

# GENERAL AWARENESS

Constitutional Law · Judiciary · Labour Laws · Economy · Financial Markets · Forensic Audit

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*Comprehensive Study Guide for Competitive Examinations*

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SECTION

# WRITS & CONSTITUTIONAL REMEDIES



Part III of the Constitution · Articles 12 to 35 · Fundamental Rights

## Constitutional Basis

Part III (Articles 12–35) provides legal remedies for protection of Fundamental Rights against violation by the State or individuals.

## What is a Writ?

Written orders issued by the Supreme Court of India to provide constitutional remedies and protect citizens' fundamental rights.

## Key Facts

- Article 32 empowers Parliament to authorize other courts to issue writs.
- Before 1950: only High Courts of Calcutta, Bombay & Madras could issue writs.
- Article 226 empowers ALL High Courts to issue writs.
- Borrowed from English 'Prerogative Writs'.



## Habeas Corpus

'You may have the Body.' — Protects fundamental right to liberty against unlawful detention. Commands public official to produce detained person in court.



## Mandamus

'We Command.' — Issued to a subordinate court, government officer, or institution commanding performance of certain acts or duties.



## Certiorari

'To be Certified.' — Issued to a lower court directing transfer of a case for review; used when lower court has over/lack of jurisdiction.



## Prohibition

'Stay Order.' — Issued by a higher court to a lower court enforcing inactivity in jurisdiction. Only against judicial/quasi-judicial authorities.

## **Quo Warranto — 'By What Warrants?'**

Issued against a person who claims or usurps a public office. Court inquires 'by what authority' the person supports their claim. Prevents illegal assumption of public office.

## **Writ Petition**

A court petition for extraordinary review asking a court to intervene in a lower court's decision. Jurisdiction granted to Supreme Court and all State High Courts.

## **Suspension of Fundamental Rights**

- Can be suspended during National Emergency (Article 352).
- Six rights under Article 19 suspended automatically in war/external aggression (Article 358).
- Other rights suspended by Presidential notification (Article 359).
- Articles 20 & 21 can NEVER be suspended.

SECTION

# THE UNION JUDICIARY



Supreme Court of India · Articles 124–147 · Guardian of the Constitution

## **Role**

Highest authority to uphold the Constitution, protect rights & liberties, and ensure the rule of law. Final court of appeal in all civil, criminal & other matters.

## **Composition [Article 124(1)]**

Chief Justice of India + up to 30 other Judges (raised from 7 by the SC Amendment Act, 2008).

## **NJAC (National Judicial Appointments Commission)**

- Chief Justice of India (Chairperson)
- Two senior-most Supreme Court judges
- Union Minister of Law and Justice
- Two eminent persons nominated by a committee of CJI, Prime Minister & Leader of Opposition

## Qualifications [Article 124(3)]

- ▶ Must be a citizen of India
- ▶ At least 5 years as a Judge of a High Court (or two or more courts in succession); OR
- ▶ At least 10 years as an Advocate of a High Court; OR
- ▶ Distinguished Jurist (in President's opinion)

## Tenure & Removal [Articles 124(2) & 124(4)]

- ▶ Holds office until age 65 years
- ▶ May resign by writing addressed to the President
- ▶ Removal by President on grounds of proved misbehaviour or incapacity
- ▶ Motion requires 100+ Lok Sabha members or 50+ Rajya Sabha members
- ▶ Investigation by 3-member committee including 2 SC Judges + 1 distinguished Jurist
- ▶ Passed by 2/3 majority of members present and voting in each House

## **Original Jurisdiction [Article 131]**

Exclusive jurisdiction in disputes between: (a) Centre and a State, (b) Centre + a State vs another State, (c) Two or more States.

## **Appellate Jurisdiction [Article 132]**

Appeals against High Court judgments involving substantial question of law as to interpretation of the Constitution (certificate under Article 134A required).

## **Special Leave [Article 136]**

SC may grant special leave to appeal from any judgment by any court or tribunal in India (except Armed Forces tribunals).

## **Advisory Jurisdiction [Article 143]**

President can seek SC's opinion on any question of law or public importance. SC not bound to give advice. Must be heard by Bench of 5+ judges.

## **Review Power [Article 137]**

SC can review its own judgments on grounds of: new evidence, mistake/error on record, or any other sufficient reason.

SECTION

# THE STATE JUDICIARY



High Courts · Articles 214–231 · Currently 25 High Courts in India

## Composition & Qualifications [Articles 216 & 217(2)]

- ▶ President determines number of judges (no minimum prescribed)
- ▶ Must be a citizen of India
- ▶ Held judicial office in India for at least 10 years; OR
- ▶ Been an Advocate of a High Court for at least 10 years

## Tenure & Removal [Article 217(1)]

- ▶ Holds office until age 62 years
- ▶ May resign by writing addressed to the President
- ▶ Removed by President same way as SC Judge (proved misbehaviour/incapacity)
- ▶ Salary: Chief Justice of HC — ₹2,50,000/pm; Other Judges — ₹2,25,000/pm (2018 Amendment)

## **Court of Record [Article 215]**

Power to determine its own jurisdiction and to punish for contempt of itself. Duty to keep records correctly.

## **Writ Jurisdiction [Article 226]**

Wider than SC's Article 32 — HC can issue writs not only for fundamental rights but also for any other purpose. Territorial extent: writ can be issued against any authority outside HC territory if cause of action arises within its jurisdiction.

## **Supervisory Jurisdiction [Articles 227, 228, 235]**

- General Superintendence over subordinate courts (Article 227)
- Power to transfer cases involving substantial constitutional questions (Article 228)
- Control over subordinate courts — postings, promotions, leave (Article 235)

SECTION

# RIGHTS OF WORKMEN UNDER LABOUR LAWS



29 Labour Laws → 4 Codes · Central Government Reforms



## Trade Unions Act, 1926

Gives workers right to form associations/unions (Article 19(1)(c)). Amended in 2001. Contains rules on governance and general rights of trade unions.



## Payment of Wages Act, 1936

Workers must get wages on time without unauthorized deductions. Section 6: workers must be paid in money rather than in kind.



## Minimum Wages Act, 1948

Ensures minimum wage in different sectors. Range: ₹143–₹1,120/day. State and Central Govts fix wages. MGNREGA unskilled rate: ₹202/day (2020–21).



## Factories Act, 1948

Health, safety, welfare provisions. Section 18: pure drinking water; Section 19: urinal accommodation; Section 21: proper fencing of machinery.



## Maternity Benefit Act, 1961

26 weeks maternity leave for first two children (amended 2017, up from 12 weeks). Applicable to all establishments with 10+ employees.



## Sexual Harassment Act, 2013

Prohibits sexual harassment at workplace. Effective 9 Dec 2013. Covers all establishments with 10+ employees. Covers all women regardless of age or employment status.



## Industrial Disputes Act, 1947

Governs fair dismissal of permanent employees. Workers employed for 1+ year can only be dismissed with government permission.



## Equal Remuneration Act, 1976

Equal pay for men and women for the same work. Prevents discrimination on grounds of sex in employment and recruitment.

SECTION

# ECONOMY — FUNDAMENTALS



GDP · National Income · Micro & Macro Economics · Market Structures

## GDP (Gross Domestic Product)

Monetary measure of market value of all final goods & services produced in a period. Three approaches: Production, Expenditure, and Income.

## Excluded from GDP

Transfer payments · Second-hand goods · Value of intermediate goods

## National Income Variants

- $NDP = GDP - \text{Depreciation}$
- $GNP = GDP + \text{Net income from abroad}$
- $NNP = GNP - \text{Depreciation}$
- $\text{Per Capita Income} = \text{National Income} \div \text{Population}$

## Types of Economics

- Micro Economics: Analysis of single economic unit (individual, firm)
- Macro Economics: Analysis of all units studied together (aggregate economics)

## Laws of Demand & Supply

- ▶ Law of Demand: As price rises, quantity demanded falls (inverse relationship)
- ▶ Law of Supply: As price rises, quantity supplied increases (direct relationship — upward sloping curve)
- ▶ Law of Diminishing Marginal Utility: As stock of a commodity increases, its marginal utility decreases
- ▶ Giffen Goods: Demand rises when price rises (exception to law of demand)
- ▶ Opportunity Cost: Value of the best alternative foregone

## Market Structures

- ▶ Perfect Competition: Price elasticity is infinite; large number of buyers & sellers
- ▶ Monopoly: Single seller, no close substitutes. Cross elasticity = Zero. Entry barred
- ▶ Monopolistic Competition: Differentiated products, many sellers
- ▶ Oligopoly: Few sellers; cartels common
- ▶ Production Function: Functional relationship between input and output
- ▶ Law of Returns to Scale: Long-run concept

SECTION

# FINANCIAL MARKETS



Money Market · Capital Market · Securities · Derivatives



## Money Market

Market for short-term funds (maturity up to 1 year). Regulated by RBI. Instruments: Call Money, Treasury Bills, Commercial Paper, Certificate of Deposit.



## Capital Market

Market for medium and long-term funds. Regulated by SEBI. Comprises Primary Market (new issues) and Secondary Market (stock exchange trading).



## Key Instruments

- Treasury Bill: short-term, issued by RBI, issued at discount
- Call Money: repayable on demand, 1 day to fortnight
- CDs: issued by commercial banks & SFIs (91 days–1 year)
- Commercial Paper: issued by Blue Chip companies



## Derivatives & Options

- Forward Contract: customized, future settlement
- Futures: standardized, exchange-traded
- Call Option: right to BUY
- Put Option: right to SELL
- Beta: measure of stock volatility vs market

SECTION

# FINANCIAL FRAUDS & FORENSIC AUDIT



Fraud Triangle · Investigation Process · Prevention Mechanisms



## Pressure / Motive

Poor financial situation, debts, excessive lifestyle (big house/cars/vacations), tight deadlines, difficult sales targets.  
REDUCE by: fair compensation, achievable goals, effective board oversight.



## Opportunity

Weak internal controls, poor policy documentation, over-reliance on IT systems, excessive trust/access, inadequate monitoring.  
REDUCE by: strong internal controls, CCTV, periodic audits.



## Rationalisation

'Everyone does it', 'chances of getting caught are slim', vindictive feelings. REDUCE by: code of conduct, ethics training, swift disciplinary action, background checks on new employees.

## **Fictitious Revenues**

Recording sales where ownership has not passed · Unbilled revenue (AS-7) · Sales with return conditions · Fake/phantom customers · Special end-of-period deals

## **Improper Asset Valuations**

Under/overstating assets to inflate loan security or deflate for tax write-offs. Misreporting Capital Work-in-Progress vs Fixed Assets. Manipulating depreciation.

## **Concealed Liabilities & Expenses**

Treating liabilities as contingencies · Deferred payment obligations not recorded (e.g., Nirav Modi/PNB case)

## **Improper Disclosures**

Notes inconsistent with financial statements · Form over substance (mere compliance) · Suppression of information about related parties

## Traditional Audit

Sampling activity — not every transaction reviewed

Event transpires PRIOR to issue of financial statements

No assumption that fraud has taken place

Purpose: help reader reach a financial decision

Determine stewardship of Directors

Accepts materiality limits

## Forensic Audit

Detailed examination of specific aspect of books

Event transpires FOLLOWING issue of financial statements

Assumption that fraud has taken place

Purpose: help reader reach a LEGAL decision

Establish culpability of the perpetrator

Does NOT limit scope based on materiality

SECTION

# BASIC FINANCE CONCEPTS



CAPM · Risk-Return · Diversification · Financial Ratios · GST



## Risk/Return Trade-Off

Higher risk → Higher potential return. Risk-free rate (government securities) = baseline. CAPM: Expected Return = Risk-free Rate +  $\beta$  × (Market Return – Risk-free Rate)



## Diversification

Mixing varied investments to reduce risk. Three key practices: (1) Multiple investment vehicles, (2) Vary risk levels, (3) Vary by industry. Not foolproof against all losses.



## Cost Averaging

Investing a fixed sum regularly regardless of market trends. More shares bought when prices are low, fewer when high. Reduces risk of investing large amount at wrong time.



## Asset Allocation

Balancing risk and reward based on individual goals, risk tolerance, and investment horizon. Older investors shift toward lower-risk instruments (bonds, treasuries).

## Liquidity & Leverage Ratios

- ▶ Current Ratio = Current Assets / Current Liabilities
- ▶ Quick Ratio = (Current Assets – Inventory) / Current Liabilities
- ▶ Cash Ratio = Cash & Equivalents / Current Liabilities
- ▶ Debt Ratio = Total Debt / Total Assets
- ▶ Debt-Equity Ratio = Total Debt / Shareholders' Equity
- ▶ ROCE = EBIT / Capital Employed

## Profitability & Activity Ratios

- ▶ Gross Profit Margin = Gross Profit / Net Sales × 100
- ▶ Net Profit Margin = Net Profit / Net Sales × 100
- ▶ ROE = Net Profit / Shareholders' Equity
- ▶ EPS = Net Profit / Number of Equity Shares
- ▶ Inventory Turnover = Net Sales / Avg. Inventory
- ▶ Du Pont: ROE = Profit Margin × Asset Turnover × Financial Leverage

SECTION

# CHECK YOUR LEARNING



Multiple Choice Questions · Section 1 (Easy) · Section 2 (Difficult)

- 1 Under which Article does the Supreme Court have power to issue writs? (a) 32 (b) 33 (c) 34 (d) 35
- 2 Which writ means 'You may have the Body'? (a) Mandamus (b) Certiorari (c) Habeas Corpus (d) Quo Warranto
- 3 Which writ issues commands to perform certain acts or duties? (a) Habeas Corpus (b) Mandamus (c) Prohibition (d) Certiorari
- 4 Under which Article can a judge of the SC be removed? (a) 124(2) (b) 124(3) (c) 124(4) (d) 124(5)

1

Micro Economics deals with: (a) Inflation in the country (b) Economic behavior of an individual unit (c) Per capita income (d) Poverty problems

2

In Perfect Competition, the price elasticity of demand for a firm is: (a) Zero (b) Infinite (c) Unity (d) Relatively elastic

3

Call Money is repayable: (a) After 6 months (b) After 1 year (c) On demand — maturity 1 day to fortnight (d) After 3 months

4

CAPM formula — Required Return = Risk-free Rate +: (a) Alpha  $\times$  Market Return (b) Beta  $\times$  (Market Return – Risk-free Rate) (c) Beta  $\times$  Risk-free Rate (d) Sigma  $\times$  Market Return

### Constitutional Law MCQs (Slide 28)

1. (a) 32 | 2. (c) Habeas Corpus | 3. (b) Mandamus | 4. (c) 124(4)

### Economy & Finance MCQs (Slide 29)

1. (b) Economic behavior of an individual unit | 2. (b) Infinite | 3. (c) On demand (1 day to fortnight) | 4. (b)  $\beta \times (\text{Market Return} - \text{Risk-free Rate})$

### GST — Key Answers

- Services include facilitating transactions in securities: (a) TRUE
- Deposit given for supply of goods/services is NOT payment: (b) FALSE
- Composition scheme threshold (from April 2019): (d) ₹1.5 crore
- Annual GST return form: (d) GSTR-9

### Labour Laws — Key Answers

- Minimum wages reviewed every: (d) 5 years
- Floor wage fixed by: (b) Central Government
- EPF applicable on: (b) 20+ employees
- ESI applicable on: (a) 10+ employees

# Keep Learning.

## Stay Informed. Succeed.

General Awareness Series — Constitutional Law · Judiciary · Labour Laws · Economy · Finance

*All content sourced from the Indian Constitution, Bare Acts, and authoritative study materials.*