

PREFACE

A Few Words From My Heart!
Before We Begin our LAW Journey.



Dear Students,

Welcome To The Start Of A Wonderful Journey Into The Fascinating **World Of Law with Lots of Energy !**

With Over **Seven Years Of Teaching Journey** Across Various Cities In India, It Gives Me Immense Joy To Present This Book To You. Law Is Not Just Another Subject In Your CA Curriculum—It Is The **Backbone Of Your Professional Journey**. The Concepts, Principles, And Acts You Will Explore Here Will Guide You Not Only In Your Exams But Throughout Your Career As A Chartered Accountant.

This Book Has Been **Carefully Designed** To Make Learning Simple, Structured, And Practical. Each Chapter Aims To Help You Connect Legal Principles With Real-World Scenarios, So That You Build A Strong Foundation And A Confident Approach To Problem-Solving.

I Am Deeply Grateful To **My Parents, My Hardworking Team, And My Colleagues** For Their Unwavering Support In Making This Work Possible.

I Would Like To Express **My Heartfelt Gratitude To
HJ Classes And CA Harshad Jaju Sir**

For Providing Me With A Platform To Reach And Serve An Ever-Growing Community Of CA Students.

Through This Book And Our Lectures, **I Promise To Teach With Complete Dedication And Passion**. Together, Let's Make This A Truly Impactful And Enriching Learning Experience.

Warm Regards,
CA CS Tejal Katariya



INDIAN REGULATORY FRAMEWORK

WHAT IS LAW?

- Law is a **set of obligations and duties imposed by the government** for securing welfare and providing justice to society.
- India's legal framework reflects the social, political, economic, and cultural aspects of our vast and diversified country.

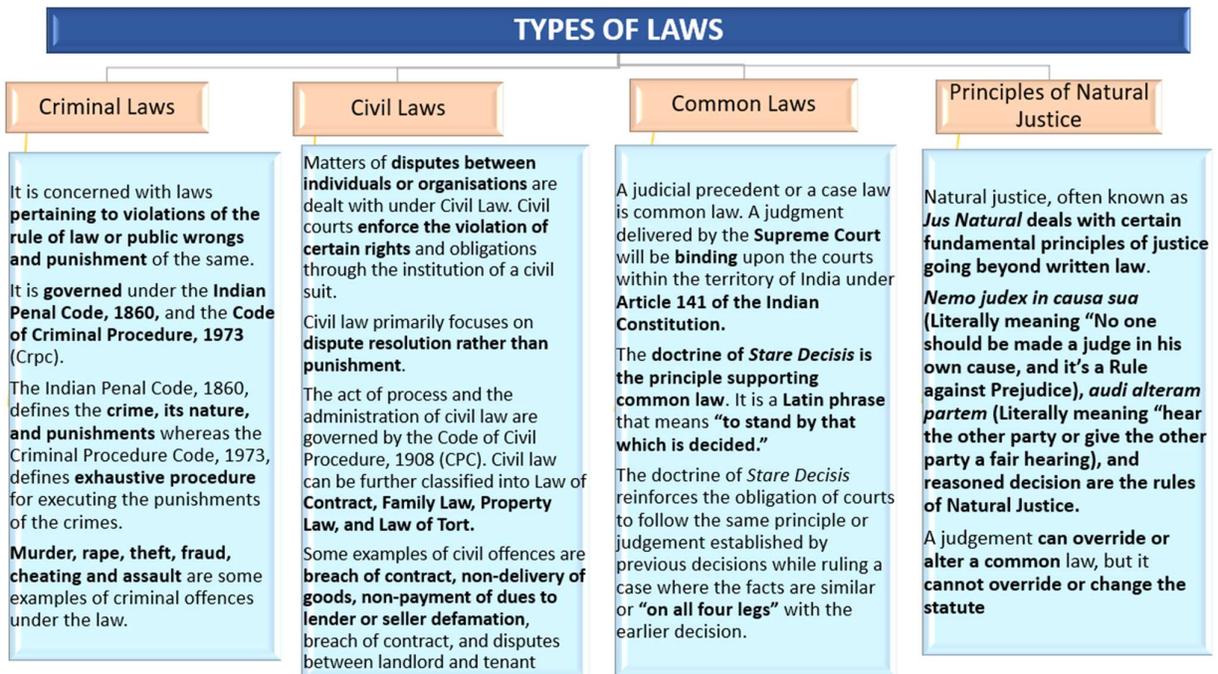
SOURCES OF LAW

- The main sources of law in India are the **Constitution, the statutes or laws made by Parliament and State Assemblies, Precedents or the Judicial Decisions of various Courts** and in some cases, established Customs and Usages.
- You must be aware that India is a parliamentary democracy. We have a constitution which is the basis and source for all laws. We elect our representatives to the parliament as well as to the legislative assemblies of various States. These representatives of the people make laws in parliament or in their state assemblies as the case may be. So, Parliament is the ultimate law-making body. The laws passed by parliament may apply throughout all or a portion of India, whereas the laws passed by state legislatures apply only within the borders of the states concerned.
- The Government of India Act, 1935, passed by the Parliament of the United Kingdom is the precursor for the Constitution of India. It defined the characteristics of the Government from "unitary" to "federal". Powers were distributed between Centre and State to avoid any disputes.
- In 1937, Federal Court was established and had the jurisdiction of appellate, original and advisory. The powers of Appellate Jurisdiction extended to civil and criminal cases whereas the Advisory Jurisdiction was extended with the powers to Federal Court to advise Governor-General in matters of public opinion. The Federal Court operated for 12 years and heard roughly 151 cases. The Federal Court was supplanted by India's current Apex Court, the Supreme Court of India.
- The Constitution of India, 1950 is the foremost law that deals with the framework within which our democratic system works, and our laws are made for the people, by the people. The Constitution also provides for and protects certain Fundamental rights of citizens. It also lays down Fundamental duties as well as the powers and duties of Governments, both Central and State. The laws in India are interconnected with each other forming a hybrid legal system.
- **The people who wrote the Constitution decided to divide the law-making power between the Central Government and the various State Governments. So, the Indian Constitution has three lists Viz., Central List, State List and Joint List.**
- Depending on the list in which it figures a matter would become the subject for Central law or a State law. For example, Income Tax is a Central subject. So, throughout India we have only one law for Income Tax which is implemented by the Central Government through the Ministry of Finance. We also have matters for which both Central as well as State Governments can pass laws. Levy of stamp duty is such an example. Both Central Government and State Government have laws governing Levy of stamp duty.

THE PROCESS OF MAKING A LAW

- When a law is **proposed in parliament it is called a Bill**. After discussion and debate, the law is passed in **Lok Sabha**. Thereafter, it has to be passed in **Rajya Sabha**.
- It then has to **obtain the assent of the President of India**. Finally, the law will be **notified by the Government** in the publication called the **Official Gazette** of India.
- The law will become **applicable from the date mentioned** in the notification as the **effective date**. Once it is notified and effective, it is called an **Act of Parliament**.

TYPES OF LAWS IN THE INDIAN LEGAL SYSTEM



ENFORCING THE LAW

- After a law is passed in parliament it has to be enforced. Somebody should monitor whether the law is being followed. This is the job of the **executive**.
- Depending on whether a law is a **Central law or a State law** the Central or State Government will be the enforcing authority.
- For this purpose government functions are distributed to various ministries. Some of the popular Ministries are the Ministry of Finance, the Ministry of Corporate Affairs, the Ministry of Home Affairs, the Ministry of Law and Justice and so on.
- These Ministries are headed by a minister and run by officers of the Indian administrative and other services.
- The Government of India exercises its executive authority through a number of **Government Ministries or Departments of State**.
- A Ministry is composed of **employed officials**, known as civil servants, and is politically accountable through a minister.
- Most major **Ministries are headed by a Cabinet Minister**, who sits in the **Union Council of Ministers**, and is typically supported by a team of junior ministers called the **Ministers of State**.
- For example, the Income Tax Act is implemented and enforced by the **Ministry of Finance** through the **Central Board for Direct Taxes** coming under the Department of Revenue and is administered by the officers of the **Indian Revenue Service**.

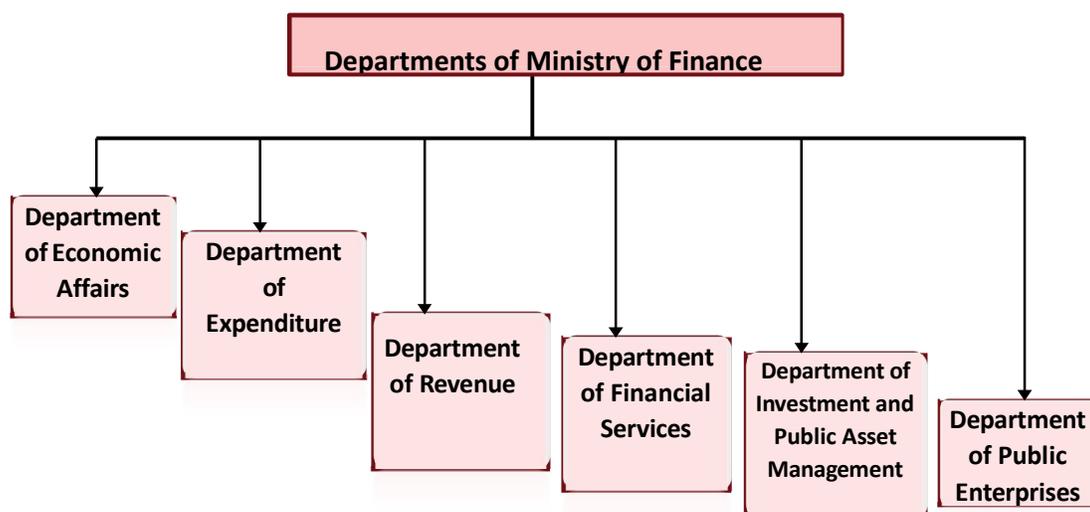
MINISTRY OF FINANCE

Who presented the Maximum number of Union Budgets as Finance Minister?

Shri. Morarji Desai during his stint as Finance Minister between 1962 and 1969 has presented 10 Union Budgets making it the highest. The next on the list is Shri. P Chidambaram at 9, followed by Shri. Pranab Mukherjee at 8. Shri. Yashwant Sinha and Dr. Manmohan Singh have presented 8 and 6 budgets respectively.

MINISTRY OF FINANCE

- is the apex controlling authority
- of *four* Central Civil Services, namely:
 - Indian Revenue Service
 - Indian Audit and Accounts Service
 - Indian Economic Service and
 - Indian Civil Accounts Service.
- Also the apex controlling authority of one of the central commerce services namely Indian Cost and Management Accounts Service.
- concerned with the economy of India, serving as the Treasury of India.
- it concerns itself with taxation, financial legislation, financial institutions, capital markets, centre and state finances, and the Union Budget. As a Chartered Accountant, many of your day-to-day work life will be impacted by this ministry and its proclamations
- function- presentation of the Union Budget (This annual event is eagerly awaited by professionals and the common man as it provides for the rates of taxes and budget allocations for the ensuing year)



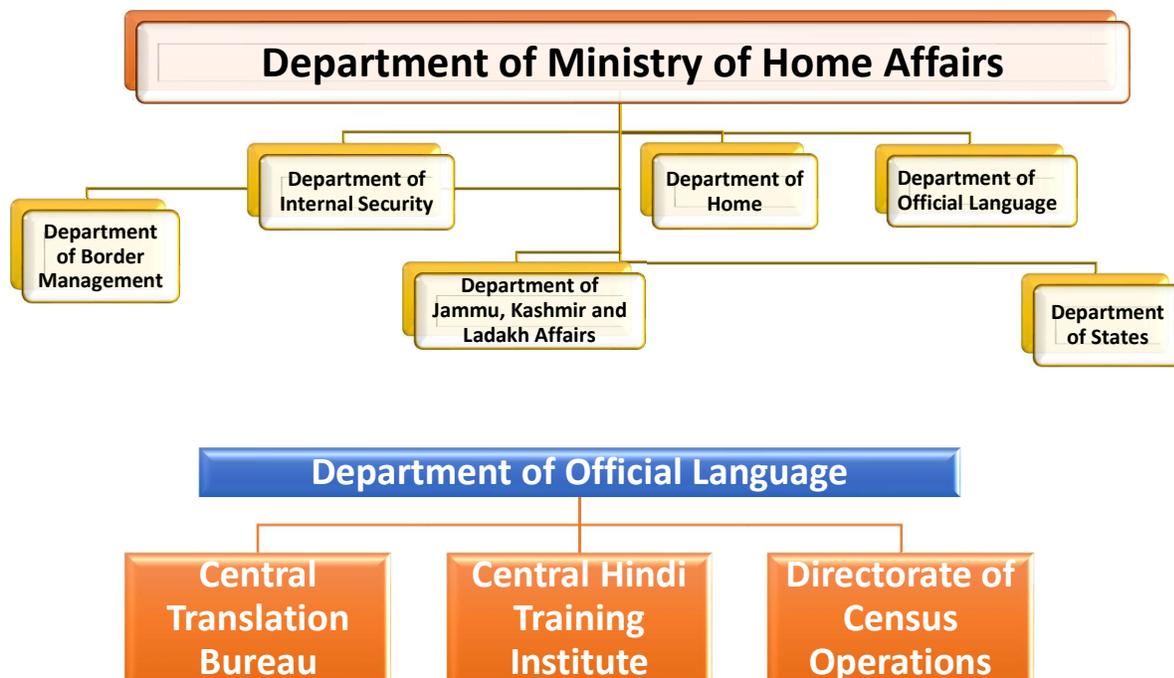
MINISTRY OF CORPORATE AFFAIRS (MCA)

MINISTRY OF CORPORATE AFFAIRS

- is an Indian Government Ministry.
- primarily concerned with administration of the Companies Act 2013, the Companies Act 1956, the Limited Liability Partnership Act, 2008, and the Insolvency and Bankruptcy Code, 2016.
- responsible mainly for the regulation of Indian enterprises in the industrial and services sector.
- The Ministry is mostly run by civil servants of the ICLS cadre.
- These officers are elected through the Civil Services Examination conducted by Union Public Service Commission.
- The highest post, Director General of Corporate Affairs (DGCoA), is fixed at Apex Scale for the ICLS.

MINISTRY OF HOME AFFAIRS (Grha Mantralya)

- is a ministry of the Government of India.
- As an interior ministry of India, it is mainly responsible for the maintenance of internal security and domestic policy.
- The Home Ministry is headed by Union Minister of Home Affairs.



MINISTRY OF LAW AND JUSTICE

MINISTRY OF LAW AND JUSTICE

- in the Government of India is a Cabinet Ministry
- deals with the
- management of the legal affairs, through the Legislative Department
- legislative activities through the Department of Legal Affairs
- administration of justice in India through the Department of Justice
- The Department of Legal Affairs is concerned with advising the various Ministries of the Central Government while the Legislative Department is concerned with drafting of principal legislation for the Central Government.

Department of Ministry of Law and Justice



THE SECURITIES AND EXCHANGE BOARD OF INDIA

- is the regulatory body
- for securities and commodity market in India
- under the ownership of Ministry of Finance within the Government of India.
- It was established on 12 April, 1988 as an executive body and was given statutory powers on 30 January, 1992 through the SEBI Act, 1992.

RESERVE BANK OF INDIA

- is India's Central Bank and regulatory body responsible for regulation of the Indian banking system.
- It is under the ownership of Ministry of Finance, Government of India.
- It is responsible for the control, issue and maintaining supply of the Indian rupee.
- It also manages the country's main payment systems and works to promote its economic development.
- Bharatiya Reserve Bank Note Mudran (BRBNM) is a specialised division of RBI through which it prints and mints Indian currency notes (INR) in two of its currency printing presses located in Nashik (Western India) and Dewas (Central India).
- RBI established the National Payments Corporation of India as one of its specialised divisions to regulate the payment and settlement systems in India.
- Deposit Insurance and Credit Guarantee Corporation was established by RBI as one of its specialised divisions for the purpose of providing insurance of deposits and guaranteeing of credit facilities to all Indian banks.

INSOLVANCY AND BANKRUPTCY BOARD OF INDIA (IBBI)

- is the regulator for overseeing insolvency proceedings and entities like Insolvency Professional Agencies (IPA), Insolvency Professionals (IP) and Information Utilities (IU) in India.
- It was established on 1 October 2016 and given statutory powers through the Insolvency and Bankruptcy Code, which was passed by Lok Sabha on 5th May 2016.
- It covers Individuals, Companies, Limited Liability, Partnerships and Partnership firms. The new code will speed up the resolution process for stressed assets in the country.
- It attempts to simplify the process of insolvency and bankruptcy proceedings.
- It handles the cases using two tribunals like NCLT (National company law tribunal) and Debt recovery tribunal.

STRUCTURE OF THE INDIAN JUDICIAL SYSTEM

- When there is a dispute **between citizens or between citizens and the Government**, these disputes are resolved by the judiciary.
- The **functions** of judiciary system of India are:
 - ◆ **Regulation of the interpretation of the Acts and Codes,**
 - ◆ **Dispute Resolution,**
 - ◆ **Promotion of fairness among the citizens of the land.**
- In the **hierarchy of courts**, the Supreme Court is at the top, followed by the High Courts and District Courts.
- **Decisions of a High Court are binding** in the respective state but are only persuasive in other states. **Decisions of the Supreme Court are binding on all High Courts under Article 141** of the Indian Constitution.
- In fact, a **Supreme Court decision is the final word on the matter.**

SUPREME COURTS

- The Supreme Court is the **apex** body of the **judiciary**.
- It was established on **26th January, 1950**.
- The **Chief Justice of India** is the **highest authority** appointed under **Article 126**.
- The **principal bench** of the Supreme Court consists of **seven members including the Chief Justice of India**.
- Presently, the number has increased to **34** including the Chief Justice of India due to the rise in the number of cases and workload.
- An individual can seek relief in the Supreme Court by filing a writ petition under **Article 32**.

HIGH COURTS

- The **highest court of appeal in each state and union territory is the High Court**.
- **Article 214** of the Indian Constitution states that there must be a High Court in each state.
- The High Court has appellate, original jurisdiction, and Supervisory jurisdiction. However, **Article 227** of the Indian Constitution limits a High Court's supervisory power.
- In India, there are **twenty-five High Courts, one for each state and union territory, and one for each state and union territory**.
- **6 states share a single High Court**.
- An individual can seek remedies against violation of fundamental rights in High Court by filing a writ under Article 226.

Which is the oldest High Court in India?

The oldest high court in the country is the **Calcutta High Court, established on 2nd July, 1862.**

DISTRICT COURTS

- **Below the HC** are the District Courts. The Courts of District Judge deal with Civil law matters i.e. contractual disputes and claims for damages etc., The Courts of Sessions deals with Criminal matters.
- Under pecuniary jurisdiction, a **civil judge can try suits valuing not more than Rupees two crore.**
- **Jurisdiction means the power to control. Courts get territorial Jurisdiction based on the areas covered** by them. Cases are decided based on the **local limits within which the parties reside or the property under dispute is situated.**

METROPOLITAN COURTS

- Metropolitan courts are established in metropolitan cities in **consultation with the High Court** where **the population is ten lakh or more.**
- **Chief Metropolitan Magistrate has powers as Chief Judicial Magistrate and Metropolitan Magistrate has powers as the Court of a Magistrate of the first class.**