



SHORT ANSWER TYPE QUESTIONS

Question 1. What is meant by a Debenture?

Answer: Debenture The word 'Debenture' has been derived from a Latin word 'debere' which means to borrow.

Debenture is a written instrument acknowledging a debt under the common seal of the company. It contains a contract for repayment of principal after a specified period or at intervals or at the option of the company and for payment of interest at a fixed rate payable usually either half-yearly or yearly on fixed dates.

According, to Section 2(12) of The Companies Act, 1956 'Debenture' includes Debenture Stock, Bonds and any other securities of a company whether constituting a charge on the assets of the company or not.

Question 2. What does a Bearer Debenture mean?

Answer: Bearer debentures are the debentures which can be transferred by way of delivery and the company does not keep any record of the debenture holders. Interest on debentures is paid to a person who produces the interest coupon attached to such debentures.

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