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FINAL TERM
BUSINESS AND LABOR LAW
ANSWER SHEET

Q1. According to the Law what is negotiable instruments? And also define bill of exchange?

ANS. Negotiable instruments:

Negotiable instruments are written contracts that can be transferred from the original holder to a new holder. In other words, negotiable instruments are documents that promise payment to the buyer or to a particular person. These tools are transferable signed documents that promise to pay the owner/holder the value of the money on request or at any time in the future.

As mentioned above, these instruments may be transferred. The final holder collects the funds and can use them according to their needs. This means that, once an instrument has been transferred, the holder of the act acquires a full legal title in that act.

Features of negotiable instruments:

There are some major features of negotiable instruments which are given below:

Easy Transferability:

A negotiable instrument is easily transferable. Normally, when we transfer any property to someone, we are obliged to make a transfer document, register it, pay stamp duty, etc. However, such formalities are not necessary for the transfer of a negotiable instrument.

The Payee Must Be A Certain Person:

This means that the person for the benefit of whom the instrument is made must be appointed or described with reasonable security.

The term "person" refers to a person, a business body, trade unions, even a secretary, director or president of an institution. The beneficiary may also be more than one person.

Title:

The negotiability gives an absolute and good title to the buyer. This means that a person receiving a negotiable instrument has a clear and unequivocal instrument title. However, the recipient's title will only be absolute if he has received the act in good faith and for review.

Presumptions:

Some presumptions apply to all negotiable instruments, for example, consideration is presumed to have passed between the assignee and the transferee.

Unconditional Order:

In any negotiable instrument, there must be a payment order or an unconditional promise.

Payment:

The tool must include the payment of a specific amount of money and nothing else. For example, you cannot create an order note for assets, titles, or activities.

Rule of evidence:

These tools are written and signed by the parties, used as proof of debt because they have special rules of proof.

Bill of exchange:

Bill of exchange is a binding agreement between one party to pay a fixed amount of money to another party from a predetermined date or on request. Bills of exchange are mainly

used in international trade. Its use has declined as other forms of payment have become more popular. There are three entities that can participate in an exchange transaction.

Parties in bill of exchange with example:

Following are the several parties associated to a bill transaction

1. The Drawer:

The person who draws the bill and sets his signature on it is known as the drawer of the bill. He is also known as the “maker” of the bill.

2. The Drawee:

The individual on whom the bill is drawn is called as the drawee of the bill.

3. The Payee:

Payee is the one to whom the money is payable. In maximum cases the drawer of the bill is himself the payee.

Features of Bill of Exchange:

- It is essential to have bill of exchange in writing
- It must have a confirm order to make a payment and not just the appeal
- The order should not have any condition
- The bill of exchange amount should be sure
- Fixed date for the amount to be paid
- The bill must be signed by equally the drawee and the drawer
- The amount specified on the bill should be paid on-demand or on the expiry of a fixed time
- The amount is paid to the receiver of the bill, specific person, or against a definite order

Advantages of Bill of Exchange:

1. Legal Document:

It is a legal document, and if the drawee fails to make the payment it will be ease for the drawer to recover the amount lawfully.

2. Discounting Facility:

The bill carrier has to wait till the payable date of the bill to receive the payment and it from the bank before its due date.

3. Endorsement Possible:

This bill of exchange can be exchanged from one person to another for the amendment of the debt.



Q2. What are the rights of unpaid seller?

ANS. Unpaid seller:

When the purchaser of the goods does not pay any fees to the seller, the seller becomes a unpaid seller. And now the seller has some rights against the buyer. These rights are the seller's remedies for breach of contract by the buyer. These unpaid seller rights complement the rights of sold products.

Rights of Unpaid Seller:

There are some rights of unpaid seller against buyer which are given below:

Suit for Price:

According to the sales agreement, if the ownership of the goods has already passed, but refuses to pay for the goods, the seller becomes an unpaid seller. If so the seller can sue the buyer for wrongly refusing to pay it.

The sales contract says the amount will be paid at a later date regardless of the delivery of the goods, And on such day if the buyer declines to pay, the unpaid seller can sue for the price of these goods. Actual delivery of goods is not important in accordance with the law.

Suit for Damages for Non-Acceptance:

If the buyer refuses or does not accept pays the unpaid seller, the seller may sue the buyer for damages caused by his non-acceptance of the goods. Once the buyer has refused to buy the goods for no fair reason, the seller may face some damage.

The measure of this bias is decided by Section 73 of the Indian Conventions Act 1872, which deals with compensation and penalties. Take, for example, the case of seller A. Accept to sell 100 litres of milk in B for a decided price. That day, B refused to accept the goods without

justification. A is unable to find another buyer and the milk goes wrong. In that case, A can sue for damages B.

Repudiation of Contract before Due Date

If the buyer rejects the contract before the date of delivery of the goods, the seller may also claim damages. Such a contract is considered a revoked contract, so the seller can sue for breach of contract. This issue is covered by the Indian Contracts Act and is known as an early breach of contract.

Suit for Interest

If there is a special agreement between the parties, the seller may process the amount of interest earned by the buyer. This occurs when both parties have expressly agreed on the interest to be paid to the seller from the date on which the payment is due.

However, if the parties do not have specific conditions, the court can still give the seller the amount of interest he has at an interest rate that he adjusts.



Q3. According to the law of contract act what is trust, how it is created?

ANS. Trust:

A trust is a fiduciary relationship in which a party, known as a trustee, grants another party, the administrator, the right to hold assets or assets for the benefit of a third party, the recipient. Trusts are set up to ensure the legal protection of trusts, to ensure that these assets are transferred as the administrator wishes, and to save time, to reduce red tape and, in some cases, to avoid or reduce inheritance or property taxes. In the financial sector, an institution can also be a type of closed fund that is constructed as limited liability companies.

KINDS OF CONTRACT ACT:

A trust may be formed for any lawful purpose. Law of contract act, kinds of contract is divided into three main types.

- According to enforceability.
- According to formation.
- According to performance.

Enforceability:

According to enforceability it can be divided into five types.

- **Valid contract.**

A contract which can impose by either of the parties is called valid contract.

- **Voidable contract.**

An agreement which is enforceable by law at the choice of one or more of the parties thereto, but not at the option of the other it others, I'd voidable contract. It has some difficulties and may reveal later.

- **Void contract.**

The word void means act compulsory in law or having in legal force or effect. It is a contract that cannot be forced by either party is called void contract.

- **Unenforceable contract.**

Unenforceable contract is one which is valid but cannot be enforced in a court of law because if some technical fault such as absence of writing, registration requisite stamp etc. When these fault are Removed, the contract can be enforced.

- **Illegal agreement.**

The word illegal means against the law. An agreement is illegal when it's performance is forbidden by any law of the country. Such agreement can never become a contract.

- **Formation.**

According to formation are three kinds which are following.

- **Express contract.**

Where the offer and acceptance is made in words spoken or written, is called and express contract or express contract is one which the parties directly State the terms of the contract by word of mouth or on writing at the time contract is made.

- **Implied contract.**

A contract which is made by words, written or spoken. Through a point we let others know whether yes or no.

- **Constructive contract.**

A contract which is based upon the principle of Justice that a person shall be allowed to get benefit at the expense of another. In this contract you want to get more profit than others.

- **Performance:**

According to performance there are two kinds.

- **implement contract.**

Implement mean that which is done. A contract is said to be implement when both parties have completely performed their responsibility. It means that nothing remains to be done by either party under the contract.

- **Executory contract.**

Executory means which remains to be done. In an Executory contract something remains to be done or where both parties to a contract have yet to perform their performance. Here you plan the future like after installments you own it.

- **Essential of a valid contract:**

1. In a contract there must be at least two parties one of them making the offer and the other accepting it. There must thus be an offer by one party and its acceptance by other. The offer when accepted becomes agreement.

2. **Legal relationship.**

Parties to a contract must intend to constitute legal relationship . It arises when the parties know hey if any one of them fails to fulfill his part of the promise, he would be liable for the failure of the contract.

3. **Free consent.**

Another essential of a valid contract is the consent of parties, which should be free “ two or more parties are to consent , when they agree upon the same thing in the same Sense.

4. **Lawful consideration.**

Consternation is known as something in return . It is also essential for the validity of a contract. A promise to do something or to give something without anything in return would not be enforceable at law and therefore would not be valid.

5. **Lawfully object.**

An agreement may become a valid contract only if it is for a lawful consideration and lawful Object .

6. Agreement not expressly declared void.

An agreement to become a contract should not be an agreement which has been expressly declared void by any law in the country. As it would not be enforceable at law.

7. Legal formalities.

The agreement may be the word of mouth or writing. When the agreement is in writing it must comply with all legal formalities as to attestation, registration, If the agreement does not comply with the necessary legal formalities. It cannot be enforced by law.

8. Competency of parties.

The parties to an agreement must be competent to contract . In other words, they must be capable of entering into a contract

Q4. According to the labor law what are the rights of laborers?

ANS. Rights of laborers:

Labor right or worker's rights are both legal rights and human rights relating to labor relations between workers and employers. These rights are arranged in national and international labor and employment law. On general, these rights influence Working condition on relation of employment. One of the most important is the right to freedom of association; otherwise known as the right to organize. Workers organized in trade Unions exercise the right to collective expects to improve working condition. Everyone has Right to work. To free choice if employment, to just and approving condition of work and to protection against unemployment. Everyone, without any intolerance, had the right to equal pay for equal work. Everyone has the right to form and to join trade Unions got protection of his or her interests.

Labour Law is law which is applied to all things related to employment, the conditions in a workplace, the government, the legal relationships that are between organised economic interests and the state, the various rights and obligations which are related to some types of social services, trade unions, and the relationship between an employer and employees. Labour Law covers many areas of labour, and it also touches on the rights of labourers. Every country has their own set labour laws which can differ from other countries. Labour law was set out in

Pakistan in 1968. The Constitution of Pakistan contains a wide range of different provisions with regards to labour rights found in Part II: Fundamental Rights and Principles of Policy. Article 11 of the Constitution forbids all forms of forced labour, slavery and child labour. Article 17 gives a fundamental right to have the freedom of association and the right to form unions. Article 18 proscribes the rights of its citizens to be able to enter upon any sort of lawful profession or occupation and to conduct any sort of lawful trade or business. Article 25 sets the right to equality before the law and bans the discrimination on the grounds of sex alone. Article 37E makes provides just and humane conditions of work, which ensure that women and children are not employed in employments which are unsuited to their age or sex, and allow for maternity benefits for all women in employment. Under the Factories Act 1934 no adult employee (aged 18+), defined as a worker, can be required or permitted to work in any business more than 9 hours a day and 48 hours a week. Similarly, no young person who is under the age of 18, can be required or permitted to work more than 7 hours a day and 42 hours a week. The Factories Act also mentions that every worker who has completed a period of service for 12 months continuously in a factory will be allowed, during the period of 12 months, holidays for a period of 14 full consecutive days. If a worker for any reason fails in any one such period of 12 months to take the whole of the holidays which are allowed to them, then any holidays not taken by them shall then be added to the holidays allowed to them in the succeeding period of 12 months. In addition to the 14 days of annual leave with pay the Factories Act also mentions that every worker is entitled to 10 days of casual leave with full pay and another 16 days sick or medical leave on half pay. Casual leave is granted upon certain circumstances such as a sudden illness or any other urgent purpose. The Payment of Wages Act 1936 also regulates the payment of wages to specific classes of industrial workers. It is applied to those workers whose monthly wages do not exceed RS3000 and are employed in factories, plantations, railways, workshops and other establishments of contractors. The Act states that wages to workers employed in factories and on railways are to be paid within 7 days of completion of the wages period, if the number of workers employed there is less than 1,000. In other cases, the time limit for giving payment of wages to the workers is 10 days. No deductions can then be made from the workers' wages unless as stated in the Act, which includes for fines, a breach of contract and the cost of damage or loss suffered to the factory in any way other than an accident.



Q5. Write short notes on the following

1. Free Consent

2. Offer and essentials of offer

ANS. Free Consent:

The definition of Consent is given in Section 13, which states that “it is when two or more persons agree upon the same thing and in the same sense” **ex:** Ali agrees to sell his car to Bilal. Ali owns three cars and wants to sell the Suzuki. B thinks he is selling his Honda. Here A and B have not agreed upon the same thing in the same sense. Hence there is no consent and subsequently no contract.

Now Free Consent has been defined in Section 14 of the Act. The section says that consent is considered free consent when it is not triggered or affected by the following which are given below.

- i. Coercion
- ii. Undue Influence
- iii. Fraud
- iv. Misrepresentation
- v. Mistake

1. **Coercion:**

Coercion means forcing a person to sign a contract. Violence or threats are used to gain party approval under constraints, which means it is not a free consent. Section 15 of the Act defines coercion as:

- binding or threatening to obligate any act forbidden by the law in the IPC
- illegally detaining or threatening to keep any property with the purpose of causing any person to enter into a contract

EX: A threatens to harm B if he does not sell his house to A for 5 lakh rupees. Here if B sells the house to A, it will not be a valid contract since B’s consent was acquired by coercion.

2. **Undue Influence:**

Section 16 of the Act contains the definition of undue influence. It says that when relations between the two parties are such that one party can control the other party and use that power to gain an unfair advantage from the other party, it will be an undue influence.

EX: A sold his diamond watch for only Rs 1000/- to his teacher B, after his teacher promised him good marks. Here the consent of A is not generously given; he was in the influence of his teacher.

3. Fraud:

Fraud means dishonesty by one of the parties, i.e. when one of the parties intentionally makes false statements. Thus, the distortion is done with the full awareness that it is not true, or reckless, without checking whether it is true, it is said to be fraudulent. It reduces free consensus.

According to Section 17, a fraud is when a party assures another to enter into a contract by making statements that are

- signifying a fact that is not correct, and he doesn't believe it to be true
- the active cover up of facts
- a undertaking made without any objective of performing it
- any additional such act fitted to deceive

4. Misrepresentation:

Misrepresentation is also when a party makes a statement that is false, inaccurate, incorrect, etc. The difference here is that distortion is innocent, that is involuntary. The party making the statement thinks it's true. Misrepresentation can be of three types:

- A person sorts a positive declaration believing it to be true
- Any breach of duty gives the person obligating it a benefit by misleading another. But the breach of duty is without any intending to deceive
- When one party causes the other party to make a blunder as to the subject matter of the agreement. But this is done harmlessly and not intentionally.

5. Mistake:

When one of the parties gave its consent to the agreement under a kind of misunderstanding, then consent is said to have been given by mistake. If it were not for the misunderstanding, the party would not have signed the agreement. Under agreement law, a mistake can of two kinds:

- 1) Mistake of Law
- 2) Mistake of Fact.

Offer:

The term Offer is also called as a proposal. The first step towards forming an agreement is to submit a proposal. To reach an agreement, there must be an offer and an approval. The person making an offer is called "I offered," "Offered themselves," "Offeror" and the person who accepts the offer is called "Acceptor."

Example:

Ali intends to sell his Car to Bilal for ₹ 300000/- and makes proposal to Bilal. Here Ali is called Proposer or promissor or offeror. Bilal is called promisee or offeree.

Essentials of Offer:

1. Offer may be Express or Implied

The offeror can make an offer through words or even by his monitoring. An offer which is made through words, whether such words are written or spoken (oral contract) we call it an express contract. And when an offer is made through the behavior and the actions of the offeror it is an implied contract.

2. Offer must create legal relations

The offer must be made in the manner or order to create legal relations otherwise there will be no agreement. It should be in written form.

3. It must be clear

An offer must be definite and clear. If the terms of an offer are not certain and clear, it cannot be called a valid offer.

4. Offer is different from Invitation

You should say it clear, not as request.

5. Offer can be Specific or General

When an offer is made to a individual it can be accepted by a individual, it is called specific offer. A general offer, is one which is made to public in general is called general offer. Both are valid.

6. It may be subjected to any terms or condition.

An offeror may attach any terms and condition to the offer he makes. He may even order the mode of acceptance. It should be clear that what should be the terms and conditions.

7. Offer cannot contain a Negative Condition

The violation of any terms of the offer cannot lead to automatic acceptance of the offer.

