

தொகுப்பு: ந. சண்முகசுந்தரம் (மருதம் ஆசிரியர்), அ.எண்: 96598 38789

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HIGHER SECONDARY SECOND YEAR

Last minute study questions

COMMERCE - Inside

Drucker stresses three jobs of management:

- Managing a business;
- Managing manager; and
- Managing workers and work.

There are twin purposes of the management process:

- Maximum productivity or profitability and
- Maximum human welfare and satisfaction.

Differences between Management Vs Administration

BASIS FOR COMPARISON	MANAGEMENT	ADMINISTRATION
Meaning	An organized way of managing people and things of a business organization is called the Management.	The process of administering an organization by a group of people is known as the Administration.
Authority	Middle and Lower Level	Top level
Role	Executive	Decisive
Concerned with	Policy Implementation	Policy Formulation
Area of operation	It works under administration.	It has full control over the activities of the organization.
Applicable to	Profit making organizations, i.e. business organizations.	Government offices, military, clubs, business enterprises, hospitals, religious and educational organizations.
Decides	Who will do the work? And How will it be done?	What should be done? And When is should be done?

The Span of Management has two implications:

- Influences the complexities of the individual manager's job
- Determine the shape or configuration of the Organization

DO YOU KNOW? The generation Z workers motivators are as follows:

- Flexible schedule
- Skip annual performance review
- Embrace tech centered work place
- Plan for in-person interaction
- Expect to provide more structure and direction
- Re-evaluate formal education
- Have a plan for professional growth
- Set clear expectations
- Make them feel valued
- Be transparent.

3.05 Advantages of MBO

The advantages of MBO are explained below:

- Managers are involved in objectives setting at various levels of management under MBO and this commitment ensures hard work to achieve them.
- MBO process helps the managers to understand their role in the total organisation.
- Manager recognises the need for planning and appreciates the planning.
- MBO provides a foundation for participative management. Sub-ordinates are also involved in goal setting.

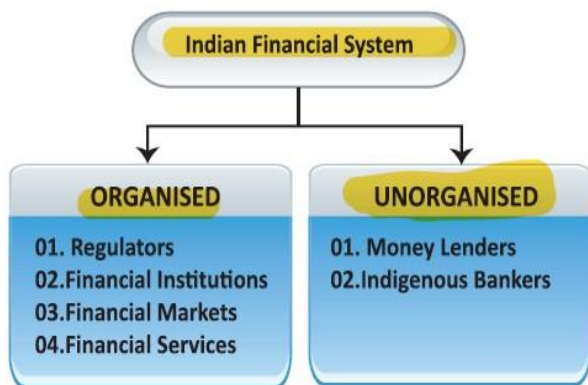
3.09 Advantages of MBE

Management by exception provides the following benefits:

- It saves the time of managers because they deal only with exceptional matters. Routine problems are left to subordinates.
- It focuses managerial attention on major problems. As a result, there is better utilisation of managerial talents and energy.
- It facilitates delegation of authority. Top management concentrates on strategic decisions and operational decisions are left to the lower levels. There is increase in span

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BASIS FOR COMPARISON	NEW ISSUE MARKET	SECONDARY MARKET
Meaning	The market place for new shares is called primary market. (Initial Issues Market)	The place where formerly issued securities are traded is known as Secondary Market. (Resale Market)
Buying	Direct	Indirect
Financing	It supplies funds to budding enterprises and also to existing companies for expansion and diversification	It does not provide funding to companies
How can securities be sold?	Only once	Multiple times
Buying and Selling between	Company and Investors	Investors
Gained person	Company	Investors
Intermediary	Underwriters	Brokers
Price	Fixed price	Fluctuates, depends on the demand and supply force
Organizational difference	Not rooted to any specific spot or geographical location	It has physical existence

4.03 Types of Financial Markets

Financial Markets can be classified in different ways. They are as follows:

a. On the Basis of Type of Financial Claim

- Debt Market** is the financial market for trading in Debt Instrument (i.e. Government Bonds or Securities, Corporate Debentures or Bonds)
- Equity Market** is the financial market for trading in Equity Shares of Companies.

b. On the Basis of Maturity of Financial Claim

- Money Market** is the market for short term financial claim (usually one year or less) E.g. Treasury Bills, Commercial Paper, Certificates of Deposit
- Capital Market** is the market for long term financial claim more than a year E.g. Shares, Debentures

c. On the Basis of Time of Issue of Financial Claim

- Primary Market** is a term used to include all the institutions that are involved in the sale of securities for the first time by the issuers (companies). Here the money from investors goes directly to the issuers.
- Secondary Market** is the market for securities that are already issued. Stock Exchange is an important institution in the secondary market.

(v) National Stock Exchange of India Limited (NSEI)

NSEI was established in 1992 to function as a model stock exchange. The Exchange aims at providing the advantage of nation-wide electronic screen based "scripless" and "floorless" trading system in securities. The institution is expected to allow for an efficient and transparent system of securities trading.

6.03 Money Market vs. Capital Market

The difference between a money market and capital market is briefly stated in the following table.

Sl. No	Features	Money Market	Capital Market
1	Duration of Funds	It is a market for short-term loanable funds for a period of not exceeding one year.	It is a market for long-term funds exceeding period of one year.
2	Supply of Funds	This market supplies funds for financing current business operations working capital requirements of industries and short period requirements of the government.	This market supplies funds for financing the fixed capital requirements of trade and commerce as well as the long-term requirements of the government.
3	Deals with Instruments	It deals with instruments like commercial bills (bill of exchange, treasury bill, commercial papers etc.).	It deals with instruments like shares, debentures, Government bonds, etc.,
4	Money Value	Each single money market instrument is of large amount. A treasury bill is of minimum for ₹25000. Each certificate of deposits or commercial paper is for minimum of ₹5 lakhs.	Each single capital market instrument is of small amount. Each share value is ₹10. Each debenture value is ₹100.
5	Role of Major Institution	The central bank and commercial banks are the major institutions in the money market.	Development banks and Insurance companies play a dominant role in the capital market.

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6.04 Participants in Money Markets

There are many participants operating in the Money Market. The participants deal with the money market instruments like Treasury Bills, Commercial Bills, Commercial Papers, etc.,

1. Government of different countries
2. Central Banks of different countries
3. Private and Public Banks
4. Mutual Funds Institutions
5. Insurance Companies
6. Non-Banking Financial Institutions
7. RBI and SBI
8. Commercial Banks
9. State Governments
10. Public

General Features

Treasury Bills incorporate the following general features.

1. Issuer
2. Finance Bills
3. Liquidity
4. Vital Source
5. Monetary Management

On the basis of periodicity, Treasury Bills may be classified into three. They are:

- 1) 91 days Treasury Bills
- 2) 182 days Treasury Bills and
- 3) 364 days Treasury Bills

Features

The features of the Commercial Bills are as follows:

1. Drawer
2. Acceptor
3. Payee
4. Discounter
5. Endorser
6. Assessment
7. Maturity
8. Credit Rating



London Money Market is the oldest, most developed and leading Money Market in the world.

New York Money Market is ranked as the second well-developed Money Market in the world next only to the London Money Market.

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7.03 Features of Stock Exchange:

These are various qualities of a Stock Exchange. Such qualities are enumerated below:

1. Market for Securities

Stock exchange is a market, where securities of corporate bodies, government and semi-government bodies are bought and sold.

2. Deals in Second Hand Securities

It deals with shares, debentures bonds and such securities already issued by the companies. In short, it deals with existing or second hand securities and hence it is called secondary market.

3. Regulates Trade in Securities

Stock exchange does not buy or sell any securities on its own account. It merely provides the necessary infrastructure and facilities for trade in securities to its members and brokers who trade in securities. It regulates the trade activities so as to ensure free and fair trade.

4. Allows Dealings only in Listed Securities

In fact, stock exchanges maintain an official list of securities that could be purchased and sold on its floor. Securities which do not figure in the official list of stock exchange are called unlisted securities. Such unlisted securities cannot be traded in the stock exchange.

Bear



A bear or Mandiwala speculator expects prices to fall in future and sells securities at present with a view to purchase them at lower prices in future. A bear does not have securities at present but sells them at higher prices in anticipation that he will supply them by purchasing at lower prices in future. A bear usually presses its victim down to ground. Similarly the bear speculator tends to force down the prices of securities. A bear is a pessimistic speculator.

Lame Duck



When a bear finds it difficult to fulfill his commitment, he is said to be struggling like a lame duck. A bear speculator contracts to sell securities at a later date. On the appointed time he is not able to get the securities as the holders are not willing to part with them. In such situations, he feels concerned. Moreover, the buyer is not willing to carry over the transactions.

Activate Wind

Stock Exchange Vs Commodity Exchange.

SLNo	Feature	Stock Exchange	Commodity Exchange
1.	Meaning	Stock Exchange (also called Stock Market or Share Market) is one important constituent of capital market. Stock Exchange is an organized market for the purchase and sale of industrial and financial security. It is convenient place where trading in securities is conducted in a systematic manner i.e. as per certain rules and regulations.	A commodity exchange is an exchange where commodities are traded. Tradable commodities fall into the following categories. Metals (e.g. gold, silver, copper) Energy (e.g. crude oil, natural gas) Agricultural (e.g. rice, wheat, cocoa) Livestock and meat (e.g. live cattle, lean hog)
2.	Function	Providing easy marketability	Offering hedging or price insurance services and liquidity to securities.
3.	Object	Object is facilitating capital formation and making best use of capital resources	Object is facilitating goods flow through risk reduction
4.	Participants	Investors and Speculators	Producers, dealers, traders and a body of speculators.
5.	Period of dealings	Cash, ready delivery and dealings for account for a fortnight	Instant cash dealings and a settlement period of 2 or 3 months for Future Market dealings

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DO
YOU
KNOW?

NIFTY

The word Nifty originates from 2 words, 'National' and 'Fifty'. Nifty basically means the index of the 50 most actively traded stocks from across all sectors. Nifty represents the top stocks of the NSE and when we talk about Nifty going up, it means that all the heavyweight stocks of NSE across all sectors are moving up. Most of the stock trading in the country is done through

NIFTY 50

NSE and BSE. There are other stock exchanges as well, like the Calcutta stock exchange, but they are not that popular. Nifty consists of top 50 companies from 24 different sectors. Nifty is computed from the

DO
YOU
KNOW?

SENSEX

Sensex is an index of the stocks in BSE (Bombay Stock Exchange). Sensex has a list of 30 stocks. BSE decides the stocks that are to be listed on Sensex. The criteria for picking a stock to be listed on Sensex is volume of the trade of that stock and total volume of the stock in BSE.



Based on the above said factors, BSE regularly prepares a set of 30 stocks which will be together called as SENSEX. BTW Sensex means sensitive Index. Now each stock is allotted a weight-age according to a criteria and the criteria also keeps on changing with time. So now stocks are normally traded in

DO
YOU
KNOW?

Lombard Street

Lombard Street, London, is a street notable for its connections with the City of London's merchant, banking and insurance industries, stretching back to medieval times.

From Bank junction, where nine streets converge by the Bank of England, Lombard Street runs southeast for a short distance before bearing left into a more easterly direction, and terminates at a junction with Grace church Street and Fenchurch Street. Its overall length is 260 metres. It has often been compared with Wall Street in New York City.



DO
YOU
KNOW?

Wall Street

Wall Street is a street in lower Manhattan that is the original home of the New York Stock Exchange and the historic headquarters of the largest U.S. brokerages and investment banks. The term Wall Street is also used as a collective name for the financial and investment community, which includes

stock exchanges and large banks, brokerages, securities and underwriting firms, and big businesses. Today, brokerages are geographically diverse, allowing investors free access to the same information available to Wall Street's tycoons.



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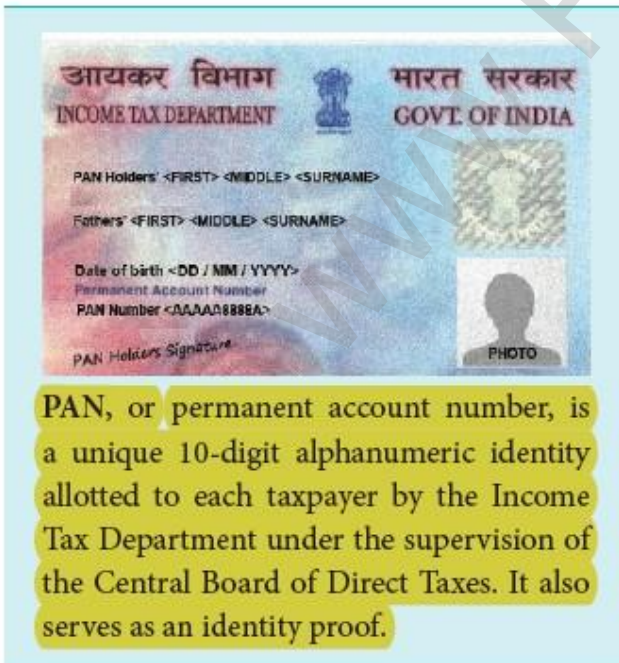
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8.06 Benefits of Dematerialization

- The risks pertaining to physical certificates like loss, theft, forgery and damage are eliminated completely with a DEMAT account.
- The lack of paperwork enables quicker transactions and higher efficiency in trading.
- Trading has become more convenient as one can trade through computers at any location, without the need of visiting a broker.
- The shares that are created through mergers and consolidation of companies are credited automatically in the DEMAT account.

What is Demat Account?

A demat account holds all the shares that are purchased in electronic or dematerialized form. Basically, a demat account is to shares what a bank account is to money. Like the bank account, a demat account holds the certificates of financial instruments like shares, bonds, government securities, mutual funds and exchange traded funds (ETFs).



PAN, or permanent account number, is a unique 10-digit alphanumeric identity allotted to each taxpayer by the Income Tax Department under the supervision of the Central Board of Direct Taxes. It also serves as an identity proof.

9.05 Features of Human Resource Management

The following are the characteristics of human resource management :

- Universally relevant** : Human Resource Management has universal relevance. The approach and style varies depending the nature of organisation structure and is applicable at all levels.
- Goal oriented** : The accomplishment of organisational goals is made possible through best utilisation of human resource in an organisation.
- A systematic approach** : Human resource management lays emphasis on a systematic approach in managing the tasks performed by human resource of an organisation. The two sets of functions performed are managerial and operative functions.
- It is all pervasive** : Wherever there is existence of human resource the effective management of the available human resource is very important especially in functional areas.
- It is a continuous process** : As long as there is human resource in the running of an organisation, the activities relating to managing human resource exists.

Reasons Behind Recruitment :

There are different reasons why vacancy arises and they are

- Retirement of an employee
- Death of an employee
- Resignation of job by an employee
- Disablement of an employee
- Dismissal of an employee

Recruitment Process Outsourcing



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SELECTION TEST

ABILITY TESTS

01. APTITUDE
02. ACHIEVEMENT
03. INTELLIGENCE
04. JUDGEMENT

PERSONALITY TESTS

01. INTEREST
02. PERSONALITY
03. PROJECTIVE
04. ATTITUDE

DO YOU KNOW?

Mental age and Actual (age wise) calculate the Flow of IQ level.

Formula for IQ :

$$\frac{\text{Mental Age}}{\text{Actual Age}} \times 100$$

(Physical age or current age)

Mental age: A person's mental age is a measurement of their ability to think when compared to the average person's ability at that age.

Example: Average intelligence or Average IQ = 100
If ten years old has a mental age 13,
Therefore, IQ = 130, ie, Above average.

Recruitment Vs Selection

S. No.	Basis of Comparison	Recruitment	Selection
1	Meaning	Recruitment is an activity of searching candidates and encouraging them to apply for it.	Selection refers to the process of selecting the suitable candidates and offering them job.
2	Approach	Approach under recruitment is positive one.	Approach under selection is negative one.
3	Objective	Inviting large number of candidates to apply for the vacant post	Picking up the most suitable candidates and eliminating the rest
4	Sequence	First	Second
5	Method	It is an economical method	It is an expensive method
6	Contractual relation	It involves the communication of vacancies. No contractual relation is established	It creates contractual relation between employer and employee
7	Process	Recruitment process is very simple	Selection process is very complex and complicated
8	Time	Requires less time since it merely involves just identifying vacancies and advertising them. Hence less time is required	It is more consuming as each and every candidate has to be tested on various aspects before selecting the candidates. Hence more time is required

12.04 Difference Between on the Job Training and off the Job Training

The major differences between these two training method is listed below.

Basis for comparison	On the Job Training	Off the Job Training
Meaning	The employee learns the job in the actual work environment.	Off the Job training involves the training of employees out side the actual work location
Cost	It is cheapest to carry out	It requires expenses like separate training rooms, specialist, resources like projectors.
Location	At the work place	Away from the work place
Suitable for	Generally imparted in case of Manufacturing for production related Jobs	Mostly imparted for managerial and non production related jobs.
Approach	Practical approach	Theoretical approach
Principle	Learning by performing	Learning by acquiring knowledge
Carried out	It is carried out by the experienced employee	Training which is provided by the experts.
Deals with	Training is very relevant and practical dealing with day-to-day requirement of job	It can more easily deal with groups of workers at the same time.

DO YOU KNOW?

PMKVY?

Pradhan mantra Kaushal Vikas Yojana is a unique initiative by the Government of India that aims to offer 24 lakh Indian Youth meaningful, industry relevant skill based training. Under this scheme, the trainees will be offered a financial reward and a government certification on successful completion of training and assessment, which will help them in securing a job for a better future. ICA (Infotech Private Ltd.) offers skill based training, under this initiative, in the following sectors:

- ✓ Agriculture
- ✓ Apparel, Manufacturing Made Ups and Furnishing
- ✓ Leather products
- ✓ Media and Entertainment
- ✓ Handicrafts
- ✓ Telecom

"Success is 80% Attitude and 20% aptitude"
(Funmiwale – Adegbite)

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13.02. Need for Market

- To exchange (barter) goods and services.
- To adjust demand and supply by price mechanism.
- To improve the quality of life of the society.
- To introduce new modes of life.
- To develop product by enhancing market segment.

V. On the Basis of Regulation

i. Regulated Market: These are types of markets which are organised, controlled and regulated by statutory measures.

Example: Stock Exchanges of Mumbai, Chennai, Kolkata etc.

ii. Unregulated Market: A market which is not regulated by statutory measures is called unregulated market. This is a free market, where there is no control with regard to price, quality, commission etc. Demand and supply determine the price of goods.

- DO YOU KNOW?**
- There is a Goat market in Aathur in Tamil Nadu.
 - There is a daily flower market in Hosur in Tamil Nadu.

G.B. Giles described seven functions of marketing:

- Marketing research
- Marketing planning
- Product development
- Advertisement and sales promotion
- Selling and distribution
- After sale services
- Public relations.

(iii) E-Commerce Vs E-Business

E-commerce simply refers to the buying and selling of products and services through online but E-business goes a way beyond the simple buying and selling, of goods and service and much wider range of business processes, such as supply chain management, electronic order processing and customer relationship management. E-Commerce and E-Business is used interchangeably in its broader meaning just as commerce and business.

(iii) Advantages of E-Marketing

- Any Time market: E - Marketing provides 24 hours and 7 days "24/7" service to its users. So consumer can shop or order the product anytime from anywhere.
- Direct contact of end consumer by the manufacturers cuts down the substantially intermediation cost. Thus products bought through e-marketing become cheaper.
- Customer can buy whatever they want/ need just by browsing the various sites.

(v) E-Market Vs Traditional Market

E-Marketing	Traditional Marketing
It is very economical and faster way to promote the products.	It is very expensive and takes more time to promote product.
It is quiet easier for promoting product globally in the short time.	It is very expensive and time consuming to promote product/ service under traditional marketing.
E-Business enterprises can expand their operation with minimum manpower.	It needs more man power.
In this marketing product can be sold or bought 24x7, round the year with minimum manpower	That is not possible in traditional marketing.

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15.09 Niche Marketing

Niche marketing denotes a strategy of directing all marketing efforts towards one well defined segment of the population. Actually there is no market in niche market. It is found by company, by identifying the need of customers which are not served or under served by the competitors. The company which identified niche market develops solution to satisfy the needs of niche market. A niche market does not mean a small market, but it involves specific target audience with a specialized offering. It

15.11 Ambush Marketing

Ambush marketing technique is a new technique whereby a particular advertiser seeks to connect his product to the event in the mind of potential customer without paying sponsoring expenses to the event. In other words it is a method of building brands in covert ways. For example X has sponsored a football event to promote his brand. Every time camera zooms on

16.04 Importance of Consumerism

Importance of consumerism lies in

1. Awakening and uniting consumers.
2. Discouraging unfair trade practices.
3. Protecting against exploitation.
4. Awakening the government.
5. Effective implementation of consumer protection laws.
6. Providing complete and latest information.
7. Discouraging anti-social activities

Role of Business

Business enterprises should do the following towards protecting consumers.

1. Avoidance of Price Hike

Business enterprises should desist from hiking the price in the context of acute shortage of goods /articles.

2. Avoidance of Hoarding

Business enterprises should allow the business to flow normally. It should not indulge in hoarding and black marketing to earn maximum possible profit in the short term at the cost of consumers.

3. Guarantees for Good Quality

Business enterprises should not give false warranty for the products. It should ensure supply of good quality.

What is the appeal provision?

1. Aggrieved by the orders issued by the District Consumer Redressal Forum appeal, petition can be filed before State Consumer Dispute Redressal Commission within 30 days from the date of receipt of orders
2. Aggrieved by the orders issued by the State Consumer Dispute Redressal Commission appeal petition can be filed before National Consumer Dispute Redressal Commission within 30 days from the date of receipt of orders
3. Aggrieved by the orders issued by the National Consumer Dispute Redressal Commission appeal petition can be filed before Supreme Court of India within 30 days from the date of receipt of orders

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VI. Global environment - With the rapid growth of technology the physical boundaries are fast disappearing and the new global market is emerging. The international environmental factors which affects a business are as follows;

- 1) Differences in language and culture
- 2) Differences in currencies
- 3) Differences in norms and practices
- 4) Differences in tastes and preferences of people
- 5) The tax structure relating to import and export.

20.07 Impact of Privatization

- (a) Privatization has a positive impact on the financial growth by decreasing the deficits and debts.
- (b) Increase in the efficiency of government undertakings.
- (c) Provide better goods and services to the consumers.
- (d) Making way for Foreign Direct Investment (FDI)

20.11 Highlights of the LPG Policy

Given below are the salient highlights of the Liberalisation, Privatisation and Globalisation Policy in India:

- (a) Introduction of new Foreign Trade Agreements
- (b) Foreign Investment (FDI & FII)
- (c) MRTP Act, 1969 (Amended)
- (d) Deregulation
- (e) Opportunities for overseas trade
- (f) Steps to regulate inflation
- (g) Tax reforms
- (h) Abolition of License

Sl. No	Basic of Difference	Condition	Warranty
1.	Meaning	It is a stipulation which is essential to the main purpose of the contract of sale.	It is a stipulation which is collateral to the main purpose of contract.
2.	Significance	Condition is so essential to the contract that the breaking of which cancels out the contract.	It is of subsidiary or inferior character. The violation of warranty will not revoke the contract.
3.	Transfer of Ownership	Ownership on goods cannot be transferred without fulfilling the conditions.	Ownership on goods can be transferred on the buyer without fulfilling the warranty.
4.	Remedy	In case of breach of contract, the affected party can cancel the contract and claim damages.	In the case of breach of warranty, the affected party cannot cancel the contract but can claim damages only.
5.	Treatment	Breach of condition may be treated as breach of warranty	Breach of warranty cannot be treated as breach of condition.

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Difference between Negotiability and Assignability

Sl. No.	Basic of Difference	Negotiability	Assignability
1.	Legal Ownership	It passes to the transferee by mere endorsement in the case of a bearer instrument and by endorsement and delivery in the case of an order instrument.	An assignment can be made by observing certain formalities. For instance, an instrument is to be made in writing, duly stamped and signed by the transferor or his agent.
2.	Notice	Notice is not necessary for the holder of negotiable instrument to claim the payment from the debtor.	In case of actionable claim, notice of the assignment by the transferee regarding the transfer of debt to the debtor is necessary.
3.	Nature of title	Holder of negotiable instrument in due course gets a better title than even the transferor. It means that the transferee gets the instrument free from any defect existing in the title of the transferor or any prior party.	The transferee's title to the instrument is subject to the defects of the transferor's title. In other words, defects in the title of the transferor pass on to the transferee too.
4.	Consideration	Consideration is presumed	The assignee has to prove the consideration for the transfer.

Difference between a Bill of Exchange and a Cheque

Sl. No.	Basic of Difference	Bill of Exchange	Cheque
1.	Drawn	A bill of exchange can be drawn on any person including a banker	A cheque can be drawn only on a particular banker.
2.	Payability	It is payable on demand or on the expiry of a certain period.	It is payable on demand only.
3.	Validity	A bill made payable to bearer on demand is void by virtue of section 31 of the RBI Act.	A cheque drawn payable to bearer on demand is perfectly valid.
4.	Acceptance	In case of time bill, acceptance by the drawee is necessary before he can be made liable on it.	A cheque does not require any acceptance.
5.	Grace period	Three days of grace are allowed while calculating the maturity date in the case of time bill.	No days of grace are allowed in the case of a cheque for the simple reason that it is always payable on demand.
6.	Notice	When a bill is dishonoured, notice of dishonour is necessary.	Notice is not necessary for a cheque.

Distinction between a Bills of Exchange and Promissory note

Sl. No.	Basic of Difference	Bill of Exchange	Promissory Note
1.	Nature of Undertaking	A bill of exchange contains an unconditional order to pay money.	A promissory note contains an unconditional undertaking to pay money.
2.	No. of Parties	There are three parties in a bill of exchange drawer, drawee and payee.	In a promissory note there are only two parties the maker and the payee.
3.	Drawer of the instrument	A creditor draws a bill on a debtor.	A debtor executes a promissory note in favour of a creditor.
4.	Identity of the parties	In a bill of exchange, both the drawer and the payee can be one and the same person.	In a promissory note, the maker himself cannot be the payee because the same person cannot be both the promisor and the promisee.

Differences between Entrepreneur and Intrapreneur

Basis	Entrepreneur	Intrapreneur
Thinking	Entrepreneur is a free thinker	Intrapreneur is forced to think independently but within scope of business activities undertaken in the enterprise.
Dependency	Entrepreneur is an independent person	Intrapreneur is dependent on the entrepreneur. He is an employee.
Fund Mobilization	Entrepreneur has to mobilize funds to finance the venture.	Intrapreneur does not engage in fund mobilization. But can access funds mobilized by the entrepreneur.

24.08 Classification According to Ownership

1. Private Entrepreneur

Ventures started by individual either singly or collectively at their own risk after mobilising various resources in order to earn profit are called private entrepreneurship.

2. State Entrepreneurship

Trading/industrial ventures started by Government under various formats like company, corporation, departments, board denotes state entrepreneurship.

3. Joint Entrepreneurship

Ventures started and owned by both private individuals and government denote joint ownership.

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4. Support to Training and Employment Programme for Women (STEP):

STEP was launched by the Government of India's Ministry of Women and Child Development to train women who have access to formal skill training facilities, especially in rural India. The Ministry of Skill Development & Entrepreneurship and NITI (National Institution for Transforming India formally it is called as planning commission) Aayog recently redrafted the Guidelines of the 30-year-old initiative to adapt to present-day needs. The programme imparts skills in several sectors such as agriculture, horticulture, food processing, handlooms, traditional crafts like embroidery, travel and tourism, hospitality, computer and IT services.

2. Make in India:

This scheme is designed to transform India into a global design and manufacturing hub, the Make in India initiative was launched in September 2014. It came as a powerful call to India's citizens and business leaders, and an invitation to potential partners and investors around the world to centralize information about opportunities in India's manufacturing sector. This has in turn helped procure investments, foster innovation, develop skills, protect intellectual property and build best-in-class manufacturing infrastructure.

9. Pradhan Mantri Kaushal Vikas Yojana (PMKVY):

A flagship initiative of the Ministry of Skill Development and Entrepreneurship (MSDE). This is a Skill Certification initiative which aims to train youth in industry-relevant skills to enhance employment opportunities for livelihood creation and employability.

7. Stand-Up India:

It was launched in 2015, Stand-Up India seeks to leverage institutional credit for the benefit of India's underprivileged. It aims at enabling economic participation of, women entrepreneurs, Scheduled Castes and Scheduled Tribes and share the benefit of Indian growth with the above mentioned categories. Towards this end, at least one woman and one individual from the SC or ST communities is granted loans between Rs.10 lakhs to Rs.1 crore to set up greenfield enterprises in manufacturing, services or the trading sector.

Kinds of Preference shares

There are eight types of preference shares. In case of dissolution of the company, any of the eight types would be paid out before other types of equity.

Cumulative Preference shares: As the word indicates, all dividends are carried forward until specified, and paid out only at the end of the specified period.

Non-cumulative Preference shares: The opposite of cumulative, obviously. Dividends are paid out of profits for every year. There are no arrears carried over a time period to be paid at the end of the term

Redeemable Preference shares: Such preference shares can be claimed after a fixed period or after giving due notice.

Non-Redeemable Preference shares: Such shares cannot be redeemed during the lifetime of the company, but can only be obtained at the time of winding up (liquidation) of assets.

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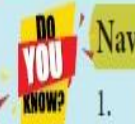
26.10 Distinction Between Debentures and Shares

S. No	DEBENTURES	SHARES
1.	Debentures constitute a loan.	Shares are part of the capital of a company.
2.	Middle and Lower Level	Top level
3.	Debenture holder gets fixed rate of Interest which carries a priorities over dividend.	Shareholders gets dividends with a varying rate.
4.	Debentures generally have a charge on the assets of the company.	Shares do not carry any such charge.
5.	Debentures can be issued at a discount without restrictions.	Shares cannot be issued at a discount.
6.	The rate of interest is fixed in the case of debentures	Whereas on equity shares, the dividend varies from year to year depending upon the profit of the company and the Board of directors decision to declare dividends or not.
7.	Debenture holders do not have any voting right	Shareholders enjoy voting right.
8.	Interest on debenture is payable even if there are no profits i.e. even out of capital.	Dividend can be paid to shareholders only out of the profits of the company and not otherwise.



Maharatnas Companies

1. National Thermal Power Corporation (NTPC)
2. Oil and Natural Gas Corporation (ONGC)
3. Steel Authority of India Limited (SAIL)
4. Bharat Heavy Electricals Limited (BHEL)
5. Indian Oil Corporation Limited (IOCL)
6. Coal India Limited (CIL)
7. Gas Authority of India Limited (GAIL)
8. Bharat Petroleum Corporation Limited (BPCL)



Navratnas Companies

1. Bharat Electronics Limited (BEL)
2. Container Corporation of India (CONCOR)
3. Engineers India Limited (EIL)
4. Hindustan Aeronautics Limited (HAL)
5. Hindustan Petroleum Corporation Limited (HPCL)
6. Mahanagar Telephone Nigam Limited (MTNL)
7. National Aluminium Company (NALCO)
8. National Buildings Construction Corporation (NBCC)

27.05 Number of Directors Required

Under section 149 (1) of the Companies Act, 2013 states that the requirement of Minimum/Maximum Number of Directors in a Company

Minimum Number of Directors

a) **Public Company:** Every Public company shall have a minimum number of 3 directors and

b) **Private company**

In case of One Person Company: The requirement of directors is one.

Other Private Companies: The minimum requirement of Directors is two.

27.10 Removal of Director

A Director of Company can be removed from his Office before the expiry of his term by

- a) the Shareholders
- b) the Central Government
- c) the Company Law Board

27.13 Rights of Director

Rights can be categorized into individual rights and collective rights.

Individual rights are such as

- (i) Right to inspect books of accounts
- (ii) Right to receive notices of board meetings
- (iii) Right to participate in proceedings and cast vote in favour or against resolutions
- (iv) Right to receive circular resolutions proposed to be passed
- (v) Right to inspect minutes of board meetings.

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Differentiate between managing director and whole-time directors of a company.

BASIS	MANAGING DIRECTOR	WHOLE-TIME DIRECTOR
Power	Managing Director is entrusted with substantial powers.	The Power is stated in the term of employment.
Prohibition	Section 197 Prohibits to act both a managing director and a manager simultaneously.	Sometimes a whole-time director may be appointed as manager and director of a company.
Appointment	Consent of the shareholders of the company by means of resolution is not necessarily for the appointment of managing director	Consent of shareholders of the company by a special resolution is must for the appointment of a whole-time director
Duration of Appointment	No individual can be appointed for more than five years at a time.	There is no such restriction regarding the appointment of a whole-time director.

Wouldn't it be interesting to know who are these highest paid CEOs in India?

Name	Annual Salary in Crores	Company Name
M. Naik	Rs. 66.14	L&T
Vishal Sikka	Rs. 48.73	Infosys
Desh Bandhu Gupta	Rs. 44.80	Lupin Ltd.,
Chandrasekaran	Rs. 25.60	TCS
Rahul Bajaj	Rs. 22.32	Bajaj Group
Yogesh Chander Deveshwar	Rs. 15.15	ITC Ltd.,
Mukesh Ambani	Rs. 15.00	RIL,

28.08 Kinds of Company Meetings

Under the Companies Act, 2013, Company meetings can be classified as under:

1. Meetings of Shareholders:

- (a) Statutory Meeting
- (b) Annual General Meetings (AGM)
- (c) Extraordinary General Meetings (EGM)

2. Meetings of the Directors

- (a) Board meetings
- (b) Committees meetings

3. Special Meetings

- (a) Class Meetings.
- (b) Creditors and of Debenture/bond holders meetings

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.

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