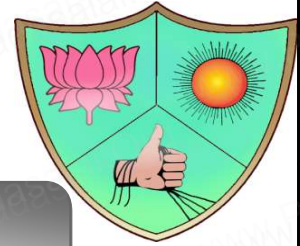




Padalsalai's Telegram Groups!

(தலைப்பிற்கு கீழே உள்ள லிங்கை கிளிக் செய்து குழுவில் இணையவும்!)

- **Padalsalai's NEWS - Group**
https://t.me/joinchat/NIfCqVRBNj9hhV4wu6_NqA
- **Padalsalai's Channel - Group**
<https://t.me/padasalaichannel>
- **Lesson Plan - Group**
<https://t.me/joinchat/NIfCqVWwo5iL-21gpzrXLw>
- **12th Standard - Group**
https://t.me/Padalsalai_12th
- **11th Standard - Group**
https://t.me/Padalsalai_11th
- **10th Standard - Group**
https://t.me/Padalsalai_10th
- **9th Standard - Group**
https://t.me/Padalsalai_9th
- **6th to 8th Standard - Group**
https://t.me/Padalsalai_6to8
- **1st to 5th Standard - Group**
https://t.me/Padalsalai_1to5
- **TET - Group**
https://t.me/Padalsalai_TET
- **PGTRB - Group**
https://t.me/Padalsalai_PGTRB
- **TNPSC - Group**
https://t.me/Padalsalai_TNPSC

VIVEKANANDA VIDYALAYA MATRIC HR SEC SCHOOL**PANNAIKADU PIRIVU****KODAIKANAL****COMMERCE****XII STANDARD****CHAPTER 16-28 MATERIAL****NAME :** _____**REG NO :** _____**PREPARED BY**

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முகவுரை

மாணவ நண்பர்களுக்கு,

வணிகவியல் பாடத்தில் நல்ல மதிப்பெண்களை பெற வேண்டும் என்ற நோக்கத்தில் எளிமையான முறையில் படிப்பதற்கு வசதியாக இந்த **material** - யை தொகுத்துள்ளேன். எனது பாணியில் எனது மாணவர்களுக்கு ஏற்றவாறு தயார் செய்த இந்த தொகுப்பை அனைத்து மாணவர்களும் பயன்பெற வேண்டும் என்ற நோக்கத்திலேயே வெளியிட்டுள்ளேன். எனது இந்த தொகுப்பில் ஏதேனும் பிழைகள் குறைகள் இருந்தால் சரிசெய்து கொள்ளவும். பின் தங்கிய மாணவர்களும் நல்ல மதிப்பெண்களை பெற வேண்டும் என்ற நோக்கத்திலேயே இதை தொகுத்துள்ளேன்.

தற்பொழுது அரசு வெளியிட்டுள்ள புது பாட புத்தக தொகுப்பு மிகவும் கடுமையான முறையில் உள்ளதால் மாணவர்கள் சிரம பட்டு படிக்க வேண்டிய சூழ்நிலையில் உள்ள இந்தச் சூழலில் **Chapter 16 to 28** - வரை தொகுத்துள்ளேன். முன்னதாகவே முதல் 15 பாடங்களை தொகுத்து வெளியிட்டுள்ளேன். முழு மதிப்பெண்கள் பெற இதுவே போதுமானது. முழு ஆண்டுத் தேர்வுக்கு தயாராக இதுவே போதுமானது.

மாணவ நண்பர்களே!! நேரத்தை சரியாக பயன்படுத்தி கொள்ளுங்கள். சரியான நேரத்தில் சரியான முறையில் படித்து வெற்றி பெற்று அடுத்த கட்ட நிலைக்கு செல்ல வேண்டிய இறுதி நிலையில் உள்ளாய். நேரத்தை வீணாக்காதே! அடுத்து என்ன செய்ய போகிறாய் என்பதை முதலில் தீர்மானி. மதிப்பெண்களை பெறுவதிலேயே கவனத்தை வை. முயன்றால் முடியாதது எதுவுமில்லை. கடினமாக தான் இருக்கும். கஷ்டப்பட்டு படித்தால் நல்ல முன்னேற்றத்தை அடைவாய்.

பள்ளி பருவத்தில் நீ பெறும் வெற்றியே உன் வாழ்க்கை முழுவதையும் தீர்மானிக்க போகிறது என்பதை நன்றாக கவனம் கொள். தினமும் காலையில் படிப்பதற்கு முன் உன் இலக்கு என்ன என்பதை இரு நிமிடம் யோசித்து பார். நீ செல்வது சரியான பாதையா என்று சிந்தி!!!! நல்ல பாதையே நல்ல முடிவை தரும். நல்ல மதிப்பெண்களை பெறுவதே உன் நோக்கமாக இருக்கட்டும். அதுவே உன் வாழ்க்கை என்னும் பாதைக்கு நல்வழிகாட்டும். பள்ளி வாழ்க்கையின் கடைசி நிலையில் உள்ளாய்!!!! இங்கு நீ பெறும் மதிப்பெண்களே உன் அடுத்த கட்ட பாதையை உருவாக்க போகின்றன என்பதை நினைவில் எப்பொழுதும் வை.

உன் பெற்றோரின் உழைப்பையும் சிந்தித்துப் பார். பிறகு படிக்க ஆரம்பி. கவனம் சிதறாமல் படிப்பில் கவனத்தை செலுத்துவாய். பிறகு நீயாகவே முயற்சி செய்து நல்ல மதிப்பெண்களையும் பெறுவாய்.

உங்களுக்காக நாங்கள்!!!!

உன் வெற்றியே எங்கள் வெற்றி!!!!!!

உங்கள் வெற்றியில் பெருமைப்பாட நாங்களும் காத்திருக்கிறோம்!!!!!!

WISH YOU ALL THE BEST FOR YOUR ANNUAL EXAMINATION

P. 
ஆசிரியர்

CHAPTER - 16**CONSUMERISM****I. Choose the Correct Answers:**

1. The term 'consumerism' came into existence in the year -----.

- a) 1960 b) 1957 c) 1954 d) 1958

2. Who is the father of Consumer Movement?

- a) Mahatma Gandhi b) Mr. Jhon F. Kennedy c) Ralph Nader d) Jawaharlal Nehru

3. Sale of Goods Act was passed in the year?

- a) 1962 b) 1972 c) 1982 d) 1985

4. The main objective of all business enterprises is -----

- a) Providing service b) Providing better standard of life
c) Providing necessities to the society d). Earn profit

5. The Consumer Protection Act came into force with effect from

- a) 1.1.1986 b) 1.4.1986 c) 15.4.1987 d) 15.4.1990

6. ----- of every year is declared as a Consumer Protection Day to educate the public about their rights and responsibilities.

- a) August 15 b) April 15 c) March 15 d) September 15

7. Any person who buys any goods or avails services for personal use, for considerations called

- a) Customer b) Consumer c) Buyer d) User

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

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

II. Very Short Answer Questions:

1. Who is a consumer?

- ✦ A consumer is one who consumes goods manufactured and sold by others.
- ✦ One, who avails services such as banking, transport, insurance, etc., is also called a consumer.

2. Define Consumerism.

"It is an attempt to enhance the rights and powers by buyers in relation to sellers."

- L. Massie

3. Give two examples of adulteration.

- Mixing of stones with grains
- Papayas seed is added to black pepper

4. What is Caveat Emptor?

- ✳ 'Caveat emptor' is a Latin term that means *"let the buyer beware."*
- ✳ The principle of caveat emptor serves as a warning to the buyers that they have no recourse with the seller if the product does not meet their expectations

5. What is Caveat Venditor?

- ♠ The principle of caveat venditor, which means *"let the seller beware,"* by which goods are covered by an implied warranty of merchantability.

6. Write short notes on Consumer Protection Act, 1986.

- ✳ The Act is referred in short as 'COPRA' .
- ✳ The Consumer Protection Act 1986 seeks to protect and promote the interests of consumers.

III. Short Answer Questions:**1. Which are the three constituent elements of business?**

- ☞ Producer
- ☞ Consumer
- ☞ Government

2. What are the important legislations related to consumerism in India?

- The Indian Contract Act, 1982 was passed to bind the people on the promise made in the contract.
- The Trademark Act, 1999 prevents the use of fraudulent marks on the product.
- The Competition Act, 2002 protects the consumers against unhealthy competition.

3. What is meant by artificial scarcity?

- There are certain situations where the shop-keepers put up the board 'No Stock' in front of their shops, even though there is plenty of stock in the store.
- In such situations consumers who are desperate to buy such goods have to pay high price to buy those goods and thus earning more profit unconscientiously.
- Even in Cinema houses, board may hang in the main entrance 'House Full' while cinema tickets will be freely available at a higher price in the black market.

4. Write the importance of consumerism.

- * Awakening and uniting consumers.
- * Discouraging unfair trade practices.
- * Protecting against exploitation.
- * Awakening the government.
- * Providing complete and latest information.

5. What is the role of Government in consumer protection?

- Since most of consumers including academically educated are illiterate about their rights and hence passive.
- Government should assure an active role in safeguarding the consumers.
- Government have brought out a number of legislations to protect the interest of consumers across the country.

IV. Long Answer Questions:**1. How consumers are exploited?****i). Selling at Higher Price:**

- The price charged by the seller for a product service may not be matching with the quality but at times it is more than the fair price.

ii). Adulteration:

- * It refers to mixing or substituting undesirable material in food.
- * This causes heavy loss to the consumers.
- * This will lead to monetary loss and spoil the health.

iii). False Advertisements:

- ➞ Advertisements convey very little information about the product.
- ➞ Many times it makes false representation about the quality, price, grade, composition, utility guaranteed, performance etc.

iv). Sub-standard:

- ⊛ On opening a packet or sealed container one may find the content to be of poor quality.
- ⊛ A consumer finds it difficult to exchange the defective one for good one.
- ⊛ Some seller give bills which contain a stipulation that goods sold cannot be taken back.

v). Warranty and Services:

- ♠ Warranty service may not be extended to many parts of the product sold.
- ♠ Thus consumers may be charged exorbitant charges in the name of repair costs.

2. Explain the role of business in consumer protection.

i). Avoidance of Price Hike

- ✪ Business enterprises should stop from hiking the price in the context of critical shortage of goods.

ii). 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.

iii) Guarantees for Good Quality

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

iv). Truth in advertising

- ✪ Business enterprises should not convey false, untrue, bogus information relating to the product through the advertisements in media and thus mislead the consumers.

v). Consumer Grievances

- ♣ Where the business enterprises have customer care department, it should handle the grievances' of consumer immediately or within a definite time frame.

3. What are the needs for consumer protection?

- ◆ Though consumer is said to be the king of entire business sphere, his interests are virtually neglected.
- ◆ Shortage of goods makes the consumers to be content with whatever is offered for sale.
- ◆ Quality is sacrificed warranty of performance has no meaning; health hazard is never considered.
- ◆ The other and highly injurious practice by the suppliers, especially in India, is widespread practice of adulteration of commodities.
- ◆ For instance, in case of drugs manufacturers generally charge high prices which are much above their cost of production.
- ◆ Some pharmaceutical companies misuse their patent rights to exploit consumers.
- ◆ Misleading advertising is another means by which the producers deceive the consumers

4. Explain the role of consumers in Consumer Protection.

- ✪ Ultimately it is the consumer who alone can put an end to all their unethical trade practices.

- ✧ In this context consumers have to be vigilant and organize themselves into a movement for concerted action.
- ✧ Consumer action councils established at village levels should educate consumers of the right.
- ✧ It should regulate business enterprises according to the rules of the industry.
- ✧ It should organize movement against the malpractice of manufacturers and traders.
- ✧ Consumer cooperatives need to be strengthened.
- ✧ There should be testing laboratories a teach district to test the purity of goods.

5. What are the objectives of Consumer Protection Act, 1986?

- Protection of consumers against marketing of goods which are hazardous and dangerous to life and property of consumers.
- Providing correct and complete information about quality, quantity, purity, price and standard of goods purchased by consumers.
- Protecting consumers from unfair trade practices of traders.
- Empowering consumers to seek redressal against exploitation
- Educating the consumer of their rights and duties
- Ensuring better standard of living for consumers by providing them with quality products at fair price.

6. Write about five important consumer legislations.

- ✧ **The Indian Contract Act, 1872** was passed to bind the people on the promise made in the contract.
- ✧ **The Agricultural Products Grading and Marketing Act, 1937** ensures the supply of agricultural commodities at high quality.
- ✧ **The Prevention of Food Adulteration Act, 1954** checks the adulteration of food articles and ensures purity of goods supplied and thus protects the health of consumers.
- ✧ **The Trademark Act, 1999** prevents the use of fraudulent marks on the product.
- ✧ **The Competition Act, 2002** protects the consumers against unhealthy competition.
- ✧ **The Food Safety Standard Act, 2006** regulates the manufacture, storage, and distribution of food in safe and wholesome condition to consumers.

7. What are the salient features of the Consumer Protection Act, 1986?

- ✧ Ensuring consumers with supply of goods at fair quality.
- ✧ Ensuring that consumers are charged fair price.

- ✱ Ensuring uninterrupted supply of goods.
- ✱ Ensuring the availability of goods incorrect quantity and right size.
- ✱ Protecting the consumers against unfair trade practices of unscrupulous trader
- ✱ Protecting the consumers against pollution of various kinds
- ✱ Protecting consumers against the evil effect of competition.

8. What are the objectives of United Nations guidelines for consumer Protection?

- ☞ To assist countries in maintaining adequate protection for their population as consumers.
- ☞ To facilitate production and distribution patterns responsive to the needs and desires of consumers.
- ☞ To encourage high levels of ethical conduct for those engaged in the production and distribution of goods and services to consumers.
- ☞ To assist countries in curbing abusive business practices by all enterprises at the national and international levels.
- ☞ To facilitate the developing of independent consumer groups.
- ☞ To further international co-operation in the field of consumer protection.
- ☞ To encourage the development of market conditions which provide consumers with greater choice at lower prices.

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CHAPTER - 17**CONSUMER PROTECTION****I. Choose the Correct Answers:**

1. The final aim of modern marketing is _____

- a. Maximum profit b. Minimum profit c. Consumer satisfaction d. Service to the society

2. ----- is the king of modern marketing.

- a. Consumer b. Wholesaler c. Producer d. Retailer

3. As the consumer is having the rights, they are also having -----.

- a. Measures b. Promotion c. Responsibilities d. Duties

4. Which of the following is not a consumer right summed up by John F. Kennedy

- a. Right to safety b. Right to choose c. Right to consume d. Right to be informed

5. It is the responsibility of a consumer that he must obtain----- as a proof for the purchase of goods.

- a. Cash receipt b. Warranty card c. Invoice d. All of these

II. Very Short Answer Questions:

1. Write short notes on: "Right to be informed."

- * Consumers should be given all the relevant facts about the product so that they can take intelligent decisions on purchasing the product.
- * The package should contain the full details about the name of the product, composition, dosage, date of manufacturing, date of expiry, batch number, warnings, etc.

2. What do you understand about "Right to Safety"?

- ♣ The consumers are entitled to protection of their health and safety from the goods and services they buy.
- ♣ They should not be supplied goods or services which are hazardous to their health and safety.

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

"The Right of Safety, the Right to be informed, the Right to choose and the Right to be heard."

- Mr. John F. Kennedy

4. Which is the supreme objective of business?

- * The modern marketing concept recognizes that the consumer is the pivotal point around which the business moves.
- * Satisfaction of consumer needs/requirements is stated to be supreme objective of a business.

5. What are the important aspects to be kept in mind by consumer while purchasing goods related to the quality of goods?

- ★ It is the responsibility of a consumer to purchase a product after gaining a thorough knowledge of its price, quality and other terms and conditions.
- ★ The consumer should enquire about the price from certain shops and if possible from government stores to get an idea of its price.

III. Short Answer Questions:

1. What do you understand by “Right to redressal”.

- ✪ There should be prompt settlement of complaints and claims lodged by the aggrieved customers.
- ✪ This will boost consumer confidence and help render justice to buyers.
- ✪ There should be fair settlement of deserving claims in a definite timeframe.

2. Define “Consumer Rights”.

“The Right of Safety, the Right to be informed, the Right to choose and the Right to be heard.”

- Mr. John F. Kennedy

3. What do you understand about “Right to protection of health and safety”.

- ❖ There may be few products that are more likely to cause physical danger to consumers’ health, lives and property.
- ❖ They may contain potentially harmful substances which are dangerous from the consumer welfare point of view.
- ❖ The health hazards which are likely to arise have to be eradicated or reduced altogether.

IV. Long Answer Questions:

1. What are the rights of consumers?

i). Right to protection of health and safety:

- There may be few products that are more likely to cause physical danger to consumers’ health, lives and property.
- The consumers are entitled to protection of their health and safety from the goods and services they buy.

ii). Right to be informed:

- ➔ Consumers should be given all the relevant facts about the product so that they can take intelligent decisions on purchasing the product.
- ➔ The package should contain the full details about the name of the product, composition, dosage, date of manufacturing, date of expiry, batch number, warnings, antidote etc.

iii). Right to Consumer Protection:

- ♣ The consumer has a right to be aware of his rights and remedies available to him, redress his grievances through publicity in the mass media.
- ♣ Consumer has a right to be protected against goods and services which are hazardous to life and health.

iv). Right to Consumer Education:

- The consumer has a right to acquire knowledge and stay well-informed all through his life.
- He should be aware about his rights and the reliefs granted to him where a product or service falls short of his expectations.

v). Right to Basic Needs:

- ★ Every consumer has a right to get basic necessities of life such as food, clothing and water, and right to pure and healthy environment.
- ★ It is the latest addition to consumer bill of rights.

2. Explain the duties of consumers.**i). Ensure the Weights and Measurement before Making Purchases:**

- ♣ The sellers often cheat consumer by using unfair weights and measures.
- ♣ The consumer should ensure that he/she is getting the product of exact weight and measure.

ii). Reading the Label Carefully:

- It is the duty of the consumer to thoroughly read the label of the product.
- It should have correct, complete and true information about the product.

iii). Beware of False and Attractive Advertisements:

- ⊛ Often the products are not as attractive as shown in the advertisement by the sellers.
- ⊛ Hence, it is the prime duty of consumer not to get misled by such fraudulent advertisements.

iv). Ensuring the Receipt of Cash Bill:

- It is a legitimate duty of consumers to collect cash receipt and warranty card supplied along with bills.
- This will help them in seeking redressal for their grievances.

v). Buying from Reputed Shops:

- It is advisable for the consumer to make purchase from the reputed shops or government shops like super bazaar, cooperative stores, and the like.

3. What are the responsibilities of consumers?

- ✧ The consumer must pay the price of the goods according to the terms and conditions of the sales contract.
- ✧ The consumer is bound to pay any interest and special damages caused to the seller in case if there is delay in the payment.
- ✧ The consumer has to assiduously follow and keenly observe the instructions and precautions while using the products.
- ✧ The consumer must seek to collect complete information about the quality, quantity, price etc of the product before purchasing it.
- ✧ The consumer must get cash receipt as a proof of goods purchased from the seller.
- ✧ The consumer must file a complaint with the seller concerned about defects or shortcomings noticed in their products and services.

@*a*@*a*@*a*@*a

Padasalai

CHAPTER - 18**GRIEVANCE REDRESSAL
MECHANISM****I. Choose the Correct Answers:**

1. The Chairman of the National Consumer Disputes Redressal Council is _____
 - a) Serving or Retired Judge of the Supreme Court of India.
 - b) Prime Minister
 - c) President of India
 - d) None of the above
2. The Chairman of the State Consumer Protection Council is _____
 - a) Judge of a High Court
 - b) Chief Minister
 - c) Finance Minister
 - d) None of the above
3. The Chairman of the District Forum is _____
 - a) District Judge
 - b) High Court Judge
 - c) Supreme Court Judge
 - d) None of the above
4. The State Commission can entertain complaints where the value of the goods or services and the compensation, if any claimed exceed
 - a). Rs. 2 lakhs but does not exceed Rs. 5 lakhs
 - b) Rs. 20 lakhs but does not exceed Rs. 1 crore
 - c) Rs. 3 lakhs but does not exceed Rs. 5 lakhs
 - d) Rs. 4 lakhs but does not exceed Rs. 20 lakhs
5. The National Consumer Disputes Redressal Commission has jurisdiction to entertain complaints where the value of goods/services complained against and the compensation, if any, claimed is
 - a) Exceeding Rs. 1 crore
 - b) Exceeding Rs. 10 lakhs
 - c) Exceeding Rs. 5 lakhs
 - d) Exceeding Rs. 12 lakhs
6. The District Forum can entertain complaints where the value of goods or services and the compensation if any claimed is less than
 - a) Below Rs. 10,00,000
 - b) Below Rs. 20,00,000
 - c) Below Rs. 40,00,000
 - d) Below Rs. 50,00,000
7. The International Organisation of Consumers Unions (IOCU) was first established in
 - a)1960
 - b)1965
 - c)1967
 - d)1987
8. Consumer awareness covers the following:
 - a) Consumer awareness about Maximum Retail Price
 - b) Consumer awareness about Fair Price Shop
 - c) Consumer awareness about price, quality, and expiry date of the product
 - d) All of the above
9. Complaints can also be filed by the
 - a) Central Government
 - b) State Government
 - c) A group of consumers
 - d) All of the above
10. A consumer has to be protected against
 - a) Defects of product
 - b) Deficiencies of product
 - c) Unfair and restrictive trade practices
 - d) All of the above

II. Very Short Answer Questions:

1. What do you mean by Redressal Mechanism?

- It is a management and governance related process used commonly in India.
- While the term "*Grievance Redressal*" primarily covers the receipt and processing of complaints from citizens and consumers

2. What do you know about National Commission?

- It is a quasi-judicial commission in India which was set up in 1988 under the Consumer Protection Act of 1986.
- Its head office is in New Delhi.

3. State the meaning of the term State Commission.

- * A consumer has to be protected against defects, deficiencies and unfair and restrictive trade practices.
- * The State Consumer Protection Council is also called State Commission.
- * The State Commission is to be appointed by the State Government function as state level.

4. What is a term District Forum?

- ❖ As per the Consumer Protection Act of 1986 the establishment of a District Forum by the State Government in each district is necessary today to protect the interest of aggrieved consumers in that district.
- ❖ The State Government can establish more than one District Forum in a district if it deems fit to do so.

5. How to register the complaints?

- Complaint can be registered within 2 years from the date on which the cause of action has arisen, to the date on which the completion from the deficiency in service.
- Stamp paper is not required for declaration.
- Complaint can be registered, in person, by the complainant or through his authorized agent or by post addressed to the Redressal Agency.
- Advocates are not necessary.

III. Short Answer Questions:

1. Is Consumer Protection necessary?

- Yes, it is necessary for the following reasons..
- We need physical protection of the consumer, for example protection against products that are unsafe or dangerous to his health and welfare.
- Consumers want protection against deceptive and unfair trade and market practices.

2. Who are the members of the National Commission?

- * The National Commission should have five members.
- * One should be from judiciary.
- * Four other members of ability, knowledge and experience from any other fields.
- * It should include a woman.

3. What is the Pecuniary Jurisdiction of the State Commission?

- ☛ The State Commission can entertain complaints within the territory of entire state and where the value of the goods or services and the compensation, if any claimed exceed Rs. 20 lakhs and below Rupees One Crore.
- ☛ The State Commission also has the jurisdiction to entertain appeals against the orders of any District Forum within the State.

4. Does District Forum exceeds the claim limit of Rs 20 lakhs. Explain the condition.

- ☛ If the value of the complaint exceeds this limit of Rs 20 Lakhs the complaint should be made direct to the State Commission.
- ☛ Further the District Forum also may pass orders against traders indulging in unfair trade practices, sales of defective goods or rendering deficient services, the turnover of goods or value of services does not exceed Rs 20 Lakhs.

5. Write a note on the Voluntary Consumer Organisation.

- ♣ Consumer is a broad label for any individuals or households that use goods and services produced within the economy.
- ♣ Voluntary consumer organizations refer to the organisation formed voluntarily by the consumers to protect their rights and interests

IV. Long Answer Questions:

1. What are the Functions of the National Commission?

- ☞ National Commission is a quasi-judicial commission in India which was set up in 1988 under the Consumer Protection Act of 1986.
- ☞ Its head office is in New Delhi.
- ☞ The Commission is headed by a serving or retired judge of the Supreme Court of India.

Members:

- The National Commission should have five members.
- One should be from judiciary.
- Four other members of ability, knowledge and experience from any other fields.
- It should include a woman.

Jurisdiction

- ✱ Section 21 of The Consumer Protection Act, 1986 describes, the National Commission shall have jurisdiction
- ✱ To entertain a complaint valued more than 1 Crore.
- ✱ Revised the orders of State Commissions.
- ✱ To call for the records and pass appropriate orders from the State Commission and District Forum.

2. Explain the overall performance of State Commission.**Meaning:**

- A consumer has to be protected against defects, deficiencies and unfair and restrictive trade practices.
- The State Consumer Protection Council is also called State Commission.
- The State Commission is to be appointed by the State Government function as state level.

Members:

- ✱ Each State Commission shall consist of the following members.
- ✱ A person who is or has been a Judge of a High Court appointed by the State Government as its President.
- ✱ Two other members who shall be persons of ability, integrity and standing and have adequate knowledge or experience.

Powers:

- ✱ The State Commission also has the power to call for the records and pass appropriate orders in any consumer dispute which is pending before or has been decided by any District Forum within the State.
- ✱ To furnish such information that may be required for the purposes of the Act to any officer so specified.

3. Explain the term District Forum and explain the functions of District Forum.

- ✱ As per the Consumer Protection Act of 1986 the establishment of a District Forum by the State Government in each district is necessary today to protect the interest of aggrieved consumers in that district.
- ✱ The State Government can establish more than one District Forum in a district if it deems fit to do so.

Members:

- ✱ A person who is or who has been or is qualified to be, a District Judge as its President.

- Two other members who shall be persons of ability, integrity and standing and have adequate knowledge.
- It is insisted in the Act that out of such two other members 'one shall be a woman.

Powers:

- If the value of the complaint exceeds this limit of Rs 20 Lakhs the complaint should be made direct to the State Commission.
- Further the District Forum also may pass orders against traders indulging in unfair trade practices, sales of defective goods or rendering deficient services, the turnover of goods or value of services does not exceed Rs 20 Lakhs.

4. What is Voluntary Consumer Organizations? Explain its Functions.

- ⇒ Voluntary consumer organizations refer to the organisation formed voluntarily by the consumers to protect their rights and interests.

Objectives:

- ★ The primary objective of the Consumer Welfare Fund is to strengthen the Consumer Advocacy Movement in India.
- ★ It is doing commendable work to raise awareness amongst consumers.

Functions:

- ☞ Collecting Data on Different Products and testing them
- ☞ Filing Suit on Behalf of Consumers
- ☞ Organizing Protests against Adulteration etc.
- ☞ Helping Educational Institutions
- ☞ Promoting Network of Consumer Association
- ☞ Extending Support to Government

5. How to create consumer awareness?

- ♣ To publish brochures journals and monographs.
- ♣ To arrange conferences, seminars and workshops.
- ♣ To educate consumers to help themselves.
- ♣ To provide special education to women about consumerism
- ♣ We have to include consumerism in school curriculum
- ♣ Create consumer awareness day in a year
- ♣ Publish awareness documentary film in cinema theatres

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CHAPTER - 19**ENVIRONMENTAL FACTORS****I. Choose the Correct Answers:**

1. VUCA stands for VOLATILITY, UNCERTAINTY, COMPLEXITY, AMBIGUIDY
2. GST stands for GOODS AND SERVICES TAX
3. Factors within an organisation constitutes INTERNAL environment.
4. Macro Environment of business is an UNCONTROLLABLE factor.
5. The two major types of business environment are INTERNAL and EXTERNAL.
6. GEO PHYSICAL environment includes weather and climatic conditions.
7. The size and composition of the population is part SOCIAL CULTURAL environment.

II. Very Short Answer Questions:**1. Define Business environment.**

“The total of all things external to firms and industries which affect their organisation and operations” .

- Bayard O Wheeler

2. What is internal environment?

- ♣ Internal environment refers to those factors within an organisation e.g. Policies and programmes, organizational structure, employees, financial and physical resources.
- ♣ These factors can be changed or altered and hence are known as controllable factors.

3. Give the meaning of corporate governance.

- It is a set of rules and policies which governs a company.
- It provides a frame work for managing a company and achieving its objectives.
- It gives guidelines for internal control, performance measurement and corporate disclosure.

4. What is GST?

- ✧ GST is the indirect tax levied on goods and services across the country.
- ✧ It is a comprehensive, multi-stage, destination-based tax that is levied on every value addition.
- ✧ Types of taxes: CGST,SGST,IGST

5. Expand VUCA.

VUCA – Volatility, Uncertainty, Complexity and Ambiguity,

5. What is mixed economy?

- ◆ The nature of economic system the economic systems can be classified as Capitalistic, Socialistic and Mixed economy.
- ◆ It is a combination of both state owned and private sector ownership.

II. Short Answer Questions:

1. Explain the natural environment of business.

- * Natural factors such as climate, soil, forests, minerals, rivers and ocean have tremendous influence on the functioning and growth of commerce and industry.
- * The impact of natural environment of business may be described under the following heads:

- Source of Raw Materials
- Location of Industry
- Employment Generation
- Basis of Transportation and Communication
- Foreign Exchange Earner

2. What are the political environment factors?

- ☞ The framework for running a business is given by the political and legal environment.
- ☞ The success of a business lies in its ability to adapt and sustain to political and legal changes.
- ☞ The legislative, executive and judiciary are the three political institutions which directs and influences a business

3. Write about any three internal environmental factors of business.

i). Vision and objectives:

The vision and objectives of a business guides its operations and strategic decisions.

ii). Management structure :

The structure of management/board and their style of functioning, the level of professionalism of management, and the composition of the board are the various factors which affects the decision making.

iii). Company image:

The image of an organisation plays an important role in introducing new products, expanding and entering new markets both domestic and international, raising finance etc.

4. State the framework of Corporate Governance in India.

- To have at least one independent woman director,
- To disclose all deals and payments to related parties.
- To disclose details of managerial compensation

5. What are the functions of the GST council?

- ♣ The Goods and Services Tax Council shall make recommendations to the Union and the States on
- ♣ The goods and services that may be subjected to, or exempted from the goods and services tax.
- ♣ The rates including floor rates with bands of goods and services tax

6. Write a note on future environment of business.

- The future environment of business in this age of rapid technological advancement has been captured
- Aptly in the acronym VUCA – volatility, uncertainty, complexity and ambiguity, developed in the late 80' s by the U.S military.
- In a VUCA environment a firm has to be forward looking anticipating the change, adaptability will remain essential for the success of any business in an ambiguous, uncertain environment.

7. What do you know about Technological environment?

- ✧ The development in the IT and telecommunications has created a global market.
- ✧ Technology is widely used in conducting market research for understanding the special needs of the customer.
- ✧ Digital and social media are used as a platform for advertising and promoting the products/services.

V. Long Answer Questions:**1. Discuss the role of macro environment of business.****i) Economic environment:**

- The business is an integral part of the economic system prevalent in a nation.
- The nature of economy based on the stage of development.
- The Economic indices like GDP, GNP national income, etc..

ii) Socio-Cultural environment :

- ✧ Business is a part of the society.
- ✧ It refers to the sum total of factors of the society in which the business is located.
- ✧ Social and cultural environment of society affects the business.

iii) Political and Legal environment :

- The framework for running a business is given by the political and legal environment.
- The success of a business lies in its ability to adapt and sustain to political and legal changes.

v) Technological environment :

- ✧ The development in the IT and telecommunications has created a global market.
- ✧ Technology is widely used in conducting market research for understanding the special needs of the customer.

v) 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

2. Describe the economic and socio cultural environment of business.**i) Economic environment:**

- * The business is an integral part of the economic system prevalent in a nation. The multiple variables in the macro environment system which has a bearing on a business include
- * The nature of economy based on the stage of development.
- * The countries across the globe can be categorized on the basis of growth and per capita income as developed nations, developing nations and underdeveloped nations.
- * The nature of economic system The economic systems can be classified as Capitalistic, Socialistic and Mixed economy.
- * Development of financial market The organisation and development of money market, capital market securities market and, the banking system has a greater impact.

ii) Socio-Cultural environment:

- Business is a part of the society.
- It refers to the sum total of factors of the society in which the business is located.
- The socio-cultural environment also includes the following;
 - ✱ The social institutions and groups
 - ✱ Family structure prevalent in the society
 - ✱ Role of marriage as an institution
 - ✱ Caste system in the society
 - ✱ Customs, beliefs and values

3. Explain the micro environmental factors of business.**i) Suppliers:**

- * In any organisation the suppliers of raw materials and other inputs play a very vital role.
- * Organizations have realized the importance of nurturing and maintaining good relationship with the suppliers.

ii) Customers:

- ♣ The aim of any business is to satisfy the needs of its customers. The customer is the king business.
- ♣ Customer relationship management aims at creating and sustaining cordial relations with customers.

iii) Competitors:

- * All organizations face competition at all levels local, national and global.
- * Competitors may be for the same product or for similar products.

- * It is important for a business to understand its competitors and modify their business strategies in the face of competition.

iv) Marketing Channel members:

- The marketing inter-mediaries serve as a connecting link between the business and its customers.
- Market research agencies help the firm to understand the needs of the customers

v) Public:

- This refers to any group like media group, citizen action group and local public which has an impact on the business.
- The public group has the ability to make or mar a business.
- Many companies had to face closure due to actions by local public.

4. Discuss the significance of understanding business environment and the internal factors affecting business.

a). significance:

- ♣ Helps in formulating Strategy and future planning
- ♣ The analysis of business environment helps a business to identify new opportunities
- ♣ It helps the firms to identify threats which may affect the business. Thus measures can be taken by the firm to overcome the threats.
- ♣ It helps business in taking steps to cope with the rapid changes
- ♣ Environmental analysis helps a business to enhance its image by being sensitive and quickly responding to the changing environment.

b). Internal Factors:

i). Vision and objectives:

The vision and objectives of a business guides its operations and strategic decisions.

ii). Management structure :

The structure of management/board and their style of functioning, the level of professionalism of management, and the composition of the board are the various factors which affects the decision making.

iii). Company image:

The image of an organisation plays an important role in introducing new products, expanding and entering new markets both domestic and international, raising finance etc.

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CHAPTER - 20**LIBERALIZATION, PRIVATIZATION AND GLOBALIZATION****I. Choose the Correct Answers:**

1. _____ is the result of New Industrial Policy which abolished the 'License System'.
(a) Globalization (b) Privatization (c) Liberalization (d) None of these
2. _____ means permitting the private sector to setup industries which were previously reserved for public sector.
(a) Liberalization (b) Privatization (c) Globalization (d) Public Enterprise
3. _____ ownership makes bold management decisions due to their strong foundation in the international level.
(a) Private (b) Public (c) Corporate (d) MNC's
4. _____ results from the removal of barriers between national economies to encourage the flow of goods, services, capital and labour.
(a) Privatization (b) Liberalization (c) Globalization (d) Foreign Trade
5. New Economic Policy was introduced in the year _____.
(a) 1980 (b) 1991 (c) 2013 (d) 2015

II. Very Short Answer Questions:**1. State the branches of New Economic Policy.**

- ☞ Liberalization,
- ☞ Privatization,
- ☞ Globalization

2. What is Privatization?

It is the incidence or process of transferring ownership of a business enterprise, agency or public service from the government to the private sector.

3. Mention any three disadvantages of Liberalization.

- Increase in unemployment
- Loss to domestic units
- Increased dependence on foreign nations
- Unbalanced development

4. Name the industries which are reserved for public sector.

Currently only Atomic Energy, Defense and Railways are Government monopoly industries i.e., Public sector industries in the country.

5. Give any three advantages of Globalization.

- ✧ Increase in foreign collaboration
- ✧ Expansion of market
- ✧ Technological development
- ✧ Reduction in brain drain

III. Short Answer Questions:**1. What do you mean by Liberalization?**

- ♣ It refers to laws or rules being liberalized, or relaxed, by a government.
- ♣ It relaxation of various government restrictions in the areas of social and economic policies in order to make economies free to enter in the market and establish their venture in the country.

2. Explain the concept of Privatization.

- It means permitting the private sector to set up industries which were previously reserved for the public sector.
- The main reason for privatization was that PSUs were running in losses due to mismanagement and political interference.
- The managers could not work independently and the production capacity remained under-utilized.

3. What are advantages of disinvestment?

- The Govt. has started the process of disinvestment in those PSUs which had been running into loss.
- It means that Govt. has been selling out these industries to private sector.

Advantages:

- The government can focus more on core activities such as infrastructure, defense, education etc.
- Brings about greater efficiencies for the economy and markets as a whole
- Greater opportunities and avenues for career growth- further employment generation

4. State any three impacts on Globalization.

- ♣ Corporations got a competitive advantage from lower operating costs, and access to new raw materials and additional markets.
- ♣ It can manufacture, buy and sell goods worldwide.
- ♣ Globalization has led to a boom in consumer products market.

5. Write a short note on New Economic Policy.

- India agreed to the conditions of World Bank and IMF and announced New Economic Policy (NEP) which consists of wide range of economic reforms.

This new set of economic reforms is commonly known as the LPG

- Liberalization
- Privatization
- Globalization

IV. Long Answer Questions:

1. Explain the advantages and disadvantages of liberalization.

Advantages:

(a). Increase in foreign investment:

If a country liberalizes its trade, it will make the country more attractive for inward investment.

(b). Increase the foreign exchange reserve:

Relaxation in the regulations covering foreign investment and foreign exchange has paved way for easy access to foreign capital.

(c). Increase in consumption:

Liberalization increases the number of goods available for consumption within a country due to increase in production.

(d). Control over price:

The removal of tariff barriers can lead to lower prices for consumers. This would be particularly a benefit for countries who are importers.

Disadvantages:

(a). Increase in unemployment:

Trade liberalization often leads to a shift in the balance of an economy. Some industries grow, some decline.

Therefore, there may often be structural unemployment from certain industries closing.

(b). Loss to domestic units:

With fewer entry restrictions, it has been possible for many entrants to make inroads into the country, which poses a threat and competition to the existing domestic units.

(c). Increased dependence on foreign nations:

Trade liberalization means firms will face greater competition from abroad.

(d). Unbalanced development:

Trade liberalization may be damaging for developing economies, The trade liberalization often benefits developed countries rather than developing economies.

2. Explain the impact of LPG on Indian Economy.

i). Impact of Liberalization:

- * Liberalization has opened up new business opportunities abroad and increased foreign direct investment.

- * It became very easy to obtain loans from banks for business expansion.
- * "Foreign Collaboration" is the latest outcome of liberalization.
- * A number of multinational companies started operating world-wide including India.

ii). Impact of Privatization

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

iii). Impact of Globalization

- ✪ Corporations got a competitive advantage from lower operating costs, and access to new raw materials and additional markets.
- ✪ Multinational corporations (MNCs) can manufacture, buy and sell goods worldwide.
- ✪ Globalization has led to a boom in consumer products market.
- ✪ The advent of foreign companies and growth in economy has led to job creation.

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CHAPTER - 21**THE SALE OF GOODS ACT 1930****I. Choose the Correct Answers:**

1. Sale of Goods Act was passed in the year

- a)1940 b)1997 c)1930 d)1960

2. Which of the below constitutes the essential element of contract of sale?

- a) Two parties b) Transfer of property c) Price d) All of the above

3. Which of the below is not a good?

- a) Stocks b)Dividend due c)Crops d)Water

4. In case of the sale, the _____ has the right to sell

- a)Buyer b)Seller c)Hirer d)Consignee

5. The property in the goods means the

- a) Possession of goods b) Custody of goods c) Ownership of goods d) Both (a) and (b)

6. Specific goods denote goods identified upon the time of _____ of sale:

- a)Agreement b)Contract c)Order d)Obligation

7. In which of the following types, the ownership is immediately transferred to buyer?

- a). When goods are ascertained b). When goods are appropriate
c). Delivery to the carrier d). Sale or return basis

8. _____ is a stipulation which is collateral to main purpose of contract:

- a). Warranty b). Condition c)Right d)Agreement

9. Unpaid seller can exercise his right of lien over the goods, where he is in possession of the goods as

- a). Owner of goods b). Agent of buyer c). Bailee for buyer d). All of these

10. The unpaid seller can exercise his right of stoppage of goods in transit where the buyer

- a). Becomes insolvent b). Refuses to pay price c). Payment of price d). Both (b) and (c)

II. Very Short Answer Questions:

1. What is a contract of sale of goods?

It is a contract whereby the seller transfers or agrees to transfer the property of the goods to the buyer for a price.

2. List down the essential elements of a contract of sale.

- ✧ Two Parties
- ✧ Transfer of Property
- ✧ Goods
- ✧ Price

3. What is meant by goods?

- The subject matter of contract of sale must be goods.
- The term '*goods*' includes every kind of movable property, stocks and shares, growing crops etc.
- Goodwill, trademarks, copy rights, patent rights etc., are all also regarded as goods.

4. What is a Contingent Goods?

- ♣ Contingent goods are the goods, the acquisition of which by the seller depends upon a contingency.
- ♣ Contingent goods are a part of future goods.

5. What do you understand by warranty?

- Warranty represents a requirement which is collateral to the main purpose of the contract.
- It is of secondary importance to the contract.

II. Short Answer Questions:

1. Explain the meaning of Agreement to sell.

- ☞ The term contract of sale includes both sale and agreement to sell.
- ☞ If the property in goods is transferred immediately to the buyer it is called a sale.
- ☞ On the other hand, if the transfer of property takes place at a future date or on fulfillment of certain conditions, it is called '*an agreement to sell*' .

2. Discuss in detail about existing goods.

- ✧ Existing goods are those owned or possessed by the seller at the time of contract of sale.
- ✧ Goods possessed even refer to sale by agents or by pledges.
- ✧ Existing goods may be either:
 - ✧ *Specific Goods*-
 - ✧ *Ascertained Goods*-
 - ✧ *Unascertained Goods*-

3. Discuss the implied conditions and warranties in sale of goods contract.

- ☞ In every contract of sale, there are certain expressed and implied conditions and warranties.

- The term implied conditions and warranties means which can be indirect from or guessed from the context of the contract.

Following are the implied conditions:

- ✧ Conditions as to Title
- ✧ Conditions as to Description
- ✧ Sale by Sample

Implied Warranties:

- Quiet Possession
- Free from Any Encumbrances
- Warranty in the case of Dangerous Goods

4. Discuss in detail the rights of an unpaid seller against the buyer personally.

(i) Suit for price:

Where the ownership in the goods has passed to the buyer and the buyer refuses to pay for the goods, the seller can file case against the buyer for the price

(ii) Suit for Damages for Non-acceptance:

Where the buyer wrongfully refuses to accept the goods, the seller can sue him for damages for non-acceptance of the goods.

(iii) Suit for Cancellation of the Contract before the Due Date:

Where the buyer cancels the contract before the date of delivery, the seller may either treat the contract as continuing or wait till the due date or he can file a case against buyer immediately.

IV. Long Answer Questions:

1. Explain in detail the elements of Contract of sale.

i). Two Parties:

- ❖ A contract of sale involves two parties – the seller and the buyer.
- ❖ The buyer and the seller should be two different persons.
- ❖ If a person buys his own goods, there is no sale.

ii). Transfer of Property:

- ★ To constitute sale, the seller must transfer or agree to transfer the ownership in the good to the buyer.
- ★ A simple transfer of possession does not amount to sale.

iii). Goods:

- The subject matter of contract of sale must be goods. It excludes money, actionable claims and immovable property.

- The term 'goods' includes every kind of movable property, stocks and shares, growing crops etc.
- Goodwill, trademarks, copy rights, patent rights etc., are all also regarded as goods.

iv). Price:

- * The monetary consideration for the goods sold is called price.
- * If goods are exchanged for goods, it is only barter and not a sale.
- * But if goods are sold partly for goods and partly for money, the contract is one of sale.

v). Includes both 'Sale' and 'Agreement to Sell' :

- The term contract of sale includes both sale and agreement to sell.
- If the property in goods is transferred immediately to the buyer it is called a sale.
- If the transfer of property takes place at a future date or on fulfillment of certain conditions, it is called 'an agreement to sell' .

2. Distinguish between sale and agreement to sell

S.No	Particulars	Sale	Agreement to Sell
01	Ownership Transference	The property in the goods passes from the seller to the buyer immediately so that the seller is no more owner.	The property in the goods has to pass at a future time or after the fulfillment of certain conditions specified in the contract.
02	Nature of contract	It is an executed contract.	It is an executory contract.
03	Risk of Loss	Where the goods sold under the contract of sale are destroyed, the loss falls squarely on the buyer.	Where the goods under the agreement to sell are destroyed, the loss falls squarely on the seller.
04	Consequences of violating the contract	Where the buyer fails to pay the price, the seller cannot seize the goods.	Where the buyer violates the contract, the seller can repossess the goods from the buyer.
05	Insolvency of the Seller	If the seller becomes insolvent before delivering the goods to the buyer, the buyer can claim the delivery of the goods from assignee.	The buyer cannot do so.

3. Classify goods under the Sale of Goods Act.

- * The term goods mean every kind of movable property other than actionable claim and money.
- * The term good includes shares, stocks, growing crops, grass, goodwill, copyright, trade mark, patents, water, gas, electricity, power etc., under the contract of sale.

i). Existing Goods:

Existing goods are those owned or possessed by the seller at the time of contract of sale. Goods possessed even refer to sale by agents or by pledgers.

Existing goods may be either

- ✧ Specific Goods
- ✧ Ascertained Goods
- ✧ Unascertained Goods

ii). Future Goods:

These are goods which a seller does not possess at the time of contract of sale but which will be produced by him after entering into the contract of sale agreement.

iii). Contingent Goods

- ❖ Contingent goods are the goods, the acquisition of which by the seller depends upon a contingency.
- ❖ Contingent goods are a part of future goods.

4. Distinguish between Conditions and Warranty.

S.No	Particulars	Conditions	Warranty
01	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.
02	Significance	Condition is so essential to the contract that the breaking of which cancels out the contract.	It is of subsidiary or inferior character.
03	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.
04	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.
05	Treatment	Breach of condition may be treated as breach of warranty	Breach of warranty cannot be treated as breach of condition

5. Discuss in detail the rights of an unpaid seller against the goods.

i). Right of Lien:

- ♣ An unpaid seller has a right to retain the goods till he receives the price.
- ♣ But to exercise this lien
- ♣ He must be in possession of goods
- ♣ It must be remembered that the right of lien depends on actual possession.

ii). Right of Stoppage in Transit

- ⊛ Goods must be neither with the seller nor with the buyer but should be in the hands of a carrier.
- ⊛ Further, the buyer must have become an insolvent.

iii). Right of Resale

The unpaid seller can resell the goods

- Where they are of a perishable nature or
- After exercising his right of lien or stoppage in transit, even though he has given intimation to the buyer of his intention to resell, buyer has not tendered the price within a reasonable time.
- Where the seller has expressly reserved the right of resale in the contract itself

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CHAPTER - 22**THE NEGOTIABLE INSTRUMENTS
ACT 1881****I. Choose the Correct Answers:****1. Negotiable Instrument Act was passed in the year ____.**

- a. 1981 b. 1881 c. 1994 d. 1818

2. Negotiable Instrument is freely transferable by delivery if it is a _____ instrument.

- a. Order b. Bearer c. Both a & b d. None of the above

3. The transferee of a Negotiable Instrument is the one _____

- a. Who transfer the instrument b. On whose name it is transferred
c. Who enches it d. None of the above

4. Number of parties in a bill of exchange is

- a. 2 b. 6 c. 3 d. 4

5. Section 6 of Negotiable Instruments Act 1881 deals with

- a. Promissory Note b. Bills of exchange c. Cheque d. None of the above

6. _____ cannot be a bearer instrument.

- a. Cheque b. Promissory Note c. Bills of exchange d. None of the above

7. When crossing restrict further negotiation

- a. Not negotiable crossing b. General Crossing c. A/c payee crossing d. Special crossing

8. Which endorsement relieves the endorser from incurring liability in the event of dishonor

- a. Restrictive b. Facultative c. Sans recourse d. Conditional

9. A cheque will become stale after _____ months of its date:

- a. 3 b. 4 c. 5 d. 1

10. Document of title to the goods exclude

- a. Lorry receipt b. Railway receipt c. Airway bill d. Invoice

II. Very Short Answer Questions:**1. What is meant by Negotiable Instrument?**

A negotiable instrument means a promissory note, bill of exchange or cheque payable either to order or to bearer.

- Negotiable instruments Act 1881

2. Define Bill of Exchange.

“A bill of exchange is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to, or to the order of a certain person or to the bearer of the instrument” .

- Section 5 of the Negotiable Instruments Act

3. List three characteristics of a Promissory Note.

- ✧ A promissory note must be in writing.
- ✧ The promise to pay must be unconditional
- ✧ It must be signed by the maker.

4. What is meant by a cheque?

“A bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand” .

- Section 6 of the Negotiable Instruments Act, 1881

5. Define Endorsement

“When the maker or holder of a negotiable instrument signs the name, otherwise that as such maker for the purpose of negotiation, on the back or face thereof, or on a slip of paper annexed thereto or so signs for the same purpose a stamped paper intended to be completed as a negotiable instrument, he is said to endorse the same and is called the endorsee” .

- Section 15 of the Negotiable instruments Act 1881

III. Short Answer Questions:

1. Explain the nature of a Negotiable Instrument.

i). Transferability:

- ♣ It is transferable from one person to another without any formality, such as affixing stamp, registration etc.,

ii). Title of the holder free from all defects:

- ✧ Even though the right of the person who transferred the instrument to holder in due course is defective.
- ✧ He/ she need not return the bill to true owner.

iii). Right of the transferee to sue

- ➞ The transferee is entitled to sue on the instrument in his own name in case of dishonour, without giving notice to the debtor that he has become its holder.

2. Distinguish between Negotiability and Assign ability.

S.No	Particulars	Negotiability	Assign ability
01	Meaning	Negotiation refers to the transfer of the negotiable instrument, by a person to another to make that person the holder of it.	Assignment implies the transfer of rights, by a person to another, for the purpose of receiving the debt payment
02	Transfer notice	Not required	Must be served by assignee on his debtor.
03	Title	Transferee gets the right of holder in due course.	Assignee's title is subject to the title of Assignor.
04	Consideration	It is presumed	It is proved

3. What are the characteristics of a bill of exchange?

- ✧ A bill of exchange is a document in writing.
- ✧ The document must contain an order to pay.
- ✧ The order must be unconditional.
- ✧ The instrument must be signed by the person who draws it.
- ✧ The name of the person on whom the bill is drawn must be specified in the bill itself.
- ✧ The bill may be payable on demand or after a specified period

4. Distinguish between Bill of Exchange & Promissory Note.

S.No	Particulars	Bill of Exchange	Promissory Note
01	Nature of Undertaking	A bill of exchange contains an unconditional order to pay money	A promissory note contains an unconditional undertaking to pay money.
02	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.
03	Bearer Instrument	A bill of exchange can be drawn payable to bearer	A promissory note cannot be drawn payable to bearer.
04	Conditionality	A bill may be accepted conditionally.	A note cannot be made conditional

5. Discuss the two different types of crossing.**i). General Cheque Crossing:**

- The cheque bears across its face an addition of two parallel transverse lines and/or the addition of words 'and Co.' or 'not negotiable' between them.

- Thus, in this case, the holder of the cheque or the payee will receive the payment only through a bank account and not over the counter.

ii). Special Cheque Crossing:

- * The cheque bears across its face an addition of the bankers name, with or without the words 'not negotiable'.
- * In this case, the paying banker will pay the amount of cheque only to the banker whose name appears in the crossing or to his collecting agent.
- * However, in special crossing two parallel transverse lines are not essential but the name of the banker is most important.

IV. Long Answer Questions:

1. Mention the presumptions of Negotiable Instruments.

- Every negotiable instrument is presumed to have been drawn, accepted etc. for consideration.
- A negotiable instrument is presumed to have been accepted.
- Every negotiable instrument bearing, a date is presumed to have been made or drawn on such a date.
- It is presumed to have been accepted within a reasonable time after the date and before its maturity.
- The transfer of a negotiable instrument is presumed to have been made before maturity.
- When a negotiable instrument has been lost, it is presumed to have been duly stamped.
- The holder of a negotiable instrument is presumed to be a holder in due course.

2. Distinguish a cheque and a bill of exchange.

S.No	Particulars	Cheque	Bill of exchange
01	Drawn	It can be drawn on any person including a banker	It can be drawn only on a particular banker.
02	Pay ability	It is payable on demand or on the expiry of a certain period	It is payable on demand only.
03	Notice	When a bill is dishonored, notice of dishonor is necessary.	Notice is not necessary for a cheque.
04	Sets	Foreign bills of exchange are drawn in sets of three.	It is not so in case of cheque.
05	Discounting	A bill can be discounted with a bank.	A cheque cannot be discounted
06	Stamping	Bills are to be sufficiently stamped	Cheques need not be stamped

3. Discuss in detail the features of a cheque.

(i) Instrument in Writings:

- A cheque or a bill or a promissory note must be an instrument in writing.
- Though the law does not prohibit a cheque being written in pencil, bankers never accept it because of risks involved.

(ii) Unconditional Orders:

- ★ The instrument must contain an order to pay money.
- ★ It is not necessary that the word 'order' or its equivalent must be used to make the document a cheque.

(iii) Drawn on a Specified Banker Only:

- The cheque is always drawn on a specified banker.
- The customer of a banker can draw the cheque only on the particular branch of the bank where he has an account.

(iv). A Certain Sum of Money Only:

- ★ The order must be for payment of only money.
- ★ If the banker is asked to deliver securities, the document cannot be called a cheque.

(v) Payee to be Certain:

- The cheque must be made payable to a certain person or to the order of a certain person or to the bearer of the instrument.

4. What are the requisites for a valid endorsement?

- ★ Endorsement is to be made on the face of the instrument or on its back. It is usually made on the back of a negotiable instrument.
- ★ When there is no space for making further endorsements a piece of paper can be attached to the negotiable instrument for this purpose. This piece of paper is called 'Allonge'.
- ★ If the endorsee's name is wrongly spelt, the endorsee should sign the same as spelt in the instrument and write the correct spelling within brackets after his endorsement.
- ★ Endorsement for only a part of the amount of the instrument is invalid. It can be made only for the entire amount.
- ★ It is presumed that the endorsements appearing on a negotiable instrument were made in the order in which they appear thereon.
- ★ Signing in block letters does not constitute regular endorsement.
- ★ The prefixes or suffixes added to the names of the payees or endorsees must be omitted in the endorsement.

5. Explain the different kinds of endorsements

i). Endorsement in Blank / General:

- ➔ An endorsement is said to be blank or general when the endorser puts his signature only on the instrument and does not write the name of anyone to whom or to whose order the payment is to be made.

➔ *Example: "Pallavan"*

ii). Endorsement in full or special endorsement:

- ✳ Where the endorser, in addition to his signature, specifies the person to whom or to whose order the instrument is payable, the endorsement is called endorsement in full.

✳ *Example: Pay to Paari "Pallavan"*

iii). Conditional or qualified endorsement:

- Where the endorser of a negotiable instrument makes his liability dependent upon the happening of an event which may or may not happen, it is called conditional endorsement.

● *Example: Pay Paari, if he returns from delhi within three months "Pallavan"*

iv). Restrictive endorsement:

- ♣ When an endorsement restricts or prohibits further negotiability of the instrument, it is called Restrictive Endorsement.

♣ *Example: Pay Sundar only "Pallavan"*

v). Facultative Endorsement:

- ✳ To make an endorser liable on the instrument, notice of dishonour must be given to him. But if the endorser waives this right by a writing "Notice of dishonour waived" at the time of endorsing, it is called Facultative Endorsement.

✳ *Example: Pay to Aruvi or order, Notice of dishonour waived "Radha"*

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CHAPTER - 23**ELEMENTS OF ENTREPRENEURSHIP****I. Choose the Correct Answers:**

1. Which of the below is a factor of production?

- (a) Land (b) Labour (c) Entrepreneurship (d) All of the above

2. Entrepreneur is not classified as

- (a) Risk Bearer (b) Innovator (c) Employee (d) Organizer

3. What are the characteristics of an entrepreneur?

- (a) Spirit of enterprise (b) Flexibility (c) Self Confidence (d) All of the above

4. Which of the below is not classified into managerial functions?

- (a) Planning (b) Marketing (c) Organizing (d) Controlling

5. Which of the below is a commercial function?

- (a) Accounting (b) Coordination (c) Discovery of idea (d) Planning

II. Very Short Answer Questions:

1. Mention any two features of entrepreneurs.

- Entrepreneur as a Risk Bearer
- Entrepreneur as an Organizer
- Entrepreneur as an Innovator

2. List down the managerial functions of entrepreneurs.

- Planning
- Organizing
- Directing
- Controlling
- Co ordination

3. List down the promotional functions of entrepreneurs.

- * Discovery of Idea
- * Detailed Investigation
- * Choice of form of enterprise
- * Mobilization of funds

4. Define Intrapreneur

Intrapreneur as "dreamers who do. Those who take hands-on responsibility for creating innovation of any kind, within a business".

1. List the problems faced by the women entrepreneurs

- * Problem of Finance
- * Limited Mobility
- * Lack of Education
- * Lack of Information

III. Short Answer Questions:

1. Define Entrepreneur.

An entrepreneur is someone who conceives an idea, creates a path to success, does whatever it takes to succeed and tries to dominate their market!"

- *Matthew Toren*

2. Distinguish between entrepreneur and Manager.

S.No	Basis	Entrepreneur	Manager
1	Motive	The very motive of an entrepreneur is to start a venture by setting of an entity.	The very motive of manager is to render service in an entity
2	Status	He/ She is an owner of the entity	salaried employee in the entity
3	Risk Bearing	bears the risk and uncertainty in operating the enterprise	doesn't bear any risk in the venture
4	Rewards	Entrepreneur is rewarded by profit for the risk bearing exercise	Managers reward salary, bonus, allowance is certain and regular.

3. List down the commercial functions of Entrepreneur and explain them shortly.

(i) Production or Manufacturing:

Under production function, entrepreneur has to take decision relating to selection of factory site, design and layout, type of products to be manufactured, product design etc.,

(ii) Finance:

In the sphere of financial function, an entrepreneur has to take decisions like choosing the right type of financing, framing the best dividend policy, acquiring of funds, etc..

(iii) Human Resource Management:

Entrepreneur has to estimate the manpower needs of the enterprise and accordingly decide the size of manpower required for various slots of organizational structure.

4. Explain the promotional functions of entrepreneur.

(i) Discovery of Idea:

- The first and foremost function of entrepreneur is idea generation.
- Ideas can be generated through several ways like own experience and exposure of entrepreneur, education, training, market survey, environmental scanning and so on.

(ii) Determining the business objectives:

Entrepreneur has to develop business objectives in the backdrop of nature of business and type of business activity i.e. nature of business, manufacturing or trading, etc..

(iii) Detailed Investigation:

Entrepreneur has to analyze in detail the product proposes to produce.

(iv) Choice of form of enterprise:

Entrepreneur has to choose the appropriate form of organisation suited to implement the venture.

(v) Fulfillment of the formalities

(vi) Preparation of Business Plan

(vii) Mobilization of funds

5. Explain the commercial functions of entrepreneur.

Short answer question 3 and 5 are the same answer. So Study the question no 3 ans.

IV. Long Answer Questions:

1. How do you Classify entrepreneurs.

(i) Entrepreneur as a Risk Bearer:

- ❖ The entrepreneur to be a person who assumes risk inherent in the venture started by him.
- ❖ Entrepreneur acts as an agent combining all factors of production to produce a product or service.
- ❖ An entrepreneur to be an economic functionary who undertakes the risk of uncertainty which cannot be insured or capitalized or salaried.

(ii). Entrepreneur as Organizer:

- Entrepreneur is one who brings together various factors of production and creates an entity to produce product or service.
- He further elaborates that an entrepreneur faces a great deal of obstacles and misfortunes and undergoes mental agony and anxieties in the process of organizing any venture.

(iii) Entrepreneur as an Innovator:

- ✧ Entrepreneur is one who
- ✧ Introduces a brand new product in the market
- ✧ Institutes new technology to produce a product

2. What are the characteristics of an entrepreneur?

i). Spirit of Enterprise

- ➔ Entrepreneur should be bold enough to encounter risk arising from the venture undertaken.
- ➔ Entrepreneur should not get discouraged by setbacks or frustrations emerging during the course of entrepreneurial journey.

ii). Flexibility

- ♣ Entrepreneur should not single-mindedly stick to decisions in a rigid fashion.
- ♣ Entrepreneur should change the decisions made already in the light of ever-changing business environment.

iii). Innovation

- ✱ Entrepreneur should contribute something new or something unique to meet the changing requirements of customers namely new product, new method of production or distribution, etc.,

iv). Analytical Ability

- ✱ Entrepreneurs should not make decisions on the basis of own prejudice or personal likes and dislikes.
- ✱ Entrepreneur should be able to objectively analyze the situation and act accordingly.

v). Foresight

- ✱ Entrepreneur should have a foresight to visualize future business environment.

3. Distinguish between an Entrepreneur and an Intrapreneur.

S.No	Basis	Entrepreneur	Intrapreneur
1	Thinking	Thinking Entrepreneur is a free thinker	Intrapreneur is forced to think independently but within scope of business activities
2	Dependency	Entrepreneur is an independent person	Intrapreneur is dependent on the entrepreneur. He is an employee.
3	Fund Mobilization	Entrepreneur has to mobilize funds to finance the venture.	Intrapreneur does not engage in fund mobilization.
4	Reward	Entrepreneur is rewarded by profit for the risk bearing exercise.	Intrapreneur does not share in profits of venture. But gets perquisites, salary, incentives etc., for the service.
5	Operation	Entrepreneur operates mostly outside the enterprise.	Intrapreneur operates within the enterprise.

4. Discuss the problems faced by Women Entrepreneurs.

i). Problem of Finance:

- ✱ The access of women to external sources of funds is limited as they do not generally own properties in their own name.
- ✱ Financial institutions they impose stringent condition which discourages women to avail themselves of loan assistance from banks.

ii). Limited Mobility:

- ✱ Indian women cannot afford to shed their household responsibilities towards their family even after they plunge into the venture started by them.
- ✱ This restricts the mobility of women entrepreneur significantly.

iii). Lack of Education

- ❖ Illiterate and semi-literate women entrepreneurs encounter a lot of challenges in their entrepreneurial journey with respect to maintaining accounts, understanding money matters, day-to-day operations of the company, etc.,
- ❖ This reduces the efficiency of operating the business successfully.

iv). Stiff Competition

- Women entrepreneurs have to face serious competition for their goods from organized sector and from their male counterparts.
- Since they are not able to spend freely due to financial restrictions, they are not able to compete effectively and efficiently in the market.

v). Lack of Information

- ♣ Women entrepreneurs are reported not to be generally aware of subsidies and incentives available for them due to their poor literacy levels.

5. Explain in detail the various functions of an entrepreneur.

PROMOTIONAL FUNCTIONS:

(i) Determining the business objectives:

Entrepreneur has to develop business objectives in the backdrop of nature of business and type of business activity i.e. nature of business, manufacturing or trading, etc..

(ii) Detailed Investigation:

Entrepreneur has to analyze in detail the product proposes to produce.

(iii) Choice of form of enterprise:

Entrepreneur has to choose the appropriate form of organisation suited to implement the venture.

(iv) Fulfillment of the formalities

(v) Preparation of Business Plan

(vi) Mobilization of funds

MANAGERIAL FUNCTIONS:**(i) Planning**

Entrepreneur has to lay down the objectives, goals, vision, mission, policies, procedures, programmes, budget, schedules etc., for enabling the venture to proceed towards established destinations.

(ii) Organizing

Entrepreneur puts in place suitable organizational structure to perform various managerial functions namely defining and delegating authority, distributing responsibility and creating accountability for efficient performance of activities.

(iii) Directing

Entrepreneur has to motivate, lead, guide and communicate with subordinates on an ongoing basis in order to accomplish pre-set goals.

(iv) Controlling

Entrepreneur has to put in mechanism to evaluate the performance of employees across the organisation.

(v) Coordination

Entrepreneur has to evolve mechanism to pull together the diverse functions performed by various departments or teams and direct them towards the established goals of the organisation for accomplishment.

COMMERCIAL FUNCTIONS:**(i) Production:**

Under production function, entrepreneur has to take decision relating to selection of factory site, design and layout, type of products to be manufactured, product design etc.,

(ii) Marketing:

Entrepreneur has to carry out following functions pertaining to marketing aspect namely consumer research, product planning and development, standardization, packaging, pricing, warehousing, distribution, promotion etc.,

(iii) Accounting:

Entrepreneur has to arrange to prepare trading and profit and loss account in order to know the profit or loss incurred out of operation of the business and prepare balance sheet to know the financial status of business at a particular day.

(iv) Finance:

In the sphere of financial function, an entrepreneur has to take decisions like choosing the right type of financing, framing the best dividend policy, acquiring of funds, etc..

(v) Human Resource Management:

Entrepreneur has to estimate the manpower needs of the enterprise and accordingly decide the size of manpower required for various slots of organizational structure.

CHAPTER - 24**TYPES OF ENTREPRENEURS****I. Choose the Correct Answers:**

1. Choose the type of entrepreneur that isn't based on function:

- a. Innovative b. Classical c. Fabian d. Drone

2. Choose the type of Entrepreneur that is not based on Motivation:

- a. Pure b. Corporate c. Spontaneous d. Induced

3. Which of the following is the Activity of a Business Entrepreneur?

- a. Production b. Marketing c. Operation d. All of the above

4. Find the odd one out in context of Trading Entrepreneur.

- a. Selling b. Commission c. Buying d. Manufacturing

5. Corporate Entrepreneur is also called as _____

- a. Intrapreneur b. Promoter c. Manager d. Shareholder

6. Poultry, Flowers, Fruits etc are called allied Products of _____ entrepreneur.

- a. Corporate b. Retail c. Trading d. Agricultural

7. _____ Entrepreneur Supply Services Unlike.

- a. Hoteliers b. Banking c. Airlines d. Livestock

8. Motive of a Pure Entrepreneur is

- a. Rendering service b. Earning profit c. Attaining status d. Both b & c

9. Which of these is based on Technology?

- a. Modern b. Professional c. Corporate d. Industrial

10. Which of the below is not a Characteristic of a Fabian Entrepreneur?

- a. Conservative b. Risk averse c. Sceptical d. Adaptive

II. Very Short Answer Questions:

1. What is the other name of business entrepreneur?

Business entrepreneur is called solo entrepreneur.

2. Mention the other name for corporate entrepreneur.

Corporate entrepreneur is called promoter

3. Who are agricultural entrepreneur?

Those who raise allied products like poultry, meat, fish, honey, skin, agricultural implements, flowers, silk, fruits, prawn etc., are called agricultural entrepreneur.

4. State the name of the following ventures:

- Started by individuals for profit motive
- Started by Government
- Started by individuals and Government together
- Started as a family business

5. Give some examples of pure entrepreneurs.

- ♣ Dhirubai Ambani,
- ♣ Jamshadji Tata,
- ♣ T.V. SundaramIyengar,
- ♣ Seshadriji, Birla,
- ♣ Narayanamurthi,

III. Short Answer Questions:**1. Who is a private entrepreneur?**

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

2. What is political environment?

Political Environment is the state, government and its institutions and legislations and the public and private stakeholders who operate and interact with or influence the system.

3. List down few examples of pure entrepreneurship

- DhirubaiAmbani, - Reliance ADA Group
- Jamshadji Tata - Tata Group of Companies
- T.V. SundaramIyengar, - TVS Motor Vehicles
- Seshadriji, Birla - Aditya Birla Company
- Narayanamurthi - Infosys
- Aziz premji - Wipro

4. How does a professional entrepreneur operate?

- Professional entrepreneur is one who is having a rich expertise in starting a venture but lack interest in continuing the venture as a manager or as a owner.
- He/she simply sells out the venture started by him to someone else after its successful take-off.
- They keep on conceiving new ideas to develop alternative projects.

5. Explain about the agricultural entrepreneur.

- ❖ Agricultural entrepreneurs are those entrepreneurs who raise farm products and market them.
- ❖ They use the various inputs like labour, fertilizer, insecticide, water technology etc.
- ❖ To raise the products and market their products either directly or through co-operative entities or through brokers or through tie up with large retailers.
- ❖ Those who raise allied products like poultry, meat, fish, honey, skin, agricultural implements, flowers, silk, fruits, prawn etc., are called agricultural entrepreneur.

IV. Long Answer Questions:

1. Explain in detail on classification according to the type of business

(i) Business Entrepreneur:

- ❖ Business entrepreneur is called solo entrepreneur.
- ❖ He/she may establish small or large enterprise to commercially exploit his /he idea.
- ❖ He/she takes up production, operations and pursues marketing activities.

(ii) Trading Entrepreneur:

- Trading entrepreneurs are those who restrict themselves to buying and selling finished goods.
- They may be engaged in domestic and international trade.
- Their core strength lies in distribution and marketing.

(iii) Industrial Entrepreneur:

- * These are entrepreneurs who manufacture products to cater to the needs of consuming public after identifying the need left unfulfilled by the manufacturer hitherto.
- * They may be small, medium and large entrepreneurs.

(iv) Corporate Entrepreneur:

- ♣ Corporate entrepreneur is called promoter.
- ♣ He/she takes initiative necessary to start an entity under corporate format.
- ♣ He/she arranges to fulfill the formalities to start a corporate entity under Company law.

(v) Agricultural Entrepreneur:

- Agricultural entrepreneurs are those entrepreneurs who raise farm products and market them.
- They use the various inputs like labour, fertilizer, insecticide, water technology etc. to raise the products and market their products either directly.

2. Discuss the nature of functional entrepreneurs.

(i) Innovating Entrepreneur:

- ✦ Innovative entrepreneur is who is always focused on introducing a new product or introducing something new in the venture already started.

- ✦ They constantly observe the environment around them; collect information and analyze them in order to contribute something new in the venture.

(ii) Imitative Entrepreneur:

- ❖ Imitative entrepreneur is one who simply imitates existing skill, knowledge or technology already in place in advanced countries.
- ❖ For example, many electronic products invented in advanced countries are simply reengineered in developing countries.

(iii) Fabian Entrepreneur:

- ✦ These entrepreneurs are said to be conservatives and sceptical about plasticizing any change in their organization.
- ✦ They are of risk-averse type.
- ✦ They do not simply change to the changes happening in the environment.

(iv) Drone Entrepreneur:

- Drone entrepreneur are those who are totally opposed to changes unfolding in the environment.
- They used to operate in the niche market.
- They are similar to fabian entrepreneur in doggedly pursuing their conventional practices.

3. Distinguish between the rural and urban entrepreneur.

i). Rural Entrepreneur:

- ♣ These are people who start venture in rural locations.
- ♣ They are provided a lot of economic and fiscal incentives to start their venture in rural and semi urban areas.
- ♣ Thanks to their immediate access to material, labour or other facilities at low cost.
- ♣ As a result the cost of production of rural ventures tends to be low.
- ♣ Agricultural and trading entrepreneurs prefer to set up their venture in rural areas.

ii). Urban Entrepreneur:

- Entrepreneur who commences his entrepreneurial activity in urban areas like State Capital, District Headquarters, Towns, Municipalities etc.,
- They may be industrial entrepreneur or corporate entrepreneur or retail entrepreneur.

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CHAPTER - 25**GOVERNMENT SCHEMES FOR
ENTREPRENEURIAL DEVELOPMENT****I. Choose the Correct Answers:**

1. The _____ initiative was launched to modernize the Indian economy to make all governments services available electronically.
a) Standup India b) Startup India c) Digital India d) Make in India
2. _____ is designed to transform India to a global design and manufacturing hub.
a) Digital India b) Make in India c) Startup India d) Design India.
3. _____ is the Government of India's endeavor to promote culture of innovation and entrepreneurship.
a) AIM b) STEP c) SEED d) AIC
4. _____ should cover aspects like sources of finance, technical know-how, source of labour and raw material, market potential and profitability.
a) Technical Report b) Finance Report c) Project Report d) Progress Report
5. _____ has to include the mechanism for managing venture in the project report.
a) Banker b) Government c) Lending Institutions d) Entrepreneur

II. Very Short Answer Questions:

1. Name any four Governmental Entrepreneurial schemes.

- ✧ Startup India
- ✧ Make in India
- ✧ Support to Training and Employment Programme for Women (STEP)
- ✧ Trade related Entrepreneurship Assistance and Development (TREAD)

2. Give a note on 'Digital India'.

- * The Digital India Initiative has been launched to modernize the Indian economy to make all government services available electronically.
- * TMThe initiative aims at transforming India into a digitally- empowered society and knowledge economy with universal access to goods and services.

3. State any three entrepreneurial development schemes of Government of Tamil Nadu.

- ✧ New Entrepreneur Enterprise Development Schemes (NEEDS)
- ✧ Interest Subsidy Scheme (Interest Subvention Scheme)
- ✧ Tamil Nadu Industrial Investment Corporation Ltd Schemes (TIIC)

4. List down the two types of finance.

- * Debt Finance
- * TMEquity Finance

5. Mention the time period of Provision Registration Certificate.

- ❖ The provision Registration Certificate will be issued to entrepreneur after the fulfillment of certain conditions for period of one year subject to renewal of two periods of six months duration.
- ❖ If an entrepreneur is not able to commence production beyond the extension period, further extension will not be granted.

III. Short Answer Questions:**1. What is 'Startup India'?**

- ✦ Startup India is an initiative of the Government of India.
- ✦ The campaign was first announced by Indian Prime Minister, Mr.Narendra Modi.
- ✦ Through the Startup India initiative Government of India promotes entrepreneurship by mentoring, nurturing and facilitating startups throughout their life cycle.
- ✦ A 'Fund of Funds' has been created to help startups gain access to funding.

2. Expand the following: STEP, JAM, TREAD, M-SIPS, SEED and New Gen IEDC.

- * STEP - Support to Training and Employment Programme for Women
- * JAM - Jan Dhan - Aadhaar - Mobile
- * TREAD - Tread related Entrepreneurship Assistance and Development
- * M-SIPS - Modified Special Incentive Package Scheme
- * SEED - Science for Equity Empowerment and Development
- * New Gen IEDC - New Gen Innovation and Entrepreneurship Development Centre

3. Write a short note on the following

a) Dairy Entrepreneurship development scheme. b) Project report.

a). Dairy Entrepreneurship development scheme:

- It aims at helping entrepreneurs in the field of Agriculture, pets and animals, and social impact to set up small dairy farms.
- It helps to provide incentives are provided to cover the cost of the required equipment or establishment of the facility.

b). Project Report:

- ➡ Project reports needs to be prepared according to the format prescribed in the loan application form of term lending institutions.
- ➡ An entrepreneur can get the report prepared either by or by auditors.

- This report should cover aspects like sources of finance, technical know-how, sources of labour and raw materials, market potential and profitability.

4. What is the procedure for getting power connection for an Entrepreneurial venture.

Entrepreneur has to make application to Assistant Divisional Engineer of State Electricity Board for Power connection after paying Security Deposit and fulfilling the official formalities prescribed.

IV. Long Answer Questions:

1. Explain any five Government Entrepreneurial schemes.

i). 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.

ii). Jan Dhan- Aadhaar- Mobile (JAM):

- ✳ JAM, for the first time, is a technological intervention that enables direct transfer of subsidies to intended beneficiaries and, therefore, eliminates all intermediaries and leakages in the system, which has a potential impact on the lives of millions of Indian citizens.

iii). Trade related Entrepreneurship Assistance and Development (TREAD):

- ♣ This schemes envisages to address the critical issues of access to credit among India's underprivileged women, the TREAD programme enables credit availability to interested women through non-governmental organizations (NGOs).

iv). Modified Special Incentive Package Scheme (M-SIPS):

- ✳ The M-SIPS scheme provides capital subsidy of 20% in SEZ and 25% subsidy in non-SEZ for business units engaged in manufacturing of electronics.

v). Science for equity Empowerment and Development (SEED):

- * SEED aims to provide opportunities to motivated scientists and field level workers to undertake action-oriented, location specific projects for socio-economic gain, particularly in rural areas.
- * SEED emphasizes equity in development, so that the benefits of technology accrue to a vast section of the population, particularly the disadvantaged.

2. Describe the steps promoting Entrepreneurial venture.

i). Selection of the product:

- ◆ An entrepreneur may select a product according to his aspiration, capacity and motivation after a through scrutiny of micro and macro environment of business.
- ◆ An entrepreneur has to conduct economic viability of the project.

ii). Selection of form of ownership:

- ✓ Entrepreneur has to choose the form of organization suitable and appropriate for his venture namely family ownership, partnership and private limited company.
- ✓ Family ownership and partnership forms of organization are suited for exercising unified control over the venture.

iii). Selection of Site:

- ★ Entrepreneur has to choose suitable plot for accommodating his venture.
- ★ He has four options open to him for housing his venture.
- ★ These have been mentioned below.

iv). Designing Capital Structure:

- ♠ Entrepreneur has to determine the source of finance for funding the venture.
- ♠ He/she may mobilize funds from his own savings, loans from friends and relatives, term loans from banks and financial institutions.

v). Acquisition of Manufacturing Know-how:

- Entrepreneur can acquire manufacturing know-how from Government research laboratories, research and development divisions of industries, and individual consultants.
- Besides, manufacturing know-how can be obtained by foreign technical collaboration.

3. Discuss the preparation of a project report.

Meaning :

- ➞ Project reports needs to be prepared according to the format prescribed in the loan application form of term lending institutions.
- ➞ *The project report should include the following:*

i). Technical Feasibility:

- ✎ Description of product specification
- ✎ Raw materials availability
- ✎ Manufacturing process

- ☞ Quality control measures
- ☞ Availability of water, power, transport and communication facilities.

ii). Viability:

- Non-recurring cost such as Land and Building, Plant and Machinery etc.
- Recurring expenses like wages, salaries, and overheads etc.
- Probable cost of production
- Profit on expected sales

iii). Provisional Registration Certificate:

- ✱ Entrepreneur has to apply for Provisional Registration Certificate.
- ✱ It will be issued to entrepreneur after the fulfillment of certain conditions for a period of one year subject to renewal of two periods of six months duration.
- ✱ If an entrepreneur is not able to commence production beyond the extension will not be granted.

iv). Permanent Registration Certificate:

- ✱ Once the venture has commenced production or when it is ready to commence production.
- ✱ it is eligible to get permanent registration certificate.

v). Power Connection:

- ♣ Entrepreneur has to make application to Assistant Divisional Engineer of State Electricity Board for power connection after paying Security Deposit and fulfilling the official formalities prescribed.

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CHAPTER - 26**COMPANIES ACT 2013****1. Choose the Correct Answers:**

1. The Company will have to issue the notice of situation of Registered Office to the Registrar of Companies within _____ days from the date of incorporation.
(a) 14 days (b) 21 days (c) 30 Days (d) 60 Days
2. How does a person who envisages the idea to form a company called?
(a) Director (b) Company Secretary (c) Registrar (d) Promoter
3. For which type of capital a company pays the prescribed fees at the time of registration?
(a) Subscribed Capital (b) Authorized Capital (c) Paid-up Capital (d) Issued Capital
4. Which of the following types of shares are issued by a company to raise capital from the existing shareholders?
(a) Equity Shares (b) Rights Shares (c) Preference Shares (d) Bonus Shares
5. Specify the type of resolution to be passed to choose the location of Registered Office of the company within the town or village or city.
(a) Ordinary (b) Special (c) Either Ordinary (d) Boarder Special
6. Who can issue stock?
(a) Public (b) Private (c) One Person (d) Small
7. Specify the document which comes under the Negotiable Instrument Act.
(a) Share Certificate (b) Share (c) Share Warrant (d) Stock
8. The shares which are offered to the existing shareholder at free of cost is known as
(a) Bonus Share (b) Equity Share (c) Right Share (d) Preference Share
9. The shares which are offered first to the existing shareholder at reduced price is known as _____.
(a) Bonus Share (b) Equity Share (c) Right Share (d) Preference Share
10. The Companies Act 2013 prohibits the issue of shares at _____ to the public.
(a) Premium (b) Par (c) Discount (d) Both at par and Premium

II. Very Short Answer Questions:

1. Who is called as Promoters?

A person who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92.

2. What is Share?

The fraction or portion of total capital of the company which have equal denomination is known as share.

3. What do you mean by Equity Share?

The share of a company which do not have any preferential rights with regard to dividend any repayment of share capital at the time of liquidation of a company, is also called as Equity Share.

4. What do you understand by Preference Share?

It mean that part of the share capital the holders of which have a preferential right over payment of dividend and repayment of share capital in the event of winding up of the company' .

5. What is Sweat Equity Shares?

Sweat Equity shares means issue of shares to employees or directors at lower price for cash or other than Cash, in lieu of providing know- how or making available rights in the nature of intellectual property rights or any value additions.

6. What is Bonus Shares?

To utilize the company' s reserves and surpluses, issue of shares to existing shareholders without taking any consideration is known as Bonus Shares.

7. What is Right Shares?

Right shares are the shares which are issued by the company, with the aim of increasing the subscribed share capital of the company by further issue, if it is authorized by its Articles.

8. What is Private placement?

It means offer of securities or invitation to subscribe to securities to a select group of persons through private placement offer letter.

9. Define Share Warrant.

It is a negotiable instrument, issued by the public limited company only against fully paid up shares.

10. What is Debentures?

- ✪ When a company needs fund it can borrow from general public by issuing certificate for a fixed period of time and at a fixed rate of interest.
- ✪ This loan certificate is known as debenture.

III. Short Answer Questions:

1. Distinguish between shares and stocks.

S.No	Basis	Shares	Stocks
1	Nature of Original issue	It is possible.	It is not possible.
2	Paid up value	It can be partly or fully paid up.	It can only be fully paid up.
3	Definite Number	A share have a definite number known as distinctive number.	A stock does not have such number.
4	Denomination	It will be on equal numbers.	It will be on unequal number.

2. What do you understand by Issue of Securities at Premium?

- ✧ When shares are issued at a price above the face or nominal value, they are said to be issued at a premium.
- ✧ TMFor example, a share having the face value of Rs 10 is issued at Rs.12. Here, Rs.2 is the premium.
- ✧ The amount of share premium has be transferred to an account called the 'Securities Premium Account.

3. What is issue of shares at discount? What conditions should be fulfilled?

- When the shares are issued at a price below the face value they are said to be issued at a discount.
- For example, a share having the face value of Rs 10 is issued at Rs 8.
- The companies act 2013, prohibits the issue of shares at discount (section 53) except sweat Equity share.

4. State condition stipulated for capital subscription at the time of promotion.

- ❖ The fulfilling formalities to raise necessary capital.
- ❖ Adhering to SEBI guidelines in this regard.
- ❖ Fulfilling the condition for valid allotment by director.
- ❖ Despatch allotment letters to allottees.
- ❖ Filing allotment return with the Registrar.
- ❖ Ensuring collection of minimum subscription.

5. Explain different Kinds of Preference shares.

(i) Cumulative Preference Shares:

All dividends are carried forward until specified, and paid out only at the end of the specified period.

(ii) 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.

(iii) Redeemable Preference Shares:

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

IV. Long Answer Questions:**1. Write the difference between Debentures and Shares:**

S.No	Debenture	Shares
1	Debentures constitute a loan.	Shares are part of the capital of a company.
2	Middle and Lower Level.	Top level.
3	It gets fixed rate of Interest which carries a priorities over dividend.	It 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 holders do not have any voting right.	The holders enjoy voting right.

2. Brief different stages in Formation of a Company.

‘Formation of a company’ has been divided into four stages:

- * Promotion
- * Registration
- * Capital subscription
- * Commencement of business

i). Promotion: First Stage

- ♠ Promotion stage begins when the idea to form a company comes in the minds of a company comes in the mind of a person.
- ♠ The people who envisage the idea is called a promoter.
- ♠ A person who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92.

ii). Registration or Incorporation: Second stage:

- The second stage in the formation of the company is incorporation or registration.
- In this stage the promoter does the following:

♣ *Application for availability of name of company*

- ♣ *Declaration from the professional*
- ♣ *Furnishing verification of registered office*
- ♣ *Power of attorney*

iii). Capital subscription: Third Stage

- ✱ Both private company and public company not having share capital can commence its business after the completion of the above stages.
- ✱ But a public limited company having its share capital has to pass through two more stages.

iv). Commencement of Business: Fourth stage:

- Every subscriber to the memorandum has paid the value of shares agreed to be taken by him
- It has filed the registrar the verification of the registered office.
- These restrictions in section 11 are applicable to companies having share capital.

3. What are the various kinds of Debentures?

I. On the basis of convertibility:

Debentures may be classified into following categories:

- Non Convertible Debentures (NCD)
- Partly Convertible Debentures (PCD)
- Fully convertible Debentures (FCD)
- Optionally Convertible Debentures (OCD)

II. On the basis of Security:

a). Secured Debentures:

- ✱ These instruments are secured by a charge on the fixed assets of the issuer company.
- ✱ So if the issuer fails on payment of interest amount, such fixed assets can be sold to repay the liability to the investors.

b). Unsecured Debentures:

- These instrument are unsecured in the sense that if the issuer defaults on payment of the interest amount, the investor has to be included as unsecured creditors of the company.

III. On the basis of Redeemability,

Debentures are classified into:

a). Redeemable Debentures:

- It refers to the debentures which are issued with a condition that the debentures will be redeemed at a fixed date.
- Debentures are generally redeemable and on redemption these can be reissued or cancelled.

b). Irredeemable Debentures:

A Debenture, in which no specific time is specified by the companies to pay back the money, is called irredeemable debentures.

IV. On the basis of Registration,

Debentures may be classified as:

a). A Registered Debentures:

Registered debentures are issued in the name of a particular person, whose name appears on the debentures certificate and who is registered by the company as holder on the Register of debentures holders.

b). Bearer debentures:

Bearer debentures on the other hand, are issued to bearer, and are negotiable instruments, and so transferable by mere delivery like share warrents.

4. What formalities need to be fulfilled for a company's having share capital to commence business?

- ★ Every subscriber to the memorandum has paid the value of shares agreed to be taken by him
- ★ Paid up capital is not less than Rs. 5 lakhs in the case of public limited company and Rs. 1 lakh in the case of private limited company.
- ★ It has filed the registrar the verification of the registered office.
- ★ These restrictions in section 11 are applicable to companies having share capital.
- ★ It can commence business only after fulfilling all the formalities mentioned above and exercise borrowing powers immediately after incorporation.

5. Write the difference between Share Certificate and Share Warrant

S.No	Basis	Share Certificate	Share Warrant
1	Compulsion of certificate	It is a compulsory certificate.	It is not a compulsory certificate.
2	Issued by	It is issued by public or private companies.	It is issued by only public limited companies.
3	Transfer of Certificate	It can be done by executing a valid transfer deed.	It can be done by mere hand delivery.
4	Time limit	It is issued within 3 months of the allotment of shares.	There is no time limit for share warrant.
5	Title	It is a registered evidence of title	It is a bearer document of title
6	Issue of shares	It is issued in respect of partly or fully paid up shares	It is issued in respect of only fully paid up shares

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CHAPTER - 27**COMPANY MANAGEMENT****I. Choose the Correct Answer:**

1. A person Shall hold office as a director in _____ companies as per the Companies Act, 2013.
(a) 5 companies (b) 10 companies (c) 20 companies (d) 15 companies
2. Which _____ Director is appointed by a Financial institution.
(a) Nominee (b) Additional (c) Women (d) Shadow
3. A Private Company shall have a minimum of _____.
(a) Seven directors (b) Five directors (c) Three directors (d) Two directors
4. A Public Company shall have a minimum of _____ Directors.
(a) Twelve (b) Seven (c) Three (d) Two
5. A Public Company having a paid up Share Capital of Rs. _____ or more may have a Director, elected by such small shareholders.
(a) One (b) Three (c) Five (d) Seven
6. Under the companies Act, which one of the following powers can be exercised by the Board of Directors?
(a) Power to sell the company's undertakings. (b) Power to make call.
(c) Power to borrow money in excess of the paid up capital. (d) Power to reappoint an auditor.
7. Which director need not hold qualifying shares?
(a) Directors appointed to Central Government (b) Directors appointed to Shareholders.
(c) Directors appointed to Managing Director (d) Directors appointed to Board of Directors
8. What is the statue of Directors who regulate money of the company?
(a) Banker (b) Holder (c) Agent (d) Trustees
9. According to Companies Act, the Directors must be appointed by the.
(a) Central Government (b) Company Law Tribunal
(c) Company in General Meeting (d) Board of Directors.
10. The Board of Directors can exercise the power to appoint directors in the case of.
(a) Additional Directors (b) Filling up the Casual vacancy
(c) Alternate Directors (d) All the above.

II. Very Short Answer Questions:

1. Define Director.

A director appointed to the board of a Company is “A person who is appointed or elected member of the board of Directors of a company and has the responsibility of determining and implementing policies along with others in board.

- Companies act 2013 section 2 (34)

2. Name the companies required to appoint KMP.

- * Every listed company
- * Every public company (Having paid up share capital of Rs. 10 crore or more)

3. Who is whole time Director?

A Whole Time Director is one who devotes whole of his time of working hours to the company and has a significant personal interest in the company as the source of his income.

4. Who is called as Managing Director?

A Managing Director is one who is employed by the company and has substantial powers of management over the affairs of the company subject to superintendence, direction and control of the board.

5. Who can be Executive Director?

An executive director is a Chief Executive Officer (CEO) or managing director of an organization, company, or corporation, who is responsible for making decisions to complete the mission and for the success of the organization.

III. Short Answer Questions:

1. Differentiate Executive and Non-Executive Directors.

- ⇒ An Executive Director can be either a whole-time Director of the Company or a managing Director.
- ⇒ But a Non-Executive director is a Director who is neither a Whole- time Director nor a Managing director.

2. When are alternative directors appointed?

- * Alternate director is appointed by the Board of Directors, as a substitute to a director who may be absent from India, for a period which is not less than three months.
- * The appointment must be authorized either by the Articles of association of the company or by a passing a resolution in the general Meeting.
- * The alternative director is not a representative or agent of Original Director.

3. Who is a shadow director?

A person who is not the member of Board but has some power to run it can be appointed as the directors but according to his/her wish.

4. What is causal Vacancy?

It means a vacancy caused due to death, disqualification and resignation of an auditor.

5. State the minimum number of Directors for a Private company.

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.

IV. Long Answer Questions:

1. Who are the KMP?

Key-Managerial Personnel of a Company

- Companies Act, 2013 (Act) has introduced many new concepts and Key Managerial Personnel (KMP) is one of them.
- KMP covers the traditional roles of managing director and whole time director and also includes some functional heads like Chief Financial Officer and Chief Executive Officer and Company Secretary.

Who are the key managerial personnel:

- the Chief Executive Officer
- the Company Secretary
- the Whole-time Director;
- the Chief financial Officer; and

Following companies are required to appoint KMP:

Requirement to Appoint "KMP"

- Every listed company
- Every public company (Having paid up share capital of Rs. 10 crore or more)

2. Explain composition of the board of directors.

a) General Optimum combination:

- Board of Directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty percent of the board of directors shall comprise of non-executive directors.

b) When the non-executive director is the Chairperson:

- In this case, at least one-third of the board of directors shall comprise of independent directors and where the company does not have a regular non-executive chairperson, at least half of the board of directors shall comprise independent directors.

c) When the non-executive chairperson is a promoter or is related to any promoter or person occupying management positions at the level of board of director or at one level below the Board of Directors:

- In this case, at least one half of the board of directors of the company shall consist of Independent Directors (ID).
- A director is appointed to the board of a company.
- Such directors have a different role to play to attain the goal of the company.
- According to their role they are differently classified in accordance with the provision of the Companies Act 2013.

3. Brief different types of Directors.**i). Residential Director:**

Every company should appoint a director who has stayed in India for a total period of not less than 182 days in the previous calendar year.

- Section 149(3) of Companies Act 2013,

ii). Independent Director:

An independent director is an alternate director other than a managing director who is known as Whole Time director or Nominee Director.

- Section 149(6)

iii). Small shareholders directors:

- ♣ Small shareholders can appoint a single director in a listed company.
- ♣ But this action needs a proper procedure like handing over a notice to at least 1,000 shareholders or 1/10th of the total shareholders.

iv). Nominee director:

- A director nominated by any financial Institution on pursuance of the provisions of any law for the time being in force, or of any agreement, or appointed by any Government, or any other person to represent its interests” .

v). Additional directors:

Any individual can be appointed as Additional directors by a company.

4. State the qualification of Directors.

- ➞ In general, a director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company' s business.

➤ According to the different provisions relating to the directors; the following qualifications may be mentioned:

- ♣ A director must be a person of sound mind.
- ♣ A director must hold share qualification, if the article of association provides such.
- ♣ A director must be an individual.
- ♣ A director should be a solvent person.
- ♣ A director should not be convicted by the Court for any offence, etc.

5. List the disqualification of directors.

- ♣ A person shall not be capable of being appointed director of a company, if the director is
 - Of unsound mind
 - An undercharged insolvent;
- ♣ Has been convicted by a court for any offence involving moral turpitude and sentenced in respect thereof to imprisonment for not less than six months
- ♣ Has not paid any call in respect of shares of the company held by him, whether alone or jointly with others.
- ♣ An order disqualifying him for appointments as director has been passed by a court in pursuance of section 203.
- ♣ He has been convicted of the offence dealing with related party transactions under section 188.
- ♣ He has not got the Director Identification Number.

6. Explain how director of a company can be removed from the office.

Removal of Director:

- ♣ A director of company can be removed from his office before the expiry of his term by
 - the shareholders
 - the central government
 - the company law board
- ♣ A director can be removed from his office in any of the following three ways:

a) Removal by shareholder 169:

- ❖ A company may, by giving a special notice and passing an ordinary resolution, remove a director before the expiry of his period of office without the proof of mismanagement, breach of trust, misfeasance or other misconduct on the part of the director.
- ❖ If the shareholders feel that the policies pursued by the director are not appropriate, then director can be removed.
- ❖ The shareholders can do so by passing an ordinary resolution in a general meeting.

b) Removal by the Central Government:

- The central government has been empowered to remove managerial personnel from office on the recommendation of the company law board under the following circumstances.
- Where a person concerned in the conduct and management of the affairs of a company has been guilty of fraud, misfeasance, persistent negligence in carrying out his obligations.

c) Removal by the company law board:

- ★ If an application has been made to the company law board against the oppression and mismanagement of the company's affairs by a director, then the company law board may order for the termination of the director's tenure or set aside any agreement that has been entered into between the company and the director.
- ★ Such order can effect the removal of the director from his office.

7. What is the maximum limit for the Managerial remuneration?

- The managerial remuneration is payable to a person's appointed u/s 196 of the Act.
- The term remuneration means any money or its equivalent given or passed to any person for services rendered by him and includes perquisites.
- Value of rent-free or concession accommodation.
- Value any other items provided at free of cost or at concessional rate.
- A contribution made by an employer to an approved superannuation fund.
- Value of any other fringe benefit or amenity.
- Stock options would be part of remuneration for all directors.

8. What are the duties of a director?**i). Collective duties of directors:**

- Approval of annual accounts and authentication of annual accounts.
- Directors report to shareholders highlighting performance of the company, transfers to reserves, investment surplus funds, borrowings
- Appointment of First Auditors
- Issuance of notice and holding of board meetings and shareholders meetings
- Passing of resolutions at board meetings or by circulation.

ii). General duties of Directors:

- Structuring or new policy to reach the objectives of a company.
- Delegating power to any committee if the articles permits for well being of the company.
- Issuing instructions to employees for implementation of policy to review company's progress.
- Acting in accordance with the articles of the company
- Act in good faith in order to promote the objects of the company.

- Perform duties with due and reasonable care and diligence.

iii). Specific Duties of Directors:

- * Duty to disclose his name, address and occupation
- * Duty to disclose his shareholding and interest in contracts of the company.
- * Duty to hold minimum qualification shares within two months after his appointment.
- * Duty to issue prospectus and fix the minimum subscription.
- * Duty to sign in the prospectus before submitting it to the registrar of companies.

9. State the powers of the directors.

i). Power of Director:

- * Directors should have a vision to frame policies to achieve high level of performance.
- * To achieve high level of performance, they must set the goals of the company.
- * The power of the Directors grouped into four different heads viz.,
 - Statutory powers of directors
 - Managerial powers of directors
 - Power only with a resolution
 - Other powers

ii). Statutory powers of directors:

- Power to issue debentures.
- Power to borrow moneys otherwise than on debentures.
- Power to invest the funds of the company.
- Power to make loans

iii). Managerial powers of directors:

- ✳ Power to contract with the third party.
- ✳ Power to allot, forfeit or transfer shares of company.
- ✳ Power to decide the terms and conditions to issue debentures.

iv). Power only with a resolution:

- ❖ To sell or lease any asset of the company
- ❖ To allow time to the director for repayment of the loan
- ❖ To borrow money in excess of paid up capital and free reserves
- ❖ To appoint a sole agent for more than 5 years.

v). Other powers:

- Power to fill casual vacancy
- Power to appoint the first auditor of the company
- Power to remove key managerial personnel
- Power to make political contribution.

0. State the Criminal liabilities of Directors.

- * Directors will be liable with a fine and imprisonment or both for fraud of non-compliance of any statutory provisions in the following situations where
- * There is mis-statement in prospectus
- * There is failure to file return on allotment with the registrar
- * There is failure to give notice to the registrar for conversion of share into stock
- * There is failure to issue share certificate and debenture certificate
- * There is failure to maintain register of the members and register of debenture holders
- * There is default in holding annual general meeting
- * There is failure to provide financial statements.

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Padasalai

CHAPTER - 28**COMPANY SECRETARY****I. Choose the Correct Answer:**

1. Mention the status of a Company Secretary in a company.

- a) A member b) A director c) An independent d) An employee contractor

2. Who can become a secretary for a company?

- a) Individual person b) Partnership firm c) Co-operative societies d) Trade unions

3. Which meeting will be held only once in the life time of the company?

- a) Statutory b) Annual General c) Extra – ordinary d) Class General

4. Board Meetings to be conducted minimum _____ times in a year.

- a) 2 b) 3 c) 4 d) 5

5. Who is not entitled to speak at the annual general meeting of the company.

- a) Auditor b) Shareholder c) Proxy d) Directors

6. Mention the company which need not convene the Statutory Meeting.

- a) Widely held public b) Private Limited c) Public Limited d) Guarantee having a share capital

7. From the date of its incorporation the First Annual General Meeting is to be conducted within _____ months.

- (a) Twelve (b) Fifteen (c) Eighteen (d) Twenty one

8. What percentage of shareholders is needed to pass special resolution?

- a) It must be unanimous b) Not less than 90%.
c) Not less than 75%. d) More than 50%.

9. A special resolution must be filed with the Registrar within

- a) 7 days b) 14 days c) 30 days d) 60 days

10. A special resolution is required to

- a) redeem the debentures b) declare dividend c) appoint directors d) appoint auditor

II. Very Short Answer Questions:

1. Who is a Secretary?

It means any individual possessing the prescribed qualifications, appointed to perform the duties which may be performed by a secretary under this companies act 2013.

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?

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'?

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.

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 favor of or against a proposal or a candidate to be elected for an office.

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 favor 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.

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 shareholders
- ✳ Contribution to the paid-up capital of a limited company having a share capital.

4. Give any three cases in which an 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 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 meeting.
- ✱ The intention to propose any resolution must be notified to the company.

IV. Long Answer Questions:

1. Elaborate the functions of the Company Secretary

- ✱ Statutory functions or duties and
- ✱ 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.
- ✱ 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 sign and send annual return
- ✱ To make statutory books
- ✱ To file a resolution with the registrar.
- ✱ To assist in preparing the statement of affairs in a winding up.

(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.
- 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.

2. Discuss 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 up to 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 up to Rs.500 will be imposed.

3. Briefly state different types of company 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.
- ❖ AGM should be conducted by both private and public ltd companies.

(c) Special meeting:**i) Class meeting:**

- ♣ 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.

ii) 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.

1. Describe the different types of resolutions which company may pass with suitable matters required for each type of resolution.**a) Ordinary Resolution:**

- ➡ An ordinary resolution is one which can be passed by a simple majority.
- ➡ If the members of votes cast by members, entitled to vote in favor 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

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 objectives of the company
- ➡ To change the name of the company
- ➡ To alter the articles of association
- ➡ To commence any new business

c) Resolution requiring special notice:

- ♠ 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.

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 a 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.

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and dedication for exam.
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and do your best.
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will do very well.
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