

FM2103 Corporate Laws

S.No.	Question	Type	level	Unit	Answer
1	How is a company different from proprietorship or partnership firms?	Long Answer Type	Moderate	Unit-1	Page no-2-3
2	What are the essential characteristics of a company?	Long Answer Type	Moderate	Unit-1	Page no-2-3
3	What are the differences between a private company and a public company?	Long Answer Type	Moderate	Unit-1	Page no-7-8
4	Among the following which one is the correct statement about the company? A) There is no statutory limit to the maximum number of members in a public company b) The members of a company cannot have unlimited liability. C) The terms 'public company and 'government company' are	Very Short Answer Type	Moderate	Unit-1	a)
5	" A company has a separate personality from its shareholders". Critically examine this statement with reference to the principle of "lifting of the corporate veil".	Long Answer Type	High	Unit-1	Page no-2-3
6	Define a private company. Discuss the exemptions and privileges enjoyed by a private company.	Long Answer Type	Moderate	Unit-1	Page No7-9
7	Define a joint stock company. List the different types of joint stock companies.	Long Answer Type	Moderate	Unit-1	Page No 2 and page No-4-7
8	Complete the given statement.----- limited company may issue a prospectus for raising capital A) Public B) Private c) Both of the above d) none of the above	Very Short Answer Type	High	Unit-1	A
9	What steps need to be taken at the incorporation stage?	Short Answer Type	High	Unit-2	Page 18
10	State the documents to be filed for obtaining a certificate of commencement of Business.Is such a certificate necessary for all companies	Long Answer Type	High	Unit-2	Page No. 18-19
11	The promoters of a company incorporated on 1st July 1998, has entered into a contract with X on 1st April 1998 for the supply of goods when the company came into existence .The company , however, does not want to proceed with the contract. Discuss the correctives or	Short Answer Type	Moderate	Unit-2	The company is correct .preincorporation contracts are not binding on the company.

12	A person who conceives the idea of starting a business, plans the formation of a company and actually brings into existence is known as ; a) Promoter b) Starter c) Lead	Very Short Answer Type	Low	Unit-2	a
13	What is the object of the Memorandum of Association?	Short Answer Type	Moderate	Unit-3	Page No 25
14	" The memorandum of Association is the charter of a company and defines the limitations on the powers of the company". Comment	Long Answer Type	High	Unit-3	23-26
15	Discuss the doctrine of ultra vires with reference to the Memorandum of Association of a limited company.	Long Answer Type	Moderate	Unit-3	Page No. 30-32
16	What are the effects of ultra vires transaction?	Short Answer Type	Moderate	Unit-3	page No 31
17	Choose the correct answer-option ." A memorandum governs the relationship of the company: a) with the outside world b) with the shareholders c) with other	Very Short Answer Type	Moderate	Unit-3	a
18	The Association clause of a public company has to be signed by a minimum of a) 10 persons b) 12 persons c) 7	Very Short Answer Type	High	Unit-3	c
19	Under what circumstances can a company pay commission to a person?	Short Answer Type	Moderate	Unit-4	Page no-37-38
20	Statutory auditor of a company in the case of a casual vacancy may be appointed by the: (a) Board of Directors (b) Managing Director (c) Extraordinary General meeting (d) Government concerned	Very Short Answer Type	Moderate	Unit-4	a
21	Can a company return any part of its share capital to its shareholders during its lifetime? If so, under what	Short Answer Type	High	Unit-4	Page No. 39
22	What are the conditions to be fulfilled by a company proposing to issue sweat equity shares under the	Short Answer Type	High	Unit-4	Page No 40
23	Securities Premium Account can be utilised for: a) Issue of bonus shares b) Writing off goodwill c) payment of	Very Short Answer Type	High	Unit-4	a
24	What are the main contents of prospectus?	Short Answer Type	Moderate	Unit-5	Page No 51

25	State the effects of omissions and misstatements in a prospectus.	Long Answer Type	Moderate	Unit-5	Page 56-58
26	What is a shelf prospectus?	Short Answer Type	Moderate	Unit-5	Page no 59
27	A person responsible for the issue of a prospectus containing an untrue statement or material facts may be fined upto: a) Rs. 5,000 b) 50,000 c) 1,00,000	Very Short Answer Type	High	Unit-5	b)
28	Explain the nature and extent of the liability of an expert in respect of a prospectus containing a mis-statement.	Short Answer Type	Moderate	Unit-5	Page No. 60
29	The Articles of Association is a : a) public document b) private document c) managerial document	Very Short Answer Type	Moderate	Unit-6	a)
30	The doctrine entitling outsiders to presume that the internal formalities must have been observed by the company is known as : a) The doctrine of constructive notice b) The doctrine of Indoor Management c) The	Very Short Answer Type	High	Unit-6	b)
31	Enunciate the Doctrines of Constructive Notice and Indoor Management. What are the exceptions , if any, to the doctrine of indoor management . What are the exceptions ,if any, to the doctrine of indoor management?	Long Answer Type	Moderate	Unit-6	Page No 61
32	What do you understand by the term "Articles of Association"?	Short Answer Type	Moderate	Unit-6	Page No-63
33	What are trading and non-trading companies?	Short Answer Type	Low	Unit-7	
34	Can a joint stock company borrow money? If so, how? A joint stock company borrows money from X beyond its powers. Has X, the lender, any remedy against the company for realising the principal and arrears of interest?	Long Answer Type	High	Unit-7	Page no 72-73
35	What is debenture? What are the different kinds od	Long Answer Type	Moderate	Unit-7	Page No. 74-77
36	Explain the objectives and functions of SEBI.	Short Answer Type	Moderate	Unit-12	Page No.128
37	Explain the powers of SEBI in the case violations of the provisions relating to insider trading.	Long Answer Type	Moderate	Unit-12	Page No.136-139

38	What is price sensitive information?	Short Answer Type	Low	Unit-12	Page No. 137
39	Explain the post issue obligations of the Merchant Banker.	Short Answer Type	Moderate	Unit-12	Page No 132
40	The following is not public information a) Issue of securities of the company b) Periodical financial results of the company c) Speculative Reports in print or electronic	Very Short Answer Type	Moderate	Unit-12	iii
41	Write a short note on ADR (American Depository Receipt).	Short Answer Type	Low	Unit-13	Page no. 158
42	Define Foreign Direct Investment. Explain its types and	Long Answer Type	Moderate	Unit-13	Page No. 148-152
43	State how the foreign investor can invest in India through the Portfolio Investment Scheme.	Long Answer Type	Moderate	Unit-13	Page No. 150-151
44	State the guidelines issued by the Government of India on External Commercial Borrowings.	Long Answer Type	High	Unit-13	Page No. 156-158
45	Differentiate between FEMA and FERA.	Short Answer Type	Moderate	Unit-13	Page No. 144-145
46	Define the structure of Exchange control under FEMA.	Short Answer Type	Moderate	Unit-13	Page No. 144-145
47	Examine the significance of FEMA in the context of international trade.	Long Answer Type	Moderate	Unit-13	Page No. 152-156
48	State the salient features of FEMA.	Short Answer Type	Moderate	Unit-13	Page No. 145
49	Define ' Current account transactions'.	Short Answer Type	Moderate	Unit-13	Page No. 145
50	Which organization provides for maintenance of ownership records in a book entry form? a) BSE b) NSCCL c) Depositories d) NSE	Very Short Answer Type	Low	Unit-12	c

51	Mutual funds are regulated in India by which among the following? (a) RBI (b) SEBI (c) Stock exchanges (d) RBI and SEBI both	Very Short Answer Type	Low	Unit-12	b)
52	Which act in 1996 was passed to provide free transferability of securities with speed and accuracy? a) Depositories Act b) SEBI Act CBSE – Introduction to Financial Markets - II 131 c) SCRA d) Companies Act	Very Short Answer Type	Moderate	Unit-12	a)
53	What do you understand by the term "Directors"?	Short Answer Type	Low	Unit-8	Page No. 82
54	What is the procedure for the appointment of a director?	Long Answer Type	Moderate	Unit-8	Page NO-83-85
55	"Directors are vested with wide powers under the Companies Act, 1956". Explain .Can directors contribute to the Kargil Relief Fund?	Long Answer Type	High	Unit-8	Page No. 88-90
56	What are the powers of directors in respect of the management of a company and what are the limitations imposed on them by company law?	Long Answer Type	Moderate	Unit-8	Page No. 88-90
57	What is the maximum period for which a person can be appointed as managing director ? A) 5 years at a time b) 3 years at a time c) 10 years at a time	Very Short Answer Type	Moderate	Unit-8	a
58	A person can be director of not more than; a) 25 companies b) 15 companies c) 20 companies	Very Short Answer Type	Moderate	Unit-8	b)

59	Directors are both agents and trustees. Explain	Short Answer Type	High	Unit-8	Page No. 94-95
60	How is a managing director appointed? What are his duties and responsibilities? Discuss the role and powers, if any, of the Government in regard to the appointment of	Long Answer Type	High	Unit-9	Page No. 99-101
61	Among the following who should be appointed for a special resolution of the members? A) Whole-time directors b) Managing directors c) Manager	Very Short Answer Type	Low	Unit-9	a
62	A company cannot have following persons as managerial personnel: a) managing director with a whole-time director b) managing director with a manager c) managing director with part-time directors	Very Short Answer Type	Low	Unit-9	b)
63	Distinguish between a manager and a managing director.	Short Answer Type	Low	Unit-9	Page No. 101
64	Explain Managerial Remuneration of Directors.	Short Answer Type	Moderate	Unit-9	Page No. 102-103
65	What are the rules with regard to the payment of dividends?	Short Answer Type	Moderate	Unit-10	Page No. 109
66	"It is a cardinal principle of Company Law that no dividend must be paid otherwise than out of divisible profits. Elucidate and explain the rules for ascertaining divisible	Long Answer Type	High	Unit-10	Page no. 109-112
67	All dividends, once declared, must be paid within: a) 30 days b) 42 days c) 45 days	Very Short Answer Type	High	Unit-10	a
68	The shareholders in a duly convened annual general meeting passed a resolution for payment of dividend at a rate higher than what was recommended by the Board. Discuss whether the resolution is valid.	Short Answer Type	High	Unit-10	The resolution is not valid. Recommending of dividend is a matter of internal management and the directors are the best persons to decide
69	How can disputes between a) company and its members and b) a company and its creditors, be solved without recourse to liquidation? State the remedies available to the dissenting members or creditors.	Long Answer Type	High	Unit 11	Page No. No. 120-123

70	What do you understand by the term "reconstruction"?	Short Answer Type	Low	Unit-11	Page No. 120

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