



# CMA FINAL LAW

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Section A: MCQs

1. A company formed as under one person company may be either.

a. A company limited by shares	b. Company limited by guarantee
c. An unlimited company	d. All of the above

2. Every company shall hold the first meeting of the Board of Directors within how many days of the date of its incorporation?

a. 30 days	b. 60 days
c. 90 days	d. 15 days

3. FIPB stands for :

a. Foreign Investment Promotion Board	b. Foreign Institutional Promotion Board
c. Foreign Institutional Portfolio Board	d. Foreign Investment portfolio Board

4. SEBI was first established in the year \_\_\_\_\_ as non-statutory body

a. 1992	b. 1988
c. 1990	d. 1985

5. \_\_\_\_\_ option means an option of allotting equity shares in excess of the equity shares offered in the public issue as a post-listing price stabilizing mechanism;

a. Green shoe	b. Listed issuer
c. Net offer to public	d. Offer document

6. According to the Companies Act, 2013 foreign Company is mentioned in section \_\_\_\_\_.

a. 2 (40)	b. 2 (42)
c. 2 (44)	d. None of the above

7. Derivatives are covered under which Act:

a. Securities Contracts (Regulation) Act, 1956	b. Depositories Act, 1996
c. Reserve Bank of India Act, 1934	d. The Competition Act, 2002

8. \_\_\_\_\_ means a prospectus which does not include complete particulars of the quantum or price of the securities included therein

a. Deemed Prospectus	b. Shelf Prospectus
c. Red herring prospectus	d. None of the above

9. No insurer carrying on the business of life insurance and general insurance, shall be registered unless he has minimum paid up capital of

a. Rs.50 crore	b. Rs. 200 crore
c. Rs.150 crore	d. Rs. 100 Crore

10. Every Producer Company shall have at least \_\_\_\_\_ Directors

a. 10	b. 5
c. 3	d. 2

11. The ordinary business activities like declaration of dividends, appointment of directors, acceptance of the financial statements and appointment of auditors requires the consent of \_\_\_\_\_ of the shareholders.

a. 90%	b. 75%
c. 51%	d. No need of acceptance of shareholders for ordinary activity

12. The Directorate of Enforcement was established in the year \_\_\_\_\_ with its Headquarters at New Delhi

a. 1949	b. 1956
c. 1967	d. 1985

13. The first meeting of the committee of creditors shall be held within \_\_\_\_\_ of the constitution of the committee of creditors - Section 22(1) of Insolvency and Bankruptcy Code, 2016.

a. Six days	b. Seven days
c. Eight Days	d. Twelve days

14. Listed companies must have audit committees of the board with a minimum of three directors, \_\_\_\_\_ of whom must be independent.

a. One-third	b. Half
c. Two-thirds	d. Two-fifth

15. Which of the following export documents is known as the Document of Title?

a. Mate's receipt	b. Bill of exchange
c. Bill of lading	d. Proforma invoice

16. It is not compulsory for private Ltd companies to

a. Conduct statutory meetings	b. Issue prospectus
c. Maintain an index of its members	d. All of these

17. Public deposits cannot exceed

a. 50% of share capital and free reserve	b. None of these
c. 25% of share capital and free reserve	d. 10% of share capital and free reserve

18. As per section 36(4) of Insolvency and Bankruptcy code ,2016,which of the following assets will not form a part of liquidation assets:

a. Assets of any Indian or foreign subsidiary of the corporate debtor	b. Assets subject to the determination of ownership by the court
c. Tangible assets, whether moveable or immovable	d. All proceeds of liquidation as and when they are realised

19. "METRO" is which form of enterprise

a. Private limited company	b. PPP
c. Government company	d. Public limited company

20. Which of the following instruments is also known as 'Hybrid security'?

a. Preference share	b. Debentures
c. Public deposit	d. Equity shares

21. Which of the following FDI in resident entities is not eligible as investee entities?

a. FDI in H.U.F	b. FDI in an Indian company
c. FDI in partnership	d. FDI in LLP

22. A Nidhi shall not accept deposits exceeding \_\_\_\_\_ times of its net owned funds

a. Fifteen times	b. Ten times
c. Twenty five times	d. Twenty times

23. Principle of indemnity is not applicable to

a. Life insurance	b. Marine insurance
c. Fire insurance	d. None of these

24. The process of money laundering generally involves three stages. Which is the second stage?

a. Placement	b. Integration
c. Layering	d. Contribution

25. Which of the following is not a motive for setting up a joint venture?

a. None of these	b. Diversification of risk
c. Tax shelter	d. Economics of scale

26. The holders of GDRs do not carry which of the following right?

a. Voting right	b. Dividends
c. All of these	d. Capital appreciation

27. In the case of a meeting of the Board of directors or of a committee of the board, the Minutes shall also contain.

a. The names of the directors present at the meeting	b. In the case of each resolution passed at the meeting, the names of the directors, if any, dissenting from or concerning with the resolution.
c. Both	d. None of these

28. A private company' means a company having a minimum paid-up share capital as may be prescribed, and which by its articles, except in case of One Person Company, a private company limits the number of its members to two hundred, which excludes:

a. persons who are in the employment of the company; and	b. persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment cease;
c. both (a) (b) are correct;	d. none of the above is correct;

29. The following cannot be member of a nidhi company.

a. body corporate	b. trust
c. minor	d. all the above

30. According to Section 2 (6) of the Companies Act, 2013, —associate company in relation to another company, means –

a. a company in which that other company has a significant influence	b. a company which is not a subsidiary company of the company having such influence
c. a company which includes a joint venture company	d. All of the above

31. 'Government company' means any company in which not less than ..... per cent of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company.

a. 49	b. 50
c. 51	d. 100

32. Dormant company is formed and registered under this Act –

a. for a future project	b. to hold an asset
c. intellectual property and has no significant accounting transaction	d. All of the above

33. Interim dividend is decided and declared by:

a. Board of Directors	b. Shareholders in AGM
c. Audit committee	d. Shareholders in EGM

34. Unpaid dividend, after 7 years is transferred to

a. Profit and loss account of the company	b. Investor Education and Protection Fund
c. Reserve Bank of India	d. None of the above

35. A company has 15 directors but intends to appoint more. It has to take approval of:

a. Board of Directors	b. Shareholders through special resolution
c. Central Govt.	d. None of the above

36. Which of the following is the Principle of Corporate Governance?

a. Transparency	b. Accountability
c. Independence	d. All of the above

37. As per Section 203 (1), every company belonging to such class or classes of companies as may be prescribed shall have the following whole-time key managerial personnel — Managing Director, or Chief Executive Officer or Manager and in their absence, a Whole-

a. Time Director	b. Company Secretary
c. Chief Financial Officer	d. All of the above

38. At least one woman director is required for \_\_\_\_\_.

a. every listed company;	b. every other public company having paid-up share capital of one hundred crore rupees more
c. every other public company having turnover of three hundred crore rupees or more	d. all of the above

39. A person appointed as small shareholders' director shall vacate the office if:

a. the director incurs any of the disqualifications specified in section 164;	b. the office of the director becomes vacant in pursuance of section 167;
c. the director ceases to meet the criteria	d. All of the above

of independence as provided in sub-section (6) of section 149	
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40. According to section 173(3), every board meeting shall be called by giving at least 7 days notice in writing to all the directors at their registered address \_\_\_\_\_ .

a. in India	b. outside India
c. whether in India or outside India	d. None of the above

41. In a public company,.....of the retiring directors shall retire in every AGM.

a. 1/3 <sup>rd</sup>	b. 2/3 <sup>rd</sup>
c. All	d. None of the above

42. Section \_\_\_\_\_ of the Companies Act, 2013 imposes a \_\_\_\_\_ obligation on every company to cause minutes of all proceedings of general meetings, board meetings and other meeting and resolution passed by postal ballot.

a. 118; statutory	b. 119; statutory
c. 119; non-statutory	d. 118; non-statutory

43. The report on inspection made has to be submitted to

a. Central Govt.	b. RBI
c. NCLT	d. None of the above.

44. The mode(s) of corporate restructuring -

a. Amalgamation	b. Compromise
c. Arrangement	d. all of the above

45. Section 233 prescribes simplified procedure for Merger or amalgamation of:

a. two or more small companies or	b. between a holding company and its wholly-owned subsidiary company or
c. such other class or classes of companies as may be prescribed.	d. all of the above

46. the books and papers of amalgamated company shall not be disposed off:

a. before 8 years of amalgamation order	b. before 15 years
c. without the permission of Central Govt.	d. none of the above

47. The main purpose of winding up of a company is to

a. realize the assets of the company	b. to pay the debts of the company
c. both (a) and (b)	d. none of the above

48. According to the Companies (Registration of Foreign Companies) Rules, 2014, electronic mode' means carrying out electronically based, whether main server is installed in India or not, including, but not limited to:

a. business to business and business to consumer transactions, data interchange and other digital supply transactions.	b. offering to accept deposits or inviting deposits or accepting deposits or subscriptions in securities, in India or from citizens of India.
c. Both (a) and (b)	d. None of the above

49. Penalty(ies) that have been contemplated under the Companies Act, 2013 -

a. Fine only	b. Imprisonment or fine
c. Imprisonment or fine or with both	d. All of the above

50. order of NCLT can be appealed at:

a. NCLAT	b. Supreme Court
c. None of the above	d. Any one of (a) or (b)

51. Any person aggrieved by any decision or order of the Securities Appellate Tribunal may file an appeal to the Supreme Court within from the date of communication of the decision or order of the Securities Appellate Tribunal to him on any question of law arising out of such order.

a. 30 days	b. 45 days
c. 60 days	d. 90 days

52. An independent director cannot serve in more than ....listed entities.

a. 3	b. 5
c. 7	d. 10

53. For recognition of stock exchange, application by the Stock exchange has to be made to:

a. Central Govt	b. SEBI
c. RBI	d. None of the above

54. In case of an initial public offer, the minimum contribution of the promoters should not be less than.....of the post issue capital:

a. 10%	b. 20%
c. 30%	d. 40%



55. In case the issuer opts for the alternate method of book building, the issuer may offer specified securities to its employees at a price lower than the floor price. However, the difference between the floor price and the price at which equity shares and convertible securities are offered to employees should not be more than ..... of the floor price.

a. 10%	b. 5%
c. 15%	d. 20%

56. A foreign company can access Indian securities market for raising funds through issue of.

a. Global Depository Receipts	b. Foreign Depository Receipts
c. Indian Depository Receipts	d. American Depository Receipts

57. Listed entity shall submit a quarterly compliance report on corporate governance within from close of the quarter:

a. 30 days	b. 15 days
c. 21 days	d. 45 days

58. in case of an IPO, the issue shall be open for minimum ....days:

a. 3	b. 5
c. 7	d. 10

59. The Competition Commission also has the power to impose a fine which may extend up to .....of the total turnover or the assets of the combination, whichever is higher, for failure to give notice to the Commission of the combination.

a. 2%	b. 1%
c. 0.5%	d. 3%

60. If the Commission does not, on the expiry of a period of .....days from the date of notice given to the Commission referred to in Section 29(2), pass an order or issue direction in accordance with the provisions of sub-Section (1) or (2) or (7), the combination shall be deemed to have been approved by the Commission.

a. 210	b. 180
c. 260	d. 300

61. The amount credited to The Insurance Regulatory and Development Authority Fund shall consist of

a. all Government grants, fees and charges received by the Authority;	b. all sums received by the Authority from such other source as may be decided upon by the Central Government;
c. the percentage of prescribed premium income received from the insurer;	d. all of the above

62. IRDA shall, within \_\_\_\_\_ after the close of each financial year, submit to the Central Government a report giving a true and full account of its activities including the activities for promotion and development of the insurance business during the previous financial year.

a. nine months	b. three months
c. one month	d. six months

63. The principle of \_\_\_\_\_ ensures that an insured does not profit by insuring with multiple insurers

a. Subrogation	b. Contribution
c. Co-insurance	d. Indemnity

64. The Companies Act, 2013 specified “Small Shareholder” as a shareholder holding \_\_\_\_\_ shares of nominal value of not more than:

a. Rs. 15,000	b. Rs. 20,000
c. Rs. 25,000	d. Rs. 30,000

65. The CSR committee shall have at least .....independent director.

a. One	b. Two
c. Three	d. Not required

66. \_\_\_\_\_ means an individual who, subject to the superintendence, control and direction of the Board of Directors, has the management of the whole, or substantially the whole, of the affairs of a company.

a. Director	b. Manager
c. Managing Director	d. both (b) and (c) above

67. The majority of the members of the audit committee shall be :

a. Full time directors	b. Nominee directors
c. Promoter directors	d. Independent director

68. The \_\_\_\_\_ shall satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the company.

a. Board of Directors	b. Audit Committee
c. Management Committee	d. Any of the above

69. \_\_\_\_\_ means any director whose presence cannot count for the purpose of forming a quorum at a meeting of the Board, at the time of the discussion or vote on any matter.

a. Interested Director	b. Related party
c. Nominee Director	d. None of the above

70. Insolvency and Bankruptcy code 2016 is not applicable on:

a. Financial Service Providers	b. Partnership Firms and Individuals
c. Limited Liability Partnership (LLP)	d. Companies Incorporated under Companies Act.

71. The Insolvency and Bankruptcy Board has power of \_\_\_\_\_ Court in respect of issue of summons, discovery and production of books, inspection of books/registers and issue of commissions for examination of witnesses:

a. Session Court	b. High Court
c. Supreme Court	d. Civil Court

72. The following institutions are insolvency professional agency

a. Institute of Cost accountants	b. Institute of Chartered accountants
c. Institute of Company Secretaries	d. All of them.

73. According to Section 43 of Companies Act, 2013 ,How many types of share capital exists?

a. 3	b. 9
c. 2	d. 6

74. Which among the following cannot initiate insolvency resolution process as per Insolvency and bankruptcy Code ,2016

a. a financial creditor	b. an operational creditor
c. any corporate debtor commit a default	d. Registrar

75. Which among the following not a part of Insolvency resolution process costs

a. the amount of any interim finance and the costs incurred in raising such finance	b. any costs incurred at the expense of the Government to facilitate the insolvency resolution process; and
c. any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern	d. Dividend

76. SEBI announced plans to tighten regulations for which type of trading?

a. Algorithmic Trading	b. Investor Trading
c. Spot Trading	d. None of these

77. SEBI has proposed a set of changes to relax rules and rename the institutional trading platform as what?

a. Contribution	b. High Tech Incubation & Other New Business Platform
c. High Tech Start Up & Other New	d. High Tech Innovation % Other New

## CMA FINAL – CORPORATE LAWS & COMPLIANCE

Business Platform	Business Platform
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78. In 2004, SEBI further amended Clause 49 in response to the .....Committee's recommendations.

Which of the following options according to you most appropriately fills the above blank?

a. Murthy	b. Kotak
c. Ethics	d. None of the above

79. As per Banking Regulation Act, 1949, any banking company aggrieved by the decision of the Reserve Bank cancelling a license under Section 22 may, within days from the date on which such decision is communicated to it, appeal to the Central Government and the decision of the Central Government shall be final.

Which of the following options according to you most appropriately fills the above blank?

a. 90 days	b. 60 days
c. 45 days	d. 30 days

80. The framework for establishing good corporate governance & accountability was originally set up by

a. Rowntree Committee	b. Cadbury Committee
c. Nestle Committee	d. Thornton Committee

1	d	21	a	41	a	61	d
2	a	22	d	42	a	62	a
3	a	23	a	43	a	63	b
4	b	24	c	44	d	64	b
5	a	25	a	45	d	65	a
6	b	26	a	46	c	66	c
7	a	27	c	47	c	67	d
8	c	28	c	48	c	68	b
9	d	29	d	49	d	69	a
10	b	30	d	50	a	70	a
11	c	31	c	51	c	71	d
12	b	32	d	52	b	72	d
13	b	33	a	53	a	73	c
14	c	34	a	54	b	74	d
15	c	35	b	55	a	75	d
16	d	36	d	56	c	76	a
17	c	37	d	57	b	77	c
18	a	38	d	58	a	78	a
19	b	39	d	59	b	79	d
20	a	40	c	60	a	80	b

### Section B: Short Questions

S.No	Question	Answer
1	When and by whom shall the first auditor of a company, other than a Government Company, shall be appointed?	The first auditor of a company, other than a Government Company, shall be appointed by the Board of directors within 30 days of the date of registration of the company.
3	How many independent directors shall every listed public company have?	Every listed public company shall have at least one-third of the total number of directors as independent directors [Section 149(4)].
4	Who is an Interested Director?	A director who is in any way, whether by himself or through any of his relatives or firm, body corporate or other association of individuals in which he or any of his relatives is a partner, director or a member, interested in a contract or arrangement, or proposed contract or arrangement, entered into or to be entered into by or on behalf of a company known as Interested director according to Section 2 (49) of the Companies Act, 2013
5	What are the three functions rolled into SEBI?	SEBI has three functions rolled into one body: quasi-legislative, quasijudicial and quasi-executive.
6	What do you mean by securitization?	Securitization means acquisition of financial assets by any asset reconstruction company from any originator, whether by raising of funds by such asset reconstruction company from qualified buyers by issue of security receipts representing undivided interest in such financial assets or otherwise.
7	What is a pre requisite for initiating investigation into the offence of money laundering?	The Scheduled Offence is also called Predicate Offence and the occurrence of the same is a pre requisite for initiating investigation into the offence of money laundering
8	What is an Option?	An Option contract conveys the right to buy or sell a specific security of commodity at specified price within a specified period of time.
9	What is considered as the Insolvency commencement date ?	“Insolvency commencement date” means the date of admission of an application for initiating corporate insolvency resolution process by the Adjudicating Authority under Sections 7, 9 or Section 10 of Insolvency and Bankruptcy Code, 2016, as the case may be - Section 5(12) of Insolvency and Bankruptcy Code, 2016.
10	State the requirement of woman director/s on Board.	Every listed company shall appoint at least one woman director on Board
11	The Companies Act, 2013 is administered by which authority?	The Companies Act 2013 is administered by the Central Government through the Ministry Of Corporate Affairs, (MCA) and offices of Registrar of Companies.
12	In between the winding up and dissolution, can the company be sued in the Court of Law?	Yes, because the legal status of the company continues.

## CMA FINAL – CORPORATE LAWS & COMPLIANCE

13	What is the full form of RTGS?	Real time gross settlement.
14	Can the company keep any of the books of account at any other place in India other than the registered office of the company?	Yes, Subject to intimation to the Registrar, within seven days of the Board decisions.
15	What are three main target groups that can be distinguished in governance concepts?	Government, citizens and business/interest groups
16	State whether the LLP Act, 2008 provides any facility for conversion of a LLP into private limited company.	The LLP Act, 2008 does not provide any facility for conversion of LLP into a private limited company.
17	State the effect if the resolution plan is rejected by NCLT	If the resolution plan is rejected by the adjudicating authority. Liquidation process will commence.
18	State the different modes of e-Governance	Government to Citizen (G2C), Government to Employees (G2E), Government to Government (G2G) and G2B (Government to Business)
19	State the composition of the National Company Law Appellate Tribunal.	The National Company Law Appellate Tribunal. consists of a Chairperson and such number of Judicial and Technical Members the total of which is eleven members.
20	How much should be the spending on account of CSR in every financial year for those companies who qualify the conditions as laid down in section 135(1) of the Companies Act, 2013?	2% of average Net Profit of the company made during the three immediately preceding financial years
21	What is Operational Debt under the Insolvency and Bankruptcy Code, 2016?	Operational debt means a claim in respect of the provision of goods or services including employment or a debt in respect of the repayment of dues arising under any law for the time being in force and payable to the Central Government, any State Government or any local authority.
22	What does Section 8 of the Foreign Exchange Management Act, 1999 deals with?	Section 8 of the Foreign Exchange Management Act, 1999 deals with Realization and Repatriation of foreign exchange.
23	What percentage of profits shall the Banking companies incorporated in India are obligated to transfer to the reserve fund ?	Under Section 17, Banking companies incorporated in India are obligated to transfer to the reserve fund a sum equivalent to not less than 20 percentage of the profit each year, unless the amount in such fund together with the amount in the share premium account is more than or equal to its paid-up capital.
24	What do you mean by Securitization under The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002?	Securitization under Section 2(z) The Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 means acquisition of financial assets by any asset reconstruction company from any originator, whether by raising of funds by such asset reconstruction company from qualified buyers by issue of security receipts representing undivided interest in such

		financial assets or otherwise.
<b>25</b>	Write short notes on Cartel	According to Section 2(c) Cartel includes an association of producers, sellers or distributors, traders or service providers who, by agreement amongst themselves, limit control or attempt to control the production, distribution, sale or price of or, trade in goods or provision of services. The nature of a cartel is to raise price above competitive levels, resulting in injury to consumers and to the economy. For the consumers, cartelisation results in higher prices, poor quality and less or no choice for goods or/and services. An international cartel is said to exist, when not all of the enterprises in a cartel are based in the same country or when the cartel affects markets of more than one country. An import cartel comprises enterprises (including an association of enterprises) that get together for the purpose of imports into the country.
<b>26</b>	Write short notes on Combination	Broadly, combination under the Act means acquisition of control, shares, voting rights or assets, acquisition of control by a person over an enterprise where such person has direct or indirect control over another enterprise engaged in competing businesses, and mergers and amalgamations between or amongst enterprises when the combining parties exceed the thresholds set in the Act. The thresholds are specified in the Act in terms of assets or turnover in India and abroad. The words combination and merger are used interchangeably in this booklet. Entering into a combination which causes or is likely to cause an appreciable adverse effect on competition within the relevant market in India is prohibited and such combination shall be void.
<b>27</b>	Write short notes on Unfair Competition	Unfair competition means adoption of practices such as collusive price fixing, deliberate reduction in output in order to increase prices, creation of barriers to entry, allocation of markets, tie-in sales, predatory pricing, discriminatory pricing.
<b>28</b>	Define Capital account transaction	Under FEMA , ‘capital account transaction’ means a transaction which alters the assets or liabilities, including contingent liabilities, outside India of persons resident in India or assets or liabilities in India of persons resident outside India.
<b>29</b>	Define Depository receipt	Depository Receipt (DR) means a negotiable security issued outside India by a Depository bank, on behalf of an Indian company, which represent the local Rupee denominated equity shares of the company held as deposit by a Custodian bank in India. In other words, it is

		a foreign currency denominate instrument, issued by foreign depository on the books of securities transferred to it by the company. DRs are traded on Stock Exchanges in the US, Singapore, Luxembourg, etc. DRs listed and traded in the US markets are known as American Depository Receipts (ADRs) and those listed and traded anywhere/elsewhere are known as Global Depository Receipts (GDRs).
30	XBRL stands for	Extensible Business Reporting Language

### Section C: Long Questions

S.No	Question	Answer
1	What are the different models of E-Governance ?	<p>The different modes of e governance are:</p> <p><b>Government to Citizen (G2C)</b> The goal of government to customer/citizen (G2C) e-governance is to offer a variety of ICT services to citizens in an efficient and economical manner and to strengthen the relationship between government and citizens using technology. There are several methods of government-to-customer e-governance. Two-way communication allows citizens to instant message directly with public administrators and cast remote electronic votes (electronic voting) and instant opinion poll. Transactions such as payment of services, such as city utilities, can be completed online or over the phone.</p> <p><b>Government to Employees (G2E)</b> E-Governance to Employee partnership (G2E) is one of four main primary interactions in the delivery model of E-Governance. It is the relationship between online tools, sources, and articles that help employees maintain communication with the government and their own companies. E-Governance relationship with Employees allows new learning technology in one simple place as the computer. Documents can now be stored and shared with other colleagues online. <b>Government to Government (G2G)</b> It is an electronic sharing of data and/or information system between government agencies, departments or organizations. The goal of G2G is to support e-government initiatives by improving communication, data access and data sharing.</p> <p><b>Government to Business(G2B)</b> It is an online non-commercial interaction between local and central government and the commercial business sector with the purpose of providing businesses information and advice on e-business ‘best practices’. G2B is also refers to the conduction through the Internet between government</p>



		<p>agencies and trading companies. Public issue and share transfer records is mandatory to be kept in electronic form.</p>
<p>2</p>	<p>What is Listing of Securities? Explain the Legal Provisions regarding listing.</p>	<p>As per Section 40 of the Companies Act, 2013, every company intending to offer shares or debentures to the public for subscription by the issue of a prospectus is required to make an application to one or more recognized stock exchanges before such issue for permission for the securities intending to be so offered to be dealt with in the stock exchange(s).</p> <p>As per Section 40 of the Companies Act, 2013, prospectus should state the names of the stock exchanges where application for listing has been made and any allotment of securities made on the basis of such prospectus should be void if permission of listing is not granted by the stock exchange(s) before the expiry of 10 weeks from the closure of the issue.</p> <p>As per Section 4 of the Securities Contracts (Regulation) Act, 1956, every recognized stock exchange has the powers to make bye-laws for the listing of securities on the stock exchange, inclusion of any security for the purpose of dealings and suspension or withdrawal of securities and the prohibition of trading in any specified security, subject to SEBI approval.</p> <p>Every company while submitting its application for listing with the stock exchange(s) should produce a number of documents as enclosures to satisfy the requirements of the concerned stock exchange. It should also give a number of under takings as a condition precedent before listing as a sought by the concerned stock exchange. Finally, when the stock exchange(s) agree(s) to list the securities, the company shall execute a listing agreement with the stock exchange(s). The listing agreements of different stock exchanges have clauses ranging from 50 to 60.</p> <p>When a company signs a listing agreement with a stock exchange, it means it has entered a legally binding contract with that exchange and it has to ensure compliance of each and every term and condition in the listing agreement. For failure to ensure such compliance the stock exchange can take an action against the company after giving an opportunity of being heard.</p> <p>Listing of securities on Indian Stock Exchanges, thus, is essentially governed by the provisions in the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulations) Rules, 1957, Rules, Bye-laws, regulations of concerned stock exchange, the listing agreement entered into by the issuer and stock exchange and circulars / guidelines issued by the Central Government</p>

		and SEBI.
<b>3</b>	What are the required qualifications of the President, judicial member and technical Member of Tribunal (Section 409) under Companies Act, 2013 ?	<p>Section 409 of the Act contains the provisions as to Qualification of President and Members of Tribunal. According to this Section the qualifications of the President and members of Tribunal are as follows: A:- Qualification for the President: He shall be a person who is or has been a Judge of a High Court for five years.</p> <p>B:- Qualification for the Judicial member: A person shall not be qualified for appointment as a Judicial Member unless he is or has been:</p> <ol style="list-style-type: none"> <li>1) a judge of a High Court, or</li> <li>2) a District Judge for at least five years, or</li> <li>3) an advocate of a court for at least ten years.</li> </ol> <p>C:- Qualification for Technical member: A person shall not be qualified for appointment as a Technical Member unless he:</p> <ol style="list-style-type: none"> <li>1) has, for at least fifteen years been a member of the Indian Corporate Law Service or Indian Legal Service and has been holding the rank of Secretary and Additional Secretary to the Government of India, or</li> <li>2) is, or has been, in practice as a Chartered Accountant for at least fifteen years, or</li> <li>3) is, or has been, in practice as a Cost Accountant for at least fifteen years, or</li> <li>4) is, or has been, in practice as a Company Secretary for at least fifteen years, or</li> <li>5) is a person of proven ability, integrity and standing having special knowledge and experience, of not less than fifteen years, in, industrial finance, industrial management, industrial reconstruction, investment &amp; accountancy, or</li> <li>6) 6) is, or has been, for at least five years, a presiding officer of a Labour Court, Tribunal or National Tribunal constituted under the Industrial Disputes Act, 1947.</li> </ol>
<b>4</b>	Explain the two routes an Indian company may adopt to receive Foreign Direct Investment (FDI).	<p>a) Automatic Route: - FDI is allowed under the automatic route without prior approval either of the Government or the Reserve Bank of India in all activities / sectors as specified in the consolidated FDI Policy, issued by the Government of India from time to time.</p> <p>b) Government Route: - FDI in activities not covered under the automatic route requires prior approval of the Government which is considered by the Ministry of Finance, and is to be routed through relevant administrative ministry. The Indian company having received FDI either under the Automatic route or the Government route is required to comply with provisions of the FDI policy including reporting</p>

		the FDI to the Reserve Bank of India
<b>5</b>	Conditions for further public offer (Regulation 103)	<p>(a) An issuer may make a further public offer (an offer of equity shares and convertible securities) if it satisfies the following conditions:</p> <ul style="list-style-type: none"> <li>• if it has changed its name within the last one year, at least 50% of the revenue for the preceding one full year has been earned by it from the activity indicated by the new name.</li> </ul> <p>(b) If the issuer does not satisfy the above conditions, it may make a further public offer if it satisfies the following conditions:</p> <ul style="list-style-type: none"> <li>• the issue is made through the book building process and the issuer undertakes to allot at least 75% of the net offer to public to qualified institutional buyers and to refund full subscription monies if it fails to make allotment to the qualified institutional buyers.</li> </ul>
<b>6</b>	What are the Conditions for issue of IDRs ?	<p>An issue of IDR is subject to the following conditions:</p> <ol style="list-style-type: none"> <li>Issue size should not be less than Rs 50 crore.</li> <li>Procedure to be followed by each class of applicant for applying should be mentioned in the prospectus.</li> <li>Minimum application amount should be Rs 20,000.</li> <li>At least 50% of the IDR issued should be allotted to qualified institutional buyers on proportionate basis.</li> <li>The balance 50% may be allocated among the categories of non-institutional investors and retail individual investors including employees at the discretion of the issuer and the manner of allocation has to be disclosed in the prospectus. Allotment to investors within a category will be on proportionate basis. Further, at least 30% of the IDRs issued will be allocated to retail individual investors and in case of under-subscription in retail individual investor category, spill over to other categories to the extent of undersubscription may be permitted.</li> <li>At any given time, there will be only one denomination of IDR of the issuing company .</li> </ol>
<b>7</b>	Cognizable offence and Non-Cognizable Offence	<p>‘Cognizable offence’ is an offence and ‘Cognizable case’ is a case for which a police officer may arrest without warrant, while ‘Non-cognizable offence’ is an offence and ‘Noncognizable case’ is a case for which a police officer has no authority to arrest without warrant.</p> <p>Schedule I specifies which offences are cognizable and which are non-cognizable under the Indian Penal Code and under other statutes. Non-cognizable cases are considered less grave than cognizable cases. Likewise, non-cognizable offences are considered less serious than cognizable</p>

		<p>offences.</p> <p>A police officer can investigate a cognizable case without an order of a magistrate, but he cannot investigate without such order if the case is non-cognizable one. If a case involves one or more cognizable offence it would be a cognizable case even if other offence or offences may be non-cognizable</p>
8	Winding up of Banking Companies	<p>Sections 38 to 44 of the Act lay down the provisions for winding up of a banking company. The RBI may apply for the winding up of a banking company if.</p> <ol style="list-style-type: none"> <li>It fails to comply with the requirements as to minimum Paid-up capital and reserves as laid down in Section 11, or</li> <li>Is disentitled to carry on the banking business for want of license under Section 22, or</li> <li>It has been prohibited from receiving fresh deposits by the Central Government or the Reserve Bank, or</li> <li>It has failed to comply with any requirement of the Act, and continues to do so even after the Reserve Bank calls upon it to do so, or</li> <li>The Reserve Bank thinks that a compromise or arrangement sanctioned by the court cannot be worked satisfactorily, or</li> <li>The Reserve Bank thinks that according to the returns furnished by the company it is unable to pay its debts or its continuance is prejudicial to the interests of the depositors. The banking company cannot be voluntarily wound up unless the Reserve Bank certifies that it is able to pay its debts in full .</li> </ol>
9	<p>Perpetual Limited is an asset reconstruction company (ARC) under the SARFAESI Act, 2002. During the financial year 2020-2021. Mr Param, one of the directors of the company in urgent need of money transferred 10% of his shareholding to Mr Shariff (Another director of the company), which increased Mr Shariff's shareholding to 20%. Perpetual Ltd also appointed Mr Vikram as CEO for managing the overall operations and resources of the company. However, for the said purposes,</p>	<p>As per Section 3(6) of the SARFAESI ACT 2002. Every asset reconstruction company, shall obtain prior approval of the Reserve Bank for any substantial change in its management including appointment of any director on the board of directors of the asset reconstruction company or managing director or chief executive officer thereof or change of location of its registered office or change in its name.</p> <p>Provided that the decision of the Reserve Bank whether the change in management of a securitisation company or a reconstruction company is a substantial change in its management or not shall be final.</p> <p>Explanation—For the purposes of this section, the expression "substantial change in management" means the change in the management by way of transfer of shares or change affecting the sponsorship in the company by way of</p>

	<p>Perpetual limited did not take approval of the Reserve Bank of India. RBI cancelled the certificate of Registration granted to Perpetual Limited. Perpetual Ltd. contended that the decision of the RBI is inappropriate as transfer of shareholding and appointment of CEO is not a substantial change in management. Discuss the validity of decisions of the RBI in the light of the applicable law</p>	<p>transfer or shares or amalgamation or transfer of the business of the company.</p> <p>In the above question, there has been change in shareholding of directors which falls under the “substantial change in management” including appointment of CEO and the decision of the Reserve Bank as to whether the change in management of the asset reconstruction company is a substantial change in management or not, shall be final. Therefore, the decision of the Reserve Bank shall be final and will be held valid</p>
<p><b>10</b></p>	<p>Bharti Limited, a company listed on Bharat Stock Exchange Limited (A recognised Stock Exchange to India) had been incurring losses continuously during the preceding 3 years, but its net worth has not become negative till date. The Stock Exchange decided to delist the securities of the company after giving an opportunity of being heard to the company. Mr. Binay, (the investor) who holds equity shares up to 10% of the total equity share capital of the company, has suffered heavy losses due to delisting of securities by the Stock Exchange. You have been hired by Mr. Binay to consult him regarding the security laws. Examine the given situation and mention the various grounds of delisting under SCRA and the remedies available to Mr. Binay in the light of the securities contract (Regulation) Act, 1956 [SCRA].</p>	<p>As per Section 21A of the Securities Contracts (Regulation) Act, 1956 read with Rule 21 of the Securities Contract (Regulation) 1957, a recognised stock exchange may delist the securities, after recording the reasons therefor from any recognised stock exchange on any of the ground or grounds as may be prescribed under this Act.</p> <p>Provided that the securities of a company shall not be delisted unless the company concerned has been given a reasonable opportunity of being heard. A listed company or an aggrieved investor may file an appeal before the Securities Appellate Tribunal against the decision of the recognised stock exchange delisting the securities within fifteen days from the date of the decision of the recognised stock exchange delisting the securities,</p> <p>Following are the grounds namely</p> <p>(a) the company has incurred losses during the preceding three consecutive years and it has negative net worth.</p> <p>(b) trading in the securities of the company has remained suspended for a period of more than six months.</p> <p>(c) the securities of the company have remained infrequently traded during the preceding three years,</p> <p>(d) the company or any of its promoters or any of its director has been convicted for failure to comply with any of the provisions of the Act or the Securities and Exchange Board of India Act, 1992 or the Depositories Act, 1996 or rules, regulations, agreements made thereunder. as the case may be and awarded a penalty of not less than rupees one crore or imprisonment of not less than three years.</p> <p>(e) the addresses of the company or any of its promoter or any of its directors, are not known or false addresses have been furnished or the company has changed its registered</p>

		<p>office in contravention of the provisions of the Companies Act, or</p> <p>(f) shareholding of the company held by the public has come below the minimum level applicable to the company as per the listing agreement under the Act and the company has failed to raise public holding to the required level within the time specified by the recognised stock exchange. In the above question, the net worth of the company has not become negative. Therefore, either the company or Mr, Binay may file an appeal before the Securities Appellate Tribunal against the decision of the recognised stock exchange within 15 days from the date of the decision.</p>
11	<p>A claim for loss by fire must satisfy the certain conditions. What are those conditions?</p>	<p>A claim for loss by fire must satisfy the following two conditions,</p> <ul style="list-style-type: none"> <li>a) there must be actual loss, and</li> <li>b) fire must be accidental and non-intentional. The property must be damaged or burnt by fire. If the property is damaged by heat or smoke without ignition, it will not be covered under the word ',fire', and the loss will not be recoverable from the insurer.</li> </ul>
12	<p>What is an overseas direct investment? Differentiate between automatic route and approval route to direct investment.</p>	<p>Direct investment outside India /overseas direct investment means investments, either under the Automatic Route or the Approval Route by way of I. contribution to the capital or subscription to the Memorandum of a foreign entity or II. purchase of existing shares of a foreign entity either by market purchase or private placement or through stock exchange, signifying a long-term interest in the foreign entity.(JV or WOS).</p> <p>Difference between Automatic Route and Approval Route for direct investment Automatic route for direct investment or financial commitment outside India: An Indian Party has been permitted to make investment/undertake financial commitment in overseas Joint Ventures (JV)/ Wholly Owned Subsidiaries (WOS), as per the ceiling prescribed by the Reserve Bank. With effect from July 03, 2014, it has been decided that any financial commitment (FC) exceeding USD 1 (one) billion (for its equivalent) in a financial year would require prior approval of the Reserve Bank even when the total FC of the Indian Party is within the eligible limit under the automatic route [i.e. , within 400% of the net worth (Paid up capital + Free Reserves) as per the last audited balance sheet].</p> <p>Approval route for direct investment or financial commitment outside India:</p>

		<p>(i) Prior approval of the Reserve Bank would be required in all other cases of direct investment (or financial commitment) abroad.</p> <p>(ii) Reserve Bank would, inter alia, take into account the following factors while considering such applications:</p> <ol style="list-style-type: none"> <li>a) Prima facie viability of the JV/WOS outside India,</li> <li>b) Contribution to external trade and other benefits which will accrue to India through such investment (or financial commitment),</li> <li>c) Financial position and business track record of the Indian Party and the foreign entity, and</li> <li>d) Expertise and experience of the Indian Party in the same or related line of activity as of the JV/WOS outside India.</li> </ol> <p>Therefore, under the approval route (proposals not covered by the conditions under the automatic route) prior approval of the Reserve Bank would be required. For which a specific application in Form ODI with the documents prescribed therein is required to be made through the Authorised Dealer Category- 1 Banks</p>
<p><b>13</b></p>	<p>State on the nature of liability caused on an offence committed under the prevention of Money Laundering Act, 2002.</p>	<p>Money Laundering basically is knowingly dealing with proceeds of crime directly or indirectly. The Act provides both for civil and criminal liability. Criminal liability under the Prevention of Money Laundering Act Crime which results in tainted money is a separate offence under various laws as specified in Schedule to Prevention of Money Laundering Act. These offences are punishable under those Acts. The punishment is to the person/s who is/are involved in actually committing that offence. The offence as specified in Section 4 of the Prevention of Money Laundering Act is a separate offence. The punishment under section 4 of Prevention of Money Laundering Act is not only to those who are actually involved in dealing with tainted money but also on those who are knowingly involved, directly or indirectly, in dealing with proceeds of crime. This is a criminal offence, which will be tried by special courts designated for this purpose under Section 2 (Z) of the Prevention of Money Laundering Act. The trial will be both for charges under the specific Act which is a crime and also offence of money laundering under Prevention of Money Laundering Act. However it is not „joint trial“</p> <p><b>Civil Liability i.e. confiscation of tainted property</b> In addition to criminal liability, the property involved in money laundering can be attached and frozen by Central Government and later confiscated.</p>

<p><b>14</b></p>	<p>Explain the principles of corporate governance.</p>	<p>Principles of Corporate Governance</p> <p><b>Transparency</b> Transparency means the quality of something which enables one to understand the truth easily. In the context of corporate governance, it implies an accurate, adequate and timely disclosure of relevant information about the operating results etc. of the corporate enterprise to the stakeholders.</p> <p><b>Accountability</b> Accountability is a liability to explain the results of one's decisions taken in the interest of others. In the context of corporate governance, accountability implies the responsibility of the Chairman, the Board of Directors and the chief executive for the use of company's resources (over which they have authority) in the best interest of company and its stakeholders.</p> <p><b>Independence</b> Good corporate governance requires independence on the part of the top management of the corporation i.e, the Board of Directors must be strong non partisan body; so that it can take all corporate decisions based on business prudence. Without the top management of the company being independent; good corporate governance is only a mere dream.</p>
<p><b>15</b></p>	<p>Discuss the classes of companies that are outside the purview of CARO Companies (Auditor's Report) Order, 2020</p>	<p>The following classes of companies are outside the purview of the CARO 2020.</p> <ol style="list-style-type: none"> <li>a) Banking company as defined under Section 5 (c) of the Banking Regulation Act, 1949.</li> <li>b) Insurance company as defined under the Insurance Act 1938.</li> <li>c) Company licensed to operate under Section 8 of the Companies Act 2013 (companies registered with charitable object).</li> <li>d) A one person company (OPC) as defined under clause (62) of Section 2 of Companies Act 2013 (OPC means a company which has only one person as a member).</li> <li>e) A small company under Section 2 (85) of the Companies Act, 2013.</li> </ol> <p>As per sec 2(85) of Companies Act 2013 small company means a company, other than a public company:</p> <ul style="list-style-type: none"> <li>• Paid up share capital of which does not exceed Rs. 50 lacs or such higher amount as may be prescribed which shall not be more than Rs 10 crore, and</li> <li>• Turnover of which as per its last profit and loss account does not exceed Rs 2 crore or such higher</li> </ul>



		<p>amount as may be prescribed which shall not be more than Rs 100 crore.</p> <p>The following company shall not qualify as a small company:</p> <ul style="list-style-type: none"> <li>• A holding company or a subsidiary company.</li> <li>• A company registered under Section 8 of the Act.</li> <li>• A company or body corporate governed by any special act.</li> </ul> <p>f) The auditor of following type of Private Companies are not required to comment on the matter prescribed under CARO 2020:</p> <ul style="list-style-type: none"> <li>• A private company which is not holding or subsidiary company of a public company, and</li> <li>• A private company having a paid up capital and reserve and surplus not more than Rs. 1 crore as on the balance sheet date, and</li> <li>• A private company which does not have total borrowing exceeding Rs 1 crore from any bank and financial institution at any point of time during the financial year, and</li> <li>• A private company which does not have total revenue exceeding Rs 10 crore during the financial year</li> </ul>
<p><b>16</b></p>	<p>Discuss the applicability of Insolvency and Bankruptcy Code, 2016</p>	<p>The provisions of Insolvency and Bankruptcy Code, 2016 applies to the following, in relation to their insolvency, liquidation, voluntary liquidation or bankruptcy, as the case may be (Section 2 of Insolvency and Bankruptcy Code, 2016).</p> <ol style="list-style-type: none"> <li>a) Companies incorporated under Companies Act</li> <li>b) Companies governed under special Act (so far as of Insolvency and Bankruptcy Code, 2016 is consistent with those special Acts i.e. provisions of Special Act will prevail over of Insolvency and Bankruptcy Code, 2016)</li> <li>c) Limited Liability Partnership (LLP)</li> <li>d) Other body corporates as may be notified by Central Government</li> <li>e) Partnership firms and individuals.</li> <li>f) Personal guarantors to corporate debtors:</li> <li>g) Partnership firms and proprietorship firms; and</li> <li>h) Individuals, other than persons referred to in clause (e).</li> </ol>
<p><b>17</b></p>	<p>Explain the OECD principles of Corporate Governance.</p>	<p>An Indian company issuing shares / convertible debentures under FDI Scheme to a person resident outside India shall receive the amount of consideration required to be paid for such shares/ convertible debentures by:</p> <p>(a) inward remittance through normal banking channels by</p>

		<p>the Indian company against issue of Depository Receipt and FCCB.</p> <p>(b) debit to NRE / FCNR account of a person concerned maintained with an AD Category-I bank.</p> <p>(c) conversion of royalty/lump sum/technical know-how fee due for payment or conversion of ECB, shall be treated as consideration for issue of shares.</p> <p>(d) conversion of import payables / pre incorporation expenses / share swap can be treated as consideration for issue of shares with the approval of FIPB.</p> <p>(e) debit to non-interest bearing Escrow account in Indian Rupees in India which is opened with the approval from AD Category-I bank and is maintained with the AD Category-I bank on behalf of residents and non-residents towards payment of share purchase consideration.</p> <p>If the shares or convertible debentures are not issued within 180 days from the date of receipt of the inward remittance or date of debit to NRE / FCNR (B)/Escrow account, the amount shall be refunded. Further, Reserve Bank may on an application made to it and for sufficient reasons permit an Indian Company to refund / allot shares for the amount of consideration received towards issue of security if such amount is outstanding beyond the period of 180 days from the date of receipt</p>
18	Enforcement Directorate (ED)	<p>The Directorate of Enforcement was established in the year 1956 with its Headquarters at New Delhi. It is responsible for enforcement of the Foreign Exchange Management Act, 1999 (FEMA) and certain provisions under the Prevention of Money Laundering Act. Work relating to investigation and prosecution of cases under the PML has been entrusted to the Enforcement Directorate.</p> <p>The Directorate is under the administrative control of the Department of Revenue for operational purposes. The policy aspects of the FEMA, its legislation and its amendments are within the purview of the Department of Economic Affairs. Policy issues pertaining to the PML Act, however, are the responsibility of the Department of Revenue. Before FEMA became effective (1 June, 2000), the Directorate enforced regulations under the Foreign Exchange Regulation Act, 1973.</p>
19	Indian Depository Receipts	<p>A foreign company can access Indian securities market for raising funds through issue of Indian Depository Receipts (IDRs). An IDR is an instrument denominated in Indian Rupees in the form of a depository receipt created by a Domestic Depository (custodian of securities registered with the Securities and Exchange Board of India) against the underlying equity of issuing company to enable foreign</p>

		<p>companies to raise funds from the Indian securities markets. An issuing company making an issue of IDR is required to satisfy the following:</p> <p>(a) it should be listed in its home country.</p> <p>(b) it should not be prohibited to issue securities by any regulatory body.</p> <p>(c) it should have a track record of compliance with securities market regulations in its home country.</p>
<b>20</b>	Insolvency Resolution Process Costs	<p>Insolvency resolution process costs means –</p> <p>(a) the amount of any interim finance and the costs incurred in raising such finance</p> <p>(b) the fees payable to any person acting as a resolution professional</p> <p>(c) any costs incurred by the resolution professional in running the business of the corporate debtor as a going concern</p> <p>(d) any costs incurred at the expense of the Government to facilitate the insolvency resolution process; and</p> <p>(e) any other costs as may be specified by the Board - Section 5(13) of Insolvency and Bankruptcy Code, 2016.</p> <p>Interim finance means any financial debt raised by the resolution professional during the insolvency resolution process period - Section 5(15) of Insolvency and Bankruptcy Code, 2016.</p>
<b>21</b>	Guidance on Implementation of Principles and Core Elements	<p>Successful implementation of the Principles and Core elements require that all of them need to be integrated and embedded in the core business processes of an enterprise. This requires, specifically that the following actions are taken:</p> <p>(a) Leadership: The Chairman/CEO/Owner/Manager should play a proactive role in convincing the board/Top Management and staff within the business that adopting these principles is crucial for success. The board and senior management need to ensure that the principles are fully understood across the organization and comprehensively executed.</p> <p>(b) Integration: These principles and core elements must be embedded in the Business policies and strategies emanating from the core business purpose of the organization. For this to happen, these must align with each business’s internal values and/or must provide clear business benefits.</p> <p>(c) Engagement: Building strong relationships and engaging with stakeholders on a consistent, continuous basis is crucial.</p> <p>(d) Reporting: Implementation process includes disclosure by companies of their impact on society an environment to their stakeholders</p>

<p><b>22</b></p>	<p>What consequences can be there if dividend declared is not distributed?</p>	<p>Section 124 of the Act, provides for unpaid dividend amount.</p> <p>(i) Where a dividend has been declared by a company but has not been paid or the warrant in respect thereof has not been posted within thirty days from the date of declaration to any shareholder entitled to the payment of the dividend, every director of the company shall, if he is knowingly a party to the default, be punishable with imprisonment which may extend to two years.</p> <p>(ii) He shall also be liable for a fine which shall not be less than Rs. 1,000 rupees for every day during which such default continues.</p> <p>(iii) The company shall also be liable to pay simple interest at the rate of 18% p.a. during the period for which such default continues.</p> <p>(iv) However, the following are the exceptions under which no offence shall be deemed to have been committed:</p> <ul style="list-style-type: none"> <li>• where the dividend could not be paid by reason of the operation of any law.</li> <li>• where a shareholder has given directions to the company regarding the payment of the dividend and those directions cannot be complied with and the same has been communicated to him.</li> <li>• where there is a dispute regarding the right to receive the dividend.</li> <li>• where the dividend has been lawfully adjusted by the company against any sum due to it from the shareholder, or</li> <li>• where, for any other reason, the failure to pay the dividend or to post the warrant within the period under this section was not due to any default on the part of the company.</li> </ul>
<p><b>23</b></p>	<p>Write a note on Cost Audit under section 148.</p>	<p>According to Section, the Central Government may specify audit of items of cost in respect of certain companies. These provisions are detailed below:</p> <p>a) The Central Government may, by order, in respect of such class of companies engaged in the production of such goods or providing such services as may be prescribed, direct that particulars relating to the utilisation of material or labour or to other items of cost as may be prescribed shall also be included in the books of account kept under Section 128 by that class of companies in Form CRA-1 as per Rule 5(1) of the Companies (Cost Records and Audit) Rules, 2014.</p> <p>b) The Central Government shall, before issuing such order in respect of any class of companies regulated under a special Act, consult the regulatory body</p>

		<p>constituted or established under such special Act.</p> <p>c) If the Central Government is of the opinion, that it is necessary to do so, it may, by order, direct that the audit of cost records of class of companies, which are covered aforesaid and which have a net worth of such amount as may be prescribed or a turnover of such amount as may be prescribed, shall be conducted in the manner specified in the order.</p> <p>d) The cost audit shall be conducted by a Cost Accountant in practice who shall be appointed by the Board on such remuneration and the audit shall be carried out as per the cost audit standards.</p>
<p><b>24</b></p>	<p>Can a person other than a director offer for directorship in a company?</p>	<p>Right of persons other than retiring directors to stand for directorship (Section 160) According to this section:</p> <p>(1) A person who is not a retiring director in terms of section 152 shall, subject to the provisions of this Act, be eligible for appointment to the office of a director at any general meeting, if he, or some member intending to propose him as a director, has, not less than 14 days before the meeting, left at the registered office of the company, a notice in writing under his hand signifying his candidature as a director or, as the case may be, the intention of such member to propose him as a candidate for that office.</p> <p>(2) Such notice must come along with the deposit of Rs. 1,00,000 or such higher amount as may be prescribed. Such deposit shall be refunded to such person or, as the case may be, to the member, if the person proposed get selected as a director or gets more than 25% of the total valid votes cast either on show of hands or on poll on such resolution. Requirement of deposit shall not apply if the appointment of director is recommended by nomination and remuneration committee/board.</p> <p>(3) The company shall inform its members of the candidature of a person for the office of director (as discussed above) in such manner as may be prescribed.</p> <p>Notice of candidature of a person for directorship: Rule 13 of the Companies (Appointment and Qualification of Directors) Rules, 2014 lays down the following points for giving notice of candidature of a person for directorship as under:</p> <p>a) The company shall, at least 7 days before the general meeting, inform its members of the candidature of a person for the office of a director or the intention of a member to propose such person as a candidate for that office.</p> <p>b) by serving individual notices, on the members through electronic mode to such members who have provided their email addresses to the company</p>

		<p>for communication purposes, and in writing to all other members, and</p> <p>c) by placing notice of such candidature or intention on the website of the company, if any. 4) However, it shall not be necessary for the company to serve individual notices upon the members as aforesaid, if the company advertises such candidature or intention, not less than 7 days before the meeting at least once in a vernacular newspaper in the principal vernacular language of the district in which the registered office of the company is situated, and circulating in that district, and at least once in English language in an English newspaper circulating in that district.</p> <p>d) Section 160 of the Companies Act, 2013, shall not apply to: (a) A Government company in which the entire paid up share capital is held by the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments. (b) A subsidiary of a Government company, referred to in (a) above, in which the entire paid up share capital is held by the Government company. (c) A Private company (d) Companies whose articles provide for election of directors by ballot. (f) Appointment of additional director, alternate director and nominee director (Section 161)</p>
<p><b>25</b></p>	<p>Discuss the provisions relating to appointment of additional director, alternate director and nominee director.</p>	<p>Appointment of additional director, alternate director and nominee director (Section 161) (1) Additional Director [Section 161 (1)]</p> <p>Section 161(1) of the Companies Act, 2013 provides for appointment of additional director. According to this section: a) The articles of a company may confer on its Board of Directors the power to appoint any person as an additional director at any time. b) A person, who fails to get appointed as a director in a general meeting, cannot be appointed as an additional director. c) Additional director shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier. (2) Alternate Director [Section 161 (2)]</p> <p>Section 161(2) of the Companies Act, 2013 provides for appointment of Alternate director. According to this section: a) The Board of Directors of a company may, if so authorised by its articles or by a resolution passed by the company in</p>

		<p>general meeting, appoint a person to act as an alternate director in place of another director (original director) during his absence for a period of not less than 3 months from India. b) A person who is holding any alternate directorship for any other director in the company cannot be considered for appointment as above. c) No person shall be appointed as an alternate director for an independent director unless he is qualified to be appointed as an independent director under the provisions of this Act. d) An alternate director shall not hold office for a period longer than that permissible to the original director in whose place he has been appointed and shall vacate the office if and when the original director returns to India. e) If the term of office of the original director is determined before he so returns to India, any provision for the automatic re-appointment of retiring directors in default of another appointment shall apply to the original, and not to the alternate director. (3) Nominee Director [Section 161 (3)]. Sometimes the Govt./Financial Institutions/Banks may hold substantial equity in the company and may nominate persons to be appointed director in the company. However, these persons are to be appointed either in Board meeting or Annual General Meeting.</p>
26	<p>Discuss about Merger of small companies, holding and subsidiary companies.</p>	<p>Accordingly Sub-Section (1) of Section 233 states that notwithstanding the provisions of Section 230 and Section 232, a scheme of merger or amalgamation may be entered into between two or more small companies or between a holding company and its wholly-owned subsidiary company or such other class or classes of companies as may be prescribed, subject to the following, namely:</p> <p>(a) a notice of the proposed scheme inviting objections or suggestions, if any, from the Registrar and Official Liquidators where registered office of the respective companies are situated or persons affected by the scheme within thirty days is issued by the transferor company or companies and the transferee company;</p> <p>(b) the objections and suggestions received are considered by the companies in their respective general meetings and the scheme is approved by the respective members or class of members at a general meeting holding at least ninety per cent. of the total number of shares;</p> <p>(c) each of the companies involved in the merger files a declaration of solvency, in the prescribed form, with the Registrar of the place where the registered office of the company is situated; and</p> <p>(d) the scheme is approved by majority representing nine-tenths in value of the creditors or class of creditors of</p>

		respective companies indicated in a meeting convened by the company by giving a notice of twentyone days along with the scheme to its creditors for the purpose or otherwise approved in writing.
<b>27</b>	Who are the entities who can make petition for winding up?	<p>An application for the winding up of a company has to be made by way of petition to the Tribunal. A petition may be presented under Section 272 by any of the following entities:</p> <ul style="list-style-type: none"> <li>(a) the company, or</li> <li>(b) any creditor or creditors, including any contingent or prospective creditor or creditors.</li> <li>(c) any contributory or contributories.</li> <li>(d) all or any of the parties specified above in clauses (a), (b), (c) together</li> <li>(e) the Registrar</li> <li>(f) any person authorized by the Central Government in that behalf.</li> <li>(g) by the Central Government or State Government in case falling under clause (c) of Section 271(1) i.e., Company acting against the interest of the sovereignty and integrity of India.</li> </ul>
<b>28</b>	When a foreign company is treated as Indian company?	<p>Under section 379 of the Companies Act, 2013, where not less than 50% of the paid-up share capital, whether equity or preference or partly equity and partly preference, of a foreign company is held by:</p> <ul style="list-style-type: none"> <li>(1) one or more citizens of India, or</li> <li>(2) by one or more companies or bodies corporate incorporated in India, or</li> <li>(3) by one or more citizens of India and one or more companies or bodies corporate incorporated in India, whether singly or in the aggregate, such company shall comply with the provisions of Chapter XXII and such other provisions of this Act as may be prescribed with regard to the business carried on by it in India as if it were a company incorporated in India.</li> </ul>
<b>29</b>	Discuss about the acts taking place outside India but having an effect on competition in India?	<p>The Commission shall, notwithstanding that: (a) an agreement referred to in Section 3 has been entered into outside India. or (b) any party to such agreement is outside India. or (c) any enterprise abusing the dominant position is outside India. or (d) a combination has taken place outside India. or (e) any party to combination is outside India. or (f) any other matter or practice or action arising out of such agreement or dominant position or combination is outside India, have power to inquire in accordance with the provisions contained in Sections 19, 20, 26, 29 and 30 of the Act into such agreement or abuse of dominant position or combination if such agreement or dominant position or combination has, or is likely to have, an appreciable adverse</p>



		effect on competition in the relevant market in India and pass such orders as it may deem fit in accordance with the provisions of this Act.
<b>30</b>	Explain the right of a citizen to obtain foreign exchange under “current account transaction”.	<p>Current account transaction means any transaction which is not a capital account transaction and includes:-</p> <ol style="list-style-type: none"> <li>a) Trade payments and short term banking and credit facilities in the ordinary course of business;</li> <li>b) Payment of interest and income from investment;</li> <li>c) Remittance of living expenses of parents, spouse and children residing abroad on their foreign travel for medical facilities and education of children;</li> </ol> <p>Any citizen can draw foreign exchange from authorised person, subject to any restriction imposed by RBI.</p>
<b>31</b>	Explain the meaning and purpose of Foreign Currency Convertible Bond	<p>‘Foreign Currency Convertible Bond’ (FCCB) means a bond issued by an Indian company expressed in foreign currency, the principal and interest of which is payable in foreign currency. FCCBs are issued in accordance with the Foreign Currency Convertible Bonds and ordinary shares (through depository receipt mechanism) Scheme, 1993 and subscribed by a non-resident entity in foreign currency and convertible into ordinary shares of the issuing company in any manner, either in whole, or in part. The money being raised by the company in foreign currency. These bonds give an option to be convertible into share.</p>
<b>32</b>	State the provision regarding Possession and Retention of Foreign Exchange by a person resident in India.	<p>The Reserve Bank of India has specified the following persons with the limits for possession and retention of foreign currency by a person resident in India:</p> <ol style="list-style-type: none"> <li>(a) Authorised Persons in accordance with the limits advised by the Reserve Bank.</li> <li>(b) Any person may possess foreign coins without no restriction.</li> <li>(c) Any person resident in India is permitted to retain in aggregate foreign currency not exceeding USD 2,000 or its equivalent in the form of currency notes/bank notes or travellers cheques acquired by him.</li> <li>(d) A person resident in India but not permanently resident therein is permitted without limit, if the foreign currency was acquired when he was resident outside India and was brought into India and declared to the Customs Authorities.</li> </ol>
<b>33</b>	What are the different forms of business that may be conducted by a Foreign Company in India?	<p>A foreign company planning to set up business operations in India may:</p> <ol style="list-style-type: none"> <li>(a) Incorporate a company under the Companies Act, 1956 (now Companies Act 2013), as a Joint Venture or a Wholly Owned Subsidiary.</li> <li>(b) Set up a Liaison Office/Representative Office or a Project Office or a Branch Office of the foreign company which can undertake activities permitted under the Foreign Exchange</li> </ol>

		Management (Establishment in India of Branch Office or Other Place of Business) Regulations, 2000.
<b>34</b>	What are the prohibited sectors for FDI in India?	<p>FDI is prohibited in:</p> <p>(1) Lottery Business including Government / private lottery, online lotteries, etc.</p> <p>(2) Gambling and betting including casinos etc.</p> <p>(3) Chit funds.</p> <p>(4) Nidhi company.</p> <p>(5) Trading in Transferable Development Rights (TD`).</p> <p>(6) Housing and Real Estate Business or Construction of Farm Houses 'Real estate business' shall not include development of townships, construction of residential / commercial premises, roads or bridges and Real Estate Investment Trusts (REITs) registered and regulated under the SEBI (REITs) Regulations 2014.</p> <p>(7) Manufacturing of cigars, cheroots, cigarillos and cigarettes, of tobacco or of tobacco substitutes.</p> <p>8) Activities/ sectors not open to private sector investment e.g., a) Atomic Energy and b) Railway operations (other than permitted activities).</p> <p>Foreign technology collaboration in any form including licensing for franchise, trademark, brand name, management contract is also prohibited for Lottery Business and Gambling and Betting activities. Investments in India have to be in accordance with any one of the schedules to the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000. There are nine schedules to the Regulations.</p> <p>Investments can be made by non-residents in the equity shares/fully, compulsorily and mandatorily convertible debentures/fully, compulsorily and mandatorily convertible preference shares of an Indian company, through the Automatic Route or the Government Route which is also alternatively referred to as the approval route. Under the Automatic Route, the non-resident investor or the Indian company does not require any approval from Government of India for the investment. Under the Government Route, prior approval of the Government of India is required. Proposals for foreign investment under Government route, are considered by respective administrative ministry of central government. Various fling are required to be made to RBI in automatic route.</p>
<b>35</b>	Discuss the Power of Reserve Bank to appoint Chairman of the Board of Directors appointed on	As per section 10BB where the office, of the Chairman of the board of Directors appointed on a whole-time basis or a Managing Director of a banking company is vacant, the

	<p>a whole-time basis or a Managing Director of a banking company.</p>	<p>Reserve Bank may, if it is of opinion that the continuation of such vacancy is likely to adversely affect the interests of the banking company, appoint a person eligible to be so appointed, to be the Chairman of the board of Directors appointed on a whole-time basis or a Managing Director of the banking company and where the person so appointed is not a Director of such banking company, he shall, so long as he holds the office of the Chairman of the board of Directors appointed on a whole-time basis or a Managing Director, be deemed to be Director of the banking company. The Chairman of the Board of Directors of a Banking Company shall hold office for a period of five years.</p>
<p>36</p>	<p>Short note on Amalgamation of Banking Companies. [Section 44A]</p>	<p>As per section 44A the procedures for amalgamation of banking companies are given under this section. As per this section the scheme of amalgamation (i.e., the terms and conditions of amalgamation) is to be approved by 2/3 majority of the total voting ratios of the shareholders in a general meeting.</p> <p>The unwilling shareholders are entitled to receive the value of their shares as may be determined by the RBI. The RBI has to sanction the scheme of amalgamation after the shareholders' approval.</p> <p>The assets and liabilities are transferred to the acquiring bank according to the directions of RBI mentioned in the sanction order. The RBI issues order for the dissolution of the first bank on a specified date. During preparation of scheme of amalgamations RBI may suspend business with approval with Central Government.</p> <p>As per the amendment in October, 2020, RBI may initiate a scheme for reconstruction and amalgamation without imposing moratorium.</p>
<p>37</p>	<p>What are the various processes to recover money under the SARFESI Act?</p>	<p>The SARFAESI Act sanctions three processes to recover Non-Performing Assets as follows:</p> <ol style="list-style-type: none"> <li>1. Securitization</li> <li>2. Asset reconstruction</li> <li>3. Security Enforcement without court's intervention</li> </ol> <p>The Act employs three significant tools for asset management of financial institutions - asset securitization, asset reconstruction and powers for security interest enforcement, which are discussed below.</p> <p><b>Securitization:</b> It refers to the process of drawing and converting of loans and other financial assets into marketable securities worth selling to the investors. In other words, it involves repackaging of less liquid assets into saleable securities. The securitization company takes over</p>

		<p>the mortgaged assets of the borrower and is entitled to adopt the following steps:</p> <ul style="list-style-type: none"> <li>• Getting hold of financial assets from bank</li> <li>• Creating funds from eligible institutional buyers by dint of issuing security receipts to acquire the financial assets</li> <li>• Fund raising in any legal way</li> <li>• Financial asset acquisition along with taking over the mortgaged assets (such as building, land etc)</li> </ul> <p><b>Asset Reconstruction:</b> It refers to conversion of non-performing assets into performing assets. There are multiple steps to reconstruct asset. The point to be noted in this context is reconstruction must be done in accordance with the SARFAESI Act and RBI regulations.</p> <p><b>Security Interest Enforcement:</b> As per the Act, the financial institutions are entitled to issue notice to the defaulting loan takers as well as guarantors, asking them to clear the sum in arrears within 60 days from the date of issuing the notice under Insolvency and bankruptcy board of India. If the defaulter fails to act in accordance with the notice, the bank is entitled to enforce security interest.</p>
<p>38</p>	<p>Explain the principle of insurable interest.</p>	<p>The principle of insurable interest states that the person getting insured must have insurable interest in the object of insurance. A person has an insurable interest when the physical existence of the insured object gives him some gain but its non-existence will give him a loss. In simple words, the insured person must suffer some financial loss by the damage of the insured object. There should direct relation between the person and the asset which is insured by him.</p> <p>For example: The owner of a taxicab has insurable interest in the taxicab because he is getting income from it. But, if he sells it, he will not have an insurable interest left in that taxicab. From this example, we can conclude that, ownership plays a very crucial role in evaluating insurable interest. Every person has an insurable interest in his own life. A merchant has insurable interest in his business of trading. Similarly, a creditor has insurable interest in his debtor.</p>
<p>39</p>	<p>Write Short Notes on Principle of Causa Proxima</p>	<p>(a Latin phrase), or in simple English words, the Principle of Proximate (i.e. Nearest) Cause, means when a loss is caused by more than one causes, the proximate or the nearest or the closest cause should be taken into consideration to decide the liability of the insurer. The principle states that to find out whether the insurer is liable for the loss or not, the</p>

		<p>proximate (closest) and not the remote (farthest) must be looked into.</p> <p>For example: A cargo ship's base was punctured due to rats and so sea water entered and cargo was damaged. Here there are two causes for the damage of the cargo ship - (i) The cargo ship getting punctured because of rats, and (ii) The sea water entering ship through puncture. The risk of sea water is insured but the first cause is not. The nearest cause of damage is sea water which is insured and therefore the insurer must pay the compensation.</p> <p>However, in case of life insurance, the principle of Causa Proxima does not apply. Whatever may be the reason of death (whether a natural death or an unnatural death) the insurer is liable to pay the amount of insurance.</p>
<b>40</b>	Write Short Notes on Principle of Uberrimaefdei	<p>(a Latin phrase), or in simple English words, the Principle of Utmost Good Faith, is a very basic and first primary principle of insurance. According to this principle, the insurance contract must be signed by both parties (i.e. insurer and insured) in an absolute good faith or belief or trust. The person getting insured must willingly disclose and surrender to the insurer his complete true information regarding the subject matter of insurance. The insurer's liability gets void (i.e. legally revoked or cancelled) if any facts, about the subject matter of insurance are either omitted, hidden, falsified or presented in a wrong manner by the insured. The principle of Uberrimaefdei applies to all types of insurance contracts.</p>
<b>41</b>	Write Short Notes on Insurance Advisory Committee	<p>IRDA may, establish a Committee to be known as the Insurance Advisory Committee which shall consist of not more than twenty-five members excluding ex-officio members to represent the interests of commerce, industry, transport, agriculture, surveyors, agents, intermediaries, organisations engaged in safety and loss prevention, research bodies and employees' association in the insurance sector. The Chairperson and the members of the Authority shall be the ex officio Chairperson and ex officio members of the Insurance Advisory Committee. The objects of the Insurance Advisory Committee shall be to advise the Authority on matters relating to the making of the regulations.</p>
<b>42</b>	The Board of ABC Ltd. Is comprised of 7 directors in total, consisting of one Chairman and Managing Director, two executive directors, three independent directors and one nominee director. Mr. N M	<p>As per section 177 of the Companies Act, 2013 the Audit Committee shall consist of a minimum of three directors with independent directors forming a majority. So complying with the provisions of the Companies Act, 2013 the committee should be constituted as follows:</p> <ol style="list-style-type: none"> <li>1. Mr. Vipul Jain : Chairman</li> <li>2. Mr. Vinayak Chaturvedi : Member</li> </ol>

	<p>Nilekani is the appointed as the Chairman and Managing director of the company, Mr. Subrata Parekh as Director (Finance), Mr. Arunava Bandyopadhyay as Director (Commercial), Mr. Ankit Patni, Mr. S.K. Burnwal, Mr. Vipul Jain as Independent directors of the company and Mr. Vinayak Chaturvedi as Nominee director of SBI. Constitute the Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility committee with the above mentioned directors as per the provisions of the Companies Act, 2013 and complying the SEBI (LODR), 2015.</p>	<p>3. Mr. Ankit Patni : Member (functional directors should not be members but can be invitees)</p> <p>As per section 178 of the Companies Act, 2013 the Nomination and Remuneration Committee shall consist of three or more non-executive directors out of which not less than one half shall be independent directors. So complying with the provisions of the Companies Act, 2013 the committee should be constituted as follows:</p> <ol style="list-style-type: none"> <li>1. Mr. Vinayak Chaturvedi : Chairman</li> <li>2. Mr. Vipul Jain : Member</li> <li>3. Mr. Ankit Patni: Member</li> </ol> <p>As per section 135 of the Companies Act, 2013 the Corporate Social Responsibility Committee shall consist of three or more directors out of which one shall be an independent director. So complying with the provisions of the Companies Act, 2013 the committee should be constituted as follows:</p> <ol style="list-style-type: none"> <li>1. Mr. Arunava Bandyopadhyay : Chairman</li> <li>2. Mr. Vinayak Chaturvedi : Member</li> <li>3. Mr. Ankit Patni : Member</li> <li>4. Mr. Subrata Parekh as Director (Finance),</li> </ol>
<p><b>43</b></p>	<p>State the National Voluntary Guidelines, 2011 on Social, Environmental and Economic Responsibilities of Business.</p>	<p>National Voluntary Guidelines 2011 on Social, Environmental and Economic Responsibilities of Business: The Guidelines emphasize that businesses have to endeavour to become responsible actors in society, so that their every action leads to sustainable growth and economic development. These Guidelines have been developed through an extensive consultative process by a Guidelines Drafting Committee (GDC) comprising competent and experienced professionals representing different stakeholder groups. The Guidelines are designed to be used by all businesses irrespective of size, sector or location and therefore touch on the fundamental aspects of an enterprise. The Guidelines are applicable to all such entities, and are intended to be adopted by them comprehensively, as they raise the bar in a manner that makes their value creating operations sustainable. The Guidelines have been articulated in the form of nine (9) Principles with the Core Elements to actualize each of the principles. A reading of each Principle, with its attendant Core Elements, should provide a very clear basis for putting that Principle into practice.</p> <p><b>Principle 1:</b> Businesses should conduct and govern themselves with Ethics, Transparency and Accountability The principle recognizes that ethical conduct in all its functions</p>

and processes is the cornerstone of responsible business. The principle acknowledges that business decisions and actions, including those required to operationalize the principles in these Guidelines should be amenable to disclosure and be visible to relevant stakeholders. The principle emphasizes that businesses should inform all relevant stakeholders of the operating risks and address and redress the issues raised. The principle recognizes that the behaviour, decision making styles and actions of the leadership of the business establishes a culture of integrity and ethics throughout the enterprise.

**Principle 2:** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle. The principle emphasizes that in order to function effectively and profitably, businesses should work to improve the quality of life of people. The principle recognizes that all stages of the product life cycle, right from design to final disposal of the goods and services after use, have an impact on society and the environment. Responsible businesses, therefore, should engineer value in their goods and services by keeping in mind these impacts.

**Principle 3:** Businesses should promote the well being of all employees. The principle encompasses all policies and practices relating to the dignity and wellbeing of employees engaged within a business or in its value chain. The principle extends to all categories of employees engaged in activities contributing to the business, within or outside of its boundaries and covers work performed by individuals, including sub-contracted and home based work.

**Principle 4:** Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. The principle recognizes that businesses have a responsibility to think and act beyond the interests of its shareholders to include all their stakeholders. The Principle, while appreciating that all stakeholders are not equally influential or aware, encourages businesses to proactively engage with and respond to those that are disadvantaged, vulnerable and marginalized.

**Principle 5:** Businesses should respect and promote human rights. The principle recognizes that human rights are the codification and agreement of what it means to treat others with dignity and respect. Over the decades, these have

evolved under the headings of civil, political, economic, cultural and social rights. This holistic and widely agreed nature of human rights offers a practical and legitimate framework for business leaders seeking to manage risks, seize business opportunities and compete in a responsible fashion. The principle imbibes its spirit from the Constitution of India, which through its provisions of Fundamental Rights and Directive Principles of State Policy, enshrines the achievement of human rights for all its citizens. In addition, the principle is in consonance with the Universal Declaration of Human Rights, in the formation of which, India played an active role.

**Principle 6:** Business should respect, protect and make efforts to restore the environment The principle recognizes that environmental responsibility is a prerequisite for sustainable economic growth and for the well being of society. The principle emphasizes that environmental issues are interconnected at the local, regional and global levels which makes it imperative for businesses to address issues such as global warming, biodiversity conservation and climate change in a comprehensive and systematic manner.

**Principle 7:** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner The principle recognizes that businesses operate within the specified legislative and policy frameworks prescribed by the Government, which guide their growth and also provide for certain desirable restrictions and boundaries. The principle acknowledges that in a democratic set-up, such legal frameworks are developed in a collaborative manner with participation of all the stakeholders, including businesses. The principle, in that context, recognizes the right of businesses to engage with the Government for redressal of a grievance or for influencing public policy and public opinion. The principle emphasizes that policy advocacy must expand public good rather than diminish it or make it available to a select few.

**Principle 8:** Businesses should support inclusive growth and equitable development The principle recognizes the challenges of social and economic development faced by India and builds upon the development agenda that has been articulated in the government policies and priorities. The principle recognizes the value of the energy and enterprise of businesses and encourages them to innovate and contribute to the overall development of the country,



		<p>especially to that of the disadvantaged, vulnerable and marginalised sections of society. The principle also emphasizes the need for collaboration amongst businesses, government agencies and civil society in furthering this development agenda. The principle reiterates that business prosperity and inclusive growth and equitable development are interdependent.</p> <p><b>Principle 9:</b> Businesses should engage with and provide value to their customers and consumers in a responsible manner This principle is based on the fact that the basic aim of a business entity is to provide goods and services to its customers in a manner that creates value for both. The principle acknowledges that no business entity can exist or survive in the absence of its customers. The principle recognizes that customers have the freedom of choice in the selection and usage of goods and services and that the enterprises will strive to make available goods that are safe, competitively priced, easy to use and safe to dispose off, for the benefit of their customers. The principle also recognizes that businesses have an obligation to mitigating the long term adverse impacts that excessive consumption may have on the overall wellbeing of individuals, society and our planet.</p>
<p><b>44</b></p>	<p>Discuss the role, functions and authority of CSR Committee</p>	<p>The constitution of a CSR committee as per the specifications provided under Section 135 of the Companies Act, 2013 which requires a CSR committee to be constituted by the board of directors. Committee shall formulate and approve a CSR Policy of the company, plan of the CSR activities including, decisions regarding the expenditure, the type of activities to be undertaken, monitoring and reporting mechanism. This is an excellent starting point for any company new to CSR. In case a company already practices CSR, this committee should be set up at the earliest so that it can guide the alignment of the company’s activities with the requirements of the Act. It may please be noted that CSR committee is recomendary in nature and do not have any deciding power, unless delegated by the Board. In many companies this Committee is delegated upto a certain amount to be spent on C without reference to Board of Directors.</p> <p>The committee shall examine the existing CSR Policy. If not existing, a policy to be made with Board approval. They should meet from time to time and discuss plan of action. The areas where CSR activity can be taken up is mentioned in schedule VII of the Act. The committee shall ensure that</p>

		<p>minimum amount as per the Act is budgeted and spent during the year. The statement of budget and expenditure shall be a part of Board report, signed by the Chairman of CSR committee. The Policy is supposed to be hosted on the website of the company and transparent manner.</p>
45	<p>What is a resolution plan? Who is supposed to make the plan? Who has to approve?</p>	<p>A Resolution plan resolution plan is a proposal that aims to provide a resolution to the problem of the corporate debtor's insolvency and its consequent inability to pay off debts.</p> <p>It needs to be approved by 66% of the committee of creditors and comply with some mandatory requirements prescribed in the IBC. Once approved, the Resolution Professional will send the plan to the National Company Law Tribunal after certifying that the plan meets those requirements. If the NCLT is also satisfied that the plan meets the requirements, it will pass an order approving the plan.</p> <p>Other than the mandatory requirements, the IBC does not restrict the form and manner of a resolution plan. A plan could therefore, involve the purchase of the equity or assets of the corporate debtor, the infusion of additional debt, the de-merger of debtor's businesses, financial haircuts, taken by creditors, or the extinguishment of some liabilities. Needless to say, since the plan must be first approved by the COC — a body that comprises all the financial creditors of the corporate debtor, the proposals regarding debts owed to financial creditors will be an important consideration in whether it is approved.</p> <p>The RP does not have any discretion regarding which plans to present to the COC – he or she is statutorily bound to present all plans that meet the mandatory requirements. In practice, the COC typically authorises the RP to prescribe eligibility and evaluation criteria for resolution applicants so as to ensure that only serious applicants submit plans.</p> <p>The RP is not expressly prohibited from submitting a resolution plan, but given that the RP also has the statutory duty to verify whether a plan meets the mandatory requirements, it could lead to a conflict of interest for the RP.</p>
46	<p>There are four directors in Shine Paper Limited. Mr. Madhav, being the director in station, has been authorized to draw and</p>	<p>Section 2(54) of the Companies Act, 2013 defines a "Managing Director" as a director who is entrusted with substantial powers of management of the affairs of the company by:</p>

	<p>endorse cheque or other negotiable instruments on account of the company and also to direct registration of transfer of shares and signing the share certificates etc. Evaluate whether he will be treated as Managing Director of the company.</p>	<p>a) virtue of articles of a company, or                  b) an agreement with the company, or                  c) a resolution passed in its general meeting, or by its Board of Directors, and includes a director occupying the position of the managing director, by whatever name called.                  Explanation to Section 2 (54) clarifies that substantial powers of the management shall not be deemed to include the power to do such administrative acts of a routine nature when so authorised by the Board such as:                  i) the power to affix the common seal of the company to any document or                  ii) to draw and endorse any cheque on the account of the company in any bank                  iii) to draw and endorse any negotiable instrument or                  iv) to sign any certificate of share or                  v) to direct registration of transfer of any share.</p> <p>In the instant case, Mr. Madhav, a director in Shine Paper Limited has been, authorized to draw and endorse cheque or other negotiable instruments on account of the company and also to direct registration of transfer of shares and signing the share certificates etc. Hence, according to explanation to section 2(54), Mr. Madhav will not be treated as managing director of the company as he is authorized to do administrative acts of a routine nature.</p>
<p><b>47</b></p>	<p>Duties of resolution professional under Insolvency and Bankruptcy Code, 2016</p>	<p>It shall be the duty of the resolution professional to preserve and protect the assets of the corporate debtor, including the continued business operations of the corporate debtor - Section 25(1) of Insolvency and Bankruptcy Code, 2016. He can take any or all the actions specified in Section 25(2) of Insolvency and Bankruptcy Code, 2016 for this purpose. However, action as specified in Section 28 of Insolvency and Bankruptcy Code, 2016 cannot be taken without prior approval of committee of creditors with 66% voting in favour. Section 25A has been introduced in March, 2020 which provides for rights and duties of authorised representative of financial creditor.</p>