

## PAPER – 2 : BUSINESS LAWS, ETHICS AND COMMUNICATION

Question No. 1 is compulsory.

Attempt any **four** questions from the remaining **five** questions.

### Question 1

- (a) AB Limited issued equity shares of ₹ 1,00,000 (10000 shares of ₹ 10 each) on 01.04.2020 which have been fully subscribed whereby XY Limited holds 4000 shares and PQ Limited holds 2000 shares in AB Limited. AB Limited is also holding 20% equity shares of RS Limited before the date of issue of equity shares stated above. RS Limited controls the composition of Board of Directors of XY Limited and PQ Limited from 01.08.2020. Examine with relevant provisions of the Companies Act, 2013:
- (i) Whether AB Limited is a subsidiary of RS Limited?
  - (ii) Whether AB Limited can hold shares of RS Limited?
  - (iii) Whether AB Limited can vote at Annual General Meeting of RS Limited held on 30.09.2020? **(6 Marks)**
- (b) "Ethics are not based on feelings, religion, law, accepted social practice or science". Discuss the statement. **(4 Marks)**
- (c) "Departments divide and create barriers but without their co-operation it would be virtually impossible for an organization to function." In view of above discuss the causes which create problems during inter-departmental communication. **(4 Marks)**

### Answer

- (a) This given problem is based on sub-clause (87) of Clause 2 read with section 19 of the Companies Act, 2013.

As per sub-clause (87) of Clause 2 of the Companies Act, 2013 "subsidiary company" or "subsidiary", in relation to any other company (i.e., the holding company), means a company in which the holding company—

- (i) controls the composition of the Board of Directors; or
- (ii) exercises or controls more than one-half of the total voting power either at its own or together with one or more of its subsidiary companies.

For the purposes of this clause, Explanation is given providing that a company shall be deemed to be a subsidiary company of the holding company even if the control referred to in point (i) or point (ii) above, is of another subsidiary company of the holding company.

Whereas Section 19 provides that, no company shall, hold any shares in its holding company and no holding company shall allot or transfer its shares to any of its subsidiary companies and any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Provided that nothing in this sub-section shall apply to a case where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company.

Here in the instant case, AB Ltd. issued 10,000 equity shares on 1.4.2020 whereby XY Ltd. & PQ Ltd. holds 4000 & 2000 shares respectively in AB Ltd., Considering 1 share = 1 vote, XY Ltd. and PQ Ltd. together holds more than one-half (50%) of the total voting power. Therefore, AB Ltd. will be subsidiary to XY Ltd. & PQ Ltd. from 1.4.2020.

Whereas AB Ltd. already holding 20% equity shares of RS Ltd. before the date of issue of equity shares i.e. 1.4.2020.

Further, RS Ltd. controls the composition of Board of Directors of XY Ltd. and PQ Ltd. from 01.08.2020. In the light of sub-clause (87) of Clause 2, RS Ltd. is a holding company of XY Ltd. and PQ Ltd. (Subsidiary companies).

Following are the answers to the questions:

- (i) Yes. In this case AB Ltd. shall be deemed to be a subsidiary company of the holding company (RS Ltd.) as RS Ltd. controls the composition of subsidiary companies XY Ltd. & PQ Ltd. as per explanation to sub-clause (87) of Clause 2.
  - (ii) Yes. In this case AB Limited is a subsidiary of RS Limited as AB Ltd. was holding 20% of equity shares of RS Ltd. even before it became a subsidiary company of the RS Ltd. (i.e. on 01.08.2020), according to the exception to section 19.
  - (iii) No. The subsidiary company shall have a right to vote at a meeting of the holding company only in respect of the shares held by it as a legal representative or as a trustee but not where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company. Therefore, AB Ltd. cannot vote at AGM of RS Ltd. held on 30.9.2020.
- (b) "Ethics are not based on feelings, religion, law, accepted social practice or science"

Many philosophers and ethicists have suggested five different sources of ethical standards on which ethics are based.

Five Sources of Ethical Standards

**The Utilitarian Approach:** The ethical corporate action is the one that produces the greatest good for the greatest number and does the least harm for all who are affected - customers, employees, shareholders, the community, and the environment.

**The Rights Approach (The Deontological Approach):** This approach determines the ethical action is the one that best protects and respects the moral rights of those affected.

**The Fairness or Justice Approach:** This approach is based on the idea that all equals should be treated equally to say that ethical actions treat all human beings equally-or if unequally, then fairly based on some standard that is defensible.

**The Common Good Approach:** This approach suggests the interlocking relationships of society that calls attention to the common conditions which are important to the welfare of everyone.

**The Virtue Approach:** This is an ancient approach to ethics that ethical actions ought to be consistent with certain ideal virtues (like Honesty, courage, love etc) that provide for the full development of our humanity.

Therefore, it is right to say that our ethics are not based on feelings, religion, law, accepted social practice, or science but based on the above-mentioned ideas and principles suggested by different ethicist and philosophers.

- (c) “Departments divide and create barriers but without their co-operation it would be virtually impossible for an organisation to function”

Avoiding unnecessary conflict, poor performance, time delays, and decisions that work at cross purposes are compelling reasons for taking active measures to improve interdepartmental communication. Major causes of interdepartmental communication problems are:

**Departments are Physically Separated:** Office design may create barriers to effective interdepartmental relationships, because it subconsciously restricts natural communication impulses. To a great extent, office design determines who has access to whom by creating barriers to some departments and bridges to others. Because each office is unique, special factors have to be considered in each organization to make changes that will facilitate more effective communication between departments.

**Departments Perform Separate Functions:** Barriers are also caused by different priorities. What may be the first priority for department X may be the last priority for department Y. Ordinarily this may not be a problem, except when department X is dependent on department Y, a destructive sequence of impatience, tension, and distrust may prevail. Territory battles usually occur because departments fight over scarce resources, prestige, or such other factors. But who really wins? Who loses? Even though a particular department may "win," the customer usually loses. The competitor may even win. Customer service or a competitive threat should inspire and bridge the gaps between departments.

## Question 2

- (a) (i) Define the term "Exempted Establishment" under the Employees' Provident Fund and Miscellaneous Provisions Act, 1952 and state the establishments which are exempted under this Act. **(3 Marks)**
- (ii) Who is deemed to be covered under 'family' of an employee under the provisions of the Payment of Gratuity Act, 1972? Can an adopted child be considered in terms of family under this Act? **(3 Marks)**

- (b) *How ethical behaviour of an individual affects organization? What factors at work place could be responsible for developing negative attitude in an individual?* **(4 Marks)**
- (c) *"To whom, what, when and how" are the factors in communicating change. Explain the statement.* **(4 Marks)**

**Answer**

- (a) (i) "Exempted establishment" means an establishment in respect of which an exemption has been granted under Section 17 from the operation of all or any of the provisions of any Scheme or the insurance scheme as the case may be, whether such exemption has been granted to the establishment as such or to any person or class of persons employed therein. [Section 2(fff) of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952]

According to section 16, this Act does not apply to the following classes of establishments, namely:

- (a) an establishment under the Co-operative Societies Act, 1912 or under any other related state laws, employing less than 50 persons and working without the aid of power; or
  - (b) any other establishment belonging to or under the control of the Central Government or a State Government and whose employees are entitled to the benefit of contributory provident fund or old age pension, or
  - (c) to any other establishment set up under any Central, Provincial or State Act and whose employees are entitled to the benefits of contributory provident fund or old age pension.
- (ii) **Family [Section 2(h) of the Payment of Gratuity Act, 1972]:** In relation to an employee, shall be deemed to consist of –
- ◆ In the **case of a male employee**, himself, his wife, his children, whether married or unmarried, his dependent parents (and the dependent parents of his wife and the widow) and children of his predeceased son, if any,
  - ◆ In the **case of a female employee**, herself, her husband, her children, whether married or unmarried, her dependent parents and the dependent parents of her husband and the widow and children of her predeceased son, if any;

**Adopted child:** Where the personal law of an employee permits the adoption by him of a child, any child lawfully adopted by him shall be deemed to be included in his/her family.

- (b) How ethical behaviour of an individual affects organization:

An ethical issue is an identifiable problem, situation or opportunity that requires a person to choose from several actions which could be evaluated as right or wrong. An individual's ethical behaviour affects not only his or her reputation within the company, but may also

contribute to the way in which the company is perceived by others. Values reflect enduring beliefs that one holds that influences attitudes, actions, and the choices one makes. As individuals, our values are shaped by our personal beliefs. Values developed in childhood and youth are constantly tested and on-the-job decisions reflect the employee's understanding of ethical responsibility.

Various socio-psychological factors could be responsible why individuals could develop negative attitudes or lose personal motivation.

- ◆ Negative work or life experiences.
- ◆ Employees failing to respect each others unique personalities.
- ◆ Overly aggressive financial or business targets.
- ◆ Pressures to perform and take quick decisions

**(c) “To whom, what, when and how” are the factors in communicating change**

There are four decisions that managers must make around communication in change situations:

1. TO WHOM
2. WHAT
3. WHEN
4. HOW

**To whom:** The basic rule is that communication should take place directly between the manager and employees when employees need to know or want to know.

**What:** In changed situations, it is good to communicate as much information about the change as is available.

**When:** In general, communicate as early as possible about change, but do not assume that once you have done this that the job is over. Communication should occur in anticipation of change, during the implementation, and after to assess its value to employees. Do it early, do it often.

**How:** Should one use oral or written communication?

Thus, the main role of the change manager is to work towards reducing the resistance towards change, and increasing the enthusiasm and level of commitment for the change.

**Question 3**

- (a) (i) *Define the term 'Basic Wages' under the provisions of the Employees' Provident Fund and Miscellaneous Provisions Act, 1952. Also mention what is not included in the term 'Basic Wages'.* **(3 Marks)**

- (ii) *What are the modes of reduction of share capital under the Companies Act, 2013? Will the provisions related to reduction of share capital also apply on the buy-back of its securities by a company?* **(3 Marks)**
- (b) *Answer whether the following statements are correct or incorrect giving brief reasons:*
- (i) *In long run those business firms which do not respond to the society's needs favorably will survive.*
- (ii) *Acid rain will have adverse effect on human beings and not on vegetation.* **(4 Marks)**
- (c) *Discuss the basic principles of Interpersonal Communication.* **(4 Marks)**

**Answer**

- (a) (i) **“Basic wages”** means all emoluments which are earned by an employee while on duty or on leave or on holidays with wages in either case in accordance with the terms of the contract of employment and which are paid or payable in cash to him, but does not include:
- (i) the cash value of any food concessions;
- (ii) any dearness allowance (that is to say all cash payments, by whatever name called, paid to an employee on account of rise in the cost of living), house rent allowance, overtime allowance, bonus, commission or pay and other similar allowance payable to the employee in respect of his employment or of work done in such employment; or
- (iii) any presents made by the employer.
- (ii) **Mode of Reduction of share capital:** According to section 66(1) of the Companies Act, 2013, subject to confirmation by the Tribunal on an application by the company, a company limited by shares or limited by guarantee and having a share capital may, by a special resolution, reduce the share capital in any manner and in particular, may—
- (a) extinguish or reduce the liability on any of its shares in respect of the share capital not paid-up; or
- (b) either with or without extinguishing or reducing liability on any of its shares,—
- (i) cancel any paid-up share capital which is lost or is unrepresented by available assets; or
- (ii) pay off any paid-up share capital which is in excess of the wants of the company, alter its memorandum by reducing the amount of its share capital and of its shares accordingly:

**Non-application on buy-back of its own securities:** According to sub-section (6), the provisions related to reduction of share capital shall not apply to buy-back of its own securities by a company under section 68.

- (b) (i) In long run those business firms which do not respond to the society's needs favourable will survive

**Incorrect:** A business man has to act only as a trustee of the society for whatever he has gained from the society. Everything finally belongs to the society. Society bestows upon businesses the authority to own and use land and natural resources.

- (ii) **Acid rain will have adverse effect on human beings and not on vegetation**

**Incorrect:** Like global warming, acid rain is a threat to the environment that is closely related to the combustion of fossil fuels (oil, coal, and natural gas), which are heavily used by utilities to produce electricity. Acids are carried down in rain, which often falls hundreds of miles away from the original sources of the oxides raising the acidity of the water sources. It also soaks into soils and falls directly on trees and other vegetation. Numerous studies have shown that many fish populations and other aquatic organisms are unable to survive in lakes and rivers that have become highly acidic due to acid rain.

- (c) **Basic principles of Interpersonal Communication**

The following principles are basic to interpersonal communication:

**Interpersonal communication is inescapable:** The very attempt not to communicate communicates something. Through not only words, but through tone of voice and through gesture, posture, facial expression, etc., we constantly communicate to those around us and through these channels, we constantly receive communication from others. Remember that, people judge you by your behaviour, not by your intent.

**Interpersonal communication is irreversible:** You cannot really take back something once it has been said. The effect will inevitably remain.

**Interpersonal communication is complicated:** No form of communication is simple. Because of the number of variables involved, even simple requests are extremely complex. Actually, we don't exchange ideas, but symbols that stand for ideas. This complicates communication.

**Interpersonal communication is contextual:** In other words, communication does not happen in isolation. There is psychological context, Relational context, situational context, Environmental context and Cultural context.

#### Question 4

- (a) (i) *Mr. Ketan of Chennai appointed Mr. Shekhar as his agent to buy a house in East Extension area. Mr. Shekhar bought a house for ₹ 30 lakh in the name of a nominee and then purchased it himself for ₹ 34 lakh. He then sold the same house to Mr. Ketan for ₹ 36 lakh. Mr. Ketan later comes to know about the mischief of Mr. Shekhar and tries to recover the excess amount paid to Mr. Shekhar. Is he entitled to recover any amount from Mr. Shekhar? If so, how much? Explain with the provisions contained in the Indian Contract Act, 1872.* **(4 Marks)**

- (ii) Calculate the date of maturity of the following bill of exchange explaining the relevant provisions for determination of date of maturity as provided in the Negotiable Instruments Act, 1881. The bill of exchange drawn on 01/06/2019. It is payable 120 days after date. **(2 Marks)**
- (b) Explain whether the following statement is correct or not- "A person who bought goods for resale or commercial purpose is a consumer under the Consumer Protection Act, 1986". **(4 Marks)**
- (c) Draft a notice for ABC Limited's Annual General Meeting mentioning four ordinary businesses. **(4 Marks)**

**Answer**

- (a) (i) The problem in this case, is based on the provisions of the Indian Contract Act, 1872 as contained in Section 215 read with Section 216. The two sections provide that where an agent without the knowledge of the principal, deals in the business of agency on his own account, the principal may:

- (1) repudiate the transaction, if the case shows, either that the agent has dishonestly concealed any material fact from him, or that the dealings of the agent have been disadvantageous to him.
- (2) claim from the agent any benefit, which may have resulted to him from the transaction.

Therefore, based on the above provisions, Mr. Ketan is entitled to recover Rs. 6 lakhs from Mr. Shekhar being the amount of profit earned by Mr. Shekhar out of the transaction.

- (ii) The bill of exchange drawn on 01/06/2019. It is payable 120 days after that.

**Date of maturity:** 29+31+31+29+3 days (June, July, August, September and 3 days grace): 2<sup>nd</sup> October, 2019 which is a public holiday so next preceding day will be 1<sup>st</sup> October.

So, the date of maturity of the above bill is 1<sup>st</sup> October, 2019 taking into account the provisions of section 23, 24 and 25 of the Negotiable Instruments Act, 1881.

- (b) **"A person who bought goods for resale or commercial purpose is a consumer under the Consumer Protection Act, 1986"**

This statement is incorrect. As per the definition of the Consumer under the Consumer protection Act, 1986 the term consumer does not include a person who obtains such goods for resale or for any commercial purpose.

**(c) Notice for ABC Limited's Annual General Meeting**

Notice is hereby given that the \_\_\_ Annual General Meeting of the Members of ABC Limited will be held on \_\_, the \_\_\_ day of \_\_\_\_, 20\_\_, at the Registered Office of the Company at \_\_\_\_, at \_\_\_ a.m./p.m. to transact the following business –

**Ordinary Business:**

1. To receive, consider and adopt the Audited Balance Sheet of the company as on 31<sup>st</sup> March, 20\_\_ and the Profit & Loss Account for the year ended on that date and Auditor's and Directors' Reports thereon.
2. To declare dividend for the year ending 31<sup>st</sup> March, 20\_\_.
3. To appoint a director in place of Mr. .... who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint Statutory Auditors of the company; and fix their remuneration.

Regd. Office:

For and on behalf of  
Board of Directors

\_\_\_\_\_  
Chairman of the Meeting

**Notes:**

- ◆ A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the company.
- ◆ Explanatory statement relating to special business is annexed to this Notice as required under section 102 of the Companies Act, 2013.

**Question 5**

- (a) 500 equity shares of ABC Limited were acquired by Mr. Anurag, but the signature of Mr. Mayank, the transferor, on the transfer deed was forged. Mr. Anurag, after getting the shares registered by the company in his name, sold 250 equity shares to Mr. Abhinav on the strength of the share certificate issued by ABC Limited. Mr. Anurag and Mr. Abhinav were not aware of the forgery. What are the liabilities/rights of Mr. Mayank, Anurag and Abhinav against the company with reference to the aforesaid shares? **(6 Marks)**
- (b) "Production process and strategy for eco-friendly technologies throughout the product life cycle and minimization of waste play major role in protection of the environment and conservation of resources." Explain. **(4 Marks)**
- (c) Discuss the limitations of oral and written communications. **(4 Marks)**

**Answer**

- (a) According to Section 46(1) of the Companies Act, 2013, a share certificate once issued under the common seal, if any, of the company or signed by two directors or by a director and the Company Secretary, wherever the company has appointed a Company Secretary, specifying the shares held by any person, shall be prima facie evidence of the title of the person to such shares. Therefore, in the normal course the person named in the share certificate is for all practical purposes the legal owner of the shares therein and the company cannot deny his title to the shares.

However, a forged transfer is a nullity. It does not give the transferee (Mr. Anurag) any title to the shares. Similarly, any transfer made by Mr. Anurag (to Mr. Abhinav) will also not give a good title to the shares as the title of the buyer is only as good as that of the seller.

Therefore, if the company acts on a forged transfer and removes the name of the real owner (Mr. Mayank) from the Register of Members, then the company is bound to restore the name of Mr. Mayank as the holder of the shares and to pay him any dividends which he ought to have received.

In the above case, therefore, Mr. Mayank has the right against the company to get the shares recorded in his name. However, neither Mr. Anurag nor Mr. Abhinav have any rights against the company even if they are bona fide purchasers. But as Mr. Abhinav acted on the faith of share certificate issued by company, he can demand compensation from Mr. Anurag.

- (b) Production process and strategy for eco-friendly technologies throughout the product life cycle and minimization of waste play major role in protection of the environment and conservation of resources

Business and Industry are closely linked with environment and resource utilization. Business, Industry and multinational corporations have to recognize environmental management as the priority area and a key determinant to sustainable development. Sound management of wastes is among the major environmental issues for maintaining the quality of Earth's environment and achieving sustainable development. Accordingly, waste management is to be done through following systems.

- (i) Minimum production of waste.
- (ii) Maximizing reuse of waste and recycling.
- (iii) Promoting environmentally sound waste disposal practices.

Economic progress and environmental protection is not a conflicting proposition. If companies redesign products and adopt latest technologies available; they can achieve the goals of reduction in wastage and resources depletion. This requires a new thinking and strategies in respect of environment-business relationship. A change is needed at all levels starting from organisational structure, finance, manufacturing, marketing, operations, accounting and other related disciplines.

## (c) Following are the limitations of oral and written communications

| Oral                                                                               | Written                                                                             |
|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Demands ability to think coherently as you speak                                   | Never know if the message is ever read                                              |
| A word once uttered cannot be taken back                                           | Impersonal and remote                                                               |
| Hard to control voice pitch and tone, especially under stress, excitement or anger | Immediate feedback is not available for correction on the spot                      |
| Very difficult to be conscious of our body language                                | Reader is not helped by non-verbal cues that contribute to the total message        |
|                                                                                    | Many people do not like reading especially if it is an official or business message |
|                                                                                    | Time consuming                                                                      |

**Question 6**

- (a) (i) Explain the phrase 'quantum meruit' with reference to the Indian Contract Act, 1872.

**(3 Marks)**

OR

*Distinguish Bailment and Pledge.*

- (ii) In a general meeting of a company, the shareholders passed a special resolution regarding some special matters. There were 30 members present in the meeting. Out of which 15 voted in favour of the resolution, 6 voted against it and 5 votes were found invalid. The remaining 4 members abstained from voting. The chairman of the meeting declared the resolution as passed. With reference to provisions of the Companies Act, 2013 examine the validity of chairman's declaration. **(3 Marks)**

- (b) Considering the following situations, explain, which type of threats arise:

- (i) M/s. ABC is unhappy with the observations in the draft audit report and threatens to switch auditors next year. M/s. ABC is the biggest client of the auditor.
- (ii) The auditor is assisting in selling M/s. ABC, as a going concern while also serving as its auditors. **(4 Marks)**

- (c) Write short notes on:

- (i) Power of Attorney
- (ii) Lease Deed

**(4 Marks)**

**Answer**

- (a) (i) **Quantum Meruit:** The phrase 'quantum meruit' literally means "as much as earned" or "according to the quantity of work done". A person who has begun a civil contract work and has to later stop the work because the other party has made the performance impossible, is entitled to receive compensation on the principle of 'Quantum Meruit'.

Following are instances where 'quantum meruit' may arise:

- (a) Where the work has been done and accepted under a contract which is subsequently discovered to be void. In such a case, the person who has performed his part of the contract is entitled to recover the amount for the work done and the party, who receives and accepts the benefit under such contract, must make compensation to the other party.
- (b) Where a person does some act or delivers something to another person with the intention of receiving payment, the other person is bound to make payment if he accepts such services or goods or enjoys the benefits.
- (c) Where the contract is divisible and where a party performs a part of the contract and refuses to perform the remaining part, the party in default may sue the other party who enjoyed the benefit of the part performance.

**OR**

- (i) Following are the distinctions between bailment and pledge.
  - (a) **As to purpose:** Pledge is a variety of bailment. Under pledge goods are bailed as a security for a loan or a performance of a promise. In regular bailment the goods are bailed for other purpose than the two referred above.
  - (b) **As to right of sale:** The pledgee enjoys the right to sell only on default by the pledgor to repay the debt or perform his promise, that too only after giving due notice. In bailment the bailee, generally, cannot sell the goods. He can either retain or sue for non-payment of dues.
  - (c) **As to right of using goods:** Pledgee has a right to use goods. A bailee can, if the terms so provide, use the goods.
  - (d) **Consideration:** In pledge there is always a consideration whereas in a bailment there may or may not be consideration.
  - (e) **Discharge of contract:** Pledge is discharged on the payment of debt or performance of promise whereas bailment is discharged as the purpose is accomplished or after specified time.
- (ii) According to section 114 of the Companies Act, 2013, a resolution shall be a special resolution when the votes cast in favour of the resolution, whether on a show of hands, or electronically or on a poll, as the case may be, by members who, being

entitled so to do, vote in person or by proxy or by postal ballot, are required to be not less than three times the number of the votes, if any, cast against the resolution by members so entitled and voting.

Thus, in terms of the requisite majority, votes cast in favour have to be compared with votes cast against the resolution. Abstentions or invalid votes, if any, are not to be taken into account.

Accordingly, in the given problem, the votes cast in favour (15) being not more than 3 times of the votes cast against (6), therefore the decision of the chairman is not in order.

- (b) (i) M/s ABC is unhappy with the observations in the draft audit report and threatens to switch auditors next year. M/s ABC is the biggest client of the auditor.

This is a self interest threat for auditors as having concern about the possibility of losing a client.

- (ii) The auditor is assisting in selling M/s ABC, as a going concern while also serving as its auditors.

This is the Advocacy threats that occur when a professional promotes a position or opinion to the point that subsequent objectivity may be compromised. The auditor may issue a favorable report to increase the sale price of M/s. ABC Company.

- (c) (i) **Power of Attorney**

The law relating to power of attorney falls within the law of agency. A power of attorney is a written instrument empowering a specified person or persons to act for and in the name of person executing it. The instruments of power of attorney are classified into the following two categories:

- (a) **Specific Power of Attorney:** A specific power of attorney is given for a particular specific act.
- (b) **General Power of Attorney:** Covering all the acts relating to the execution of the deed.

- (ii) **Lease Deed**

A lease is defined under Section 105 of the Transfer of Property Act, 1882 as transfer of enjoyment of immovable property by one person called the lesser to another person called the lessee in consideration of a premium which means a price paid or promised or rent which may be periodical payment of money, share of crops or rendering of services. In order to constitute the valid lease, there must be a transfer of right to enjoyment of immovable property though delivery of possession of the property is not a condition preceded for operation of a lease.

The terms of lease including the period of lease, amount of rent etc. are contained in a leased agreement or deed duly executed and signed by both the lesser and lessee.