

Business Law PYQ 2017

Q1 a State with reasons in brief whether the following statements are True or False:

(i) All illegal agreements are void but all void agreements are not necessarily illegal.

(ii) Mistake as to law of the land is not excusable.

(iii) Silence cannot be prescribed as a mode of acceptance.

Ans. (i) True: An agreement which is against the law or public policy is considered illegal and is void. But there are some agreements which are void because of some legal technicalities like absence of consideration or lack of capacity of parties to contract. Such agreements are void but not illegal.

(ii) True: Ignorance of law is not an excuse in any situation. Everyone is expected to know and follow the law of the land. Therefore, mistake as to law is generally not excusable.

(iii) True: Silence cannot be considered as a mode of acceptance. In order to form a valid contract, there must be a clear and unambiguous acceptance of an offer. Silence on the part of the offeree cannot be construed as acceptance. However, there may be situations where silence can be considered as acceptance based on the circumstances surrounding the contract.

Q1 b An agreement without consideration is void. Comment.

Ans. According to the Indian Contract Act, an agreement without consideration is void, except in certain situations such as:

Love and affection: When an agreement is made out of love and affection between parties, it is valid even if there is no consideration.

Compromise: When parties agree to settle a dispute or pending legal proceedings by way of compromise, it is valid even if there is no consideration.

Time-barred debt: When a person promises to pay a debt that is barred by the limitation period, it is valid even if there is no consideration.

Agency: When a person agrees to act as an agent on behalf of another person, it is valid even if there is no consideration.

Voluntary services: When a person voluntarily renders some service without any expectation of consideration, it is valid even if there is no consideration.

Thus, in general, an agreement without consideration is void, but there are certain exceptions to this rule.

OR

Q1 a State with reasons in brief whether the following statements are True or False:

(i) Fraud is wilful misrepresentation of facts.

(ii) A voidable contract can be enforced by a stranger.

(iii) Quasi contracts are based on the principle of unjust enrichment

Ans. (i) True: Fraud is defined as the intentional and dishonest suppression or representation of a material fact, which induces another to act upon it resulting in injury or damage. Thus, it involves a deliberate act of misrepresentation or concealment of facts.

(ii) False: A voidable contract is one which is enforceable by law at the option of one or more parties but not at the option of the other party or parties. It can be avoided at the instance of the party having the option. A stranger to a contract has no right to enforce a contract even if it is voidable.

(iii) True: Quasi-contracts are obligations imposed by law where there is no actual contract between the parties. The underlying principle is that no person should unjustly enrich themselves at the expense of another. Hence, the obligation is imposed to restore the position that existed before the unjust enrichment took place.

Q1.b "Agreements in restraint of trade are void". Critically examine the statement giving suitable examples.

Ans. The Indian Contract Act, 1872 provides that agreements that impose unreasonable restraint of trade, profession or business are void. The term "restraint of trade" means any agreement that restricts an individual's freedom to carry on his or her trade, business or profession in the manner he or she chooses. Such agreements are generally considered to be against public policy as they restrict competition and freedom of contract.

The following are some examples of agreements that are considered to be in restraint of trade:

Agreements that prevent an individual from carrying on any trade, business or profession for a certain period of time or within a certain geographical area after leaving a job.

Agreements that prevent an individual from soliciting or dealing with clients or customers of his or her former employer.

Agreements that prevent an individual from using his or her skills, knowledge or experience gained during employment with a particular employer.

Agreements that prevent competitors from entering into a particular market or industry.

Such agreements are generally considered to be against public policy as they restrict competition and freedom of contract. However, certain agreements in restraint of trade may be valid if they are reasonable and necessary to protect the legitimate interests of the parties involved. For example, a non-compete clause in an employment contract may be valid if it is reasonable in terms of its duration, geographical scope and the nature of the business.

In conclusion, while agreements in restraint of trade are generally considered to be void, there may be certain exceptions where such agreements are valid and necessary to protect the legitimate interests of the parties involved. The courts will generally examine the reasonableness of such agreements on a case-by-case basis.

Q2 (i) Explain three essentials of a contract of bailment.

(ii) "Ratification has a retrospective effect" Comment.

(iii) S, a minor fraudulently represented to L that he was of full age and obtained a loan of ₹1,50,000. Subsequently he refused to pay it. Is L entitled to take any action against S for the money lent. Advise L as to his rights.

Ans. (i) The three essentials of a contract of bailment are as follows:

Delivery of goods: The bailor must deliver the goods to the bailee, and the bailee must accept the goods. The delivery must be in accordance with the terms of the contract.

Purpose of delivery: The goods must be delivered for a specific purpose, and the bailee must use them only for that purpose. The purpose must be lawful and not against public policy.

Return of goods: The bailee must return the goods to the bailor after the purpose for which they were delivered is completed. If there is no specific time mentioned for the return of the goods, the bailee must return them within a reasonable time.

(ii) Ratification means the confirmation of an act that was done without authority. When a person ratifies an act, it becomes valid and binding as if it was done with the necessary authority in the first place. Ratification has a retrospective effect, which means that it applies from the time of the original act.

For example, if a minor enters into a contract that is voidable and then ratifies it after attaining the age of majority, the contract becomes valid from the time it was entered into, and not from the time of ratification.

(iii) No, L is not entitled to take any action against S for the money lent. A minor is not competent to enter into a contract and hence, any contract entered into by a minor is void ab initio. The fact that S fraudulently represented himself as a major will not make any difference as the contract is still void. L cannot recover the money from S.

However, if L can prove that the money lent was used for the minor's necessities, he can recover the money from the minor's property in the hands of the guardian of the minor.

Q2 b Discuss in brief the various types of remedies available to an aggrieved party in case of breach of a contract.

Ans. In case of a breach of a contract, the aggrieved party has the following types of remedies available:

Damages: This is the most common remedy available to the aggrieved party. The party can claim compensation for the loss suffered due to the breach of contract. The amount of damages awarded will depend on the type and extent of loss suffered.

Specific Performance: This remedy is available when damages are not an adequate remedy. In such cases, the court may order the party in breach to perform the specific obligations as per the contract.

Injunction: In cases where damages or specific performance cannot provide adequate relief, the court may order an injunction to prevent the party in breach from continuing with the actions that led to the breach of contract.

Rescission: This remedy is available when the aggrieved party seeks to cancel the contract due to the breach. The party can claim a refund of any amount paid as a part of the contract.

Quantum Meruit: This remedy is available when the aggrieved party has performed some part of the contract, but the other party has breached it. The party can claim payment for the value of the work done.

It is important to note that the availability of these remedies may vary depending on the type of contract and the circumstances of the breach.

OR

Q2 a (i) Distinguish between 'Wagering Agreement' and 'Contingent Contract'

(ii) X advertised that an auction of "Electronic Goods" would take place at a specified time and place. Y travelled to the auction place and came to know that auction had been withdrawn. He files a suit against X for recovery of compensation for his loss of time and expenses. Will he succeed?

Ans. (i) The main difference between a 'Wagering Agreement' and a 'Contingent Contract' is that a wagering agreement is a kind of gambling contract, whereas a contingent contract is a contract that depends upon the happening or non-happening of a future uncertain event. A wagering agreement is void as it is against public policy, while a contingent contract is a valid contract.

(ii) It is unlikely that Y will succeed in his suit against X for recovery of compensation for his loss of time and expenses. The reason being, X did not enter into any contract with Y. X only advertised about the auction of electronic goods, which is merely an invitation to offer, not an offer. Y, by travelling to the auction place, made an offer to participate in the auction, which X had the right to accept or reject. As the auction was withdrawn, there was no acceptance, and hence there was no contract between X and Y. Therefore, Y cannot claim compensation for his loss of time and expenses.

Q2 b Discuss the rights of surety against principal debtor, creditor and co-sureties.

Ans. Suretyship is a contract whereby a person, called the surety, agrees to be responsible for the debt or default of another person, called the principal debtor, to a third person, called the creditor. In

such a contract, the surety undertakes an accessory obligation to pay the debt of the principal debtor in case of his default. The rights of the surety are discussed below:

Rights against Principal Debtor: The surety has the following rights against the principal debtor:

a. Right of subrogation: If the surety pays the creditor on behalf of the principal debtor, he is entitled to all the rights and remedies which the creditor had against the principal debtor. The surety is entitled to recover the amount paid by him from the principal debtor.

b. Right to be indemnified: The surety is entitled to be indemnified by the principal debtor for any loss suffered by him due to the default of the principal debtor. The surety has the right to recover the amount paid by him from the principal debtor.

c. Right to discharge: If the principal debtor fails to pay the debt on the due date, the surety has the right to pay the debt and discharge himself from the liability.

Rights against Creditor: The surety has the following rights against the creditor:

a. Right of set-off: If the creditor owes any amount to the principal debtor, the surety has the right to set-off that amount against the debt.

b. Right to securities: If the creditor has taken any security from the principal debtor, the surety is entitled to the benefit of such security.

c. Right to notice: The surety is entitled to notice of the default of the principal debtor and demand for payment.

Rights against Co-Sureties: If there are more than one sureties, the surety has the following rights against co-sureties:

a. Right of contribution: The surety who has paid more than his share is entitled to recover the excess amount from the co-sureties.

b. Right of indemnity: Each surety is entitled to be indemnified by the other sureties for any loss suffered by him due to the default of the principal debtor.

In conclusion, the surety has various rights against the principal debtor, creditor and co-sureties. These rights ensure that the surety is not unfairly burdened with the obligation to pay the debt of the principal debtor.

Q3 a Explain the various implied conditions in a Contract of Sale.

Ans. A contract of sale is a legal agreement between a buyer and a seller for the exchange of goods or services for a consideration. The terms and conditions of the agreement can be expressed or implied. Implied conditions are those which are not explicitly stated in the contract, but are presumed to exist by law or by the nature of the transaction. The Indian Contract Act, 1872 defines certain implied conditions in a contract of sale. Some of the important ones are:

Condition of Title: In every contract of sale, unless the circumstances of the contract are such as to show a different intention, there is an implied condition that the seller has a right to sell the goods, and that the buyer shall have and enjoy quiet possession of the goods.

Condition of Merchantability: Where goods are sold by description, there is an implied condition that the goods shall be of merchantable quality. Merchantable quality means that the goods are of reasonable quality and are fit for the purpose for which they are intended.

Condition of Fitness for a particular purpose: Where goods are sold by description, there is an implied condition that the goods shall be fit for the particular purpose for which they are required, if the buyer has made known that purpose to the seller and relied on the seller's skill and judgment.

Condition of Sale by Sample: Where goods are sold by sample, there is an implied condition that the bulk shall correspond with the sample in quality.

Condition of Sale by Description: Where goods are sold by description, there is an implied condition that the goods shall correspond with the description.

Condition of Reasonable Price: Where the price of goods is not fixed by the contract, there is an implied condition that the price shall be reasonable.

If any of the above-mentioned conditions are breached, the buyer has a right to reject the goods and claim damages for any loss suffered as a result of the breach.

Q3 b i Distinguish between 'Specific' and Unascertained goods.

Ans. In a contract of sale, goods can be classified into two categories, specific goods and unascertained goods. The main differences between these two types of goods are as follows:

Specific goods: Specific goods are goods that are identified and agreed upon by both the buyer and the seller at the time the contract is made. These goods are distinguished from all other goods of the same kind and are in a deliverable state. Examples of specific goods are a particular car with a specific VIN number or a particular painting by a specific artist.

Unascertained goods: Unascertained goods are goods that have not been identified or agreed upon by both the buyer and the seller at the time the contract is made. These goods are not distinguished from all other goods of the same kind, and their specific identity is not yet determined. Examples of unascertained goods are 10 tons of wheat from a particular farm or 100 units of a particular type of electronic device.

The main differences between specific goods and unascertained goods are as follows:

Transfer of ownership: Ownership of specific goods passes to the buyer at the time the contract is made, while ownership of unascertained goods passes to the buyer when the goods are ascertained.

Risk: The risk of loss or damage to specific goods passes to the buyer at the time the contract is made, while the risk of loss or damage to unascertained goods passes to the buyer when the goods are identified and agreed upon.

Description: In a contract of sale for specific goods, the description of the goods is usually unnecessary because the goods are already identified and agreed upon. In a contract of sale for unascertained goods, a description of the goods is necessary to determine which goods are being sold.

Inspection: Specific goods can be inspected by the buyer before the contract is made, while unascertained goods cannot be inspected before the contract is made.

Quantity: The quantity of specific goods is fixed and definite, while the quantity of unascertained goods is not yet determined at the time the contract is made.

Q3 b ii A delivered a horse to B on 'Sale or return basis'. The agreement provided that B should try the horse for 8 days and the return, if he did not like the horse. On the third day the horse died without the fault of B. A files a suit against B for the recovery of price? Can he recover?

Ans. In the given scenario, A delivered a horse to B on "Sale or return basis", which means that B had the option to return the horse if he did not like it. However, the horse died on the third day without the fault of B.

In this case, A cannot recover the price of the horse from B. The reason being, the risk in the goods sold on a "sale or return" basis remains with the seller until the buyer accepts the goods. In this case, since the horse died before B had the chance to accept it, the risk remains with A.

Section 38 of the Sale of Goods Act, 1930, provides that when goods are delivered to the buyer on a "sale or return" basis, the property in the goods passes to the buyer when he accepts the goods or retains them for an unreasonable time without giving notice of rejection. In this case, since B did not accept the goods, the property in the horse did not pass to him, and A cannot claim the price of the horse from B.

Therefore, A cannot recover the price of the horse from B as the risk in the goods sold on a "sale or return" basis remains with the seller until the buyer accepts the goods, and B did not accept the horse.

OR

Q3 a 'Nemo dat Quod non habet (No one can give what he does not possess). Explain this maxim and state the exceptions to it.

Ans. The legal maxim 'Nemo dat Quod non habet' means that no one can give or transfer the title of property to another person if he himself does not possess the title or ownership of the same property. In other words, the transfer of title by a person who is not the rightful owner of the property is void.

For example, if A sells his car to B, but A has already sold the same car to C, then the sale to B will be void as A did not have the right to sell the car to B since he had already sold it to C.

Exceptions to this rule are as follows:

Sale by a person in possession with the consent of the true owner: If a person is in possession of the goods with the consent of the true owner, he can sell the goods to a third party and transfer the title to the buyer. For example, if A gives his watch to B for repair, and B sells the watch to C without A's

permission, then the sale will be void. But if A gives his watch to B for repair and B sells the watch to C with A's permission, then the sale will be valid.

Sale by a mercantile agent: A mercantile agent is a person who is authorized to sell goods on behalf of the true owner. If a mercantile agent sells goods to a buyer in the ordinary course of business, the sale will be valid even if the agent does not have the ownership of the goods.

Sale by a buyer in possession: If a person buys goods from a seller who does not have the right to sell them, but the buyer takes possession of the goods, the buyer can sell the goods to a third party who buys them in good faith without notice of any defect in the title.

Sale by a co-owner: If one of the co-owners of the property sells the entire property to a third party, the sale will be valid if the co-owner sells his share in the property.

Q3 b

(i) "The right of stoppage of goods in transit is an extension of right of lien". Comment.

(ii) The buyer took delivery of 10 computers from the seller without examining them. Subsequently, he sold 5 computers to his customer. The customer lodged a complaint of some defects in the computers. The buyer sought of return computers to the seller. Was he entitled to return the computers to the seller?

Ans. (i) The right of stoppage of goods in transit is a right available to the unpaid seller, to stop the delivery of the goods while they are in transit, even though the property in the goods may have passed to the buyer. This right is an extension of the seller's right of lien, which allows him to retain the goods until the price is paid. Both these rights give the seller a control over the goods until he is paid the full price.

(ii) Yes, the buyer was entitled to return the computers to the seller. The buyer had not examined the computers at the time of delivery, which means that he had not accepted them. The buyer can reject the goods if they do not conform to the contract. As the buyer sold 5 computers to his customer, he can pass on his rights of rejection to his customer. Therefore, the customer was entitled to reject the computers and the buyer was entitled to return them to the seller.

Q4 a i) What are the eligibility conditions for the appointment of Designated partners?

(ii) Explain the rules regarding change of name of LLP.

(iii) State the contents of Incorporation Document of LLP.

Ans. (i) Eligibility conditions for the appointment of Designated partners:

As per the Limited Liability Partnership (LLP) Act, 2008, the following are the eligibility conditions for the appointment of designated partners:

Every LLP shall have at least two designated partners who are individuals, and at least one of them shall be a resident of India.

A person can be appointed as a designated partner only if he has attained the age of 18 years.

The person appointed as a designated partner must have a Designated Partner Identification Number (DPIN).

A person can be appointed as a designated partner only after obtaining a Digital Signature Certificate (DSC).

(ii) Rules regarding change of name of LLP:

The LLP Act, 2008 provides the following rules regarding the change of name of LLP:

The name of an LLP can be changed by following the procedure prescribed in the LLP agreement.

If there is no provision in the LLP agreement, the name can be changed with the consent of all the partners.

The proposed name must not be identical or too nearly resembles with the name of any other company or LLP.

The Registrar of Companies must be informed about the change of name by filing the prescribed form along with the fee.

(iii) Contents of Incorporation Document of LLP:

The incorporation document of LLP must contain the following information:

Name of the LLP.

Registered office address of the LLP.

Names and addresses of the partners.

Designated partners' details such as name, address, DIN and DPIN.

LLP agreement.

Any other information required to be disclosed as per the LLP Act, 2008 and rules made thereunder.

It is important to note that the incorporation document must be filed with the Registrar of Companies within the prescribed time period, along with the prescribed fees.

Q4 b State provisions regarding taxation of LLP.

Ans. The taxation of LLP (Limited Liability Partnership) in India is governed by the Income Tax Act, 1961. Here are the provisions regarding taxation of LLP:

LLP is taxed as a separate legal entity: LLP is treated as a separate legal entity from its partners for the purpose of taxation. It is taxed at the flat rate of 30% (plus surcharge and cess) on its total income.

Taxation of partners: The partners of the LLP are not taxed on the income of the LLP. The income of the LLP is taxed in the hands of the LLP itself.

Taxation of partner's income: The income received by a partner from the LLP is taxed as per the provisions of the Income Tax Act, 1961. The income is treated as business income and is taxed at the applicable slab rate.

Distribution of profits to partners: The profits of the LLP are distributed among the partners in the proportion of their agreed profit sharing ratio. The distribution of profits to partners is not taxable in their hands.

Deduction of expenses: The expenses incurred by the LLP for the purpose of earning income are deductible while computing the taxable income of the LLP.

Filing of tax returns: LLP is required to file its income tax return (ITR) on or before the due date (usually 31st July). The partners of the LLP are also required to file their individual ITRs if their income exceeds the basic exemption limit.

Audit requirement: LLPs are required to get their accounts audited if their turnover exceeds Rs. 40 lakhs or if their capital contribution exceeds Rs. 25 lakhs. In case of audit requirement, the LLP is required to file the audit report along with the ITR.

Tax incentives: LLPs engaged in certain sectors (such as biotechnology, research and development, etc.) are eligible for tax incentives and exemptions as per the provisions of the Income Tax Act, 1961.

It is important for LLPs to comply with the tax provisions to avoid any penalties or legal consequences.

OR

Q4 a Who may file a petition for winding up? Discuss the grounds under which an LLP can be wound up by the court.

Ans. In India, the winding up of an LLP can be voluntary or by the order of the court. Any LLP may file a petition for winding up by the court under the following circumstances:

If the LLP is unable to pay its debts;

If the LLP decides by special resolution that it should be wound up by the court;

If the number of partners falls below the minimum required number for six months;

If the LLP is conducting its affairs in a fraudulent manner or in a manner that is against the interests of its partners or the public;

If the LLP has acted in contravention of the LLP Act, or any other law.

The court may also order the winding up of an LLP if it is of the opinion that it is just and equitable to do so. Some of the grounds for winding up an LLP by the court include:

If the LLP is carrying on its business with the intent to defraud its creditors;

If the LLP has no tangible assets or has ceased to carry on its business;

If the LLP is conducting its affairs in a manner that is oppressive or unfairly prejudicial to one or more partners;

If the LLP has committed any act that is **fraudulent or illegal**;

If the LLP has failed to file its annual returns and statements with the Registrar for a consecutive period of two financial years.

In any of the above cases, a petition for winding up an LLP may be filed with the National Company Law Tribunal (NCLT) by any partner or creditor of the LLP, or by the Registrar. The NCLT may make an order for the winding up of the LLP, and appoint a liquidator to take over the affairs of the LLP and distribute its assets among its partners and creditors.

Q4 b

(i) How can an existing partner cease to be a partner of LLP ? What are the consequences of cessation?

(ii) A partner shall never be liable to an unlimited extent for the debts of the LLP. Critically examine the statement.

Ans. (i) An existing partner of an LLP may cease to be a partner in the following ways:

a) By giving notice in writing to the LLP of his intention to resign and by serving a copy thereof to the other partners. The cessation shall take effect from the date mentioned in the notice or if no date is mentioned, then from the date of communication of notice.

b) By mutual agreement with the other partners of the LLP.

c) Upon the death of the partner.

d) Upon the partner being declared insolvent or of unsound mind by a competent court.

e) By a court order.

Upon cessation of a partner, the partner's right to participate in the management of the LLP and the right to share in the profits of the LLP ceases. However, the partner continues to be liable to the extent of his share of profits or capital for any obligation incurred by the LLP prior to the date of cessation.

(ii) The statement that a partner shall never be liable to an unlimited extent for the debts of the LLP is not entirely true. While it is true that the liability of a partner in an LLP is limited to the extent of his share of profits or capital, there are certain circumstances under which a partner may be held personally liable for the debts of the LLP. For instance, if a partner acts fraudulently or with gross negligence, he may be held personally liable for the debts of the LLP. Similarly, if the LLP has been formed with the intent to defraud creditors or for any unlawful purpose, the partners may be held personally liable for the debts of the LLP.

Q5 a i) What are the duties of a subscriber under IT Act?

(ii) Distinguish between public key and private key?

(iii) What do you mean by Cyber Terrorism?

Ans. (i) Under the IT Act, a subscriber is a person who has signed an application and has been granted a Digital Signature Certificate. The duties of a subscriber under the IT Act include:

Securing the private key associated with the digital signature certificate

Ensuring that the private key is not disclosed to any other person

Taking all reasonable precautions to prevent unauthorized access to the private key

Not using the digital signature certificate for any unlawful purpose

(ii) Public key and **private key** are two components of a digital signature system used for secure communication over the internet. The main differences between them are:

Public key: It is freely available to anyone who wants to send an encrypted message to the owner of the public key. It is used to encrypt the message.

Private key: It is kept secret by the owner of the private key and is used to decrypt the message.

(iii) Cyber terrorism refers to the use of the internet or other information technology systems to commit terrorist acts. It involves the use of cyber attacks to disrupt or damage critical infrastructure, cause fear and panic among people, or to promote political or ideological goals. Cyber terrorism poses a serious threat to national security and public safety. It can be carried out by state-sponsored groups, terrorist organizations, or individuals with malicious intent.

Q5 b State the procedure of creation and verification of digital signature.

Ans. The procedure of creation and verification of digital signature involves the following steps:

Creation of Digital Signature:

a. The first step is to obtain a Digital Signature Certificate (DSC) from a Certifying Authority (CA) in India. The DSC contains the public key of the user and is issued after due verification of the user's identity.

b. The user then uses a software program to create a digital signature by applying a cryptographic algorithm to the data that needs to be signed. The algorithm creates a unique digital code that is called the hash value or message digest.

c. The hash value is then encrypted with the user's private key, which is stored securely on a smart card, USB token, or other cryptographic device. The encrypted hash value is called the digital signature.

Verification of Digital Signature:

a. The recipient of the digitally signed message uses a software program to verify the digital signature. The program extracts the hash value from the message and decrypts the digital signature using the sender's public key, which is available in the sender's DSC.

b. The program then applies the same cryptographic algorithm to the message to compute the hash value. If the computed hash value matches the hash value extracted from the digital signature, then

the digital signature is considered to be valid and the message is considered to be authentic and unaltered.

The above process ensures that the digital signature is unique, non-repudiable, and tamper-evident. It provides a secure way to sign electronic documents and authenticate online transactions.

OR

Q5 a (i) Explain Legal recognition of electronic records and electronic signatures.

(ii) Explain the meaning and punishment for 'Tampering with computer source document'.

(iii) Define 'Asymmetric Crypto System'.

Ans. (i) Legal recognition of electronic records and electronic signatures:

The Information Technology Act, 2000 provides legal recognition to electronic records and digital signatures. Section 4 of the Act states that a contract or a document shall not be denied legal effect or enforceability just because it is in electronic form. Similarly, Section 5 of the Act provides legal recognition to digital signatures. It states that a digital signature shall be considered as a valid signature and shall have the same legal effect as that of a handwritten signature.

(ii) Tampering with computer source document:

Tampering with a computer source document is an offence under Section 65 of the Information Technology Act, 2000. It involves intentionally or knowingly concealing, destroying, altering, or causing any other person to do any of these acts, with an intention to cause wrongful gain or loss to any person. The punishment for this offence is imprisonment for a term up to three years or a fine up to two lakh rupees, or both.

(iii) Asymmetric Crypto System:

Asymmetric Crypto System is a cryptographic system that uses two different keys for encryption and decryption. It is also known as Public-Key Cryptography. One key is a public key that is used to encrypt the message, while the other key is a private key that is used to decrypt the message. The public key can be shared with anyone, while the private key must be kept secret. Asymmetric Crypto System is used for secure communication and digital signatures.

Q5 b Write short notes on (any one):

(i) Role of Certifying Authorities

(ii) Appellate Tribunal

Ans. (i) Certifying Authorities (CAs) play a crucial role in the implementation of digital signatures and electronic transactions. Their primary function is to issue digital certificates to individuals and organizations that use digital signatures to authenticate electronic documents.

The following are the roles of Certifying Authorities:

Issuing Digital Certificates: CAs issue digital certificates to entities after verifying their identity. These digital certificates contain the public key of the user and some other relevant information.

Managing the Public Key Infrastructure (PKI): CAs are responsible for managing the public key infrastructure, which includes the digital certificates, the Certificate Revocation List (CRL), and the Certificate Trust List (CTL).

Verifying Identity: CAs verify the identity of the user before issuing a digital certificate. They may use various methods to verify the identity of the user, such as checking the user's ID proofs or conducting in-person verification.

Revoking Digital Certificates: CAs are also responsible for revoking digital certificates in case of misuse or fraud. They maintain a CRL that lists all revoked certificates.

Providing Repository Services: CAs provide repository services to store and manage digital certificates and other relevant information.

Overall, Certifying Authorities play a vital role in ensuring the authenticity and integrity of electronic transactions and documents. Q5 b ii The Appellate Tribunal is a quasi-judicial body established under various laws in India, including the Companies Act, Income Tax Act, and the Insolvency and Bankruptcy Code. It functions as an appellate authority to hear appeals against the orders passed by the lower authorities or regulators under the respective laws.

(ii) The Appellate Tribunal consists of a Chairman and other members who are appointed by the government. They possess the same qualifications as a High Court Judge and have legal expertise in their respective fields. The Appellate Tribunal has the powers of a civil court and can summon and enforce attendance of witnesses, receive evidence, and examine witnesses.

The Appellate Tribunal plays a crucial role in ensuring transparency, accountability, and impartiality in the administration of various laws in India. It provides an independent platform for aggrieved parties to challenge orders or decisions passed by the lower authorities. The orders passed by the Appellate Tribunal are final and binding on the parties concerned, subject to the provisions of the respective laws.