding financial year)- <ul style="list-style-type: none"><li>• shall be eligible to incorporate a OPC;</li><li>• shall be a nominee for the sole member of a OPC.</li></ul>	Only a natural person who is an Indian citizen whether resident in India or otherwise and has stayed in India for a period of not less than <b>120 days</b> during the immediately preceding financial year)- <ul style="list-style-type: none"><li>• shall be eligible to incorporate a OPC;</li><li>• shall be a nominee for the sole member of a OPC.</li></ul>	<b>Page No. 5.10</b>
<b>Conversion of OPC to other company:</b> Omitted by <i>Companies (Incorporation) Second Amendment Rules, 2021, w.e.f. 1-4-2021.</i> ]	OPC cannot convert voluntarily into any kind of company unless two years have expired from the date of incorporation, except where the paid up share capital is increased beyond fifty lakh rupees or its average annual	<b>Omitted</b>	<b>Page No. 5.10</b>

	turnover during the relevant period exceeds two crore rupees.		
<b>Small Company [Section 2(85)]:</b> Inserted by <i>Companies (Specification of Definitions Details) Amendment Rule, 2021</i> , w.e.f. <b>1-4-2021</b> .	-	For the purpose of sub-clause (i) and sub-clause (ii) of clause (85) of section 2 of the Act, paid up capital and turnover of the small company shall not exceed rupees two crores and rupees twenty crores respectively.	<b>Page No. 5.11</b>
<b>Definition of Listed Company [Section 2(52)]:</b> Inserted by the <i>Companies (Amendment) Act, 2020</i> , w.e.f. <b>22-1-2021</b> .	Listed company" means a company which has any of its securities listed on any recognised stock exchange.	Listed company" means a company which has any of its securities listed on any recognised stock exchange: <b>Provided that such class of companies, which have listed or intend to list such class of securities, as may be prescribed in consultation with the Securities and Exchange Board, shall not be considered as listed companies.</b>	<b>Page No. 5.14</b>
<b>Section 8(11)</b> Substituted by the <i>Companies (Amendment) Act, 2020</i> , w.e.f. <b>21-12-2020</b> .	<b>Penalty/punishment in contravention:</b> If a company makes any default in complying with any of the requirements laid down in this section, the company shall, be punishable with fine varying from ten lakh rupees to one crore rupees and the directors	<b>Penalty/punishment in contravention:</b> If a company makes any default in complying with any of the requirements laid down in this section, the company shall, without prejudice to	<b>Page No. 5.15</b>

	<p>and every officer of the company who is in default shall be punishable <b>with imprisonment for a term which may extend to three years or</b> with fine varying from <b>twenty-five thousand rupees to twenty-five lakh rupees, or with both</b> and where it is proved that the affairs of the company were conducted fraudulently, every officer in default shall be liable for action under section 447 which deals with Fraud.</p>	<p>any other action under the provisions of this section, be punishable with fine which shall not be less than ten lakh rupees but which may extend to one crore rupees and the directors and every officer of the company who is in default shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to <b>twenty-five lakh rupees:</b></p> <p>Provided that when it is proved that the affairs of the company were conducted fraudulently, every officer in default shall be liable for action under section 447.</p>	
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**PART – II: QUESTIONS AND ANSWERS**

**QUESTIONS**

**The Indian Contract Act, 1872**

1. Mr. Pratham applied for a job as principal of a school. The school management decided to appoint him. One member of the school management committee privately informed Mr. Pratham that he was appointed but official communication was not given from the school. Later, the management of the school decided to appoint someone else as a principal. Mr. Pratham filed a suit against the school for cancellation of his appointment and claimed