

PAPER – 2 : BUSINESS LAWS, ETHICS AND COMMUNICATION

Question No. 1 is compulsory.

Attempt any five questions from the remaining six questions.

Question 1

- (a) *State, in brief, the grounds on the basis of which a contract is discharged under the provisions of the Indian Contract Act, 1872.* (5 Marks)
- (b) *What is the law and procedure for issuing a duplicate share certificate under the provisions of the Companies Act, 1956 in case the original share certificate is lost or destroyed?* (5 Marks)
- (c) *State with reasons whether the following statements are correct or incorrect:*
 - (1) *Business ethics helps to promote public reputation.*
 - (2) *A nation should satisfy its social and economic requirements without damaging the interest of future generations.* (2 x 2 ½ = 5 Marks)
- (d) *What do you understand by “ethical communication”? What are its elements* (5 Marks)

Answer

- (a) **Discharge of Contract :** A contract under the provisions of Indian Contract Act, 1872, may be discharged in any of the following ways:
 - (1) *Discharge by performance:* Discharge by performance will take place when there is :
 - (i) Actual performance (parties fulfilling obligations within time and in the manner prescribed); or
 - (ii) Attempted performance (promisor offers to perform but promisee refuses to accept it). This is also known as tender.
 - (2) *Discharge by mutual agreement:* Discharge also takes place where there is substitution [novation], rescission, alteration and remission. In all these cases old contract need not be performed.
 - (3) *Discharge by impossibility of performance:* A situation of impossibility may have existed at the time of entering into the contract or it may have transpired subsequently (also known as supervening impossibility). Situations are destruction of the subject-matter, incapacity, declaration of war etc.
 - (4) *Discharge by lapse of time:* Performance of contract has to be done within certain prescribed time. In other words it should be performed before it is barred by law of limitation. In such a case there is no remedy for the promisee. For example where the debt is barred by law of limitation.

- (5) *Discharge by operation of law*: Where the promisor dies or goes insolvent there is a discharge of contract by operation of law.
- (6) *Discharge by breach of contract*: Where there is a default by one party from performing his part of contract on due date then there is breach of contract. Breach of contract can be actual breach or anticipatory breach. Where a person repudiates a contract before the stipulated due date, it is anticipatory breach.
- (7) *Discharge by remission or satisfaction*: A promisee may remit the performance of the promise by the promisor. Here there is a discharge. Similarly the promisee may accept some other satisfaction. Then again there is a discharge on the ground of accord and satisfaction.
- (8) Under the provisions of the Indian Contract Act, 1872 as contained in Section 67, when a promisee neglects or refuses to afford the promisor reasonable facilities or opportunities for performance, promisor is excused by such neglect or refusal.
- (b) **Law for issuing a duplicate share certificate under the Companies Act, 1956**: Section 84(2) of the Companies Act, 1956 provides that a company may renew or issue a duplicate certificate if it is proved to have been lost or destroyed or having been defaced, mutilated or torn, after the certificate is surrendered to the company. Section 84(4) makes it obligatory for companies to follow the rules prescribed by Government known as - The Company (Issue of Certificate) Rules, 1960.

Further, Section 84(4) of the Companies Act, 1956 makes it obligatory for companies to follow the rules prescribed by the Government in regard to the following matters:

- (i) The form of a certificate (original or renewed or a duplicate thereof).
- (ii) The particulars to be entered in the Register of Members or in the register of renewed or duplicate certificate.
- (iii) The form of such registers.
- (iv) The fee on payment of which the terms and conditions, if any including terms and conditions as to evidence and indemnity and reimbursement for expenses incurred in connection with investigating evidence on which a certificate may be renewed or duplicate thereof may be issued.

Procedure:

- (i) The duplicate share certificate must not be issued in lieu of the lost or destroyed share certificate, without prior consent of the Board having been obtained or without payment having been made of fees not exceeding ₹ 2 on such reasonable terms as regards evidence, etc., as the Board thinks fit. [Rule 4(3)]
- (ii) When a certificate is issued in lieu of one lost or destroyed, it must contain the statement "Duplicate issued in lieu of certificate N...." In addition, the word

'duplicate' shall be stamped or punched in bold letters across the face of the share certificate. [Rule 5(3)]

- (iii) Entries must also be made in a register in respect of certificates issued under renewed and duplicate certificates indicating against the names of members, the number and date of issue of certificate, in lieu whereof the new certificate has been issued. The entries should be authenticated either by the Secretary or by a person appointed by the Board.
- (c) (1) Correct: Ethics helps to promote a strong public image. An organization that pays attention to its ethics can portray a strong and positive image to the public. People see such organizations as valuing people more than profit and striving to operate with the integrity and honour.
- (2) Correct: An element of resource regeneration and positive approach to environment has to be incorporated in developmental programmes. Sustainable development is necessary because it meets the needs of the present without compromising the ability of future generations to meet their own needs.
- (d) According to the National communication Association, ethical communication is fundamental to responsible thinking, decision making and the development of relationship and communities within and across contexts, cultures, channels and media. Ethical communication enhances human worth and dignity by fostering, truthfulness, fairness, responsibility, personal integrity and respect for self and others'. While unethical communication threatens the quality of all communication and consequently the well-being of individuals and the society in which we live. In nutshell ethical communicators have a 'well developed sense of social responsibility'.

An ethical communication is one which:

- includes all relevant information
- is true in every sense and is not deceptive in any way.
- is accurate and sincere. Avoids language that manipulates, discriminates or exaggerates.
- does not hide negative information behind an optimistic attitude .
- does not state opinions as facts.
- portrays graphic data fairly.

Question 2

- (a) (i) *What is the amount of minimum bonus to be paid to the employees under the provisions of the Payment of Bonus Act, 1965?* (4 Marks)
- (ii) *What is the law relating to recovery of amount of gratuity under the payment of Gratuity Act, 1972 in case the said amount is not paid by the employer?* (4 Marks)

(b) What is the difference between 'Morals' and 'Ethics'? (4 Marks)

(c) Explain the significance of 'active listening' in inter-personal communication skills. (4 Marks)

Answer

(a) (i) **Minimum Bonus under the Payment of Bonus Act, 1965:** In accordance with the provisions of the Payment of Bonus Act, 1965, every employer shall be bound to pay to every employee in respect of every accounting year, minimum bonus which shall be 8.33% of the salary or wage earned by the employee during the accounting year or ₹ 100, whichever is higher, whether or not the employer has any allocable surplus in the accounting year.

But if the employee has not completed 15 years of age at the beginning of the accounting year he will be entitled to a minimum bonus which shall be 8.33% of the salary or wage during the accounting year or ₹ 60, whichever is higher.

Even if the employer suffers losses during the accounting year he is bound to pay minimum bonus as prescribed by Section 10 of the Payment of Bonus Act, 1965 [State vs. Sardar Dalip Singh Majilhia, 1979, Lab. I.C. (913) (All)].

(ii) **Law relating to recovery of gratuity under the Payment of Gratuity Act, 1972:** As per the provision given under the Act, if the gratuity payable under the Act is not paid by the employer within the prescribed time, to the person entitled thereto, there the Controlling Authority shall issue a certificate for the amount to the Collector to recover the same along with the compound interest at such rate as prescribed by the Central Government from the date of expiry of the prescribed time as land revenue arrears to enable the person entitled to get the amount after receiving the application from the aggrieved person [Section 8].

Before issuing the certificate for such recovery the Controlling Authority shall give the employer a reasonable opportunity of showing cause against the issue of such certificate.

The amount of interest payable under this Section shall not exceed the amount of gratuity payable under this Act in no case. [Section 8]

(b) **Moral vs. Ethics:** Following are the points of difference between Ethics and Moral :

- (i) The word 'Ethics' is derived from Ancient Greek 'éthikos' meaning 'character'. The word 'moral' is derived from Latin 'mos' meaning 'custom'.
- (ii) Character is the essence of values and habits of a person or group. It severs the analysis and employment of concepts such as right and wrong, good and evil and acting with responsibility. Moral is defined as relating to principles of right and wrong.
- (iii) Character is a personal attitude, while custom is defined by a group over a period of time. For example People have character, Societies have custom.

- (iv) Morals are accepted from an authority (such as cultural, religious etc.) while ethics are accepted because they follow from personally accepted principles. An ethical view might be based on an idea of personal property that should not be taken without social consent. Moral norms can usually be expressed as general rules and statements such as 'always tell the truth'.
- (v) Morals work on smaller scale than ethics, more reliably, but by addressing human needs for belonging and emulation, while ethics has a much wider scope.
- (c) **Significance of active listening:** If one does not learn how to listen, a great deal of what people are trying to tell you would be missed. In addition, appropriate response would not be possible. Active listening is important for several reasons. First, it aids the organization in carrying out its mission. In addition, it helps individuals to advance in their careers. It provides information that helps them to learn about important happenings in the organization, as well as assisting them in doing their own jobs well. It also helps build strong personal relationships.

Question 3

- (a) *What do you understand by "coercion" and "undue influence" under the provisions of the Indian Contract Act, 1872? What are the differences between them?* (8 Marks)
- (b) *State the "Common Corporate Social responsibility" (CSR) policies for business organizations.* (4 Marks)
- (c) *Point out the factors which lead to grapevine communication.* (4 Marks)

Answer

- (a) **Coercion and Undue Influence – Meaning and Differences:** "Coercion" is the committing, or threatening to commit any act forbidden by the Indian Penal Code 1860, or the unlawful detaining, or threatening to detain any property, to the prejudice of any person whatever, with the intention of causing any person to enter into an agreement. (Section 15, The Indian Contract Act, 1872).

A contract is said to be induced by "undue influence" where the relations subsisting between the parties are such that one of the parties is in a position to dominate the will of the other and uses that position to obtain an unfair advantage of the other. A person is deemed to be in a position to dominate the will of the other, when he holds authority, real or apparent over the other, or when he stands in a fiduciary relation to other (Section 16, The Indian Contract Act, 1872)

Differences between Coercion and Undue Influence

Nature of action: Coercion involves physical force and sometimes only threat. Undue influence involves only moral pressure.

Involvement of criminal action: Coercion involves committing or threatening to commit any act prohibited or forbidden by law, or detention or threatening to detain a person or property. In undue influence there is no such illegal act involved.

Relationship between parties: In coercion there need not be any relationship between parties; whereas in undue influence, there must be some kind of relationship between parties, which enables to exercise undue influence over the other.

Exercise by whom: Coercion need not proceed from the promisor. It also need not be directed against the promisee. Undue influence is always exercised by one on the other, both of whom are parties to a contract.

Enforceability: Where there is coercion, the contract is voidable at the option of the party whose consent has been obtained by coercion. Where there is undue influence the contract is voidable or court may set it aside or enforce it in a modified form.

Position of benefits received: In case of coercion, where the contract is rescinded by the aggrieved party any benefit received has to be restored back. In the case of undue influence, the court has discretion to pass orders for return of any such benefit or not to give any such directions.

(b) Common Policies under CSR are as under:

- Commitment to diversity in hiring employees and barring discrimination;
- Adoption of internal controls reform in the wake of Enron and other accounting scandals;
- Management teams that view employees as assets rather than costs;
- High performance workplaces that integrate the views of line employees into decision-making processes;
- Adoption of operating policies that exceed compliance with social and environmental laws;
- Advanced resource productivity, focused on the use of natural resources in a more productive, efficient and profitable fashion (such as recycled content and product recycling); and
- Taking responsibility for conditions under which goods are produced directly or by contract employees domestically or abroad.
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(c) Factors that lead to grapevine communication:

The grapevine becomes active when the following factors are present:

- (i) Feeling of uncertainty or lack of sense of direction when the organization is passing through a difficult period.
- (ii) Feeling of inadequacy or lack of self confidence on the part of the employee, leading to the formation of groups.
- (iii) Formation of a coterie or favoured group by the manager, giving other employees a feeling of insecurity or isolation. People operating in such circumstances will be filled with all sorts of ideas and will share them with likeminded companions, at whatever level they may be. Mostly they find them at their own level, but other levels are not barred. This type of communication is being seriously studied by psychologists and management experts.

Question 4

- (a) *What is the importance of registered office of a company? State the procedure for shifting of registered office of the company from one State to another State under the provisions of the Companies Act, 1956.* (8 Marks)
- (b) *Explain the concept of "Sexual harassment" in relation to work place.* (4 Marks)
- (c) *What are the features of 'groups' in an organization?* (4 Marks)

Answer

(a) Importance of registered office and its change from one state to another:

- Every company must have registered office where : (a) necessary documents may be served upon, or deposited; (b) notices, letters, etc., may be issued ; (c) inspection may be had, and (d) communication may be made. The domicile and the nationality of a company is determined by the place of its registered office. This is also important for determining the jurisdiction of the Court.
- A company must have a registered office as from the day on which it commences business, or as from the 30th day after the date of its incorporation whichever is earlier, it may be noted that the address of the registered office ordinarily is not to be stated in the Memorandum of Association. For if this was done, every change therein would require amendment of the Memorandum. It is advisable to provide in the articles that the registered office should be situated at such place, as the Board

should from time to time fix. Otherwise, the registered office cannot be removed outside the city etc., where it is situated, without special resolution.

- Notice of the situation of the registered office and of every change therein must be sent to the Registrar (otherwise than through a statement as to the address of the registered office in the annual report) within 30 days of the date of incorporation of the date of change. This provision is designed to locate the spot where the records of the company could be inspected and where the letters should be addressed and notices served upon the company.

Procedure for shifting the registered office from one state to another state(Section 17, the Companies Act,1956):

- The Company may by a special resolution, alter the provisions of its memorandum so as to change the place of its registered office from one State to another State.
 - The change needs confirmation of the Company Law Board.
 - When an application is made for a change as aforesaid, it is the State where the registered office is at present situated, where interests are likely to be affected by the change and thus will have the locus standi to oppose such an application [*Orissa Paper Mills Ltd. vs. State AIR 1957, 482*]. Furthermore, it shall be necessary to satisfy the Company Law Board as to the bona fides of the company's application for the proposed change [*Orissa Chemicals and Distilleries Pvt. Ltd., in Re. AIR 1961 Orissa 621*]. The Company Law Board has the power either to confirm or refuse to confirm alteration relating to change/shifting of registered office.
 - The company cannot do such change/shifting of office unless the Regional Director confirms it.
 - To obtain confirmation, the company has to apply in the prescribed form.
 - The confirmation must be communicated to the company within 4 weeks from the date of receipt of the application.
 - Certified copy of the confirmation along with the attested copy of the Memorandum of Association must be filed with the ROC for registration within 2 months from the date of confirmation.
 - Within one month of filing, the ROC shall certify registration, which shall be the conclusive evidence that all requirements with respect to alteration and confirmation have been complied with.
- (b) **Concept of Sexual harassment:** Sexual harassment is a situation in which an employee is coerced into giving into another employee's sexual demands by the threat of losing some significant job benefit, such as a promotion, raise, or even the job. This kind of degrading coercion exerted on employees who are vulnerable and defenseless inflicts great psychological harm on the employee, violates the employee's most basic right to freedom and dignity and is an unjust misuse of the unequal power that an employer can

exercise over the employee. Sexual harassment is prohibited, and an employer is held responsible for all sexual harassment engaged in by employees.

(c) Following are the features of 'groups' in an organization :

- Group Goals – every group establishes its own group goals, which provide motivation for their existence.
- Group Structure – is based on the roles to be performed and member positions.
- Group Patterns of communication – is the pattern of message flow in a group.
- Group Norms – are the informed rules of interaction in a group.
- Group Climate – is the emotional atmosphere of a group based on
 - (1) Bonding and trust among members
 - (2) Participating spirit
 - (3) Openness
 - (4) High performance goals.

Question 5

- (a) *State, in brief, the grounds on the basis of which a banker can dishonor a cheque under the provisions of the Negotiable Instruments Act, 1881.* (8 Marks)
- (b) *Distinguish between "pre-incorporation contracts" and "provisional contracts" under the Companies Act, 1956.* (4 Marks)
- (c) *Draft a business letter, presuming your facts that you have received the goods from the company and you are sending payments.* (4 Marks)

Answer

- (a) Dishonour of Cheque – Grounds: A banker will be justified or bound to dishonor a cheque in the following cases, viz;
- If a cheque is undated, if it is stale, that is if it has not been presented within reasonable period, which may vary three months to a year after its issue dependent on the circumstances of the case
 - If the instrument is inchoate or not free from reasonable doubt
 - If the cheque is post-dated and presented for payment before its ostensible date
 - If the customer's funds in the banker's hands are not 'properly applicable' to the payment of cheque drawn by the former. Thus, should the funds in the banker's hands be subject to a lien or should the banker be entitled to a set-off in respect of them, the funds cannot be said to be "properly applicable" to the payment of the customer's cheque, and the banker would be justified in refusing payment.

- If the customer has credit with one branch of a bank and he draws a cheque upon another branch of the same bank in which either he has account or his account is overdrawn.
 - If the bankers receive notice of customer's insolvency or lunacy
 - If the customer countermands the payment of cheque for the banker's duty and authority to pay on a cheque ceases
 - If a garnishee or other legal order from the Court attaching or otherwise dealing with the money in the hand of the banker, is served on the banker
 - If the authority of the banker to honor a cheque of his customer is undermined by the notice of the latter's death. However, any payment made prior to the receipt of the notice of death is valid.
 - If notice in respect of closure of the account is served by either party on the other.
 - If it contains material alterations, irregular signature or irregular endorsement.
- (b) **Pre-incorporation vs. Provisional Contracts:** Following are the points of distinction between Pre-incorporation contracts and Provisional-contracts:
- (i) Pre-incorporation contracts are those contracts, which are entered into, by the persons proposing to float a company for prospective company before it has come into existence. Contracts which are entered into by a company after obtaining the certificate of incorporation but before getting the certificate to commence business are known as provisional contracts.
 - (ii) The company which is not in existence, is not bound by the pre-incorporation contracts unless the company adopts the same after incorporation. There can be no ratification in case of pre-incorporation contracts. Provisional contracts on the other hand shall be binding upon the company from the date on which the company is entitled to commence business.
 - (iii) Contracts entered into by a company after its incorporation and before it is entitled to commence business are provisional only and are not binding on the company until the trading certificate is issued[Sec. 149(4) of the Companies Act, 1956]. The expressional "provisional" denotes that the contract should be read subject to an implied term that it shall not be binding until the company becomes entitled to commence business. Consequently, should the company go into liquidation without commencing business, such contracts cannot be enforced at all.

(c) Business Letter - acknowledging receipt of goods:

MEHTA CHEMICALS LIMITED

Regd. Office : 15, Okhla Estate, New Delhi - 110016

Phone : 6132757, Fax : 6132767

E-mail: mehtachem@rediffmail.com ,

website: www.mehtachem.org

Messrs. Shippers & Perfect Delivers

Dated:

16, Nariman Point

Mumbai

Sir

Subject: Acknowledging the receipt of Consignment No _____

Reference: Our request 24/FD/55 – dated 1st June, 2011

We acknowledge with thanks the receipt of above consignment in our godown and we are arranging the payment of proceeds towards the said consignment by way of crossed cheque in favour of your company within a period of next 15 days.

We solicit your relationship in our future dealings.

Thanking you

Yours faithfully

For on behalf of Mehta Chemicals Ltd.

Question 6

- (a) Explain the position of a minor in relation to obtaining membership in a company under the provisions of the Companies Act, 1956. (8 Marks)
- (b) Which parameters are applicable in relation to Competition Law in India? (4 Marks)
- (c) State whether the following statements are correct or incorrect: (4 x 1 = 4 Marks)
- (i) A specific offer can be accepted only by that person to whom offer has been made.
 - (ii) In case of breach of contract, the Court awards remote damages to the aggrieved party.
 - (iii) A company is a legal person but not a citizen.
 - (iv) If the Central Government permits, a public company can be converted into a private company.

Answer

- (a) Position of a minor as a member in a company: The Company Law Board has laid down in *Nandita Jain v. Bennet Coleman & Company Limited* that a minor can become a member provided four conditions are fulfilled:

- Company must be a Company Limited by shares.
- Shares are fully paid up.
- Application for transfer is made on behalf of minor by lawful guardian.
- The transfer is manifestly for the benefit of the minor.

In *Diwan Singh v. Minerva Films Ltd.* [(1958) 28 Comp. Cases 191 (Punj.), (1959) 29 Comp. Cases 263 (Punj.)], the Punjab High Court held that there is no legal bar to minor becoming a member of a company by acquiring shares (by way of transfer) provided the shares are fully paid and no further obligation or liability is attached to them.

Minor can become member by transfer or transmission, but a company may not allow a minor to be a member by allotment.

- (b) Parameter under Competition Law in India:

- **Prohibition of certain agreements**, which are considered to be anti-competitive in nature. Such agreements namely tie in arrangements, exclusive dealings (supply and distribution), refusal to deal and resale price maintenance shall be presumed as anti-competitive if they cause or likely to cause an appreciable adverse effect on competition within India.
- **Abuse of dominant position** by imposing unfair or discriminatory conditions or limiting and restricting production of goods or services or indulging in practices resulting in denial of market excess or through in any other mode are prohibited.
- **Regulation of combinations** which cause or likely to cause an appreciable adverse effect on competition within the relevant market in India is also considered to be void.

- (c) (i) Correct
 (ii) Incorrect
 (iii) Correct
 (iv) Correct

Question 7

Answer any FOUR of the following:

- (a) *The Employees' Deposit Linked Insurance Scheme, under Section 6C of the Employees' Provident funds and Miscellaneous Provisions Act, 1952 has been amended by the Central Government. State these amendments.* (4 Marks)
- (b) *State the conditions which are applicable for the purpose of commencement of business by a public company under the Companies Act, 1956.* (4 Marks)
- (c) *What is the law relating to criminal liability for mis-statement in the prospectus under the Section 63 of the Companies Act, 1956?* (4 Marks)
- (d) *Write a note on "Social Accountability-8000"* (4 Marks)
- (e) *What do you understand by the "Semantic Barriers" to the communication?* (4 Marks)

Answer

- (a) **Amendment in the Employees' Deposit Linked Insurance Scheme:**

As per the Notification No.G.S.R.523 (E),dated 18th June,2010 amendment made in Employees' Deposit Linked Insurance Scheme, 1976 by the Employees' Deposit Linked Insurance (Amendment) Scheme,2010, by the Ministry of Labour and Employment in Paragraph 22, Sub-paragraph (1). This modified Employees' Deposit Linked Insurance (Amendment) Scheme, 2010, Substituted the provision by-

"The Central Government amended the Employees' Deposit Linked Insurance Scheme, 1976 by Employees' Deposit Linked Insurance (Amendment) Scheme, 2010. According to which on the death of an employee, who is member of the Fund or of a provident fund exempted under section 17 of the Act, the person entitled to receive the provident fund accumulations of the deceased shall, in addition to such accumulations be paid an amount, equal to the average balance in the account of the deceased in the fund or a provident fund exempted under section 17 of the Act, as the case may be, during preceding twelve months or during the period of his membership, whichever is less, except where the average balance exceeds rupees fifty thousand, the amount payable shall be rupees fifty thousand plus 40% of the amount in excess of fifty thousand subject to a ceiling of Rupees one lakh."

This above provision says that the EDLI amount is equal to the average balance of incumbent's PF in the last 12 months or the overall balance, whichever is less. But if the balance exceeds Rs.50,000, the incumbent's nominee will get Rs. 50,000 plus 40% of the excess balance up to a total of Rs. 1 lakh.

- (b) **Conditions for commencement of business:** A company having a share capital which has issued a prospectus inviting the public to subscribe for its shares cannot commence any business or exercise any borrowing power unless:

- (a) the minimum number of shares which have to be paid for in cash has been subscribed and allotted ;
 - (b) every director has paid, in respect of shares for which he is bound to pay an amount equal to what is payable on shares offered to the public on application and allotment ;
 - (c) no money is or may become liable to be paid to application of any shares or debentures offered for public subscription by reason of any failure to apply for or to obtain permission for the shares or debentures to be dealt in on any recognised Stock Exchange, and
 - (d) a statutory declaration by the secretary or one of the directors that the aforesaid requirements have been complied with, is filed with the Registrar.
- (c) **Criminal Liability for misstatements in the prospectus** [Section 63, of the Companies Act, 1956]: Apart from the liability to compensate shareholders who have suffered a loss due to untrue statement in the prospectus, directors and other persons responsible for the issue of the prospectus may also render themselves punishable with imprisonment for a term which may extend to two years or with fine up to five thousand rupees, or with both. That is to say, every person who had authorised the issue of the prospectus containing an untrue statement is *prima facie* guilty of criminal offence under Section 63 of the Act. However, such persons may plead that the statement was immaterial or that they had reasonable ground to believe and did, up to the time of the issue of the prospectus, believe that the statement was true in order to exonerate them from this criminal liability.
- (d) **Social Accountability 8000:** SA 8000 is a comprehensive, global, verifiable performance standard for auditing and certifying compliance with corporate responsibility. The heart of the standard is the belief that all workplaces should be managed in such a manner that basic human rights are supported and that management is prepared to accept accountability for this. SA8000 is an international standard for improving working conditions. This standard is based on the principles of the international human rights norms as described in International Labour Organization conventions, the United Nations Convention on the Rights of the Child and the Universal Declaration of Human Rights. The requirements of this standard apply regardless of geographic location, industry sector, or company size.
- (e) **Semantic Barriers to the communication:** Semantics is the systematic study of meaning. That is why the problems arising from expression or transmission of meaning in communication are called semantic problems. Oral or written communication is based on words. And words, limited in number, may be used in unlimited ways. The meaning is in the mind of the sender and also in that of the receiver. But it is not always necessary for the meaning in the mind of the sender to be the same as in the mind of receiver. Much, therefore, depends on how the sender encodes his message. The sender has to take care that the receiver does not misconstrue his message, and gets the intended meaning. Quite often it does not happen in this way. That leads to semantic problems. It can be ensured only if we aim at clarity, simplicity and brevity so that the receiver gets the intended meaning.