

## INTRODUCTION

The word secretary has originated from the Latin word 'Secretarius' which means secret. In most of the Publicly listed corporations, the Company Secretary is typically named as Corporate Secretary or Secretary. The company secretary is responsible for the efficient administration of a company, particularly with regard to ensure compliance with statutory and regulatory requirements and for ensuring that, decisions of the board of directors are implemented. It is also the duty of the company secretary to ensure that the organization complies with relevant legislations and regulations. The major responsibility of the company secretary is to register and communicate with the shareholders ensuring the payment of dividends. This chapter evidently describes the importance of Company Secretaries in a Company.

### I. CHOOSE THE CORRECT ANSWERS

- Mention the status of a company secretary in a company?**
  - A member
  - A director
  - An independent
  - An employee contractor
- Who can become a secretary for a company?**
  - Individual person
  - Partnership
  - Co-operative societies
  - Trade unions
- Which meeting will be held only once in the life time of the company?**
  - Statutory
  - Annual General
  - Extra- Ordinary
  - Class General
- Board Meeting to be conducted minimum times in the year.**
  - 2
  - 3
  - 4
  - 5
- Who is not entitled to speak at the annual general meeting of the company.**
  - Auditor
  - Shareholder
  - Proxy
  - Directors
- Mention the company which need not convene the statutory Meeting.**
  - Widely held public
  - Private Limited
  - Public Limited
  - Guarantee having a share capital
- From the date of its incorporation the First Annual General Meeting is to be conducted within \_\_\_\_\_ months.**
  - Twelve
  - Fifteen
  - Eighteen
  - Twenty one
- What percentage of shareholders is needed to pass special resolution?**
  - It must be unanimous
  - Not less than 90%
  - Not less than 75%
  - More than 50%
- A special resolution is required must be filed with the Register within**
  - 7 days
  - 4 days
  - 30 days
  - 60 days
- A special resolution is required to**
  - Redeem the debentures
  - Declare dividend
  - Appoint directors
  - Appoint auditor

### ANSWERS

1	d	2	a	3	a	4	c	5	c
6	b	7	b	8	c	9	c	10	d

### II. VERY SHORT ANSWER QUESTIONS:

- Who is a secretary?**  
Section 2(24) of the companies Act,2013 defines "company secretary" or "secretary" means any individual possessing the prescribed qualifications,

appointed to perform the duties which may be performed by a secretary under this act and any other ministerial or administrative duties”.

## 2. Define meeting?

A meeting is a gathering of two or more people that has been convened for the purpose of achieving a common goal through verbal interaction such as sharing information or reaching agreement.

## 3. What is resolution?

- ❖ As per the companies act 2013, for taking any decision or executing any transaction, the consent of the shareholders, the board of directors and other specified is required.
- ❖ The decisions taken at a meeting are called resolution.
- ❖ In other words a motion, with or without the amendments which is put to vote at a meeting and passed with the required quorum becomes resolution.

## 4. Write short note on 'proxy'?

- ❖ Proxy means a person being the representative of a shareholder at the meeting of the company who may be described as his agent to carry out which the shareholder has himself decided upon.
- ❖ Proxy can be present at the meeting and he cannot vote.

## 5. What is vote?

- ❖ The word 'vote' originated in Latin word 'Votum' indicating one's wishes or desire.
- ❖ By casting his vote one formally declaring his opinion or wish in favour of or against a proposal or a candidate to be elected for an office.
- ❖ According to section 47 of the Companies Act, 2013 the proposal is subject to the approval only when majority of the members or shareholders accept it.

## III. SHORT ANSWER QUESTIONS:

### 1. What is special resolution?

- ❖ A special resolution is the one which is passed by a not less than 75% of majority. The number of votes, cast in favour of the resolution should be three times the number of votes cast against it.

- ❖ The intention of proposing a resolution as a special resolution must be specifically mentioned in the notice of the general meeting.

### 2. What do you mean by statutory meeting?

- ❖ According to companies act, every public company, should hold a meeting of the shareholders within 6 months but not earlier than one month from date of commencement of business of the company.
- ❖ The first general meeting of the public company is called statutory meeting.
- ❖ This meeting is conducted only once in the lifetime of the company. A private company or a public company having no share capital need not conduct a statutory meeting.
- ❖ The company gives the circular to shareholder before 21 days of the meeting.

### 3. What do you understand by 'poll'?

- ❖ Poll means tendering or offering vote by ballot to a specially appointed officer, called the polling officer.
- ❖ Under the companies act, poll means exercising voting right in proportion to shareholder's contribution to the paid-up capital of a limited company having a share capital.

### 4. Give any three cases in which ordinary resolution need to be passed?

- ❖ To change or rectify the name of the company.
- ❖ To alter the share capital of the company.
- ❖ To increase or decrease the number of directors within the limits prescribed.

### 5. What resolution is requires special notices?

- ❖ There are certain matters specified in the Companies Act, 2013 which may be discussed at a general meeting only if a special notice is given at least 14 days before the meeting.
- ❖ The intention to propose any resolution must be notified to the company.
- ❖ The following matters require special notice before they are discussed in the meeting:-
  - i) To appoint an auditors, a person other than a retiring auditor.
  - ii) To provide expressly that a retiring auditors shall not be reappointed.

- iii) To remove a director before the expiry of his office.
- iv) To appoint a director in the place of a director so removed.

#### IV. LONG ANSWER QUESTIONS:

##### 1. Elaborate the functions of the company secretary?

Functions of the company secretary may be discussed under two headings:

(i) Statutory functions or duties and (ii) non-statutory functions or duties.

##### (i) Statutory functions:

- ❖ As the principal officer of the company, the secretary must observe all the legal formalities in respect of the provisions of the companies act and other laws (e.g., Income – tax act, Stamp act, sales – tax acts, etc.) which have a bearing on the activities of the company. The following are the Statutory function of a Company Secretary according to companies Act 2013,
- ❖ To sign document and proceedings requiring authentication by the company
- ❖ To maintaining share registers and register of directors and contracts
- ❖ To give notice to register for increase in the share capital
- ❖ To deliver share certificate of allotment within 2 months after transfer
- ❖ To sign and send annual return
- ❖ To make a statutory declaration for receiving certificate of commencement of business.
- ❖ To send notice of general meeting to every member of the company.
- ❖ To make statutory books
- ❖ To prepare minutes of every general meeting and board meeting within 30 days.
- ❖ To file a resolution with the registrar.
- ❖ To assist in preparing the statement of affairs in a winding up.

##### Under the Income – tax act:

- ❖ He is responsible for deduction of requisite Income tax from salaries of employees, dividends and interest payable.

- ❖ He has to ensure that the tax deducted is deposited at government treasury. Secretary has to submit and verify various forms for timely filing of income tax returns to the authorities in accordance with the law.
- ❖ He has to see that the certificate of Tax Deducted at source (TDS) is issued to every employees and shareholders.

##### Under Indian Stamp Act:

- ❖ The company secretary has to ensure that whether proper stamps are affixed on the company's documents like letter of allotment and share certificate or not.
- ❖ He is also complying with Minimum Wages Act, Industrial Disputes Act, Employee State Insurance Act etc.

##### Under the Sales – tax Act:

- ❖ He must ensure timely submission of tax returns to the sales – tax authorities and payment of tax.

##### Under the Sales – tax Act:

- ❖ He must ensure timely submission of tax returns to the sales – tax authorities and payment of tax.

##### Under other Acts:

- ❖ He must see that the provisions of any other Act applicable to the company, eg., Foreign Exchange Regulation Act, Industries (Development and Regulation) Act, and Rules, are also complied with.
- ❖ Where the company is carrying on manufacturing business, he must also comply with the provisions of the Factories Act, payment of wages act, Industrial Disputes Act and other labor laws.

##### (ii) Non – Statutory Function

- ❖ Secretary has to discharge non – statutory functions in relation to directors, shareholders and office and staff. These functions are briefly mentioned.
  - Functions as agent of directors;
  - Functions towards shareholders;
  - Functions towards office and staff.

##### Functions in relation to directors:

- ❖ A company secretary acts under the full control of the board of directors and carry out the instructions of the directors.

- ❖ The secretary provides necessary advice and information to the board to formulate company policy and arrive at decisions.
- ❖ It is the secretary's duty to implement the decisions taken by the board of directors.
- ❖ The duties of the secretary includes arranging board meetings, issuing notice and preparing agenda of such meeting, recording the attendance of the directors and the minutes and resolutions of the meeting in consultation with the chairman.
- ❖ He maintains all important correspondence, files, documents and records in the board office.

#### Functions in relation to shareholders

- ❖ The company secretary must serve in the best interests of the shareholders. He also must safeguard the shareholders' interest.
- ❖ Under the Companies Act 2013, secretary should act as link between the board of directors and the shareholders and also ensure that the shareholder's rights are violated.
- ❖ He has to arrange the issue allotment letters, call letters, letter of regret, share certificate, share warrants to shareholders.
- ❖ Besides he has to issue notices and agenda of all meeting of shareholders and also send replies to the inquiries and complaints of the shareholders on behalf of the board of directors.

#### Functions in relation to office and staff:

- ❖ The secretary is the kingpin of the whole corporate machinery.
- ❖ He is responsible for smooth functioning of the office work.
- ❖ He exercises an overall supervision, control and co-ordination of all clerical activities in the office.

## 2. Discuss the liabilities of Company Secretary?

The following are the liabilities of Company Secretary:

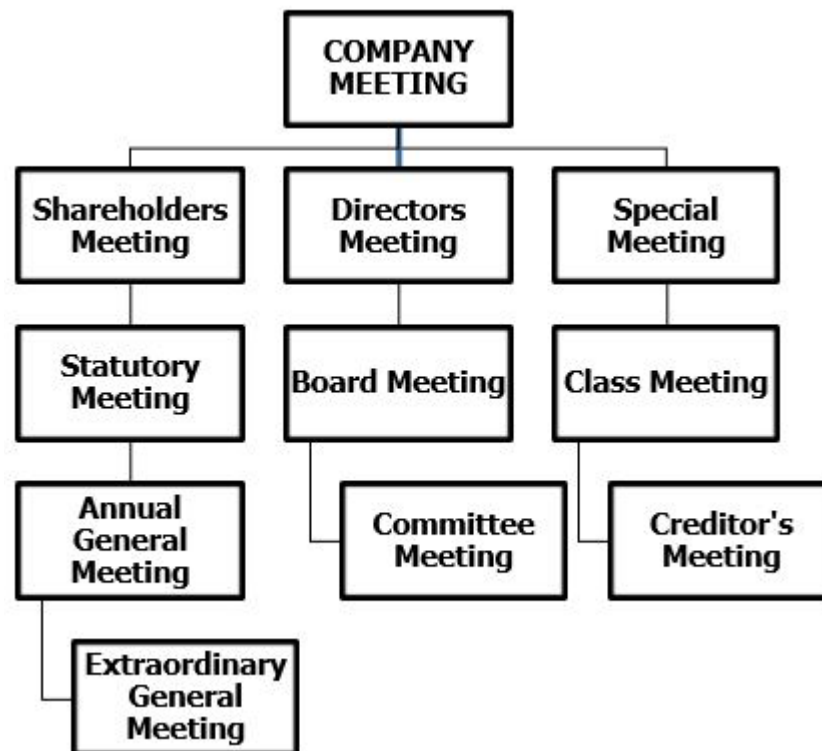
- ❖ According to Section 39, for the failure to send copies of Memorandum and Articles, to the members within seven days of the requirement, the company secretary has to pay a fine upto Rs.50 for each offence.
- ❖ According Section 75, for the failure to file with the registrar a return of the allotments of shares within thirty days after the allotment, a fine up to Rs.500 for every day during which the default continues will be imposed.
- ❖ According to Section 150, for the failure to maintain register of members with the prescribed particulars, fine up to Rs.50 for everyday during which the default continues will be imposed.
- ❖ According to section 165, for default in holding the statutory meeting and filing the statutory report , fine upto Rs.500 will be imposed.

## 3. Briefly state different types of company meetings?

- ❖ A company meeting must be convened and held in perfect compliance with the various provisions of the act and the rules framed there under.
- ❖ It is essential that the business dealt with at the meetings , should be validly transacted and not liable to be questioned later due to any irregularity.

#### Kinds of company meetings:

- ❖ Under the companies act, 2013, company meetings can be of classified as under:



### Shareholders meetings:

- ❖ The meetings held with the shareholders of the company is called shareholders meeting.
- ❖ The shareholders meeting can be classified as statutory meeting and extra ordinary general meetings.

#### a) Statutory meeting :

- ❖ According to companies act, every public company, should hold a meeting of the shareholders within 6 month but not earlier than one month from the date of commencement of business of the company.
- ❖ The first general meeting of the public company is called the statutory meetings.
- ❖ This meetings is conducted only once in the lifetime of the company. A private company or a public company having no share capital need not conduct a statutory meeting.
- ❖ The company gives the circular to shareholders before 21 days of the meeting.

#### b) Annual general meeting (AGM):

- ❖ Every year a meetings is held to transact the ordinary business of the company. Such

meeting is called annual general meeting of company(AGM).

- ❖ Company is bound to invite the first general meeting within eighteen months from the date of its registration.
- ❖ Then the general meetings will be held once in every year.
- ❖ The differences between two general meetings should not be more than fifteen months.
- ❖ Every annual general meeting shall be held during business hours, on a day which is not a public holiday, at the registered office of the company or at some other place within the town or village where the registered office is situated.
- ❖ AGM should be conducted by both private and public ltd companies.

#### (c) Extra-ordinary general meeting:

- ❖ Both statutory meeting and annual general meetings called a ordinary meetings of a company.
- ❖ All other general meetings other than statutory and annual general meetings are called extraordinary general meetings.

- ❖ If any meetings conducted in between two annual general meetings to deal with some urgent or special or extraordinary nature of business is called as extra-ordinary general meetings.

#### **Meeting of the board of directors:**

- ❖ Since the administration of the company lies in the hands of the board of directors, they should meet frequently for the proper conduct of the business and to decide policy matters of the company.

#### **(a) Board meetings:**

- ❖ Meetings of directors are called board meetings. Meeting of the directors provide a platform to discuss the business and take formal decisions.
- ❖ First meeting of directors should be convened within 30(Thirty) days from the date of incorporation of the company.

#### **(b) Committee meetings:**

- ❖ Every listed company and every other public company having paid up share capital of Rs.10crore is required to have Audit .
- ❖ This committee should meet at least four times in a year.
- ❖ In case of other companies, the board of directors shall nominate a director to play the role of audit committee which is functioning as a vigil mechanism.

#### **(c) Special meeting:**

##### **a) Class meeting (Meetings of particular share or debenture holders)**

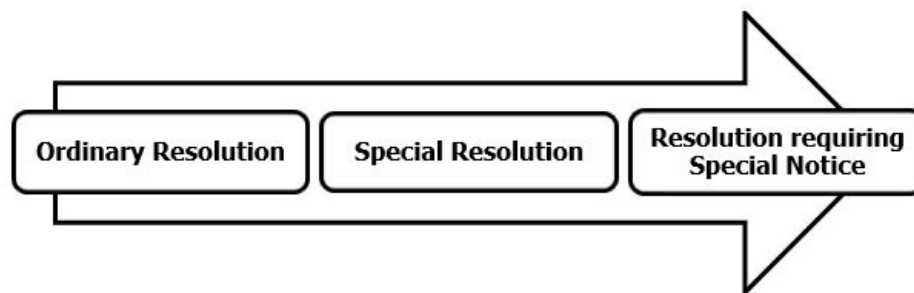
- ❖ Meetings, which are held by a particular class of share or debenture holders e.g.preference shareholders or debenture holder is known as meeting.
- ❖ The debenture holders of a particular class conduct these meetings. These meetings are held according to the rules and regulations laid by the trust deed or debenture bond, from time to time, where the interest of the debenture holders play vital role at the time of re-organisation, reconstruction, amalgamation or winding-up of the company.

##### **b) Meetings of the creditors:**

- ❖ Strictly speaking, these are not meetings of a company.
- ❖ Unlike the meetings of a company, there arise situation in which a company may wish to arrive at a consensus with the creditors to avoid any crisis or to evolve compromise or to introduce any new proposals.

#### **4. Describe the different types of resolutions which company may pass with suitable matters required for each type of resolution?**

#### **Kinds of Resolution**



#### **a) Ordinary Resolution:**

An ordinary resolution is one which can be passed by a simple majority.i.e. if the members of votes cast by members, entitled to vote in favour of the resolution is more than the votes cast against the resolution.

#### **Ordinary resolution is required for the following Matters**

- To change or rectify the name of the company.
- To alter the share capital of the company



- To redeem the debentures
- To declare the dividends
- To approve annual accounts and balance sheet
- To appoint the directors
- To increase or decrease the number of directors within the limits prescribed
- To remove a director and appoint another director in his place
- To make inter corporate investment, within the limits
- To approve voluntary winding up if the articles authorize
- To fill up the vacancy in the office of liquidator, etc.,

#### b) Special resolution:

- A special resolution is the one which is passed by a not less than 75% of majority. The number of votes, cast in favour of the votes cast against it.
- The intention of proposing a resolution as a special resolution must be specifically mentioned in the notice of the general meeting.

#### Special resolution is required for the following matters

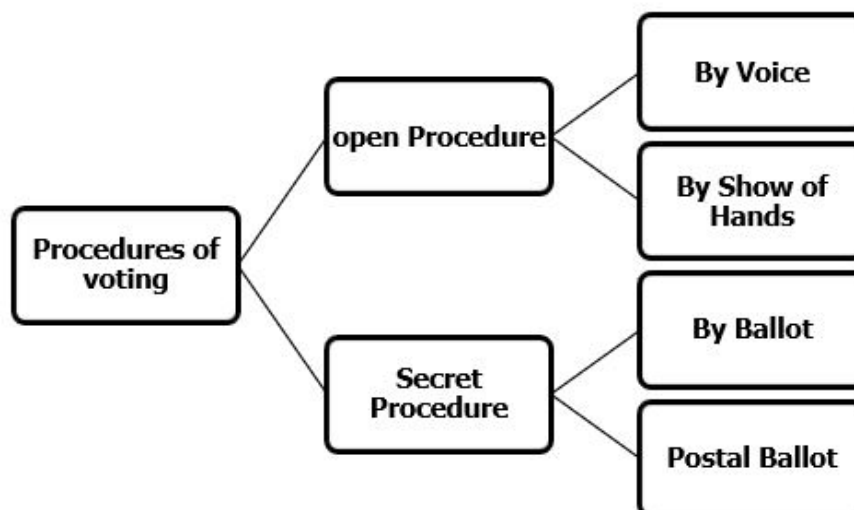
- To change the registered office of the company from one state to another

- To change the objectives of the company
- To change the name of the company
- To alter the articles of association
- To reduce the share capital subject to the confirmation of the court.
- To commence any new business
- To appoint the auditor for the company
- To appoint the sole selling agent in specified cases
- To determine the remuneration of the director and the managing director

#### c) Resolution requiring special notice:

- ❖ There are certain matters specified in the companies act, 2013 which may be discussed at a general meeting only if a special notice is given at least 14 days before the meetings.
- ❖ The intention to propose any resolution must be notified to the company. The following matters require special notice before they are discussed in the meeting.
  - To appoint an auditor, a person other than a retiring auditor
  - To provide expressly that a retiring auditor shall not be reappointed
  - To remove a director before the expiry of his period of office
  - To appoint a director in the place of a director so removed.

### 5. Explain different types of open and secret types of voting?



### Procedures of voting:

There are two distinct procedures of voting viz., open and secret procedures.

#### i) Open procedure:

- This type of voting has no secrecy as the all the members assembled can see voting.
- There are two popular method of open voting namely voice and voting by show of hands.

#### a) By voice:

- voice voting is a popular type of voting in which the chairman allows the members to raise their voice in favour or against an issue 'Yes' for approval and 'No' for rejection.
- Chairman announces the result of voice voting on the basis of strength of words shouted.
- It is an un scientific method. It cannot be employed for deciding complex issue.

#### b) By show of hands:

- Under this method the chairman, requests the members to raise their hands of those who are in favour of the proposal or candidate and the then request those are against.
- Then the chairman counts the number of hands raised for yes and no respectively can announce the result on the basis of hands counted.

#### ii) Secret procedure:

- Secret procedure is adopted to decided certain vital issues.
- it is a popular voting method that could maintain the secrecy of the voter.

#### c) By Ballot:

- Under this system, ballot paper bearing serial number is given to the members to record their opinion by marketing with the symbol or shareholders have to cast their vote in a secret chamber and put the ballot paper into the ballot box.
- The chairman opens the ballot box in the presence of tellers or scrutinizers and counts the votes. He rejects the defective or wrongly marked ballot papers.
- The defective or wrongly marked ballot papers. The votes are counted and the results are announced.

### ADDITIONAL QUESTIONS:

#### I. CHOOSE THE CORRECT ANSWERS:

- A company secretary is considered to be \_\_\_\_\_.**  
a) A member of the company  
b) A director of the Company  
c) An independent contractor  
d) An employee of the company
- The word secretary has originated from \_\_\_\_\_.**  
a) Latin  
b) French  
c) Spanish  
d) None
- Companies Secretary's Qualification Rules was established in the year \_\_\_\_\_.**  
a) 1975    b) 1965    c) 2006    d) 2015
- Company Secretary should have a thorough knowledge on \_\_\_\_\_.**  
a) Company Law  
b) Mercantile Law  
c) Labour Law  
d) All of the above
- A Meeting held to transact the ordinary business of the company is known as \_\_\_\_\_.**  
a) Annual General Meeting  
b) Statutory Meeting  
c) Board Meeting  
d) None
- First meeting of directors should be convened within \_\_\_\_\_ days from the date of incorporation of the company**  
a) 15    b) 30    c) 45    d) 90
- The audit committee should meet at least \_\_\_\_\_ times in a year.**  
a) Two  
b) Five  
c) Nine  
d) Four
- A resolution which is passed by a not less than 75% of the majority is known as \_\_\_\_\_.**  
a) Ordinary resolution  
b) Special resolution  
c) Resolution requiring Special Notice  
d) None of the above



9. The word 'Vote' is originated from the Latin word \_\_\_\_\_.

- a) Votum                                      b) Votus  
c) Voture                                      d) None

10. \_\_\_\_\_ means tendering or offering vote by ballot to a specially appointed officer.

- a) Resolution                                      b) Poll  
c) Pull    d) None

11. Assertion (A): The first general meeting of the public company is called Statutory meeting.

Reason(R): A private company or a public company having not share capital need not conduct a statutory meeting.

**Codes:**

- (A) Both (A) and (R) are correct.  
(B) Only (A) is correct, but (R) is wrong.  
(C) Only (R) is correct, but (A) is wrong.  
(D) Both (A) and (R) are wrong.

12. Assertion (A): The company secretary is responsible for deduction of income tax from salaries, dividends and interest payable.

Reason(R) : The company secretary should be comply with the MWA & ESIA.

**Codes:**

- (A) Both (A) and (R) are correct and (R) is correct explanation of (A).  
(B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).  
(C) (A) is correct, but (R) is incorrect.  
(D) (A) is incorrect, but (R) is correct

13. Assertion(A): The AGM should be held once in a year.

Reason(R): The difference between two general meeting should not exceed fifteen months.

**Codes:**

- (A) Both (A) and (R) are correct and (R) is correct explanation of (A).  
(B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).  
(C) (A) is correct, but (R) is incorrect.  
(D) (A) is incorrect, but (R) is correct

14. Statement (A): Meeting of the directors are called as Board Meetings.

Statement (R): First Board meeting of directors should be convened with 30 days from the date of incorporation of the company.

- (A) Both (A) and (R) are false  
(B) (A) is true, but (R) is false.  
(C) (A) is false, but (R) is true.  
(D) Both (A) and (R) are true

15. Statement (A): Committee meeting should be done at least four times in a year.

Statement (II): The audit meetings are also known as committee meetings.

**Codes:**

- (A) Both (A) and (R) are correct and (R) is correct explanation of (A).  
(B) Both (A) and (R) are correct, but (R) is not a correct explanation of (A).  
(C) (A) is correct, but (R) is incorrect.  
(D) (A) is incorrect, but (R) is correct

16. Match the following:

List I	List II
a. Income tax act	i. Tax-returns to sales tax authorities
b. Indian stamp act	ii. Welfare measures
c. Sales tax act	iii. TDS
d. Employee state insurance act	iv. Proper stamps are affixed

- a)      b)      c)      d)  
a) 4      3      1      2  
b) 3      4      1      2  
c) 3      2      1      4  
d) 4      3      2      1

17. Match the List

List I	List II
a. Annual general meeting	i. meeting between two AGM
b. Board Meeting	ii. Special meeting
c. Bond holders meeting	iii. Meetings of the Director
d. Extra-ordinary general meeting	iv. Meetings of shareholder

- a) b) c) d)  
 a) 4 3 1 2  
 b) 3 4 1 2  
 c) 3 2 1 4  
 d) 4 3 2 1

ANSWERS									
1	d	2	a	3	a	4	d	5	a
6	b	7	d	8	b	9	a	10	b
11	a	12	a	13	a	14	d	15	b
16	b	17	d						

## II. VERY SHORT ANSWER QUESTIONS:

### 1. Write a note on Voting by show of hands.

- ❖ Under this method the Chairman, requests the members to raise their hands of those who are in favour of the proposal or candidate and then requests those are against.
- ❖ Then the Chairman counts the number of hands raised for Yes and No respectively can announce the result on the basis of hands counted.

### 2. Under what circumstances the secretary may be terminated?

The secretary may be terminated under the following situations:

1. when his term of appointment has expired;
2. when he is given a proper notice of dismissal as per the terms of agreement of employment;
3. when he makes a secret profit;
4. when he misconducts himself ;
5. where he is found to be guilty of moral turpitude, negligence, disobedience, incompetence.
6. where he suffers from permanent mental and physical disabilities.

### 3. What are all the matters require special notice before they are discussed in the special notice resolution meeting?

The following are the points to be discussed :

- ❖ To appoint an auditor, a person other than a retiring auditor
- ❖ To provide expressly that a retiring Auditor shall not be reappointed
- ❖ To remove a director before the expiry of his period of office

- ❖ To appoint a director in the place of a director so removed

## III. SHORT ANSWER QUESTIONS:

### 1. What is meant by Postal Ballot?

- ❖ Big companies or big associations having members scattered all over the country follow this method of voting.
- ❖ Under this method serially numbered ballot papers are sent by post in sealed covers to the members, who are living at a distance place, are unable to attend the meeting physically.
- ❖ The members or votes fill in the ballot papers and return them in sealed covers which are opened when the ballot box is opened for counting the votes.

### 2. Write a note on Appointment of Company Secretary.

- ❖ Every unlisted company and every private company having a paid up capital of Rs.5 crore or more must also have a full time secretary.
- ❖ Only an individual who is a member of institute of company secretaries of India can be appointment as a company secretary.
- ❖ **Appointment By the Promoters:** The first secretary of a company is appointed by the promoters at pre-incorporation stage and such is mentioned in the Articles of Association.
- ❖ **Appointment by the First Board of Directors:** After the company has been registered, the first board of directors appoints the secretary at the first board meeting. The board of directors can continue the existing secretary appointed by promoters or can appoint a new company secretary.

## IV. LONG ANSWER QUESTIONS:

### 1. What are the reasons for making a special resolution?

Special resolution is required for the following matters

- ❖ To change the registered office of the company from one state to another
- ❖ To change the objectives of the company

- ❖ To change the name of the company
- ❖ To alter the articles of association
- ❖ To reduce the share capital subject to the confirmation of the court
- ❖ To commence any new business
- ❖ To appoint the auditor for the company
- ❖ To appoint the sole selling agents in specified
- ❖ To determine the remuneration of the director and the managing director.

## 2. What are the Statutory Qualifications of a Company Secretary?

- ❖ In case of a company having a paid-up share capital of 5 crore or more, the Secretary must be a member of the Institute of Company Secretaries of India incorporated under the Companies Act, 1956, and licensed under Sec. 25 of that Act.
- ❖ A person who is a member of the Institute of Chartered Secretaries of London shall also be eligible for appointment as Secretary of such a company.
- ❖ In the case of any other company, one or more of the following qualifications shall have to be possessed by the Secretary:
  - ❖ Qualifications specified in clause (a) above
  - ❖ A degree in law granted by any university.
  - ❖ Membership of the Institute of Chartered Accountants of India.
  - ❖ Membership of the Institute of Cost and Works Accountants of India.
  - ❖ A post-graduate degree or diploma in Management or Commerce granted by any university or the Indian Institute of Management.

- ❖ A diploma in Company Law granted by any Indian Law Institute.

## 3. What are the powers and rights of company secretary?

- a) Supervision and Control: As a head of the office, a company secretary has the rights to supervise, direct and control all office activities of subordinate offices.
- b) Signing authority: Being a principal officer, a company secretary can sign contracts, proceedings of the company meeting, files and documents on behalf of the company.
- c) Exercising power: He has the right to exercise powers as granted by board of directors.
- d) Issuing testimonial: A company secretary can issue testimonials to employees on behalf of the company.
- e) Claiming salary and damages: As per contract, he has the right to claim his salary and other allowances. He can also take legal action against the company if there is any breach of contract. Before his services are terminated, he can demand a reasonable notice and claim damages for his wrongful Signing dismissal.
- f) Preferential creditor: During winding up of a company, company secretary can claim his legal dues on a preferential basis.
- g) Attending meeting: He has the right to be physically present in the meetings of the shareholders and board of directors.

**CLASS  
XII STD**

## **MODEL QUESTION PAPER (2019-2020)**

### **Commerce**

**Time : 2.30 Hours**

**Marks : 90**

#### **Part-A**

**CHOOSE THE CORRECT ANSWER:**

**20x1=20**

1. Which of the following feature does not form one of Fayol's 14 principles of management?  
a) Esprit de Corps      b) Individualism      c) Initiative      d) Order
2. POSDCORB means \_\_\_\_\_  
a) Planning, Organising, Directing, Controlling, Report Writing  
b) Planning, Organising, Staffing, Directing, Controlling, Reporting and Budgeting  
c) Planning, Organising, Staffing, Directing, Costing, Reconciliation and Budgeting  
d) None of the above
3. Which one of the following is not true for MBO?  
a) It acts as an effective performance appraisal tool  
b) The superior evaluates the individual concerned  
c) It forces the management to plan the activities in a systematic way  
d) Better management and improved communication.
4. The market for buying and selling of Commercial Bills of Exchange is known as a \_\_\_\_\_.  
a) Commercial Paper Market      b) Treasury Bill Market  
c) Commercial Bill Market      d) Capital Market
5. \_\_\_\_\_ is the oldest stock exchange in the world.  
a) London Stock Exchange      b) Bombay Stock Exchange  
c) National Stock Exchange      d) Amsterdam Stock Exchange
6. Human resource management determines the \_\_\_\_\_ relationship.  
a) internal, external      b) employer, employee  
c) Owner, Servant      d) Principle, Agent
7. Recruitment bridges gap between \_\_\_\_\_ and \_\_\_\_\_.  
a) job seeker and job provider      b) job seeker and agent  
c) job provider and owner      d) owner and servant
8. Identify the test that acts as an instrument to discover the inherent ability of a candidate.  
a) Aptitude Test      b) Attitude Test  
c) Proficiency Test      d) Physical Test

- 9. Case study method is \_\_\_\_\_ type of trainee.**  
 a) Only theoretical training                      b) Both theory and practical training  
 c) Hands on training                              d) Observation Training
- 10. Which of the below is a factor of production?**  
 a) Land    b) Labour  
 c) Entrepreneurship                              d) All of the above
- 11. A person who is inspired to take up entrepreneurial activity is known as \_\_\_\_\_.**  
 a) Pure Entrepreneur                              b) Spontaneous Entrepreneur  
 c) Motivated Entrepreneur                      d) Induced Entrepreneur
- 12. Which of the following institution helps to set up a network of technical consultancy organizations in the country.**  
 a) TCO    b) ITC  
 c) EGB    d) None of the above
- 13. As per section 2(12), of the sale of Goods Act, quality of goods include \_\_\_\_\_.**  
 a) State of goods                                  b) Conditions of goods  
 c) Both (a) and (b)                              d) None
- 14. Match the following**

List I	List II
a. Royal Charter	i. Registration in India
b. Joint Stock Company Act	ii. England
c. English Joint Stock Companies Act	iii. East India
d. Indian Companies act	iv. Protect and preserve the rights of shareholders

- a b c d  
 a) 4 3 1 2  
 b) 3 4 1 2  
 c) 3 2 1 4  
 d) 4 3 2 1

- 15. First meeting of directors should be convened within \_\_\_\_\_ days from the date of incorporation of the company**  
 a) 15    b) 30  
 c) 45    d) 90
- 16. Find the odd one out**  
 a) Transfer of property                              b) Price  
 c) Warranty    d) Two parties

**17. Assertion (A):** When a company earns profit prior to its incorporation, it is called capital profit. **Reason (R):** Capital profit cannot be used for distribution as dividend to the shareholders. In the context of the above statements, which one of the following is correct?

**Codes:**

- a) (A) is correct, but (R) is wrong.
- b) Both (A) and (R) are correct.
- c) (A) is wrong, but (R) is correct.
- d) Both (A) and (R) are wrong

**18. Assertion (A):** A demat account holds all the shares that are purchased in electronic or dematerialized form. **Reason(R):** Every share holder should have a dematerialized account for the purpose of transacting.

- a) Both (A) and (R) are correct.
- b) Both (A) and (R) are incorrect.
- c) (A) is not correct, but (R) is correct.
- d) (A) is correct, but (R) is wrong.

**19. Marketing mix means a marketing program that is offered by a firm to its target \_\_\_\_\_ to earn profits through satisfaction of their wants.**

- a) Wholesaler                      b) Retailer
- c) Consumer                      d) Seller

**20. The General Assembly of United Nations passed resolution of consumer protection guidelines on**

- a) 1985                                  b) 1958
- c) 1986                                  d) 1988.

### Part-B

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**ANSWER ANY 7 QUESTION: (QUESTION No.30 IS COMPULSORY)**

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**7x2=14**

**21. Who is a shadow director?**

**22. What do you mean by Span of management?**

**23. What is known as KRA?**

**24. How is price determined in a Capital Market?**

**25. What is meant by Goods sent 'On Approval' or 'Sale or Return' Basis?**

**26. What are the rights of consumer according to John F. Kennedy?**

**27. What is Caveat Emptor?**

**28. Write a short note on New Economic Policy**

**29. What is Sweat Equity Shares?**



**30. State the name of the following ventures:**

- a. Started by individuals for profit motive
- b. Started by Government
- c. Started by individuals and Government together
- d. Started as a family business

**Part-C**

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**ANSWER ANY 7 QUESTION: (QUESTION No.31 IS COMPULSORY)**

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**7x3=21**

- 31. What do you mean by marketing mix? Describe any two elements.
- 32. Write a note on Appointment of Company Secretary.
- 33. What is meant by Dematerialization?
- 34. What is vestibule training?
- 35. Write a note on National Clearance and Depository System (NCDS).
- 36. What is meant by Account Payee Crossing?
- 37. Does District Forum exceeds the claim limit of Rs 20 lakhs. Explain the condition
- 38. Give any three cases in which an special resolution need to be passed
- 39. Why do you think the medical examinations of a candidate is necessary?
- 40. Expand the following: STEP, JAM, TREAD, M-SIPS, SEED and New Gen IEDC

**Part-D**

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**ANSWER ALL THE QUESTIONS:**

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**7x5=35**

- 41. Describe the principles of scientific management.  
(or)  
Distinguish between new issue market and secondary market.
- 42. What are the types of Speculator? Explain  
(or)  
What are the functions of SEBI?
- 43. Elaborate on the factors affecting recruitment  
(or)  
What are the difference between on the job training and off the job training?
- 44. Compare the concept of social marketing with service marketing.  
(or)  
What are the salient features of the Consumer Protection Act, 1986?

**45. Explain the micro environmental factors of business.**

**(or)**

**Distinguish between sale and agreement to sell**

**46. Explain the different kinds of endorsements**

**(or)**

**Explain in detail the various functions of an entrepreneur**

**47. Write the difference between Debentures and Shares:**

**(or)**

**Elaborate the functions of the Company Secretary**

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