1. Explain briefly the principles of organisation.
2. “One man control is the best in the world provided that one man is big enough to take care of everything” Discuss
3. Explain the main characteristics of sole trading form of organisation.
4. Compare and contrast a partnership with a sole proprietorship.
5. Explain the rights and duties of partners
7. Explain the different types of shares.
8. Explain the different types of debentures.
9. Distinguish between shares and debentures
10. Briefly explain the functions and duties of directors.
11. Discuss the functions and duties of company secretary.
12. Write explanatory notes on a) Annual General Meeting b) Board Meeting
13. Write explanatory notes on a) Proxy b) Quorum c) Minutes
15. Explain the objectives, features, functions and powers of SEBI
16. Explain any eight types of co-operative societies in detail
17. Discuss the features, merits and demerits of the departmental organization.

PART - C

PARAGRAPH QUESTIONS

1. Explain any two types of Individualistic Institutions.
2. Write notes on Joint Hindu Family Business
3. Describe the various kinds of partners.
4. What are the draw backs of Non - registration of partnership firm?
5. What are the contents of partnership deed?
6. Write a note on Guarantee Compan.
7. What is Memorandum of Association? What are its contents?
9. Write a note on Irregular Allotment
10. What are the disqualifications for a director?
11. Write an explanatory note on Managing Director.
12. State the difference between Managing Director and Manager.
13. Write notes on Annual General Meeting.
14. Write notes on Extraordinary General Meeting.
15. Explain the different kinds of Speculators.
17. Explain the types of agricultural credit societies
18. What are the demerits of co-operative societies.
19. What are the features of a public cooperation?
20. What are the differences between public and private sectors?

SHORT ANSWERS

1. Define Organization
2. Who is KARTA?
3. State the meaning of Board Organisation
4. Give five examples of multinational companies
5. Define “sole trader”
6. What is unlimited liability?
7. Who is a dormant partner?
8. What is a joint and several liabilities?
10. What is limited partnership?
11. What is partnership deed?
12. Who is a Minor? Can a minor become a partner?
13. What is a guarantee company?
15. What is limited liability?
16. What is share premium?
17. What is a statutory meeting?
18. What is statutory report?
19. What is proxy?
20. What is an agenda?
21. What do you mean by Quorum?
22. What is “Minutes”?
23. Who is an alternate director?
24. What is prospectors?
25. What do you mean by poll?
26. What is ‘underwriting’?
27. What is prospectors?
28. Define Stock Exchange?
29. What is Security?
30. What is Nationalization?
31. What is listing?
32. Who is a speculator?
33. Who is an investor?
34. What is speculation?
35. Who is a jobber?
36. Who is a broker?
37. What is SEBI?
38. What is OTCEL?
39. What is BOLT?
40. Who are Rochdale pioneers?
41. What is the significance of “self help and mutual help”?
42. What are the aims of credit co-operative society?
43. Give examples of co-operative Super Market?
44. What is agricultural credit society?
45. What is Patronage Dividend?
46. Define co-operative Super Market?
47. Define state enterprises?
48. How can we establish state enterprises?
49. What factors govern the choice of a particular form of organization for an Industry?
50. Define a Government Company?
1. Define Organization.

_Louis A. Allen_ has defined organisation as “the process of identifying and grouping the work to be performed, defining and delegating responsibility and authority and establishing relationship for the purpose of enabling people to work most effectively together in accomplishing objectives”.

2. Who is KARTA?

The head of the Joint Hindu family is known as “KARTA”. The members are called coparceners. India is unique in the system of Joint Hindu Families. A Joint Hindu Family Comprises of Father, Mother, Sons, Daughters, Grandsons and Grand Daughters.

3. What is scalar principle?

Line of authority must proceed from the highest executive to the worker at the bottom level through a downward flow. This is known as “chain of command”. The superior has a direct authority over his immediate subordinate. He is responsible for efficient performance of the work entrusted.

4. Give examples of multinational company?

1. Unilever limited - It is a British company
2. Union caribide - It is an American Company
3. Philips - It is a Dutch Company
4. Coco Cola - It is an American Company
5. International Business Machine (IBM) - It is an American Company

5. State the meaning of Board Organisation?

# Organisation management is carried on by a government nominated independent Board.
# It has its own rules and regulations.

_Eg:_ Tamil Nadu Electricity Board,
Tamil Nadu Housing Board,
Water and Drainage Board.

6. What is co-ordination?

# The various activities of undertaking should be co-ordinated to secure the desired results.
# The purchase department and sales department activities must be well co-ordinated to increase profit.

7. Define sole Trader?

According to _P.K. Ghosh_ and _Y.K. Bhushan_, “The Sole Proprietorship is a form of organization in which an individual introduces his own capital, uses his own skill and intelligence and its entirely responsible for the results of its operations”.

8. What is sole Proprietorship Business?

Sole proprietorship is a form of organization in which individual invests the capital, use his own skill and is solely responsible for the result of his business. He may borrow money and employ assistants. But, he alone owns and controls the business and bears its profits and Loss.

9. Define Partnership?

According to the _sec 4 of Indian Partnership Act of 1932_ “The relation between persons who have agree to share the profits of a business carried on by all or any of them acting for all”.

VIMALRAJ. T, Lecturer in Commerce
10. What is limited partnership?
   (i) A Partnership in which the liability of the partner is limited is called Limited Partnership.
   (ii) A Limited Partnership firm must have at least one partner whose liability is unlimited.
   (iii) The law does not permit the formation of a limited partnership in India.

11. What is a joint and several liabilities?
   # The Liability of partners is Joint and several.
   # The creditors can claim their dues from the private assets of all the partners taken together or they can take action against the Private Properties of any one of the partners to get back their dues.

12. Who is Dormant Partner?
   The partners who merely contribute capital and do not take active interest in the conduct of the business of the firm are called sleeping or dormant or financing partners.

13. Who is Nominal or Ostensible Partner?
   He is a partner who neither contribute capital nor takes any part in the management of the firm. He lends his name to be used a partner in the business to increase the reputation of the firm.

14. What is Partnership Deed?
   ➢ A Partnership firm can be formed through an agreement among two or more persons.
   ➢ In India this agreement may be oral or in writing. But it is desirable to have it in writing to avoid any misunderstanding among the partners in future.
   ➢ All the terms and conditions of partnership are included in the agreement.

15. who is a Minor Partner? Can a Minor become a Partner?
   ➢ A minor is a person who has not completed 18 years of age, Where a guardian is appointed by a court, his age of majority extends to 21 years.
   ➢ Legally, a minor cannot become a partner because he is incapable of entering into a contract, however he may admitted to the benefits of partnership.

16. What is a guarantee Company?
   ➢ In a company limited by guarantee the liability of a shareholder is limited to the amount he has voluntarily undertaken to contribute to meet any deficiency at the time of its winding up.
   ➢ Such a company may or may not have a share capital.

17. What is debenture?
   ➢ Debenture refers to a document issued by a company acknowledging a debt due by it to its holders.
   ➢ It also provides for payment of interest at a fixed rate at stated intervals.
   ➢ It also contain an undertaking to repay the debt or at its options.

18. What is limited liability?
   ➢ The liability of the member of a company is generally limited of value of shares.
   ➢ When once the full value of the shares is paid up, there is no more liability for the shareholders.

19. What is share premium?
   ➢ A company can issue share more than the face value of the shares is called share premium.
   ➢ In other words, the difference between the issue price and the face value constitutes share premium.
   ➢ When a share of the face value of Rs.10 is issued at Rs.12, share premium amount is Rs.2

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20. What is a statutory meeting?
- The first meeting of the share holders of a public limited company which is mandatory as per the companies Act is known as Statutory meeting.
- This is held only once in the lifetime of the company.
- The company must compulsorily hold this meeting within 6 months and not earlier than one month from the date of commencement of business.

21. What is Statutory report?
- Details of shares issued
- Total amount of cash received
- An abstract of receipts and payments
- An account or an estimate of the preliminary expenses

22. What do you mean by quorum?
- The minimum number of members required to be personally present at a meeting for validly transacting any business.
- Usually quorum is fixed by the Articles.
- Two in private company and five in public company personally must present.

23. What is an agenda?
(i) Agenda means the list of business to be transacted at the meeting.
(ii) It is generally prepared by the secretary in consultation with the chairman.

24. What is proxy?
- The term "proxy" may refer to a person who is authorized by a member for the purpose of attending a meeting.
- It is also means the instrument by which the proxy is authorized.

25. What is “Minutes”?
(i) The term minutes refers to accurate official record of decisions taken at various company meetings.
(ii) Minutes should be brief and factual.

26. Who is an alternate director?
- If empowered by Articles, the Board may appoint an alternate director during his absence for a period of not less than 3 months from the date in which meetings of the Board are ordinarily held.

27. What is an alternate director?
- The main principle of co-operative organisation is the Mutual help.
- Every member of the society is expected to help himself and also help every other members.

28. What is Special Resolution?
- Special resolution is one which is required for transacting any special business.
- It has to be passed by a three-fourths majority.
- In other words, the votes cast in favour of the resolution must exceed three times the votes cast against it.

29. What is a security?
- A security means a certificate or document indicating either ownership interest (share) or creditorship interest (debenture)

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30. Define a stock exchange?
   According to Hastings “stock exchange or securities market comprises all the places where buyers and sellers of stock and bonds or their representatives, undertake transactions involving the sale of securities”.

31. What is listing?
   - The inclusion of the name of a company in the **official trade list of a stock exchange** is called “listing”.
   - Listing is now made compulsory for all public companies.

32. What is BOLT?
   BOLT is the online trading system in use at the stock exchange, Mumbai since March 1995. It is one of the few stock systems in the world handling mixed models of trading, both order-driven and quote-driven.

33. Who is a speculator?
   - The speculators buy securities with a hope to sell them at a profit, in future.
   - They do not retain their holding for longer period.
   - They are not genuine investors.
   - They buy the securities with the object of selling them and not to retain them.

34. Who is Investor?
   - The Investors buy the securities with a view to invest their savings in profitable income earning securities.
   - They generally retain the securities for a considerable length of time for constant income.
   - They are also called genuine investors.

35. What is underwriting?
   - Large issues are made through ‘**underwriting**’
   - Under this method the underwriters give a guarantee to the companies making new issues.
   - They guarantee the shares offered to the public, which will be fully subscribed, if not the balances of share will be taken over by underwriters.

36. What is Prospector?
   - The prospectus is any document described or issued as prospectus and includes any **notice, circular, advertisement or other document inviting deposits from the public**.
   - Inviting offers from the public for the subscription or purchase of shares or debentures of a company.

37. Who is jobbers?
   - Jobbers are security merchants dealing in **shares, debentures, as independent operators**.
   - They buy and sell securities on their own behalf and try to earn through price changes.
   - They cannot deal on behalf of public and are barred from taking commission.
   - In India, they are called **Taravaniwalas**.

38. Who is Broker?
   - Brokers are **commission agents**, who act as intermediaries between buyers and sellers of securities.
   - They do not purchase or sell securities on their behalf.
   - They bring together the buyer and sellers and help them in making a deal and charge commission from both parties.
39. What is SEBI?
   ❖ SEBI was set up as an administrative body in April 1988.
   ❖ It was given statutory status on 30.01.1992 by promulgation of SEBI ordinance.
   ❖ The ordinance is considered to be an Act of Parliament.

40. What is OTCEI?
   ❖ OTCEI (Over the Counter Exchange) was set up to address the problems of both investors and small and medium sized companies whose shares could not be listed on any stock exchange.
   ❖ OTCEI was promoted by premier financial institutions such as UTI, ICICI, IDBI etc.
   ❖ It is a recognized stock exchange under sec. 4 of Security Contract (Regulation) Act.

41. Define Co-operation?
   The Indian Co-operative societies Act, 1912 defines “A society which as its objectives for promotion of the interests of its members in accordance with the principle of co-operation”.

42. What is meant by ‘one man one vote’?
   (i) Co-operative societies are managed on democratic lines.
   (ii) Every member has only one vote irrespective of the members of shares held by him.
   (iii) This principle is ‘One Man One Vote’.

43. Who are Rochdale pioneers?
   (i) Robert Owen started the first co-operative movement in the year 1844 with 28 members called as ‘Rochdale society of equitable pioneers’.
   (ii) The father of this movement was Robert Owen.

44. What is patronage Dividend?
   The profit of co-operative societies is distributed to the members in proportion of purchases made by them and not on shares held by them. The payment of dividend on shares to members will be at the rate of 14% per annum on the paid up value of shares.

45. Give four examples of co-operative super market?
   ❖ Chennai - Kamadhenu Super Market
   ❖ Coimbatore - Chinthamani Super Market
   ❖ Vellore - Karpagam Super Market
   ❖ Salem - Ponni Co-operative Super Market

46. Define State enterprises?
   A.H. Hansen says “Public enterprises means state ownership and operation of industrial, agricultural, financial and commercial undertaking”.

47. How can we establish State enterprises?
   ❖ By starting a new unit.
   ❖ By taking over an existing industrial or commercial unit owned by private persons.

48. What is nationalization?
   Takeover of privately owned corporations, industries, and resources by a government with or without compensation is called nationalization.
   Common reasons for nationalization include
   (1) prevention of unfair exploitation and large-scale labor layoffs,
   (2) fair distribution of income from national resources.

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49. Give four examples of Departmental undertaking.
   (i) Railways
   (ii) Defence
   (iii) Atomic power
   (iv) Post and telegraph.

50. What is Government Company?
    Any company in which not less than 51% of the paid up share capital is held by the central or state
government is known as Government Company.

51. Give four examples of Government companies?
   (i) BHEL
   (ii) SAIL
   (iii) Coal Mines
   (iv) State Transport Corporation Ltd.,

52. Explain the management of public corporation?
    Public corporation is managed by board of directors. Board is nominated by the government on the
bases of their experience and skill.

53. What is unlimited liability?
   ➢ The liability of the proprietor for the debts of the business is unlimited.
   ➢ The creditors have the right to recover their case the business assets are not sufficient to pay their
dues.

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1. Write short notes on Joint Hindu Family business.
   - India is unique in the system of Joint Hindu Families.
   - A Joint Hindu Family comprises of father, mother, sons, daughters, grandsons and granddaughters.
   - They hold the property jointly.
   - They do the business under the control of the head of the family.
   - These families have been engaged in occupations like agriculture, handicrafts, small industries etc.
   - These business units are known as Joint Hindu family business.
   - This system is found only in India.
   - Their membership is conferred upon the members by virtue of their birth in the family.
   - The head of the family is known as ‘KARTA’.
   - The members are called coparceners.
   - According to Hindu Succession Act, 1956, a coparcener will have a share in the coparcenaries property after the death of the coparcener.
   - Since 1985, Female members of the family are also eligible to get a share in the property of the family.
   - According to ‘mitakshara’ Law only the male members in the family get the right of inheritance by birth. It is applied throughout India except Assam and West Bengal.
   - According to Dayabhaga Law, the right of property devolves on the coparcener by succession and not by birth.

2. Explain the position of minor in the partnership Firm.
   A minor is a person who has not completed 18 years of age. A minor cannot become a partner. He can be admitted into the benefits of partnership.
   **Position before attaining majority**
   - He can share the property and profits of the firm
   - He can inspect and take copy of the accounts of the firm.
   - His liability is confined only to the extent of his share in the profits and property of the firm.
   **Position of the attaining majority**
   - On attaining majority the minor partner has to decide within six months by giving notice whether he shall continue in the firm or not.
   - If he decides to continue as partner, he becomes liable to the firm from the date, on which he was admitted as minor partner.
   - If he decides not to continue as partner, he is not liable for the debts of the firm after the date of notice.

3. Write notes on Multinational Companies.
   - The term "multinational" consists of two different words “multi” and “national”.
   - It operates in several countries.
   - It is also called as “Global giant” (or) "World enterprise" (or) International Enterprise”
   - A MNC is operated in more than one country simultaneously.
   - It is generally very large in size.
   - It reduces transport costs
   - A multinational company may be defined as a company that operates in several countries.
   - According to Neil H. Jacoby “A multinational corporation owns and manages business in two or more countries”.
   - There are 500 to 700 MNC’s in the world.
   **Ex:**
   1. Unilever limited - It is a British company
   2. Union caribide - It is an American Company
   3. Philips - It is a Dutch Company
   4. Coco Cola - It is an American Company
   5. International Business Machine (IBM) - It is an American Company
4. Explain the various kinds of partners.
   - **Active partner:** A Partner who takes active part in the management or the partnership firm is known as active or working or managing or general partner.
   - **Sleeping partner:** The partners who do not take active interest in the conduct of the business are called sleeping partners.
   - **Nominal partner:** He does not contribute capital not takes part in the management of the firm. He lends his name to be used as partner in the firm. He is liable to the firm’s debt.
   - **Partners in Profit only**
     A person who shares the profit of a firm but does not share the loss, is called “Partner in profit only”
   - **Partner by Estoppel:** A person may not be really a partner in the business. But by his behavior he makes outsiders believe that he is a partner in the business. Then, he is liable to such outsiders who advance money to the firm, such a person is known as “Partner by estoppel”
   - **Partner by Holding out:**
     When a person who is not really a partner in a business, is described as a partner to others, then he must at once deny it when he comes to know about it. He is liable to other person who do business with that partnership believing that he is also a partner. Such a person is called Partner by holding out.
   - **Sub – Partner :** When a partner makes an arrangement with a partner to share his profit he is known as sub partner.
   - **Minor partner :** A minor is a person who has not completed 18 years of age where a guardian is appointed by court his age of majority extends to 21 years.

5. What is a partnership Deed? What are its contents?
   - A Partnership firm can be formed through an agreement among two or more persons.
   - In India this agreement may be oral or in writing. But it is desirable to have it in writing to avoid any misunderstanding among the partners in future.
   - All the terms and conditions of partnership are included in the agreement.
     - Name of the firm.
     - Date of agreement and principal place of business.
     - Names and addresses of all the partners.
     - Nature of business proposed to be carried on by the firm.
     - Duration of the partnership, if any.
     - Amount of capital contributed by each partner.
     - Amount of withdrawal of each partner.
     - Profit sharing ratio.
     - Salary payable to active partner or partners.
     - Interest on capital and interest on drawings.
     - Procedure for admission or retirement of partners.
     - Maintenance of books of accounts and their audit.

6. What are the drawbacks of non-registration of partnership firm?
   - An unregistered firm cannot file any case against its partners.
   - An unregistered firm cannot file any case against a firm or against any other partner.
   - An unregistered firm cannot file any suit against third parties in any civil court for recovering the any money due.
   - An unregistered firm cannot enforce its claims against third parties for recovering a sum exceeding rupees one hundred.
   - A partner of an unregistered firm cannot file any case against any other partners.
   - Any third party can take legal action against the business or the partners.
   - A partner cannot sue for dissolving the firm or realizing the property or for the settlement of account.
   - The firm forfeits its rights in restricting the outsiders from using the trademarks and copyrights of the firm.

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7. What are the conditions for issuing shares at a discount?

- The shares to be issued must be a class already issued.
- It must be authorized by an ordinary resolution.
- It should be sanctioned by the Central Government.
- The maximum rate of discount is not exceed 10% of nominal value.
- At least one year should have elapsed.
- Shares at a discount must be issued within 2 months from the date of sanction by the central government.

8. What is Memorandum of Association? What are its contents?

**Name clause:**
In this clause the name of a company is mentioned. If it is a Public Limited Company it should end with the word ‘limited’. If it is a private limited company it should end with the word ‘Private Limited’.

**Situation Clause:**
The state in which a company has its registered office is to be stated here.

**Objects Clause:**
It states the activities of the company. It lays down the maximum permitted range of activities.

**Liability Clause:**
This clause states that the liability of members is limited.

**Capital Clause:**
The amount of share capital with which the capital is to be registered and its division into shares of fixed amount are also stated here.

**Association Clause or Subscription Clause:**
At least two person in the case of a private limited company and seven in the case of public limited company must sign the memorandum.

9. Explain the procedure for listing of securities

The following are the procedure for listing of securities

1. Copies of the Memorandum and Article of Association prospectus or statement in lieu of prospectus, director’s report, balance sheet and agreement with underwriters.
2. Particulars regarding its capital structure.
3. Specimen copies of shares and debenture certificates, letter of allotment, common form of share transfer, etc.
4. A statement showing the distribution of shares.
5. In the case of existing companies, particulars of dividends and cash bonuses declared during last ten years.
6. A brief history of the company’s activities since its inception.

*After the scrutiny of the application, if the stock exchange is satisfied, the company should fulfill the following requirements.*

1. The company must have offered at least 49 percent.
2. Its Subscribed capital must be not less than Rs.25 Lakhs.
3. The allotment of shares to applicants should be fair and unconditional.
4. The company must execute a listing agreement, it determines the nature of continued relationship between the company and the stock exchange.

10. Differentiate between Investors and Speculators.

<table>
<thead>
<tr>
<th>Investors</th>
<th>Speculators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Interested in safety of his investment</td>
<td>Interested in earning profits quickly</td>
</tr>
<tr>
<td>2. Seeks income from his investment</td>
<td>Seeks profit from trading of securities.</td>
</tr>
<tr>
<td>3. Makes payment on purchase and Receive payment on sales of Securities.</td>
<td>Neither delivers nor takes delivery of the securities on sale or purchase.</td>
</tr>
<tr>
<td>4. Commitment is for a long term</td>
<td>Commitment is for a short period</td>
</tr>
<tr>
<td>5. Risk is low</td>
<td>Risk is high</td>
</tr>
<tr>
<td>6. Income is stable</td>
<td>Profit is uncertain</td>
</tr>
<tr>
<td>7. Income depends on the earnings of the enterprise</td>
<td>Profit earned depends on the change in market price of securities.</td>
</tr>
</tbody>
</table>

11. Explain the different kinds of speculators.

There are four types of speculators who are active on the stock exchange in India. They are known as Bull, Bear, Stag, and Lame Duck.

**Bull:**
- A Bull or Tejiwala is an operator who expects a rise in prices of securities in the future.
- He is called Bull because, just like a bull tends to throw his victim up in the air, the bull speculator stimulates the price to rise.
- He is an optimistic Speculator.

**Bear:**
- A Bear or Mandiwala Speculator expects prices to fall in the future and sells securities at present with a view to purchase them at lower prices in future.
- A bear usually presses its victim down to ground. Similarly, the bear speculator tends to force down the prices of Securities.
- A bear is a Pessimistic Speculator.

**Stag:**
- A Stag is a cautious speculator in the stock exchange.
- He applies for shares in new companies and expects to sell them at a premium, if he gets an allotment.
- He sells the shares before being called to pay the allotment money.
- He is also called a premium hunter.

**Lame Duck**
- When a bear finds it difficult to fulfill his commitment, he is said to be struggling like a lame duck.
- A bear speculator contracts to sell securities at a later date.
- In such situations he feels concerned. Moreover, the buyer is not willing to carry over the transaction.

12. Write the differences between Public and Private sector.

<table>
<thead>
<tr>
<th>Public Sector</th>
<th>Private Sector</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Service motive</td>
<td>1 Profit motive</td>
</tr>
<tr>
<td>2 Unlimited resources</td>
<td>2 Limited resources</td>
</tr>
<tr>
<td>3 Checks concentration of economic power</td>
<td>3 heads to concentration of Economic power</td>
</tr>
<tr>
<td>4 Develops those sectors which are neglected by the private sector</td>
<td>4 Develop those industries in which risk is less and returns is more</td>
</tr>
<tr>
<td>5 Deserves nation wealth</td>
<td>5 Exploitation of natural resources</td>
</tr>
<tr>
<td>6 Brings balanced growth in backward area</td>
<td>6 Do not establish industries in backward area</td>
</tr>
<tr>
<td>7 Consumer welfare is protected</td>
<td>7 Consumers are exploited</td>
</tr>
<tr>
<td>8 Model employer</td>
<td>8 Exploitation of employees</td>
</tr>
</tbody>
</table>

13. State the meaning of supermarket and explain its features.

M.M. Zimmerman defined supermarket as "a departmentalized retail establishment having four basic departments i.e., self-service grocery, meat, and dairy products, plus other household departments, and doing a maximum business. It may lease departments on a concession basis". It is started to earn profit.

**Features**
- It is a form of large scale retailing
- There are wide variety of goods available
- The system of self-service is used
- No need for salesman in self-service session
- The layout is in the form of different departments
- Sales are on cash basis
- No adulteration is practiced.
- Scarce commodities are also supplied.
- Goods are sold after cleaning and packing.
14. What are the demerits of co-operative societies?
   - **Inefficient Management**
     Members of a co-operative society do not generally possess the ability and experience to manage the business.
   - **Limited capital**
     The principle of "one man one vote" discourages the members to invest large amounts.
   - **Lack of motivation**
     The employees do not have interest to work hard as they get low salaries.
   - **Lack of co-operation**
     Members do not have Unity among themselves.
   - **Lack of secrecy**
     The business affairs of a co-operative society are openly discussed in the meetings.
   - **No Credit facility**
     Credit facilities are not usually offered to members.
   - **Domination of vested members**
     Some members try to command society by virtue of their managerial interest and political power.
   - **Non-transferability of interest**
     The shares of a co-operative society are not transferable.

15. Write a note on Irregular Allotment.
   - If allotment is made, without receiving at least 5% of the nominal value of shares as application money
   - Without receiving the minimum subscription within 90 days of the issue of prospectus or
   - If the application money received is not deposited in scheduled bank
   - Where a company does not issue a prospectus because it has made private arrangement for raising capital and if the company has not filed with the Registrar a statement in lieu of prospectus at least three days before the allotment of shares, the allotment becomes irregular.

16. Explain the features of a Government companies.
   1. **Incorporation**
      Government companies just like other companies in private sector are registered and incorporated under the Companies Act.
   2. **Government Finance**
      Most of the share capital or at least 51% of the total share capital is held by the government. (Central or State or both)
   3. **Participation of Public**
      Public can also subscribe to the share capital of these companies, if offered to them.
   4. **Management**
      Government companies are managed by Board of Directors. The members of this Board are nominated by the government which holds the majority of the shares.
   5. **Autonomy**
      It is an autonomous unit with full freedom of action in financial and administrative matters.
   6. **Employees**
      The employees, except the officers deputed by the government, are not civil servants.
   7. **Control**
      The government company is under the overall control and supervision of the Minister under whose Ministry it is attached.
   8. **Auditor**
      The Auditor of a Government company is always appointed by the central Government.
17. How are directors appointed in a public limited company?

1. **Appointment of First Directors**
   - First directors are usually named in the Articles.
   - If the Articles are silent, the signatories to the memorandum shall be Deemed to be the first directors of the company.

2. **Appointment of Directors by the Company**
   - Subsequent directors are elected by shareholders at the Annual General Meetings.
   - If a company adopts the principle of retirement by rotation, one-third of the directors must retire by rotation.
   - The retiring directors are eligible for reappointment.

3. **Appointment by Board of directors**
   - The Board can appoint additional directors.
   - They can fill up casual vacancy caused by death, resignation, etc.
   - They can also appoint alternate director.
   - If empowered by Articles, the Board may appoint an alternate director during his absence for a period of not less than 3 months from the date in which meetings of the Board are ordinarily held.

4. **Appointment by Third Parties**
   - If authorised by the Articles, third parties such as vendor of the business, banking or financial institutions which have advanced loans to the companies, can appoint their nominees on the Board.

5. **Appointment by Central Government**
   - The Central Government can also appoint directors on an order passed by the Company Law Board or on the application of not less than 100 members of the company or of members holding 10% of the total voting power.

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