



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY SHIMLA

End-Term Examinations

Paper Code: LB-501 Subject: Family Law-I B.A./B.B.A. LL.B. 5th Semester 20th December, 2021 Time: 3 hours and 30 minutes (for writing exam- 09:30 am -12:00 pm and for scanning & uploading answer sheet- 12:00 pm – 01:00 pm)

Maximum Marks: 75

Instructions:

Attempt any three questions from Section-A. Each question in Section-A carries five marks. Attempt any three questions from Section-B. Each question in Section-B carries twenty marks.

SECTION-A (Short-Answer Type) (3x5=15Marks)

Q.1 Short Answer Type Questions:

- A. A child was born in November 2020. His parents were married in the year 2018. In March 2019, his father converted to Islam and acclaims that the child born to him is a Muslim. How would the religion of the child be determined?
- B. Impotency has been understood in the matrimonial cases as a ground to avoid marriage. Elucidate in detail why the ground of impotency has been incorporated in Hindu Marriage Act, 1955. Whether barrenness is also covered under this provision?
- C. H, married to Y in 2020 and his wife Y, delivered a child in 167 days after the marriage. Discuss in detail in the light of given situation, the recourse available to H vis-s-vis section 112 of Indian Evidence Act.
- D. A, a Muslim lady was divorced by her husband and during the period of iddat, she was being maintained by her divorced husband. Afterwards husband refused to maintain her. What are the remedies available to A in this situation?

SECTION-B (Long-Answer/Descriptive/Analytical Type) (3x20=60Marks)

- Q.2 a.** Marriage among Muslims is not a sacrament but purely a civil contract. Discuss the statement with reference to the contractual nature of a Muslim marriage. **(5 Marks)** **b.** A and B were students in the same university. During their university days they started liking each other. They promised to marry after completion of their respective courses. Answer the following questions

in the light of above facts: **(15 Marks) i)** What would be the nature of the marriage in case bride belongs to Jews and groom belongs to Muslim religion?

ii) What would have been the consequences if the girl is the boy's foster mother's sister's daughter?

iii) It was agreed among them both that husband would not take another wife without the consent of the wife. What if the husband takes another wife without the consent of the first wife?

iv) It was agreed among them both prior to marriage that the husband will reside with the girl in her parents' home. Whether the husband can refuse after the marriage? What is the nature of such types of pre-nuptial agreements?

Q.3 M, husband married to W (wife) on 30.03.1997 according to Muslim rites. On 28.07.1998 both of them got separated and within 5 months of their marriage M got remarried. W filed a suit against M seeking dissolution of marriage under section 2 of Dissolution of Muslim Marriage Act on the ground of cruelty on part of husband. She has complained of physical and mental cruelty. W also took the plea that a second marriage by husband is an additional act of cruelty by husband. But husband replied that he is willing to cohabit with W as well and under Muslim law husband is permitted to have more than one wife at a time. In the light to above facts answer the following with the support of relevant case laws.

a) Whether the wife would be entitled to decree of divorce? Explain with the help of relevant case laws.

b) Whether she is entitled to get maintenance by the husband even if living separately? **c)** They both have a 5 years old child and the wife also demanded custody of the child. Whether she would succeed?

d) Whether the wife can approach the court for realization of amount of dower?

Q.4 There is no use of keeping two persons tied by the matrimonial relationship when they cannot live peacefully. Parties should not be penalized and try or tangle them in legal squabbles. This theory is gaining relevance nowadays. The court should do every possible effort to sustain such marriages but not protect where there is no chance of reconciliation. Discuss with the help of relevant authorities over it?

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Q.5 A and B married in the year 1990. Even after 10 years of marriage they had no child. So they decided to adopt a son. While they were undergoing the process of adoption as said by the orphanage, the wife was found pregnant. In the light of given facts discuss:

a) Whether the pregnancy of a wife would be a bar to adopting a son?

b) Absence of ceremony *datta homma* would affect the adoption?

- c) What are the conditions if the wife wants to adopt the child in her own name?
- d) Who can be adopted under Hindu Adoption and Maintenance Act?
- e) If the father has already made a gift of some of his properties to the child in the womb, whether the adopted child can challenge that gift?



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY SHIMLA

End-Term Examinations

Paper Code: LB-502 Subject: Property Law B.A./B.B.A. LL.B. 5th Semester 22nd December, 2021 Time: 3 hours and 30 minutes (for writing exam- 09:30 am -12:00 pm and for scanning & uploading answer sheet– 12:00 pm – 01:00 pm)

Maximum Marks: 75

Instructions:

Attempt any three questions from Section-A. Each question in Section-A carries five marks. Attempt any three questions from Section-B. Each question in Section-B carries twenty marks.

SECTION-A (Short-Answer Type) (3x5=15Marks)

Q.1 Short Answer Type Questions:

- A. 'A' transfers his right to easement to 'B'. Discuss the validity of said transfer?
- B. 'Z' files a suit against 'X' over a dispute pertaining to the title of an immovable property, 'X' transfers the said immovable property to 'Y' during the pendency of suit. 'Z' the plaintiff contest the validity of transfer made to 'Y'. In what circumstance will 'Z' succeed?
- C. Elaborate the essentials and the kind of the mortgage where there are two sales made, one at the onset of mortgage with the condition that the when the mortgage amount is repaid, the property will be sold back to the mortgagor?
- D. 'A' transfers ownership of his plot for the ownership of the plot of 'B' and make payment of the deficit amount of Rs 3 lakhs by cash. What is the nature of the transaction? Decide with help of relevant case laws.

SECTION-B (Long-Answer/Descriptive/Analytical Type) (3x20=60Marks)

- Q.2** *Jagdish* being the only heir of his Aunt in anticipation that he will succeed to the entire property of his Aunt post her death transfers one of the property (a residential house) for the consideration to *Bheem*. To his dismay his Aunt bequeathed all her property to a religious institution in 'daan'.

Discuss the validity of the transfer made by *Jagdish* to *Bheem*.

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Q.3 'A' the owner of a farm was living abroad for several years. He gave the farm to his nephew for making use of it for agricultural or any other purpose which he may deem fit. The nephew used it for several years and subsequently sold it to 'B'. 'A' returned to India after some years of the sale and claimed the property back on the ground that his nephew was not authorized to sell the farm. Decide the fate of sale made by nephew.

Q.4 'A' makes a gift of his immovable property to 'B' with a condition that 'B' will lead his life with full honesty and integrity. The gift deed further stated that in case 'B' violates this condition the gift will be revoked and the same shall return to the heirs of 'A'. 'B' is found guilty of theft. A's son makes a claim to the immovable property. Will he succeed?

Q.5 Decide the nature of the following transactions. Give reasons in support of your answer

- (a) A claim, to get back the purchase money, when the sale is set aside.
- (b) A claim, for money due under any insurance policy.



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY SHIMLA

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Paper Code: LB-503 Subject: Company Law B.A./B.B.A. LL.B. 5th Semester 24th December, 2021 Time: 3 hours and 30 minutes (for writing exam- 09:30 am -12:00 pm and for scanning & uploading answer sheet– 12:00 pm – 01:00 pm)

Maximum Marks: 75

Instructions:

Attempt any three questions from Section-A. Each question in Section-A carries five marks. Attempt any three questions from Section-B. Each question in Section-B carries twenty marks.

SECTION-A (Short-Answer Type) (3x5=15Marks)

Q.1 Short Answer Type Questions:

- A. Company 'X' wants to shift its office from Mumbai to Delhi. Explain the Procedure for the same citing statutory provisions and rules.
- B. Generally, dividend is paid, only out of the profit a company earns in a financial year. A company 'Y' suffered loss in the financial year 2020-21 but earned good profit in the financial year 2021-22. Some shareholders were claiming dividend from the company for the financial year of 2020-21. Explain the class of shareholders with the help of Companies Act, 2013, who will succeed in claiming dividend from the company for the financial year of 2020-21.
- C. Explain the statutory provision and rules related to 'Woman Director' of company.
- D. Explain the activities which will be covered under Corporate Social Responsibilities.

SECTION-B (Long-Answer/Descriptive/Analytical Type) (3x20=60Marks)

Q.2 'H' Ltd, a textile company enter into a contract with 'M' Ltd., an adjacent sugar mill, to supply electricity from their power plant. After supply being made for one month, it is discovered that this activity is beyond the scope of Memorandum of Association of 'H', Ltd. The shareholders of 'H' Ltd ratify the contract. Can 'M' Ltd. which refused to make payment on the ground that

the contract is null and void, be legally compelled to make payment?

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- Q.3** A company has issued a prospectus to the public stating that the company has paid dividend regularly and the prospectus is silent relating to the sources of profit that is whether trading profit or capital profits. The fact is that the company has incurred losses for all the last past 5 years, but the dividend is paid out of reliance capital profit (that is secret reserves). 'Z' a shareholder, claim that the prospectus is false. Whether Z's contention is correct? Discuss with the help of decided cases and statutory provisions.
- Q.4** The directors of a company bought some of its shares from a shareholder while they were negotiating for transaction financially advantageous to the company and which, if successful, would have substantially raised the market value of its shares. They did not disclose this information to the shareholder when buying his shares. This shareholder sued the directors for rescission of sale on the ground of fraud. Explain with the help of decided cases and statutory provisions, whether he will succeed?
- Q.5** Discuss the grounds of compulsory winding up by the Tribunal under Companies Act, 2013. Also discuss the provisions of voluntary winding up.



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY SHIMLA

End-Term Examinations

Paper Code: LB-504 Subject: Law of Evidence B.A./B.B.A. LL.B. 5th Semester 27th December, 2021 Time: 3 hours and 30 minutes (for writing exam- 09:30 am -12:00 pm and for scanning & uploading answer sheet– 12:00 pm – 01:00 pm)

Maximum Marks: 75

Instructions:

Attempt any three questions from Section-A. Each question in Section-A carries five marks. Attempt any three questions from Section-B. Each question in Section-B carries twenty marks.

SECTION-A (Short-Answer Type) (3x5=15Marks)

Q.1 Short Answer Type Questions:

A. 'A' is charged of commission of murder of 'B' by stabbing him. 'C', 'D', 'E', 'F', 'G', 'H', are witnesses called by the prosecution. 'C' says that he saw 'A' stab 'B'. 'D' says that he heard 'B' cry out that 'A' was stabbing him. 'E' says that he saw 'A' running away with a blood stained knife and blood stained clothes. 'F' says that he saw 'A' washing his blood-stained clothes. 'G' is a medical officer, who says that the knife found in 'A's possession might have caused wounds found on 'B'. 'H' says that he heard from 'C', that 'C' saw 'A' stabbing 'B'. **Explain the relevancy of Evidence given by C, D, E, F, G and H.**

B. The son-in-law before his marriage demanded a piece of land from the deceased. The connivance of the mother-in-law was also there before this demand. The marriage took place but the deceased refused to transfer the property in the name of the accused and wanted to give it to the daughter. That infuriated the accused and killed his mother-in-law. There was a strong motive for the accused to commit the crime. **On the basis of above facts discuss the relevance of the "motive".**

C. Arun Kumar is seeking a declaration of ownership of the property left behind by late Tara Chand Gupta and late Sonia Devi. He has claimed to be the son of Tara Chand Gupta and Sonia Devi. However, the defendants in the case, the couple's three daughters, denied that Arun Kumar was the son of their parents in a written statement. Hence, he is disentitled from a share in the property. During the trial, the defendants sought a DNA test of Arun Kumar in order to prove or disprove a biological link between the defendants and the plaintiff. However, Ashok Kumar opposed the plea for a DNA test.

Is it essential to order DNA Test which will set at rest the dispute between the parties or

forcing an unwilling party to undergo a DNA test will infringes the personal liberty and

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right to privacy of the individual?

D. A, in an interview recorded in Hindi, had admitted having received a sum of Rs. 3 lac from one **B** and the said interview was telecasted on Doordarshan after due editing. Hindi version of said interview has been produced before the Court.

Discuss the admissibility of interview telecasted on TV channels as Evidence and also explain admissibility of Electronic Records.

SECTION-B (Long-Answer/Descriptive/Analytical Type) (3x20=60Marks)

Q.2 “There is a quiet little village touched by a road which ends there. Occasionally the driver **A**, who belongs to the village, comes there with his lorry for night rests. The night, on which the truck came, **B**, a man from the village was found lying dead by the road-side. The position of his (**B**'s) body and nature of his injuries creates a doubt **B** was dragged by a vehicle for a little distance and then one wheel ran over him. There was no dust storm, rain or mist to obstruct visibility. From these circumstances, certain facts may reasonably be inferred and many others can be safely presumed as a matter of probability. The facts tell a story beyond a shadow of a doubt that it is the work of the village lorry and it must have been negligently handled.”

On the basis of above facts discuss the conditions with the help of case laws, are to be fulfilled when a case to be solely judged on the basis of circumstantial evidence and also differentiate between Direct and Circumstantial evidence with the help of case laws.

Q.3 The child witness was sleeping with the deceased father at the relevant time of incident and was awakened by the sound of the fatal blow of the axe on the neck of the deceased. Seeing it, the child shouted to his mother for help by naming the accused as assailant. On hearing the sounds the mother and sisters of the child and other witnesses gathered at the spot.

As per the facts of the case can the shout of the child naming the accused as assailant be admissible as forming part of same transaction? Decide.

Explain the doctrine of Res Gestae an exception to Hearsay Evidence with judicial observations.

Q.4 A case where the statement was given by the deceased **A**, to his father, **B** that I inhale the poison

because of my heartbreak and the same was conveyed to the police. **B**, Father of the deceased **A**, also said that the deceased **A** was conscious and in a fit state of mind and the same was endorsed by the autopsy report. After that when the police investigate the matter it was found to be true that

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the cause of his suicide is the girl who used to aid and abet him to commit the suicide. The statement was recorded by the normal person (father). **Discuss the admissibility of the statement.**

On the basis of above illustration explain that who can record the dying declaration and also discuss the evidentiary value of dying declaration with the help of case laws.

Q.5 With respect to children, a child may be allowed to testify, if the court is satisfied that the child is capable of understanding the question put to him and give rational answers to the court. No absolute age is fixed by law within which they are exempted from giving evidence on the ground that they have not sufficient understanding. Actually it is not possible to lay down any specific rule regarding the degree of intelligence and knowledge which will render a child a competent or credible witness. So it is the discretion of the court to judge whether the child is capable of understanding the question put to him and give rational answers to the court.

Explain competency of child witness? Can a Judge testify in a case being tried by him?

Discuss the credibility of a single witness. Distinguish between Examination in Chief, Cross Examination and Re- Examination .



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY SHIMLA

End-Term Examinations

Paper Code: LB-505E Subject: Economics-V (Public Finance) B.A./B.B.A.LL.B. 5th Semester 29th December, 2021

Time: 3 hours and 30 minutes (for writing exam- 09:30 am -12:00 pm and for scanning & uploading answer sheet- 12:00 pm – 01:00 pm)

Maximum Marks: 75

Instructions:

Attempt any three questions from Section-A. Each question in Section-A carries five marks. Attempt any three questions from Section-B. Each question in Section-B carries twenty marks.

SECTION-A (Short-Answer Type) (3x5=15Marks)

Q.1 Short Answer Type Questions :

- A. "Even in a regime of complete laissez-faire, the impact of State existence on the economy cannot be a neutral one and study of public finance remains relevant." Explain.
- B. Assuming other things being equal, if an increase in excise duty on good X from 10 per unit to 12 per unit results in an increase in its receipts from 100 crore to 130 crore, what is the elasticity of excise duty on good X?
- C. How does the size of public debt affect the production in the country like India?
- D. What is 'fiscal federalism'? Explain its theoretical and practical rationale, with special reference to a country having inter-regional disparities.

SECTION-B (Long-Answer/Descriptive/Analytical Type) (3x20=60Marks)

Q.2 *The principle of maximum social advantage suffers from so many limitations, should it not be totally discarded? Or "no public expenditure should be incurred unless it generates at least an equivalent social benefit". To this end, discuss the state activities followed by some tests of maximum social advantage as recommended by renowned authors.*

Q.3 Assess the advantages of having an integrated GST which subsumes all Central and State level indirect taxes. Also Analyse the pros and cons of Indian GST not subsuming some important

indirect taxes levied by States.

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Q.4 "The starting point of the theory of public expenditure is the failure of the market mechanism to respond fully to the true needs of the society. It gets further built up by new roles assumed by the state in the fields of welfare, economic growth, planning, regional disparities, distributive justice and so on". Elaborate.

Q.5 Briefly discuss the main components of Government of India budget with their informative and policy relevance.



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY SHIMLA

End-Term Examinations

Paper Code: BL-505P Subject: Political Science-V (Comparative Politics) B.A. LL.B. 5th Semester 31st December, 2021
Time: 3 hours and 30 minutes (for writing exam- 09:30 pm -12:00 pm and for scanning & uploading answer sheet- 12:00 pm – 01:00 pm)

Maximum Marks: 75

Instructions:

Attempt any three questions from Section-A. Each question in Section-A carries five marks. Attempt any three questions from Section-B. Each question in Section-B carries twenty marks.

SECTION-A (Short-Answer Type) (3x5=15Marks)

Q.1 Short Answer Type Questions:

- A. Explain the Concept of Development as enunciated by A.G. Frank, the dependency theorist.
- B. Compare the constitutional position of the executive head of the U.S.A. and India.
- C. What are the features of the 'first past the post' system? How is it distinct from proportional representation system?
- D. Make a distinction between the political, sociological and political economy approaches to the study of politics in a comparative manner.

SECTION-B (Long-Answer/Descriptive/Analytical Type) (3x20=60Marks)

Q.2 Critically analyse the impact of colonialism on the politics and economy of the countries of Asia, Africa and Latin America.

Q.3 Analyse the critique of Modernization/Development theories by Neo-Marxist Dependency theorists.

Q.4 Discuss how the three organs of the Government operate in the Presidential System in U.S.A. and the Parliamentary System in U.K.

Q.5 Discuss the significance of holding free and fair elections in the modern democratic countries.

What are important features of a successful electoral democracy?



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY SHIMLA

End-Term Examinations

Paper Code: BL-505S Subject: Sociology-V (Sociology of Gender) B.A. LL.B. 5th Semester 31st December, 2021 Time: 3 hours and 30 minutes (for writing exam- 09:30 pm -12:00 pm and for scanning & uploading answer sheet– 12:00 pm – 01:00 pm)

Maximum Marks: 75

Instructions:

Attempt any three questions from Section-A. Each question in Section-A carries five marks. Attempt any three questions from Section-B. Each question in Section-B carries twenty marks.

SECTION-A (Short-Answer Type) (3x5=15Marks)

Q.1 Short Answer Type Questions:

- A. Do you think the sexual orientation of contemporary generation is different from those of earlier generations? If yes, highlight the major factors behind it.
- B. Some feminist writers such as Donna Haraway, Helene Cixous and Judith Butler etc. have argued that it is a mistake to suppose that either men or women are groups with their own interests or characteristics. How far do you agree with their idea?
- C. Does the process of globalization really helpful in socio-economic development of women in Indian society? Discuss in brief.
- D. Do you think family has a role for creating gender inequality and social exclusion in Indian society? Discuss in brief.

SECTION-B (Long-Answer/Descriptive/Analytical Type) (3x20=60Marks)

- Q.2 Do you consider yourself to be a feminist? What does such a label mean in the twenty-first century? Given the very different social situations of women in the developed and developing countries, how realistic is the idea of a global feminism?
- Q.3 Why does gender inequality at work place continue to persist into twenty-first century? How functionalist and Marxist theorists explain its persistence over such a long period? Further, how

feminist thinkers look into this issue?

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Q.4 Do you think the inequality against LGBTQ community is socially constructed? If yes what are the major factors behind this construction. Further, how this social construction is one of the main reasons for their exclusion? Discuss your views by taking appropriate examples.

Q.5 From your own experience, has substantial gender equality now been achieved in developed countries? Or is there still a place for feminist movements and theory for creating gender equality in such countries? Further, thinking more critically about gender inequality in Indian society, what issues should feminists concentrate on today's Indian society, if they are to tap into the concerns of younger Indian women?



HIMACHAL PRADESH NATIONAL LAW UNIVERSITY SHIMLA

End-Term Examinations

Paper Code: BBL-605M Subject: Entrepreneurship Development Management B.B.A. LL.B. 5th Semester 31st December, 2021 Time: 3 hours and 30 minutes (for writing exam- 09:30 pm -12:00 pm and for scanning & uploading answer sheet- 12:00 pm – 01:00 pm)

Maximum Marks: 75

Instructions:

Attempt any three questions from Section-A. Each question in Section-A carries five marks. Attempt any three questions from Section-B. Each question in Section-B carries twenty marks.

SECTION-A (Short-Answer Type) (3x5=15Marks)

Q.1 Short Answer Type Questions:

- A. Entrepreneurship is all about sensing the needs and problems of people and coming up with right solution at right time, the one who will be having understanding of the market will survive and the rest will be flushed out of the Market. Comment.
- B. Entrepreneurial development is the most important input in the economic development of any country. The objectives of industrial development, balanced regional growth, and generation of employment opportunities are achievable through entrepreneurial development. Entrepreneurs are at the core of industrial development which results in greater employment opportunities to the unemployed youth, increase in per capita income, higher standard of living and increased revenue to the government in the form of income, sales tax, export duties, import duties etc. Elaborate.
- C. “The function of the entrepreneur is to reform or revolutionize the pattern of production by exploiting an invention or, more generally, an untried technological method of producing a new commodity or producing an old one in a new way, opening a new source of supply of materials or new outlet for products, by organizing a new industry.” Elaborate.
- D. Read the paragraph and answer the three questions given below:
- XYZ an exclusive online fashion retail portal launched in 2019, is targeted at a market segment that wants to purchase authentic designer merchandise. It partners with high fashion luxury brands across fashion apparel, accessories, footwear, watches, jewellery, fragrances, home décor, and holds private sale for these brands. These sales go online at 11 am each morning and last for three days on an average. It offers handpicked designer products at as

much as 80 percent discount. It guarantees the authenticity of every product because the

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merchandise comes from the manufacturer, a licensed agent, retailer or importer. Though the membership is free, entry to this exclusive shopping club is by invitation only. So far it has relied on word of mouth, publicity and social media such as TWITTER and FACEBOOK FOR PROMOTIONS. It is doubling its revenue every month. It is now targeting a turnover of rupees 5 billion over the next 3 years.

(i) What is the strategy that you will decide to take on Amazon, Flipkart and other online companies which are quite aggressive?

(ii) What are the new channels that you can suggest for the company to expand itself?

(iii) The company has started CASH ON DELIVERY and right to reject for its products, but is finding lots of rejection for its products. As a result its logistics costs are raising significantly. What can you suggest to the company keeping in mind that the company wants to keep cash on delivery and right to reject policy and at the same time wants to control its logistics costs?

SECTION-B (Long-Answer/Descriptive/Analytical Type) (3x20=60Marks)

Q.2 Develop a marketing plan for a company producing and marketing organic food. Who will be your target market? How will you enable customers to get the best value? Also develop a plan to search the potential of this market i.e. organic food.

Q.3 Ansal Construction Company has received a contract to build a business plaza. It has frequently engaged itself in constructing such buildings. Which of the two network techniques, PERT and CPM, should in your opinion be employed by the company? Why?

Q.4 The various financial institutions have played a vital role in creating the entrepreneurial environment in India. Programs like startup India, Make in India; Stand up India has also fostered the same environment. Keeping this statement in mind write an appraisal for various financial institutions and their contribution in promoting entrepreneurial culture.

Q.5 Read the paragraph and answer the questions given below:

Every day Canadians consume over 3.5 million cups of coffee. Many people couldn't imagine starting the day without it. Canadians can be found drinking coffee at home, at work, and while they commute. For many, the coffee shop fulfill an important social need as we meet friends and

acquaintances for conversation over coffee. So pervasive is our thirst for coffee, cup holders have even featured prominently as a sales point in the advertisements for new cars. Coffee consumption is a part of our culture. Worldwide coffee represents a US\$55 billion a year industry, employing 25

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million people. Of those employed in the industry, over 20 million are small farmers, typically producing less than 1,500 kilograms of beans per year on one- to two-hectare properties. These growers, who struggle to survive on incomes averaging less than US\$1.00 per day, receive less than 10 percent of the retail value of their product. The low prices, lower now than during the 1930s depression, are only part of what many perceive as the unfair treatment of these farmers. As with many North American farmers, their income is received only after harvest; therefore, they must often borrow to acquire inputs such as fertilizer. For the small producers in the less developed economies, the only source of credit is often the intermediary who purchases their crop, and interest rates are often as high as 20 percent per annum. Such costs further reduce the incomes of these poorest members of society, who face the prospect of losing their land if they default on the loans. One group attempting to improve the situation for the small growers of coffee and other commodities such as tea, cocoa, and sugar is Trans Fair Canada (TFC), the Canadian affiliate of Fair trade Labeling Organization (FLO). Through its procedures, Trans- Fair ensures that coffee bearing its Fair Trade certification has met the requirements of the FLO. Fair Trade-certified coffee is purchased from over 300 cooperatives representing 550,000 small growers.

The cooperative receives a minimum of US\$1.26 per pound, more than double the current world price of less than US\$0.60 per pound. A premium is paid if the beans are certified as organically grown. Since the members of the cooperatives are small growers who follow traditional methods of growing coffee, few chemical inputs are used. The price of chemical fertilizers is also prohibitive. Only about 22 percent of the 78.7 million kilograms of coffee produced by the FLO-registered cooperatives was sold through Fair Trade. However, the small growers also benefit from the direct access to world markets that the cooperatives provide. This marginal increase in income when combined with the more profitable Fair Trade sales has a disproportionate economic impact on the growers. The cooperative also lowers production costs by recycling wastes into low-cost organic fertilizers, which in turn produces higher incomes for the growers and at the same time improves environmental stewardship. Higher incomes allow the small growers to reinvest in their farms, to provide better nutrition and housing for their families, and through cooperative funded schools, to provide more educational opportunities for their children. These benefits accrue even though Fair Trade certified sales in Canada, as in other countries, represent only a small but growing proportion of the total coffee market.

(i) Is it the responsibility of coffee consumers to ensure that the small producers receive a fair price for their product? Why or why not?

(ii) If the price paid to the grower represents only 10 percent of the retail price of coffee, why is the retail price of Fair Trade coffee approximately double the regular price?

(iii) Who benefits the most from the higher price paid by consumers for Fair Trade labeled coffee?

(iv) Suppose you have been hired as a consultant for looking into the matter of small farmers what alternative approach to the problem of poverty among small producers can you suggest?