

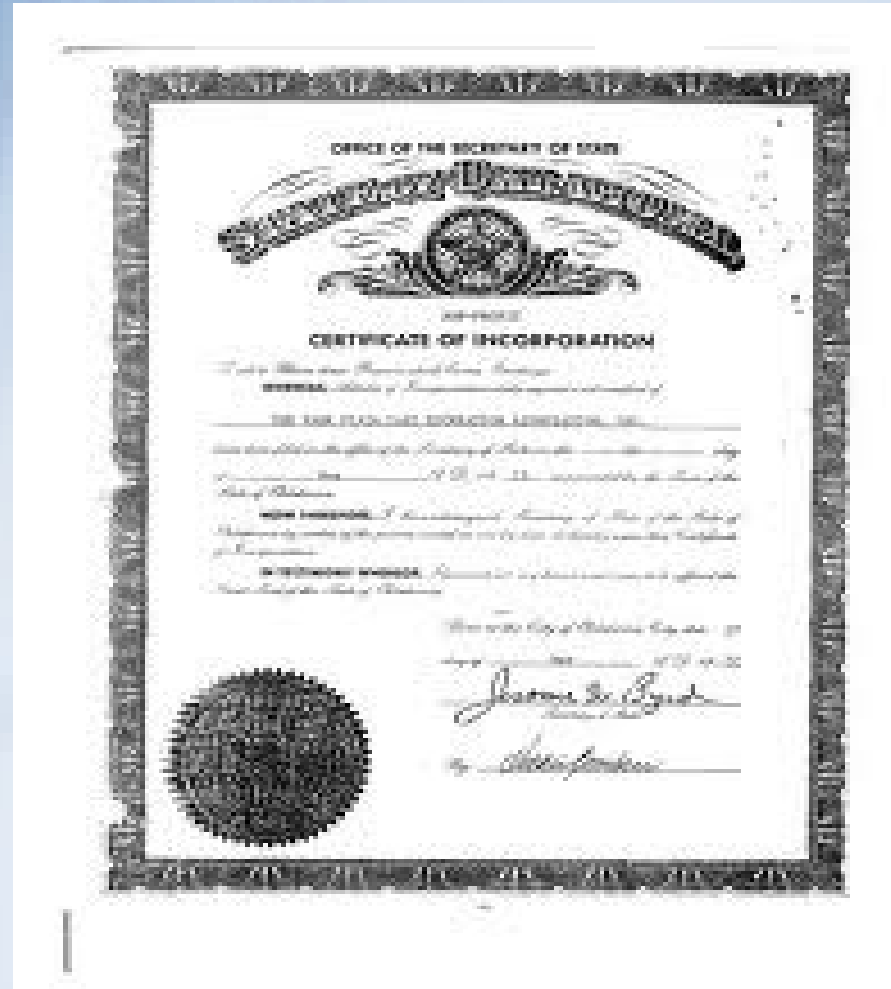
JOINT STOCK COMPANY



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WHAT IS JOINT STOCK COMPANY ??



DEFINITION OF JOINT STOCK COMPANY



- ***According to Indian Companies Act 1956, “Joint Stock company means a company having permanent paid up or nominal capital of fixed amount divided into shares also of fixed amount and only its shareholders can be its members”***

FEATURES

- *Voluntary association*
- *Legal personality*
- *Use of Common seal*
- *Prepetual existence*
- *Liability limited to share*
- *Registration*
- *Capital raising*
- *Transfer of shares*
- *Ownership & management are seperate*



FORMATION OF COMPANY

Company Formation



Business Aspect

Legal Aspect

1. Promotion

2. Incorporation

3. Prospectus issue

Memorandum of Association

Articles of association

- (i) Name clause**
- (ii) Situation clause**
- (iii) Objects clause**
- (iv) Liability clause**
- (v) Capital clause**
- (vi) Association and subscription clause**

↓
4. Commencement certificate

CLASSIFICATION OF JOINT STOCK COMPANIES

On the Basis of Incorporation

```
graph TD; A[On the Basis of Incorporation] --- B[Chartered Company]; A --- C[Statutory Company]; A --- D[Registered Company];
```

Chartered
Company

Statutory
Company

Registered
Company

Classification according to number of Members



On the basis of Liability

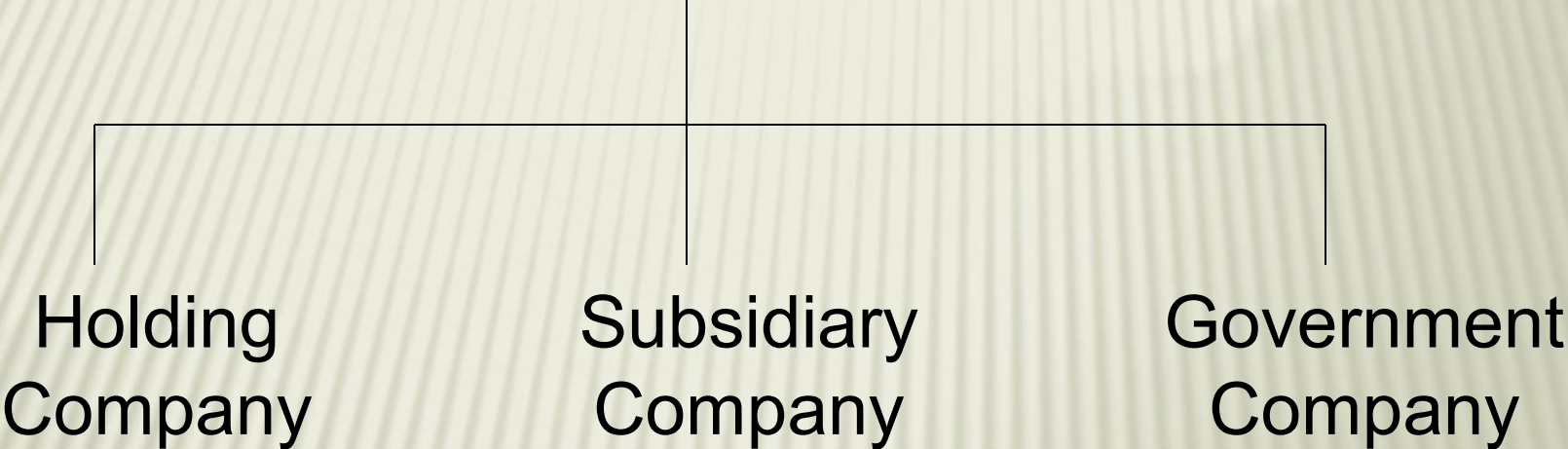
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graph TD; A[On the basis of Liability] --- B[ ]; B --- C[Company with Limited Liability]; B --- D[Company with Unlimited Liability]; B --- E[Company Limited by Guarantee];
```

Company
with Limited
Liability

Company with
Unlimited
Liability

Company
Limited by
Guarantee

Classification on the basis of Control



On the basis of Free Registration

```
graph TD; A[On the basis of Free Registration] --- B[Indian company]; A --- C[Foreign Company];
```

Indian
company

Foreign
Company

PRIVATE COMPANY V/S PUBLIC COMPANY



POINTS OF DIFFERENCE

- 1) *Number of members*
- 2) *Transfer of Shares*
- 3) *Number of Directors*
- 4) *Subscription of Shares*
- 5) *Provision for Minimum Subscription*
- 6) *Word inserted after name*
- 7) *Certificates*
- 8) *Provisions of AOA*
- 9) *First Statutory meeting*

MERITS

- Expansion of business
- Limited liability
- Transfer of shares
- Large capital
- durability
- Economies of large scale
- Increase in saving & investment

- **Better management**
- **Expert services**
- **Provide employment (social responsibility)**
- **Flexibility**
- **Public confidence**
- **High profit**



DEMERITS

- ▣ Difficulties & cost of formation
- ▣ Possibilities of fraudulent management
- ▣ Lack of personal incentive
- ▣ Oligarchic management
- ▣ Delay in decision

PARTNERSHIP V/S JOINT STOCK COMPANY

POINTS OF DIFFERENCE

- Number of members
- Liability of members
- Ownership
- Entry of a member
- Mortgage of Property
- Artificial person
- Dissolution

Conclusion