Class: 9th Tender Heart High School
Commercial Studies
Lokesh Arora

Date 08/07/24
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Ch - 7 Joint Stock Company.

Good Morning Students,
This lesson is for class 9th for the subject of "Commercial Studies". The topic for today is "Types of Joint Stock Company" which is covered in Chapter 7 "Joint Stock Company" of your book.
This lesson is being submitted to you on 08.07.24.
All the students now please open page number 47 of your book and listen carefully.

Types of Joint Stock Companies
On the basis of Nationality:-

(1) **Indian Company:-**
A company incorporated/registered in India under the Companies Act 2013 is known as an Indian Company. It may have foreign shareholders and it may also carry on business outside India.

(2) **Foreign Company:-**
A foreign company in India, as the name suggests, simply means, a company registered outside India, having a place of business in India.
According to Section 2(42) of the companies Act 2013, "Foreign company means any company or body corporate incorporated outside India which - (a) has a place of business in India whether by itself or through an agent, physically or through

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electronic mode; and (b) conducts any business activity in India in any other manner."

A foreign company must write, the name of the company and the country in which it is incorporated in English and in one of the local language, outside every office of the company, where it carries on business in India.

(3) Multinational Company:-

A multinational company is a company which carries on business activity in more than one country. A multinational corporation is one which operates, in addition to the country in which it is incorporated, in one or more others countries. The main examples of multinational companies in India are (a) Hindustan lever (b) Sony India (c) Philips India. Some Indian Companies also opereting in foreign countries like Birla, Tata and J.K groups.

On the basis of Membership:-

(1) Private Company:- A private company is one whose minimum paid up capital is ₹1,00,000/- or higher as may be prescribed. The minimum number of members in a private company is 2 and maximum number of members is 200. The members of a private company cannot transfer their shares without the permission of other members

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The most important feature of a private company is that the private company cannot invite public to subscribe (purchase) its shares and debentures.
A private company must use the words 'Private Limited' after its name. LG Electronics is an private company.

2. **Public Company:-** A public company is one whose minimum paid up capital is ₹ 5 lakh or such higher paid up capital as may be prescribed. Minimum number of members of a public company is seven and there is no limit to maximum number of members. Members of a public company can transfer their shares freely. A public company can invite public to subscribe (purchase) for its shares and debentures.
Tata Iron and Steel Company, Reliance Industries Limited, Larsen and Turbo (L and T) Ltd. are some examples of public company in India.

3. **Government Company:-** A company in which more than 50% of the share capital is held by the Central Government or any State Government, singly or Jointly is called a Government Company. It also includes any subsidiary to a Government Company. Hindustan Tools Ltd (HMT), Bharat Heavy Electricals Ltd. (BHEL), Mahanagar Telephone Nigam Ltd. (MTNL) are some examples of Government Companies in India.

Note:- A public company is not a Government Company

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Difference between Private and Public Companies

S.No.	Point of Distinction	Public Company	Private Company
1.	Minimum number of members	Seven	Two
2.	Maximum number of members	No limit	Two hundred
3.	Minimum number of directors	Three	Two
4.	Public invitation for capital	It is free to invite the public to buy its shares and debentures.	It cannot invite the public to buy its shares and debentures.
5.	Commencement of business	It cannot commence business after incorporation unless certificate of commencement of business is obtained.	It can commence business immediately after incorporation.
6.	Prospectus	It must issue and file a prospectus or statement in lieu of prospectus.	Need not issue and file a prospectus or a statement.
7.	Allotment of shares	It cannot allot shares without receiving the minimum subscription.	It can allot shares without raising the minimum subscription.
8.	Statutory meeting	It must hold a statutory meeting.	It need not hold a statutory meeting.
9.	Statutory report	It must file a statutory report.	It need not file a statutory report.
10.	Transfer of shares	Its shares are freely transferable.	Its shares are not freely transferable.
11.	Share warrants	It cannot issue share warrants.	It can issue share warrants.
12.	Rules regarding directors	Appointment, reappointment, etc. of directors subject to government approval.	No government approval required for appointment, reappointment, etc. of directors.
13.	Managerial remuneration	Legal restrictions.	No legal restrictions.
14.	Minimum paid up capital	₹ 5 Lakh	₹ 1 Lakh

Distinction between Private Company and Partnership

S.No.	Point of Distinction	Private Company	Partnership
1.	**Registration**	Compulsory	Not compulsory
2.	**Number of members**	Minimum : 2 Maximum : 200	Minimum : 2 Maximum : 50
3.	**Legal status**	Separate legal entity.	No separate legal entity.
4.	**Liability of members**	Limited.	Unlimited.
5.	**Implied agency**	No member is an implied agent of the company.	A partner is an implied agent of the firm.
6.	**Audit of accounts**	Compulsory.	Not compulsory.
7.	**Management**	By Board of Directors.	By partners.
8.	**Governing law**	The Companies Act, 2013.	The Partnership Act, 1932.

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One Person Company (OPC):-

The Companies Act 2013 allows the formation of One person company. As the name suggests, an OPC has only one member. The sole member must nominate someone to take charge in case of his death/disability. The nominee's written consent must be filed with the Registrar of Companies.

Features of One Person Company:-

(i) It is a form of a private company.
(ii) It has a Seperate Legal Entity.
(iii) The liability of the member is limited to the amount of capital contributed by him.
(iv) An OPC may be managed by the owner or his representative.
(v) Every OPC shall have atleast one director.
(vi) The one person shall have to indicate the name of the person who in the event of the subscriber's death, disability etc. becomes the member of the company.

For difference between Sole proprietorship and One Person Company refer to page 5.

With this I am ending my topic here. Write the answers of fallowing questions in your note-books.

Ques 1. Explain the difference between Public and private company.
2. What is Multinational Company?
3. Explain the features of One Person Company.
4. Explain the difference between Partnership and Private Company.