



FACULTY OF JURIDICAL SCIENCES

COURSE NAME : BALLB/BBALLB

SEMESTER : VIIIth

SUBJECT : Banking law

SUBJECT CODE: BAL -802/BBL-802

LECTURE : 8

FACULTY NAME: Mr JP Srivastava

Regulation regarding Share capital:

Section 12 in BANKING REGULATION ACT,1949

⁸⁶ [12. Regulation of paid-up capital, subscribed capital and authorised capital and voting rights of shareholders.—

(1) No banking company shall carry on business in India, unless it satisfies the following conditions, namely:—

(i) that the subscribed capital of the company is not less than one-half of the authorised capital, and the paid-up capital is not less than one-half of the subscribed capital and that, if the capital is increased, it complies with the conditions prescribed in this clause within such period not exceeding two years as the Reserve Bank may allow;

(ii) that the capital of the company consists of ordinary shares only or of ordinary shares or equity shares and such preferential shares as may have been issued prior to the 1st day of July, 1944: Provided that nothing contained in this sub-section shall apply to any banking company incorporated before the 15th day of January, 1937.

(2) No person holding shares in a banking company shall, in respect of any shares held by him, exercise voting rights ⁸⁷ [on poll] ⁸⁸ [in excess of ⁸⁹ [ten per cent.]] of the total voting rights of all the shareholders of the banking company.

(3) Notwithstanding anything contained in any law for the time being in force or in any contract or instrument no suit or other proceeding shall be maintained against any person registered as the holder of a share in a banking company on the ground that the title to the said share vests in a person other than the registered holder: Provided that nothing contained in this sub-section shall bar a suit or other proceeding—

(a) by a transferee of the share on the ground that he has obtained from the registered holder a transfer of the share in accordance with any law relating to such transfer; or

(b) on behalf of a minor or a lunatic on the ground that the registered holder holds the share on behalf of the minor or lunatic.

(4) Every chairman, managing director or chief executive officer by whatever name called of a banking company shall furnish to the Reserve Bank through that banking company returns containing full particulars of the extent and value of his holding of shares, whether directly or indirectly, in the banking company and of any change in the extent of such holding or any variation in the rights attaching thereto and such other information relating to those shares as the Reserve Bank may, by order, require and in such form and at such time as may be specified in the order.]

MCQs:

1. Section 12 of Companies Act 1956, deals with

a. Incorporation

b. Share capital

c. Number of Directors

d. Share holders

2. Minimum number of members required to apply for incorporation certificate in a public ltd company is

- a. 3 b. 2 c. 7 d. 50

3. The application for registration of a company should be presented to the registrar of the state in which the _____ of the company is to be situated

- a. Manufacturing plant b. first branch c. business office
d. any of the above.

4. The application for registration of a company should be presented to the _____ of the state appointed under Companies Act 1956

- a. Controller b. registrar c. Governor d.
registration officer

5. Number of documents to be submitted, by a public ltd company, to the registrar while applying for incorporation of the company is

- a. 3 b. 2 c. 7 d. 50

6. The address of the registered office of the company must be notified to the registrar within _____ days of registration, if it is not done at the time of incorporation

- a. 15 b. 30 c. 60 d. 45

7. Among the following which documents are not mandatory to be submitted to the registrar along with incorporation application by a private company.

- a. Address of Registered office & undertaking statement of capital b. Undertaking and
c. statement of capital & list of directors d. list of directors and
statement of capital