



RAMA UNIVERSITY

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FACULTY OF COMMERCE & MANAGEMENT

COURSE: BBA-DM; B.Com 6th SEMESTER

SUBJECT: SECRETARIAL PRACTICES

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LECTURE: 6-7-8

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Lecture-6-7-8



Unit I

What is a Profession?

Before taking up the discussion of secretary-ship as a profession it is necessary to clarify the term 'profession'. The word 'profession' means a vocation or calling. Profession requires specialised or expert knowledge for giving instructions, guidance and advice.

A profession should have the following characteristics:

1. A body of specialised knowledge;
2. There must be a formal method of acquiring training and experience;
3. There must be a code of conduct;
4. There must be a professional ideology;
5. There must be a professional body which is authorised to issue licence for practising the profession;
6. There is the practice of charging fees for services;
7. A membership and licence have to be obtained from the respective Institute (here, Company Secretaries of India).

Secretary-ship as a Profession:

In India, Company Secretary-ship has passed through all the stages of professionalization. The administrative function of Company Secretary is well recognised. The Secretary is the Chief Executive Officer of the company and not a mere servant.

The Companies Act, 1956, has prescribed the statutory qualifications of a Company Secretary. The Act states that for every company having a paid-up share capital of Rs. 50 lakhs or more, the appointment of a full-time secretary is obligatory.

The need for a properly qualified and trained secretary for taking the responsibility of company management has compelled the government to set up the Institute of Company Secretaries of India and to conduct the examination of Company Secretary-ship. Thus, the profession of company secretary-ship has attained public and legal recognition.

The profession of Secretary-ship is of recent growth in India. The company form of business was introduced in India with the passing of First Companies Act in 1840. So, we find that it took more than a century for company secretary-ship to emerge as a profession.

There are different types of secretaries—private secretary, secretary to the govt. department, club secretary or secretary of an association etc. These types of secretaries have not gained recognition as professionals because most of the basic features of a profession are absent in these occupations.

The secretary has got a prestigious status in the organisation. The secretary holds a responsible post of permanent nature. The governing body of an organisation may change from time to time, but the post of secretary is permanent. Presidents come and go, may be every year. It is the work of the Secretariat and staff that promotes the growth of the organisation.

Secretary-ship is not just an occupation—it is a profession. People engage themselves in certain occupations in order to earn their living. But all occupations are not professions. A profession is an occupation involving something more than earning a living.

Incorporation, Capital Subscription and commencement of business.

Formation of a company is a long and complicated process. The first step involved in forming the company is the incorporation of the company. After the incorporation of the company, there are other procedures that are to be followed by the company before it can commence its business.

Let us take a look.

The formation of the company is very early and the initial stage. It involves a lot of legal formalities and procedures initially to be done. A company can only be formed once all the legal formalities are being done with the proper procedures. The [authorities](#) have the special [powers](#) and a [system](#) that has to be followed by each and every [business organization](#) for the commencement of its business.

For example: when an individual takes birth, its body parts are the immense element which is being formed before taking the birth, similarly, when a company is formed, before that it has its several aspects and parts which has to be build after which the company is taken into an account to commence its business:

- Promotion of a company
- Registration of a company
- Certificate of [incorporation](#)
- Commencement of business

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- [Promotion of a Company](#)

1] Promotion of a Company

A business enterprise does not come on its own. The process of business promotions comes when someone comes up with an idea and ends when that idea is converted into the process of action. i.e. the formation of business enterprise and commencement of its business. It is an overall effort that the members of the company put to make the company.

Who is a promoter of a company?

A successful promoter is a creator of wealth and an economic prophet. The person who is concerned with the promotion of the company, an enterprise is known as a promoter. He conceives the idea of starting a business and takes all the measures required for bringing the enterprise into the existence. For example, Dhirubhai Ambani is the promoter of Reliance Industries.

The promoter finds out the way to generate the money, search business idea, arranges for finance, gather resource and establish a going concern. The company law has not given any legal status to promoters. He stands in fiduciary position.

2] Registration of a Company

It is the registration that gives the company a birth or existence. A company is properly formed when it is properly registered under the Company Act. There is a procedure for the registration process that every organization must follow. It involves the following documents and procedures,

- **Memorandum of Association:** It is to be signed by the minimum member that is 7 persons for the public company and 2 in case of private company. It must be duly stamped.
- **Articles of Association:** The document is signed by all those persons who all have signed the memorandum of association.
- **List of directors:** A list of directors with their names, address, and occupation is prepared and filed with the registrar of the companies.

- **Written consent of the directors:** A written consent of the directors that they have agreed to act as directors has to be filed with the registrar of the company along with a written approval to the effect that they will take the qualification shares and will pay for them.
- **Notice of the address of the registrar office:** It is also customary to file the notice of the address of the company's registered office at the time of incorporation. It is to be provided within 30 days after the date of incorporation.
- **Statutory declaration:** A statutory declaration mentioning that the requisites of the act and the rules thereunder have been compiled. It must be signed by an advocate of the supreme court or of a high court or an attorney or leader entitled to appear before a high court or a practising chartered accountant in India, who engages in the company formation or by a person indicated in the article as a director, managing director, secretary or manager of a company. It is also to be filed with the registrar of the company.

3] Certificate of Incorporation

The registration of the memorandum of the association, the article of association and other documents are filed with the registrar. After getting satisfied with the application & documents submitted, Registrar will issue the Certificate of incorporation'. A certificate of incorporation is the ultimate proof of the existence of a company.



Certificate of Incorporation

4] Certificate of Commencement of Business

As soon as a private company gets the certification of incorporation it can start its business. Once the certificate of incorporation is received by the company, a public company issues a prospectus for inviting a public to subscribe to its share capital. It fixes the minimum subscription in the prospectus. Then it is required to sell the minimum number of shares mentioned in the prospectus.

After completing the sale of the required number of shares, the certificate is sent to the registrar along with the letter from the bank stating that all the money is received.

The registrar then scrutinizes the documents. If all the legal formalities are done then the registrar issues a certificate known as 'certificate of commencement of business'. This is the conclusive evidence for the commencement of business for the public company.

Capital Subscription Stage: A private company or a public company not having share **capital** can **commence business** immediately on its **incorporation**. As such '**capital subscription stage**' and '**commencement of business stage**' are relevant only in the case of a public company having a share **capital**.

Video Lectures:

1. <https://www.youtube.com/watch?v=qTZRvKyEoVo>
2. <https://www.youtube.com/watch?v=Yu6hxxk7QXE>