# Different Types of Business



### **Companies:**

An association of many persons who *contribute money / wealth* to a common stock and employ it in some trade and also shares the profit and loss.

### TOP INDIAN MNC'S



# **Companies:**

### **Advantages:**

- Limited liability
- More stable
- Easy expansion
- Democratic setup
- Large finance

- More legal formalities
- Delayed decision
- Difficult to maintain secrets.



### Types of companies:

- Private Limited companies Minimum paid up capital.
- ➤ Limited companies Large scale involving huge amount of capital.



### **Private Limited Company:**

A private company is a *small concern* registered under Companies Act 1956.



### **Private Limited Company:**

- > For a company to be private limited it must satisfy the features:
- 1. Minimum paid up capital is *INR 1,00,000*.
- 2. Minimum number of members is 2 and maximum is 50 excluding the past employees.
- 3. Restricts to transfer the shares.
- 4. **Prohibits public** participation.

## **Private Limited Company:**

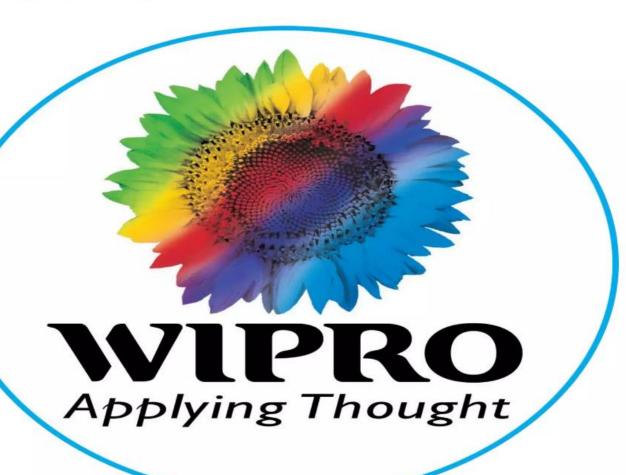
### **Advantages:**

- Can be incorporated with just two persons.
- > Facilitates easy formation and easy functioning.
- > No need to file with a registrar to act as a director.

- Can't expect democracy.
- Exempted from conduction statutory meeting.
- Can work with only two directors.

### **Limited Company:**

A public company is a *large concern* registered under Companies Act 1956.



### Limited Company: (Private and Public enterprise)

- ▶ For a company to be private limited it must satisfy the features:
- 1. Minimum paid up capital is INR 5,00,000.
- 2. Minimum number of members is 7 and maximum is unlimited.
- 3. No restriction to transfer the shares.
- 4. Encourages public participation and capital is collected from public.
- 5. Must have *three directors*.
- 6. Should send the *financial statement* to the members

### Cooperative organization:

- > Voluntary association of persons for the mutual benefits and aims are accomplished through self help and collective effort.
- One for all and all for one.



### Cooperative organization:

Every state government has appointed a registrar of cooperative societies for registering, controlling and supervising.

### Types of cooperative societies:

- > **Producer's** cooperative societies.
- Consumer's cooperative societies.
- > Farmer's cooperative societies.
- Cooperative marketing societies.
- Cooperative credit societies.

### Cooperative organization:

### **Advantages:**

- Easy to form
- No obstruction for membership
- Limited liability
- Surplus shared by the members

- Lack of secrecy
- Cash trading
- Excessive government interference
- Absence of motivation
- Disputes and differences

### **Public Corporation:**

- > Autonomous corporate body created by a special act of state/central government.
- ▶ It acts as a statutory body to *serve the general public*.



### **Public Corporation:**

### **Advantages:**

- Financed by government.
- Internal autonomy.
- > Free from government interference.
- Serves and protects public welfare.

- Misuse of power.
- Lack of interest.
- Inefficient operation.

# THANKS FOR ATTENTION!