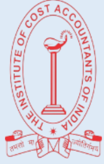

FINAL EXAMINATION SET 1

MODEL ANSWER TERM – JUNE 2023

PAPER - 13

CORPORATE AND ECONOMIC LAWS

Time Allowed: 3 Hours **Full Marks: 100**

The figures in the margin on the right side indicate full marks.

Where considered necessary, suitable assumptions may be made and clearly indicated in the answer.

Answer Question No. 1 and 8 are compulsory and any four from Question No. 2, 3, 4, 5, 6 & 7.

SECTION – A

Please answer the following questions with brief justification as directed and/or reference to the relevant legal provision as appropriate.

1. (a)

Sl. No.	Answer	Justification
(i)	(d)	Insurance Regulatory and Development Authority of India (IRDAI), is a statutory body formed under an Act of Parliament, i.e., Insurance Regulatory and Development Authority Act, 1999 (IRDAI Act 1999) for overall supervision and development of the Insurance sector in India.
(ii)	(b)	A company may change its registered office from one city to another city within the ROC/ State by passing a special resolution (SR). For example, a company wants to shift the registered office from Lucknow to Agra or any other city within the Uttar Pradesh, it will fall under in Second case i.e., "Shifting of Registered Office from one City to Another City within same ROC/State".
(iii)	(c)	Organizations can use the insights gained from business intelligence and data analysis to improve business decisions, identify problems or issues, spot market trends, and find new revenue or business opportunities.
(iv)	(d)	The Insolvency and Bankruptcy Code, 2016 (IBC) is an Indian law which creates a consolidated framework that governs insolvency and bankruptcy proceedings for companies, partnership firms, and individuals. The enactment of The Insolvency and Bankruptcy Code, 2016, marked the start of the new legislative framework for providing time bound insolvency

		and bankruptcy process of corporates, LLPs, partnership firms, and individuals.
(v)	(a)	Corporate governance covers both the social and institutional aspects of a business. Simply put, it is the system by which organizations are directed and managed. Corporate governance influences how the objectives of a business are set and achieved, how risks are monitored and assessed, and how internal performance is optimized, hence, more useful for the top level of management.
(vi)	(c)	A takeover occurs when one company makes a successful bid to assume control of or acquire another. Takeovers can be done by purchasing a majority stake in the target firm. Takeovers are also commonly done through the merger and acquisition process; thus it helps the organization by acquiring shares which will give control over the management.
(vii)	(a)	The Competition Act 2002 is an Indian law prohibiting activities limiting market competition and protecting consumers. The primary objective of enacting this act is to promote fair business practices and healthy competition in the market.
(viii)	(d)	An integral part of a country’s economic development, FDI has a direct positive impact on domestic capital, productivity, and employment. This is the reason why it has become an indispensable tool for initiating economic growth for countries and also prohibited in the above mentioned business.
(ix)	(d)	MSME Act is to promote all forms of innovations in the complete value chain from developing ideas into innovative applications through incubation and design interventions and also to provide appropriate facilities and support for development of concept to market, design competitiveness and protection & commercialization of Intellectual creations of MSME sector.
(x)	(a)	Financial Intelligence Unit – India is an organization under the Department of Revenue, Government of India which collects financial intelligence about offences under the Prevention of Money Laundering Act, 2002. It was set up in November 2004 and reports directly to the Economic Intelligence Council (EIC) headed by the Finance Minister.

SECTION – B

2. (a) **Formation of One Person Company (OPC)**

(i) The memorandum of OPC shall indicate the name of the other person, who shall, in the event of the subscriber's death or his incapacity to contract, become the member of the company.

(ii) The other person whose name is given in the memorandum shall give his prior written consent in prescribed form and the same shall be filed with Registrar of companies at the time of incorporation.

(iii) Such other person may be given the right to withdraw his consent

(iv) The member of OPC may at any time change the name of such other person by giving notice to the company and the company shall intimate the same to the Registrar

(v) Any such change in the name of the person shall not be deemed to be an alteration of the memorandum.

(vi) No person shall be eligible to incorporate more than one OPC or become nominee in more than one such company.

(vii) No minor shall become member or nominee of the OPC or can hold share with beneficial interest. Such Company cannot be incorporated or converted into a company under Section 8 of the Act. Though it may be converted to private or public companies in certain cases. The procedure of conversion is given in the Rules 6 & 7 of the Companies (Incorporation) Rules, 2014.

(viii) Such Company cannot carry out Non-Banking Financial Investment activities including investment in securities of anybody corporate.

(ix) OPC cannot convert voluntarily into any kind of company unless 2 years have expired from the date of incorporation, except where the paid up share capital is increased beyond `50 lakh or its average annual turnover during the relevant period exceeds `2 crore.

(x) If One Person Company or any officer of such company contravenes the provisions, they shall be punishable with fine which may extend to `10,000 and with a further fine which may extend to `1,000 for every day after the first during which such contravention continues.

Rule 3 of the Companies (Incorporation) Rules 2014 says, only a natural person who is an Indian citizen whether resident in India or otherwise: -

(i) shall be eligible to incorporate a One Person Company;

(ii) shall be a nominee for the sole member of a One Person Company. Where a natural person, being member in One Person Company accordance with this rule becomes a member in another such Company by virtue of his being a nominee in that One Person Company, such person shall meet the eligibility criteria specified in rule 3(2) within a period of 180 days. Where a natural person, being member in One Person Company in accordance with this rule becomes a member in another such Company by virtue of his being a nominee in that One Person Company, such person shall meet the eligibility criteria specified in rule 3(2) within a period of 180 days.

(b) (1) Where no provision is made in the articles of a company for the appointment of the first director, the subscribers to the memorandum who are individuals shall be deemed to be the first directors of the company until the directors are duly appointed. [Section 152 (1)]

In case of a One Person Company, an individual being member shall be deemed to be its first director until the director or directors are duly appointed by the member in accordance with the provisions of this section. [Section 152 (1)]

(2) Every director shall be appointed by the company in general meeting, unless any specific method of appointment is provided in the Articles of Association. [Section 152 (2)].

(3) No person shall be appointed as a director of a company unless he has been allotted the Director Identification Number (DIN) under section 154. [Section 152 (3)].

(4) Every person proposed to be appointed as a director by the company in general meeting or otherwise, shall furnish his Director Identification Number (DIN) and a declaration that he is not disqualified to become a director under this Act. [Section 152 (4)].

(5) A person appointed as a director shall not act as a director unless he gives his consent to hold the office as director and such consent has been filed with the Registrar within 30 days of his appointment in Form DIR-12 along with the fee as prescribed [Section 152(5)]

(6) The Ministry of Corporate Affairs has clarified via Notification No. 463(E) and 466(E) dated 5th June, 2015, that section 152 (5) shall not apply:

a) where appointment of such director is done by the Central Government or State Government, as the case may be.

b) to a section 8 company.

3. (a) The powers of Tribunal as per the provisions under section 231 of the Companies Act 2013.

As per Section 231(1) when the Tribunal makes an order under Section 230 sanctioning a compromise or an arrangement, it:

(i) shall have power to supervise the implementation of the, and

(ii) may, give such directions in regard to any matter or make such modifications in the scheme of compromise or arrangement as it may consider necessary for the proper implementation. If the Tribunal is satisfied that the compromise or arrangement sanctioned under Section 230 cannot be implemented satisfactorily with or without modifications, and the company is unable to pay its debts as per the scheme, it may make an order for winding up the company.

(iii) Tribunal may require the liquidator or the company to report on the working of the scheme.

(b) **Applicability of CSR Provisions -**

Section 135 of the Act provides for the applicability of the CSR provisions on corporates. Sub-section (1) of section lays down that every company having

- net worth of ₹500 crores or more; or
- turnover of ₹1,000 crores or more;
- net profit of ₹5 crores

during immediately preceding financial year shall be required

(a) to constitute a CSR Committee of the Board consisting

(b) formulate CSR policy

(c) spend at least 2% of the average net profit of last three years, during the financial.

Constitution of CSR Committee

(i) There will be at least three directors in the committee with at least one independent director;

(ii) Unlisted public company or a private company, falling under the financial threshold but not required to have IDs, shall not have any ID in the committee.

(iii) Private company having 2 directors only shall have 2 directors in the committee

(iv) In case of Foreign company, person who is authorized to receive notice on behalf of the company and any other person nominated by the company.

Every company which ceases to be a company covered under section 135 as per the limits specified thereunder for three consecutive financial years shall not be required to constitute a CSR Committee and comply with the provision of section 135, till such time that it meets the criteria specified.

Functions of CSR Committee

(i) To institute a transparent monitoring mechanism for implementation of CSR projects;

(ii) To recommend the CSR Policy and modification thereto, if any;

(iii) To recommend projects for approval of Board.

4. (a) **Powers and duties of liquidator**

The liquidator will work under overall directions of the Adjudicating Authority and have the following powers and duties.

(a) to verify claim of all the creditors.

(b) to take into his custody or control all the assets, property, effects and actionable claims of the corporate debtor.

(c) to evaluate the assets and property of the corporate debtor.

(d) to take such measures to protect and preserve the assets and properties.

(e) to carry on the business of the corporate debtor for its beneficial liquidation as he considers necessary.

(f) to sell the immovable and movable property and actionable claims of the corporate debtor in liquidation other than to those who are not eligible to be a resolution applicant.

(g) to draw, accept, make and endorse any negotiable instruments

(h) to take out, in his official name, letter of administration to any deceased contributory and to do in his official name any other act necessary for obtaining payment of any money due and payable from a contributory or his estate.

(i) to obtain any professional assistance from any person or appoint any professional

(j) to invite and settle claims of creditors and claimants and distribute proceeds in accordance with the provisions of this Code.

(k) to institute or defend any suit, prosecution or other legal proceedings, civil or criminal, on behalf of the corporate debtor.

(l) to investigate the financial affairs of the corporate debtor to determine undervalued or preferential transactions

(m) to take all such actions, steps, or to sign, execute and verify any paper, deed, receipt document, application, petition, affidavit, bond or instrument.

(n) to apply to the Adjudicating Authority for such orders or directions as may be necessary for the liquidation of the corporate debtor and to report the progress of the liquidation process

(o) to perform such other functions as may be specified by the Board.

The liquidator may but consult any of the stakeholders entitled to a distribution of proceeds such consultation shall not be binding on the liquidator.

(b) Family owned companies have specific problems due to its nature, their constitution, and their managerial systems.

As the company grows, more members, children, grandchildren and so on are incorporated into the family and different types of interests and relationships are generated within the company. The larger the company, the greater the conflict of interest are. Problems arise when the sentimental value collides with the entrepreneurial values. This is why conflicts in family Companies must be handled properly with the help of a consultant or lawyer. These conflicts may bring bad consequences to these kind companies, that may end up destroying the family, the company or both.

It must be understood that the same corporate governance norms that is commonly used for other companies might not apply to these ones. The family factor brings along a different way of looking the company, its strengths and also its weaknesses. A balance between the emotional factor of family with the profitable factor of business.

In India, business was traditionally a family business. Even now 99% of the corporate houses are owned by individuals or families. Nothing wrong in that. In fact, growth of family business is quite substantial.

1. full time directors/other directors and senior management personnel are either from the family or related to the family members.
2. Formation of coterie is common.
3. Control and ownership is diluted with shareholding being diluted on passing of generation.
4. Conflict of interest is very common where personal interest of the promoter conflicts with the company interest. However, proper procedures are followed as per the Act to avoid legal complication.
5. Emotions are attached and therefore, some decision is taken which may not be managerially correct.

6. Where the family members are united, the non-family directors/managers are defunct in decision making process. Where family is divided, there are more problems like confusion in leadership, delay in decision making, distrust of outside stakeholders etc. The stability, reputation and performance is affected.
7. Some families have clear cut roles of the family members in business with structured succession planning, allotment of each company to each member to avoid conflict.
8. Personal image of the chairman/MD? Directors is very important which determines the reputation.
9. Many hard-core professional avoid working in family business for obvious reasons.
10. Death/disability of senior member in the family results to leadership management crisis.

5. (a) **Code of Fair Disclosure.**

The board of directors of every listed company, shall formulate and publish on its official website, a code of practices and procedures for fair disclosure of unpublished price sensitive information that it would follow the principles set out in Schedule A and shall be promptly intimated to the stock exchanges. Schedule A to the Rules provides for Principles of Fair Disclosure for purposes of Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information, which are as follows.

1. Prompt public disclosure of unpublished price sensitive information that would impact price discovery no sooner than credible and concrete information comes into being in order to make such information generally available.

   Dissemination of unpublished price sensitive unpublished price sensitive information to avoid selective disclosure.
2. Designation of a senior officer as a chief investor relations officer to deal with dissemination of information.
3. Appropriate and fair response to queries on news reports and requests for verification of market rumours by regulatory authorities.
4. Ensuring that information shared with analysts and research personnel is not unpublished price sensitive information.
5. Developing best practices to make transcripts or records of proceedings of meetings with analysts and other investor relations conferences on the official

website to ensure official confirmation and documentation of disclosures made.

(b) The difference between Horizontal and Vertical Agreements is that in Horizontal Agreements there is same level of competition whereas in Vertical Agreement there is different level of competition. Section 3(3) of the Act states that any agreement entered into between enterprises or associations of business entities or persons or associations of persons or between any person and enterprise or practice carried on, or concerted decision taken by, any association of enterprises or association of persons, including cartels, engaged in identical or similar trade of goods Services. There are few recognized trade associations in India. There are informal association and arrangement by which similar business entities. Mostly competitors join hands and exploit the market in concerted manner.

Vertical agreements are agreements that are entered amongst enterprise or persons at different stages of the production and distribution chain. Under the Act, such agreements are:

(a) Tie-in arrangement: sale of one product is tied up with taking of other product which may not be useful or commercially not viable;

(i) anticompetitive agreements and assist the competition authorities in lieu of immunity or lenient treatment. A Leniency programme is a protection to those who come forward and submit information honestly, who would otherwise have to face stringent action by the Commission if existence of a cartel is detected by the Commission on its own. It is based on the principle of fair competition for greater good.

A. Anti-competitive agreement shall be presumed to have appreciable adverse effect on competition and thereby deemed to be restrictive. Some type of agreements is discussed below.

(i) Any agreement in respect of production, supply, distribution, storage, acquisition or control of goods or provision of services, which causes or is likely to cause an appreciable adverse effect on competition within India. Any such agreement shall be void.

(ii) Any agreement entered into between enterprises or associations of enterprises including cartels, engaged in identical or similar trade of goods or provision of services, which—

a. directly or indirectly determines purchase or sale prices;

b. limits or controls production, supply, markets, technical development, investment;

c. shares the market or source of production by way of allocation of geographical area of market;

d. directly or indirectly go for bid rigging or collusive bidding; "bid rigging" means any agreement, eliminating or reducing competition for bids or adversely affecting or manipulating the process for bidding, other than joint ventures business agreements are excepted

(iii) Any agreement amongst enterprises or persons in respect of production, supply, distribution, storage, sale or price of, or trade in goods or provision of services, including, tie-in arrangement: includes any agreement requiring a purchaser of goods, as a condition of such purchase, to purchase some other goods;

(iv) exclusive supply agreement: includes any agreement restricting in any manner the purchaser in the course of his trade from acquiring or otherwise dealing in any goods other than those of the seller or any other person.

Example: ABC Ltd. has appointed Soni Brothers as a supplier of raw materials with a restriction that they cannot do business with other parties.

(v) exclusive distribution agreement: includes any agreement to limit, restrict or withhold the output or supply of any goods or allocate any area or market for the disposal or sale of the goods

(vi) refusal to deal: includes any agreement which restricts, or is likely to restrict, by any method the persons or classes of persons to whom goods are sold or from whom goods are bought.

Example: ABC Ltd. appoints a dealer for domestic fans and restricts him to take dealership of other Product

(vii) resale price maintenance: includes any agreement to sell goods on condition that the prices to be charged on the

resale by the purchaser shall be the prices stipulated by the seller unless it is clearly stated that prices lower than those prices may be charged. In other words, the "maximum retail price" shall have to de disclosed and nobody can take more than that. Therefore, we find the MRP in most of the product on the package.

Above restriction shall not apply to

(a) the right to restrain any infringement of Intellectual property rights under the Copyright, Patents Act, Trade Marks, Geographical Indications, Designs and Semi-Conductor Integrated Circuits Layout-Design as provided in the respective Acts.

(b) the right of any person to export goods from India to the extent to which the agreement relates exclusively to the production, supply, distribution or control of goods or provision of services for such export.

6. (a) Under the Liberalised Remittance Scheme (LRS), all resident individuals, including minors, are allowed to freely remit up to USD 2,50,000 per financial year (April – March) for any permissible current or capital account transaction or a combination of both. The Scheme was introduced on February 4, 2004, with a limit of USD 25,000. The LRS limit has been revised in stages consistent with prevailing macro and micro economic conditions. The Scheme is not available to corporates, partnership firms, HUF, Trusts etc.

Prohibited items under the Scheme

(i) Remittance for any purpose specifically prohibited under Schedule-I (like purchase of lottery tickets/sweep stakes, proscribed magazines, etc.) or any item restricted under Schedule II of Foreign Exchange Management (Current Account Transactions) Rules, 2000.

(ii) Remittance from India for margins or margin calls to overseas exchanges / overseas counterparty.

(iii) Remittances for purchase of FCCBs issued by Indian companies in the overseas secondary market.

(iv) Remittance for trading in foreign exchange abroad.

(v) Capital account remittances, directly or indirectly, to countries identified by the Financial Action Task Force (FATF) as "non- cooperative countries and territories", from time to time.

(vi) Remittances directly or indirectly to those individuals and entities identified as posing significant risk of committing acts of terrorism as advised separately by the Reserve Bank to the banks.

(b) An asset reconstruction company may for the purposes of asset reconstruction, provide for any one or more of the following measures, namely:

(i) the proper management of the business of the borrower, by change in or takeover of, the management of the business of the borrower;
(ii) the sale or lease of a part or whole of the business of the borrower;
(iii) rescheduling of payment of debts payable by the borrower;
(iv) enforcement of security interest in accordance with the provisions of this Act.
(v) settlement of dues payable by the borrower;
(vi) taking possession of secured assets in accordance with the provisions of this Act;
(vii) conversion of any portion of debt into shares of a borrower company.

Provided that conversion of any part of debt into shares of a borrower company shall be deemed always to have been valid, as if the provisions of this clause were in force at all material times.

The Reserve bank for this purpose shall determine the policy and issue necessary directions including the directions for regulation of management of the business of the borrower and fees to be changed. The asset reconstruction company shall take measures as per the directions of RBI.

7. (a) **National Board for Micro, Small and Medium Enterprises**

The Central Government has established, a Board known as the National Board for Micro, Small and Medium Enterprises with head office at Delhi. The Board shall consist of the following members, namely: -

(i) the Minister in charge of the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises who shall be the ex-officio Chairperson of the Board;
(ii) the Minister of State or a Deputy Minister, if any, in the Ministry having administrative control of the micro, small and medium enterprises who shall be ex officio Vice-Chairperson of the Board;
(iii) six Ministers of the State Governments having administrative control of the departments of small scale industries or, as the case may be, micro, small and medium enterprises, to be appointed by the Central Government to represent such regions of the country as may be notified by the Central Government in this behalf, ex officio;

(iv) three Members of Parliament of whom two shall be elected by the House of the People and one by the Council of States;

(v) the Administrator of a Union territory to be appointed by the Central Government, ex officio;

(vi) the Secretary to the Government of India in charge of the Ministry or Department of The Central Government having administrative control of the micro, small and medium enterprises, ex officio;

(vii) four Secretaries to the Government of India, to represent the Ministries of the Central Government dealing with commerce and industry, finance, food processing industries, labour and planning to be appointed by the Central Government, ex officio;

(viii) the Chairman of the Board of Directors of the National Bank, ex-officio;

(ix) the Chairman and managing director of the Board of Directors of the Small Industries Bank, ex-officio;

(x) the Chairman, Indian Banks Association, ex officio;

(xi) one officer of the Reserve Bank, not below the rank of an Executive Director, to be appointed by the Central Government to represent the Reserve Bank;

(xii) twenty persons to represent the associations of micro, small and medium enterprises, including not less than 3 persons representing associations of women's enterprises and not less than three persons representing associations of micro enterprises, to be appointed by the Central Government;

(xiii) three persons of eminence, one each from the fields of economics, industry and science and technology, not less than one of whom shall be a woman, to be appointed by the Central Government;

(xiv) two representatives of Central Trade Union Organisations, to be appointed by the Central Government; and

(xv) one officer not below the rank of Joint Secretary to the Government of India in the Ministry or Department of the Central Government having administrative control of the micro, small and medium enterprises to be appointed by the Central Government, who shall be the Member-Secretary of the Board, ex officio. The term of office of the members of the Board, other than ex officio members of the Board, the manner of filling vacancies, and the procedure to be followed in the discharge of their functions by the members of the Board, shall be such as may be prescribed: Provided that the term of office of an ex officio member of the Board shall continue so long as he holds the office by virtue of which he is such a member. The Board shall meet at least once in every three months in a year. The Board may associate with itself, any person or persons whose assistance or advice.

(b) **Majort types of Cyber crimes are:**

Cyber crimes can be basically divided into three major categories:

A. Cybercrimes against persons like harassment occur in cyberspace or through the use of cyberspace. Harassment can be sexual, racial, religious, or other.

B. Cybercrimes against property like computer wreckage (destruction of others' property), transmission of harmful programs, unauthorized trespassing, unauthorized possession of computer information.

C. Cybercrimes against Government like Cyber terrorism

Cybercrimes against Government in the context of contemporary business ecosystem:

There are certain offences done by group of persons intending to threaten the international governments by using internet facilities. It includes:

- **Terrorism:** Cyber terrorism is a major burning issue in the domestic as well as global concern. The common form of these terrorist attacks on the Internet is by distributed denial of service attacks, hate websites and hate e-mails, attacks on sensitive computer networks etc. Cyber terrorism activities endanger the sovereignty and integrity of the nation.
- **Warfare:** It refers to politically motivated hacking to damage and spying. It is a form of information warfare sometimes seen as analogous to conventional warfare although this analogy is controversial for both its accuracy and its political motivation.
- **Piracy:** It means distributing pirated software from one computer to another intending to destroy the data and official records of the government.
- **unauthorized Information:**

It is very easy to access any information by the terrorists with the aid of internet and to possess that information for political, religious, social, ideological objectives.

(i) Tampering with Computer source documents - Sec.65

(ii) Hacking with Computer systems, Data alteration - Sec.66

(iii) Publishing obscene information - Sec.67

(iv) Un-authorised access to protected system Sec.70

(v) Breach of Confidentiality and Privacy - Sec.72

(vi) Publishing false digital signature certificates - Sec.73

SECTION – C

8. (i) **Yes.**

The decision to merge in in order. Companies are free to merge with consent of shareholders and by following the procedures prescribed under law. However, it will not fall under special category mergers under section 233 of the Act.

(ii) **Yes,** the scheme has to be approved by 3/4th majority of shareholders in value.

(iii) The dissenting shareholders have to accept the decision of the majority.

(iv) **Yes.**

It requires approval of NCLT. the transferee company is listed, SEBI regulations have to be complied with, wherever applicable.

(v) **Principles of Good Governance**

Policies to be made at top level for various functions of management, which should be based on fairness, honesty. Directors should know the requirements of the stakeholders. The practices should be strictly practised. The concept and practice would be different at different levels. For understanding we have divided the issues into Board and below Board level.

(a) Board level

Board level good governance have been standardised with series of regulations and disclosures by the company to stakeholders and regulators. This is mentioned mostly under the Companies Act and LODR regulations and discussed in detail elsewhere in this study material.

(b) Below Board level

Below Board level, each company has its own mechanism for ethics, code of conduct, service rules, discipline etc. It is up to the company to decide to what extent it is serious about the issues. However, code of conduct for senior executives just below the Board level is a stipulation under LODR. Normally, governance practices are formulated and practiced at top level and percolate downwards. This is called "top down approach" to governance. Whistle blower policy, Audit Committee, standard operating procedures, departmental manuals are some of the common mechanisms used to keep ethics and governance in order, in a company. Companies Act, 2013 has added Schedule IV which defines the qualification, duties and code of ethics

to be complied by independent directors This has been done with the thinking that adherence to these standards by independent directors and fulfilment of their responsibilities in a professional and faithful manner will promote confidence of the shareholders, regulators and general public.

(vi) **NO**, the Insurance Regulatory and Development Authority (IRDA) was established in the year 1999 by the Indian Government with the following objectives.

(i) to project the interests of holders of insurance policies.
(ii) to regulate, promote and ensure orderly growth of the industry
(iii) matters connected therewith or incidental thereto.

The mission statement of IRDA is as follows:

(i) To protect the interest and secure fair treatment to policyholders;
(ii) To bring about speedy and orderly growth of the insurance sector for the benefit of the common man and provide long term funds;
(iii) To promote. Monitor and enforce high standards of integrity, financial soundness and far dealing by the insurers;
(iv) Take actions where such standards are inadequate or ineffectively enforced;
(v) To ensure speedy settlement of genuine claims, to prevent fraud, malpractice and to put in place grievance redressal machinery;
(vi) Bring about optimum amount of self-regulation in day to day working consistent with the regulation, The Functions of Insurance Regulatory and Development Authority

The Functions of Insurance Regulatory and Development Authority are to make policies, regulations, address grievances eh-relationship to the following:

(a) Nomination by Policyholders.
(b) Settlement of insurance claim.
(c) Practical training for Insurance agents and other intermediaries.
(d) Insurable Interest.
(e) Surrender value of Policyholders.
(f) Code of conduct of Insurance intermediary’s surveyors.
(g) Assistance in gaining correct information about policies.
(h) Creation of management information system.
(i) Promotion of Self-regulation within the insurance sector.
(j) Issue of certificate of insurance company registration.
(k) regulation of investment by insurance companies.
(l) Supervising and monitoring insurance companies

(vii) **YES,** The Prevention of Money Laundering Act (PMLA), 2002 was enacted in January, 2003. The Act along with the Rules framed thereunder have come into force with effect from 1st July, 2005. The Act extends to the whole of India including the state of Jammu & Kashmir. The Act was amended by the Prevention of Money Laundering (Amendment) Act 2009 w.e.f. 01.06.2009. The Act was further amended by the Prevention of Money – Laundering (Amendment) Act, 2012 w.e.f. 15-02-2013.The Prevention of Money-laundering Act, 2002 addresses the international obligations under the Political Declaration and Global Programme of Action adopted by the General Assembly of the United Nations to prevent money laundering. The Prevention of Money Laundering Act, 2002 consists of ten chapters containing 75 sections and one Schedule divided into five parts. Chapter I containing section 1 and 2 deals with short title, extent and commencement and definitions. Chapter II containing sections 3 and 4 provides for offences and punishment for money laundering.

Chapter III (Section 5-11) provides for attachment, adjudication and confiscation and Chapter IV (Sections 12-15) deals with obligations of banking companies, financial institutions and intermediaries. Chapter V (Sections 16-24) relates to Summons, Searches and Seizures etc.

The Act provides for establishment of Appellate Tribunal. There are also Special Courts for various authorities under the Act, their appointment, powers, jurisdiction etc.

Whosoever directly or indirectly attempts to indulge or knowingly assists or knowingly is a party or is actually involved in any process or activity connected with the proceeds of crime including its concealment possession, acquisition or use or projecting or claiming as untainted property shall be guilty of offence of money-laundering. It prescribes obligation of banking companies, financial institutions and intermediaries for verification and maintenance of records of the identity of all its clients and also of all transactions and for furnishing information of such transactions in prescribed form to the Financial Intelligence Unit-India (FIU-IND). It empowers the Director of FIU-IND to impose fine on banking company, financial institution or intermediary on noncompliance of the provisions of the Act. The offences listed in the Schedule the Act, are scheduled offences and are divided into three parts - Part A, B and C. In Part A, offences to the Schedule have been listed in 28 paragraphs and it comprises of offences under Indian Penal Code, offences

under Narcotic Drugs and Psychotropic Substances, offences under Explosive Substances Act, 1908, offences under Unlawful Activities (Prevention) Act, 1967, offences under Arms Act, 1959, offences under Wild Life (Protection) Act, 1972, offences under the Immoral Traffic (Prevention) Act,1956, offences under the Prevention of Corruption Act, 1988, offences under the Explosives Act, 1884 and offences under Antiquities & Arts Treasures Act, 1972 etc. Part 'B' of the Schedule are offences with total value involved is ₹1 crore or more. Part 'C' deals with trans-border crimes, and is a vital step in tackling Money Laundering across International boundaries. Every Scheduled Offence is a Predicate Offence. The Scheduled Offence is called Predicate Offence and the occurrence of the same is a pre requisite for initiating investigation into the offence of money laundering.