TOPIC: INTRODUCTION TO LEGAL BUSINESS ASPECTS

Dr.S.NAGALINGAM,

M.Com., M.Phil., P.G.D.C.A., Ph.D.,

Assistant Professor,

PG & Research Department of Commerce,

Cardamom Planters' Association College,

Bodinayakanur.

Introduction to legal business Aspects

The legal aspects of business are the laws and regulations that govern how a business operates, from its formation to its dissolution. These laws ensure that businesses are fair, protect stakeholders, and maintain market integrity.

Some key legal aspects of business include:

1. **Contract law**: Covers the formation, acceptance, revocation, and termination of contracts
2. **Corporate law**: Covers the formation and management of corporations
3. **Intellectual property law**: Protects intellectual property
4. **Employment law**: Covers workplace safety, overtime, and minimum wage laws
5. **Taxation**: Covers the taxation structure for various business types
6. **Antitrust laws**: Covers the degree of competition in a market
7. **Environmental laws**: Covers the use of chemicals, air and water pollution, and pesticides.

Meaning of Contract act 1872

The Indian Contract Act of 1872 is a set of laws that govern contracts in India. It defines the rules for forming and enforcing contracts, and provides remedies for breach of contract. The Act is applicable to all states in India.

Some important definitions in the Act include:

1. **Proposal**: When one person signifies to another their willingness to do or to abstain from doing anything.
2. **Acceptance**: When the person to whom the proposal is made signifies their assent thereto.
3. **Promisor**: The person making the proposal.
4. **Promisee**: The person accepting the proposal.

Meaning of Negotiable Instrument Act 1881

The Negotiable Instruments Act of 1881 defines and amends the law relating to promissory notes, bills of exchange, and cheques. The Act defines a negotiable instrument as a written document that creates a right in favor of someone and is freely transferable. The Act also provides rights, liabilities, and protections to the issuers, payees, endorsees, drawees, collecting banks, and paying/drawee banks

1. The Act applies to the whole of India, but it doesn't affect the Indian Paper Currency Act of 1871 or local usages relating to instruments in an oriental language.

2. The Act resolves disputes between parties by establishing provisions that must be followed.
3. The Act is structured into 17 chapters and 148 sections.
4. The Act covers topics such as notes, bills, and cheques, parties to notes, bills, and cheques, negotiation, presentment, payment and interest, and more.

Meaning of Sales of Goods Act 1930

The Sale of Goods Act, 1930 is a mercantile law that governs the sale of goods in India. It defines the terms and conditions of a sale contract, and the rights and responsibilities of the buyer and seller:

1. **Contract of sale**: A contract where the seller agrees to transfer the property of goods to the buyer for a price
2. **Delivery**: The voluntary transfer of possession of goods from one person to another
3. **Buyer**: A person who purchases or agrees to purchase products
4. **Seller**: A person who sells or agrees to sell products
5. **Goods**: Any merchandise or possession
6. **Implied warranty of quiet possession**: The buyer has the right to quiet possession of the goods, and the seller is responsible for compensating the buyer for any damages if this warranty is breached.

Meaning of Partnership Act 1932

The Indian Partnership Act, 1932 defines a partnership as an agreement between people to share the profits of a business:

1. **Definition**: The act defines a partnership as a relationship between people who agree to share profits from a business.
2. **Partners**: The people who enter into a partnership are called partners, and the group of partners is called a firm.
3. **Firm name**: The name under which the business is conducted is called the firm name.
4. **Contract**: A partnership is created by a contract, not by status.
5. **Emergency authority**: A partner can take actions in an emergency to protect the firm from loss.
6. **Partner by estoppel**: A person who represents themselves as a partner, even though they are not, is considered a partner by estoppel.

Meaning of Banking Regulation Act 1949

The Banking Regulation Act of 1949 is a law that regulates all banking institutions in India:

1. **Purpose**

   The act was passed to protect depositors, control abuse of power by banks, and ensure the stability of the financial system.

2. **Scope**

   The act applies to all banking companies in India, including state banks and cooperative banks.

3. **Key features**

   The act includes provisions for regulating the launch of branches, supporting liquid resources, and controlling the payment of dividends.

4. **Amendments**

   The act was amended in 1965 to include cooperative banks and other changes. In 2020, it was amended to bring cooperative banks under the supervision of the Reserve Bank of India (RBI).

Meaning of Income Tax Act 1961

The Income Tax Act 1961 is the set of rules and regulations upon which the Income Tax Department levies, administers, collects and recovers taxes. It contains 298 sections, 23 chapters and several important provisions which contain all the aspects of taxation in India.

Features of Income Tax Act 1961

Some of the salient features of the Income Tax Act 1961 are as follows:

1. Income tax is a form of direct tax that needs to be borne by the taxpayer. It cannot be transferred to another individual.
2. The Central Government of India controls this form of taxation.
3. It is applicable to the taxpayer's income which was earned in the previous year.
4. Tax calculation is applicable based on the assessee’s income tax slab.
5. The government levies a progressive income tax rate so that rich and economically powerful individuals have to pay taxes at higher rates.
6. Deductions apply to a maximum limit per financial year in certain cases.

Meaning of LLP 2008

The Limited Liability Partnership (LLP) Act of 2008 is a law in India that governs the formation and registration of LLPs. The act defines an LLP as a legal entity that is separate from its partners, and that has the following characteristics:

1. **Limited liability**

   Partners are only liable for their agreed contribution to the LLP, and are not liable for the actions of other partners.

2. **Perpetual succession**

   The LLP can continue to exist even if its partners change.

3. **Separate legal entity**

   The LLP is a body corporate that can enter into contracts and own property in its own name.

4. **Hybrid structure**

   The LLP combines aspects of a partnership and a company, giving it the flexibility of a partnership while still offering the limited liability benefits of a company.