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Faculty of Commerce & Management
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- 3) Economics of Development
- 4) Company Law
- 5) E.C: Internet and WWW – II
- 6) E.C: E-Commerce – II
- 7) E.C: Indian Insurance System-II
- 8) E.C: Indian Banking System-II

Sant Gadge Baba Amravati University, Amravati
Faculty of Commerce & Management

Subject NO: 4

Company Law

B.Com 6th Semester

As Per University Paper Pattern Section-A 20 marks
Multiple Choice Question (MCQ)



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Multiple Choice Questions (MCQs)

- ❖ In India, the law relating to the companies is contained in _____.
- a) The companies Act, 1956
 - b) The companies Act, 2012
 - c) The companies Act, 2013
 - d) The corporate Act, 2013

Answer: c) The companies Act, 2013

- ❖ On which of the following dates the companies Act, 2013 received assent of president?
- a) 8 August 2013
 - b) 28 August 2013
 - c) 29 August 2013
 - d) 18 August 2013

Answer: c) 29 August 2013

- ❖ Which of the following statements is correct?
- a) The term 'promotor' was not defined under the Companies Act. 1956
 - b) The term 'promotor' is now defined under the companies Act. 2013
 - c) Both (a) and (b)
 - d) None of these

Answer: c) Both (a) and (b)

- ❖ Generally Company liability is _____.
- a) Limited
 - b) Unlimited
 - c) Situation does not arise
 - d) None of These

Answer: a) Limited

Company Law

- ❖ Generally partnership firm liability is _____.
 - a) Limited
 - b) Unlimited
 - c) Situation does not arise
 - d) None of these

Answer: b) Unlimited

- ❖ Generally rights and obligations of the Partnership firm are regulated in
 - a) A.O.A
 - b) M.O.A
 - c) Partnership deed
 - d) None of these

Answer: c) Partnership deed

- ❖ The minimum number of members in a private company and public company are _____.
 - a) Three and Seven respectively
 - b) Two and seven respectively
 - c) Two and nine respectively
 - d) None of the above

Answer: b) Two and seven respectively

- ❖ Maximum number of members under a private company as provided under the Companies Act, 2013.
 - a) 50
 - b) 150
 - c) 200
 - d) No limit

Answer: c) 200

- ❖ Property of the company belongs to _____.
- a) Company b) Shareholders
c) Members d) Promoters

Answer: a) Company

- ❖ _____ conceives the idea of the business.
- a) Promoters b) Directors
c) Auditors d) None of the above

Answer: a) Promoters

- ❖ _____ stands in the fiduciary position of the company.
- a) Directors b) Promoters
c) Auditors d) None of the above

Answer: b) Promoters

- ❖ _____ are the contracts entered into by promoters on behalf of a prospectus company.
- a) Provisional contracts
b) Pre Incorporation contracts
c) Preliminary contracts
d) Both a) & b)

Answer: d) Both a) & b)

- ❖ A private company must have minimum paid-up share capital of _____.
- a) 1 lakh b) 2 lakh
c) 4 lakh d) Prescribed amount

Answer: d) Prescribed amount

- ❖ A Public company must have minimum paid-up share capital of _____.
- a) 1 lakh b) 2 lakh
c) 5 lakh d) Prescribed amount

Answer: c) 5 lakh

- ❖ Under the companies act, 2013 the minimum number of members required for the formation of a private company is _____.
- a) Minimum 2 members
b) Maximum 5 members
c) Minimum 7 members
d) None of these

Answer: a) Minimum 2 members

- ❖ Under the companies act, 2013 the minimum number of members required for the formation of a public company is _____.
- a) Minimum 2 members
b) Maximum 5 members
c) Minimum 7 members
d) None of these

Answer: c) Minimum 7 members

Multiple Choice Questions (MCQs)

- ❖ On registration and incorporation of the company, the registrar shall allot to be company _____.
- a) Director identification
 - b) Corporate identity number
 - c) Both of these
 - d) None of these

Answer: b) Corporate Identity Number

- ❖ A company comes into existence from the date of certificate of incorporation.
- a) True
 - b) False
 - c) None of these

Answer: a) True

- ❖ The most important document of a company is its _____.
- a) Prospectus
 - b) Annual report
 - c) Memorandum of association
 - d) Articles of Association

Answer: c) Memorandum of Association

- ❖ The rules and regulations for the internal management of a company are contained in its _____.
- a) Prospectus
 - b) Annual report
 - c) Memorandum of association
 - d) Articles of Association

Answer: d) Articles of Association

- ❖ Mark out the document that need not be prepared and registered with the registrar of companies in public limited companies.
 - a) Statutory declaration
 - b) Memorandum Of Association
 - c) Articles of Association
 - d) Director's undertakings to take up and pay for qualification shares.

Answer: c) Articles of Association

- ❖ The form of articles of association are given in table F, G, H, I and J _____ of the companies Act. 2013.
 - a) Schedule-I
 - b) Schedule-II
 - c) Schedule-III
 - d) Schedule-IV

Answer: a) Schedule-I

- ❖ Which one of the following is not the content of the Memorandum of Association?
 - a) Name clause
 - b) Registered office clause
 - c) Objects clause
 - d) Board of Directors clause

Answer: d) Board of Directors Clause

- ❖ Document that regulates the management of internal affairs of a company are _____.
 - a) Memorandum of Association
 - b) Prospectus
 - c) Article of Association
 - d) Certificate of incorporation

Answer: c) Article of Association

- ❖ A private company can borrow funds _____.
- a) After incorporation
 - b) After obtaining certificate to commerce business
 - c) After holding first annual general meeting
 - d) None of the above

Answer: a) After Incorporation

- ❖ _____ are the prospectus issued by the issuing house
- a) Deemed prospectus
 - b) Shelf prospectus issued by the issuing house
 - c) Red herring
 - d) None of the above

Answer: a) Deemed prospectus

- ❖ _____ prospectus were issued in case securities were issued in stages
- a) Deemed
 - b) Shelf
 - c) Red herring
 - d) None of the above

Answer: b) Shelf

- ❖ The granting of the certificate of incorporation renders the illegal objects include in the memorandum _____.
- a) Legal
 - b) Void
 - c) Voidable
 - d) None of the above

Answer: b) Void

- ❖ Public company should start business only after getting certificate of _____.
 - a) Incorporation
 - b) Commencement of business
 - c) Both (a) and (b)
 - d) None of these

Answer: b) Commencement of Business

- ❖ Private company can start business only after getting certificate of _____.
 - a) Incorporation
 - b) Commencement of business
 - c) Both (a) and (b)
 - d) None of these

Answer: a) Incorporation

Multiple Choice Questions (MCQs)

- ❖ A share certificate once issued by the company binds it in two ways, namely by estoppel as to title and _____.
- a) by estoppel as to payment
 - b) by estoppel as to profit
 - c) by estoppel as to dividend
 - d) none of these

Answer: a) by estoppel as to payment.

- ❖ Share capital of a company means _____.
- a) Equity share capital
 - b) Preference share capital
 - c) Equity and preference share capital
 - d) Equity and preference share capital and debentures

Answer: c) Equity and preference share capital

- ❖ A shareholder in a company _____.
- a) Can be its Debentureholders
 - b) Cannot be its Debentureholders
 - c) Alone can become its debenture holder
 - d) Must also become its Debentureholders within a year of being a shareholder.

Answer: a) Can be its Debentureholders

- ❖ The dividend on preference capital is paid _____.
- a) Whenever there are profits
 - b) Only if there are profits
 - c) Even if there are no profits
 - d) Only when the directors recommend it

Answer: d) Only when the directors recommend it

- ❖ The liability of members if company is limited by shares _____.
- a) Unpaid value of shares
 - b) Guarantee amount
 - c) Unlimited liability
 - d) None of the above

Answer: a) Unpaid value of shares

- ❖ The _____ on equity share is not cumulative.
- a) Dividend
 - b) Profit
 - c) Loss
 - d) Reserve

Answer: a) Dividend

- ❖ The share capital of a company may be reduced by _____.
- a) An Ordinary Resolution
 - b) A special resolution
 - c) A resolution of the board of directors
 - d) Obtaining permission from the company law board

Answer: b) A special resolution

- ❖ _____ is voluntary passage of the rights and duties of member from a shareholder.
- a)** Transfer **b)** Transmission
c) Both (a) & (b) **d)** None of the above

Answer: a) Transfer

- ❖ The person who transfer his rights and duties is called _____.
- a)** Transferee **b)** Transferor
c) Promisor **d)** Promisee

Answer: b) Transferor

- ❖ Own funds are called _____.
- a)** Debenture capital **b)** Share capital
c) Loan capital **d)** None of the above

Answer: b) Share Capital

- ❖ Shareholders are _____.
- a)** Owners **b)** Creditors
c) Debtors **d)** None of the above

Answer: a) Owners

- ❖ Forfeiture can be made only if it is authorized by _____.
- a)** AOA **b)** MOA
c) ROC **d)** C.G

Answer: b) MOA

- ❖ Name of the member is struck off from the register in case of _____.
- a) Issue of share certificate
 - b) Share warrant
 - c) Forfeiture
 - d) None of the above

Answer: b) Share Warrant

- ❖ In case of _____ duplicate can be obtained if it lost.
- a) Share warrant
 - b) Share certificate
 - c) Dividend coupon
 - d) None of the above

Answer: b) Share Certificate

- ❖ Duplicate certificate obtained if original certificate lost in case of _____.
- a) Share Certificate
 - b) Share warrant
 - c) Dividend warrant
 - d) None of these

Answer: a) Share Certificate

- ❖ Part of the issued capital taken by public is called _____.
- a) Subscribed
 - b) Called – up capital
 - c) Uncalled capital
 - d) Paid up capital

Answer: a) Subscribed

- ❖ Part of authorized capital which is offered by the company for subscription.
- a) Subscribed
 - b) Issued
 - c) Uncalled
 - d) Called up

Answer: b) Issued

❖ XYZ company goes for a public issue each share of face value Rs.10 the application money is Rs.2 allotment Rs.3, first call Rs.4, final call Rs.1. Is this valid

a) Yes

b) No

Answer: b) No

❖ Calls in advance have voting rights _____.

a) Yes

b) No

Answer: b) No

Multiple Choice Questions (MCQs)

❖ Power to recognize Stock Exchange vests with _____.

- a) Central Government
- b) State Government
- c) SEBI
- d) Supreme Court

Answer: c) SEBI

❖ Which financial body has asked intermediaries and companies to make regulatory payments in digital mode?

- a) SEBI
- b) RBI
- c) NSE
- d) BSE

Answer: a) SEBI

❖ The Bombay Stock Exchange was established as a _____.

- a) Limited Liability Firm
- b) A partnership firm
- c) A company
- d) Voluntary non-profit organization

Answer: Voluntary non-profit organization

❖ The Bombay Stock Exchange Ltd. (BSE) in 1986 came out with a stock index _____.

- a) BANKEX
- b) BSE-100
- c) BSE-200
- d) SENSEX

Answer: d) SENSEX

❖ Indian Securities market is one among top _____ securities markets of the world.

- a) Four
- b) Eight
- c) Three
- d) Six

Answer: b) Eight

❖ The Bombay Stock Exchange was established in _____.

- a) 1875
- b) 1873
- c) 1874
- d) 1872

Answer: a) 1875

❖ The National Stock Exchange (NSE) is a limited liability company owned by public sector financial institutions and now accounts for about two-thirds of the stock trading in India.

- a) True
- b) False

Answer: a) True

❖ Additional debt instruments or equity instruments of publicly traded firm are included in the markets classified as _____.

- a) Flow market
- b) Primary markets
- c) Secondary markets
- d) Funding markets

Answer: b) Primary markets

- ❖ Centralized market place where agents can have efficiently and quickly transactions is classified as _____.
- a) Secondary markets
 - b) central market
 - c) Traded market
 - d) Agents market

Answer: a) Secondary Markets

- ❖ New capital issue is placed in _____.
- a) Secondary market
 - b) Grey market
 - c) Primary market
 - d) Black market

Answer: c) Primary Market

- ❖ Which of the following words does not belong to the stock exchange?
- a) KPO
 - b) NAV
 - c) NSE
 - d) IPO

Answer: a) KPO

- ❖ Which of these document is not required for opening demat account?
- a) Aadhar card
 - b) Income Tax Return
 - c) Date of birth certificate
 - d) Address Proof

Answer: c) Date of birth certificate

- ❖ When did the use of Demat accounts start in India?
- a) 1992
 - b) 1995
 - c) 1996
 - d) 1997

Answer: c) 1996

Multiple Choice Questions (MCQs)

- ❖ The power of appointing additional director can be exercised by the _____.
 - a) Annual General Meeting
 - b) Board Meeting
 - c) Statutory Meeting
 - d) None of the above

Answer: b) Board Meeting

- ❖ A company must have a whole-time secretary if the paid-up share capital of the company is _____.
 - a) Rs. 25 Lakhs or more
 - b) Rs. 35 lakhs or more
 - c) Rs. 5 crores or more
 - d) None of these

Answer: c) Rs. 5 crores or more

- ❖ Which of the following statement is incorrect?
 - a) A company can have more than one secretary
 - b) Only an individual can be appointed as a secretary
 - c) An individual cannot be a whole-time secretary in more than one company at the same time.
 - d) As soon as company's paid-up share capital exceeds Rs. 2 crores it must immediately appoint a whole-time secretary.

Answer: d) As soon as company's paid-up share capital exceeds Rs. 2 crores it must immediately appoint a whole-time secretary.

Unit Five Company Secretary & Company Meetings

- ❖ Annual General Meeting can be called by _____.
- a) Managing director
 - b) Shareholders
 - c) Board of directors
 - d) Company secretary

Answer: d) Company secretary

- ❖ The shareholders cannot be restrained from calling _____ to remove existing directors and appoint new directors.
- a) Annual General Meeting
 - b) Extra Ordinary General Meeting
 - c) Statutory Meeting
 - d) Class Meeting

Answer: a) Annual General Meeting

- ❖ Which one of the following statements is incorrect?
- a) Notice of meetings must be given to every member and every director.
 - b) All companies must hold annual general meetings.
 - c) Directors and secretaries of public companies that fail to hold an annual general meeting are liable to a fine.
 - d) The directors of a company can be required to hold a general meeting by the company's auditors if the auditors intend to resign.

Answer: b) All companies must hold annual general meetings.

Unit Five Company Secretary & Company Meetings

- ❖ Which of the following meetings are all shareholders invited to?
1. Annual general meeting.
 2. General meeting.
 3. Class meeting.
 4. Board meeting.
- a) 1 only.
- b) 1 and 2 only.
- c) 1, 2, and 3 only.
- d) 1, 2, 3, and 4.

Answer: b) 1 and 2 only.

- ❖ What is meant by voting by poll?
- a) Where each shareholder or his proxy present at the meeting, has one vote irrespective of the number of shares they hold.
 - b) Where each shareholder has the right to vote in writing.
 - c) Where the chairman of the meeting casts the final vote.
 - d) Where each shareholder or their proxies present at the meeting use as many votes as their shareholding allows them.

Answer: a) Where each shareholder or their proxies present at the meeting use as many votes as their shareholding allows them.

Unit Five Company Secretary & Company Meetings

❖ Annual General Meetings should be held at _____.

- a) Company
- b) Registered office
- c) Corporate office
- d) None of these

Answer: b) Registered office

❖ Notice of statutory meeting should be given with a period not less than

- a) 21 clear days
- b) 14 clear days
- c) 7 clear days
- d) None of these

Answer: a) 21 clear days

❖ Notice of statutory meeting should be attested by at least.

- a) 3 directors
- b) 2 directors
- c) 4 directors
- d) None of these

Answer: b) 2 directors

❖ The time gap between two Annual General Meetings shall not exceed.

- a) 15 months
- b) 18 months
- c) 16 months
- d) None of these

Answer: a) 15 months

❖ In case of Public Company the quorum should be _____.

- a) 5 members
- b) 7 members
- c) 2 members
- d) None of these

Answer: a) 5 members

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