

PPLE

13. Whistle Blowing – Meaning and Role in Revealing Unethical or Illegal Practices

Whistle blowing refers to the act of reporting wrongdoing occurring within an organization. It is performed by an insider such as an employee, former employee, or member of management who becomes aware of **illegal, unethical, or harmful practices** being carried out in the organization. The person who reports such information is known as a **whistleblower**.

Whistle blowing may be **internal**, where the wrongdoing is reported to higher authorities inside the organization, or **external**, where the information is reported to agencies such as regulatory authorities, public investigative bodies, law enforcement, or media. The concept is closely connected to **professional ethics**, organizational transparency, and public accountability.

Need for Whistle Blowing

Organizations may sometimes engage in:

- Fraudulent financial practices
- Misuse of company funds
- Bribery and corruption
- Environmental pollution
- Violation of safety rules
- Harassment or discrimination

Such actions harm the company, stakeholders, and society. If not exposed, they lead to loss of trust and severe damage to public welfare.

Vigil Mechanism and Legal Protection

As per the **Companies Act, 2013**, every listed company in India must establish a **Vigil Mechanism** to allow employees to report unethical behaviour safely. Whistleblowers are protected against retaliation such as termination, demotion, or harassment.

Role of Whistle Blowing in Uncovering Unethical Practices

1. **Promotes Accountability:**

Exposes wrongdoers and forces organizations to follow ethical rules and legal standards.

2. **Protects Public Welfare:**

Helps prevent accidents, pollution, unsafe products, and other activities that endanger society.

3. **Strengthens Corporate Governance:**

Ensures transparency and fair practices in managerial and financial systems.

4. **Discourages Corruption:**

Fear of exposure discourages unethical behaviour and misuse of authority.

5. **Encourages Ethical Culture:**

Creates awareness that ethics matter in the workplace.

Examples

- An employee reporting illegal chemical disposal by a factory.
- Reporting accounting fraud in a company like the Satyam Computers scam.
- A doctor revealing unethical medical practices in a hospital.

Risks Faced by Whistleblowers

- Harassment or job loss
- Social and professional isolation
- Legal challenges or defamation suits

Hence, **strong legal protection and confidential reporting channels** are necessary.

Conclusion

Whistle blowing plays a **crucial role in protecting moral integrity, public interest, and business responsibility**. When supported with proper policies and protection, it strengthens ethical governance and prevents long-term organizational harm.

14. How are Goods and Services Classified under GST for the Purpose of Taxation?

The **Goods and Services Tax (GST)** is a uniform indirect tax system introduced in India to replace multiple earlier taxes such as VAT, Service Tax, Excise Duty, etc. GST follows the principle of **"One Nation, One Tax"**, aiming to create a common national market and remove the cascading effect of taxes. It is levied on the **supply of goods and services** at every stage of the value chain but allows **Input Tax Credit (ITC)**, which ensures that tax is ultimately borne only by the final consumer.

To determine how much GST is to be paid, **goods and services are classified** into various categories and tax slabs.

Classification of Goods under GST

Goods under GST are classified based on **usage, durability, and purpose**. The major classifications are:

1. Consumer Goods

These are goods purchased by individuals for personal use.

- Examples: Clothing, packaged foods, footwear, soaps.

2. Capital Goods

These are goods used in the production of other goods.

- Examples: Machinery, tools, manufacturing equipment.

3. Durable Goods

Goods that can be used repeatedly over a long period.

- Examples: Refrigerator, washing machine, furniture, mobile phones.

4. Non-Durable Goods

Goods that are consumed quickly and have a short life.

- Examples: Biscuits, medicines, milk, fruits.
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Classification of Services under GST

Services include activities such as:

- Banking Services
- Hotel and Restaurant Services
- Education and Training Services
- Telecom Services
- Healthcare and Consultancy Services

Services are also placed under GST tax slabs similar to goods.

GST Tax Slab Structure

To ensure fairness and affordability, GST is divided into **five major tax slabs**:

GST Rate	Nature of Goods/Services	Examples
0%	Essential and unprocessed goods	Fresh vegetables, milk, grains, healthcare services
5%	Essential items of common consumption	Rail tickets, life-saving drugs, tea, edible oil
12%	Standard or processed goods	Packed foods, mobile phones, financial services
18%	Most widely used standard goods	ACs, laptops, branded garments, restaurant services
28%	Luxury or sin goods	Luxury cars, aerated drinks, tobacco products

Types of GST Under the Dual GST Model

India follows a **dual GST structure**:

Tax Type	Applied On	Example
CGST (Central GST)	Within the same state	On purchase within Telangana: CGST + SGST applies
SGST (State GST)	Within the same state	Revenue shared with state government
IGST (Integrated GST)	Interstate transactions	Purchase from Maharashtra to Telangana

This system ensures both the **Central** and **State governments** receive fair revenue.

Benefits of GST Classification

1. **Uniformity** in taxation across the country.
 2. **Transparency** in the tax structure.
 3. **Removes cascading effect** due to Input Tax Credit.
 4. **Boosts business ease and trade efficiency.**
 5. **Reduces corruption and tax evasion** due to online monitoring.
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Example to Understand GST in Daily Life

If you buy a mobile phone:

- It falls under **12% GST**
- Price ₹10,000 → GST = ₹1,200 → Final Price = ₹11,200

If you eat at an AC restaurant:

- Service falls under **18% GST**

This classification makes the taxation system **clear and predictable**.

Conclusion

The classification of goods and services under GST ensures that the tax system is **structured, fair, and progressive**. By placing essential goods in low tax slabs and luxury/sin goods in higher tax slabs, GST promotes **economic justice**. It simplifies the indirect tax environment, reduces tax burden on the common man, encourages compliance, and strengthens the Indian market as a unified economy.

15. Discharge of Contract – Meaning and Various Modes of Discharge

A **contract** is a legally binding agreement between two or more parties that creates enforceable rights and obligations. However, the obligations under a contract are not meant to last forever. When the rights and duties created by a

contract come to an end, the contract is said to be **discharged**. In simple words, **discharge of contract** means the termination of the contractual relationship between the parties, releasing them from further performance.

Meaning

Discharge of contract refers to the point where the contract ceases to have legal effect and the parties are freed from their contractual obligations. After discharge, no party can sue the other based on the terms of the original contract.

Modes of Discharge of Contract

There are several ways in which a contract may be discharged:

1. Discharge by Performance

This is the **most common and natural mode** of discharge. When both parties fulfill their obligations as agreed in the contract, the contract is said to be discharged by performance.

- **Actual Performance:** Performance completed fully.
- **Attempted Performance (Tender):** One party offers to perform but the other refuses; the contract may still be treated as discharged on the offering party's part.

Example: A agrees to supply 50 chairs to B for ₹5,000. A delivers, and B pays. The contract is complete.

2. Discharge by Mutual Agreement

Since a contract is created by agreement, it can also be ended by mutual agreement. Section 62 of the Indian Contract Act allows parties to change, cancel or replace contracts.

Forms include:

Method	Meaning
Novation	A new contract replaces the old one.
Rescission	Both parties agree to cancel the contract.
Alteration	Terms of the existing contract are changed.

Method	Meaning
Remission	Promisee accepts lesser performance than what was agreed.
Waiver	One party voluntarily gives up its right under the contract.

Example: If A owes B ₹5,000, but B accepts ₹3,000 as full payment, the contract is discharged by remission.

3. Discharge by Breach of Contract

When a party **fails to perform** their part of the contract intentionally or negligently, there is a **breach**. The innocent party has the right to:

- Treat the contract as terminated, and
- Claim damages.

Breach may be:

- **Actual Breach:** Failure to perform on the due date.
- **Anticipatory Breach:** One party declares their intention not to perform before the performance date.

Example: A agrees to deliver goods on 10th Jan but refuses on 5th Jan → anticipatory breach.

4. Discharge by Impossibility or Frustration

A contract may become impossible to perform due to events beyond the control of the parties. When performance becomes **physically or legally impossible**, the contract is discharged.

Causes of impossibility:

- Death of a person required personally to perform contract
- Change in law
- Destruction of subject matter
- War, flood, earthquake, pandemic, etc.

Example: If a music singer becomes permanently ill and cannot perform a concert, the contract is discharged.

5. Discharge by Operation of Law

A contract may be discharged automatically under certain legal conditions:

- Insolvency of a party
 - Merger of rights (lower right merges with higher right)
 - Unauthorized material alteration of contract
 - Death of a party (in personal skill contracts)
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Conclusion

Discharge of contract is essential to bring finality to the contractual relationship. It ensures that once obligations have been fulfilled, or when unforeseen circumstances arise, the law provides appropriate closure and remedies to the parties involved.

16. Patents – Meaning and Patentable Inventions under Indian Law

Meaning of Patent

A **Patent** is an exclusive legal right granted by the government to an inventor for a new invention. It allows the inventor **exclusive control** over making, using, and selling the invention for a specific period, generally **20 years**. After the term ends, the invention enters the **public domain**.

Patents encourage **innovation, scientific research, and technological progress**, since inventors get recognition and financial benefit for their discoveries.

Objectives of Patent System

- To promote creativity and innovation
 - To reward inventors with exclusive rights
 - To encourage disclosure of inventions to society
 - To prevent unauthorized commercial use of inventions
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Conditions for Patentability

An invention must satisfy **three essential conditions** to become patentable:

Condition	Explanation
Novelty	The invention must be new and not known to the public anywhere in the world.
Inventive / Non-obvious Step	The invention must not be obvious to a skilled person in that field.
Industrial Applicability	The invention must be capable of being used in industry or practical life.

What Inventions Can Be Patented?

Patentable inventions include:

- Mechanical devices and machines
- Manufacturing processes
- Chemical compositions
- Pharmaceuticals and medical formulations
- Computer-related inventions (with technical application)
- Electrical and electronic technologies

Example: A new vaccine formula for a disease can be patented.

Inventions NOT Patentable under Indian Law

The Indian Patent Act, 1970 excludes certain inventions:

Not Patentable	Reason
Natural discoveries	Not invented, only found.
Mathematical and scientific theories	Abstract in nature.
Business methods and software without technical effect	Not technical innovations.
Methods for treating humans or animals	Medical ethics.
Plants and animals	To protect biodiversity.
Inventions harmful to health, environment, or morality	Public welfare.

Term and Enforcement of Patent

- Patent protection lasts for **20 years**.
- The owner can **license**, **sell**, or **transfer** the patent.

- If someone copies or uses the patent without permission, the inventor can take **legal action**.
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Conclusion

Patents play a vital role in **protecting intellectual property** and encouraging individuals and organizations to invest in research and development. By granting exclusive rights, the patent system ensures progress in science, technology, healthcare, industry, and economic development.



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