



RAMA UNIVERSITY

w w w . r a m a u n i v e r s i t y . a c . i n

**FACULTY OF COMMERCE &
MANAGEMENT**

COURSE: BBA-DM 2nd SEMESTER

SUBJECT: BUSINESS ENVIRONMENT

SUBJECT CODE: BBA204

LECTURE: 14

NAME OF FACULTY: DR. H. L. BHASKAR

Lecture-14



Unit II

Types of Companies in India

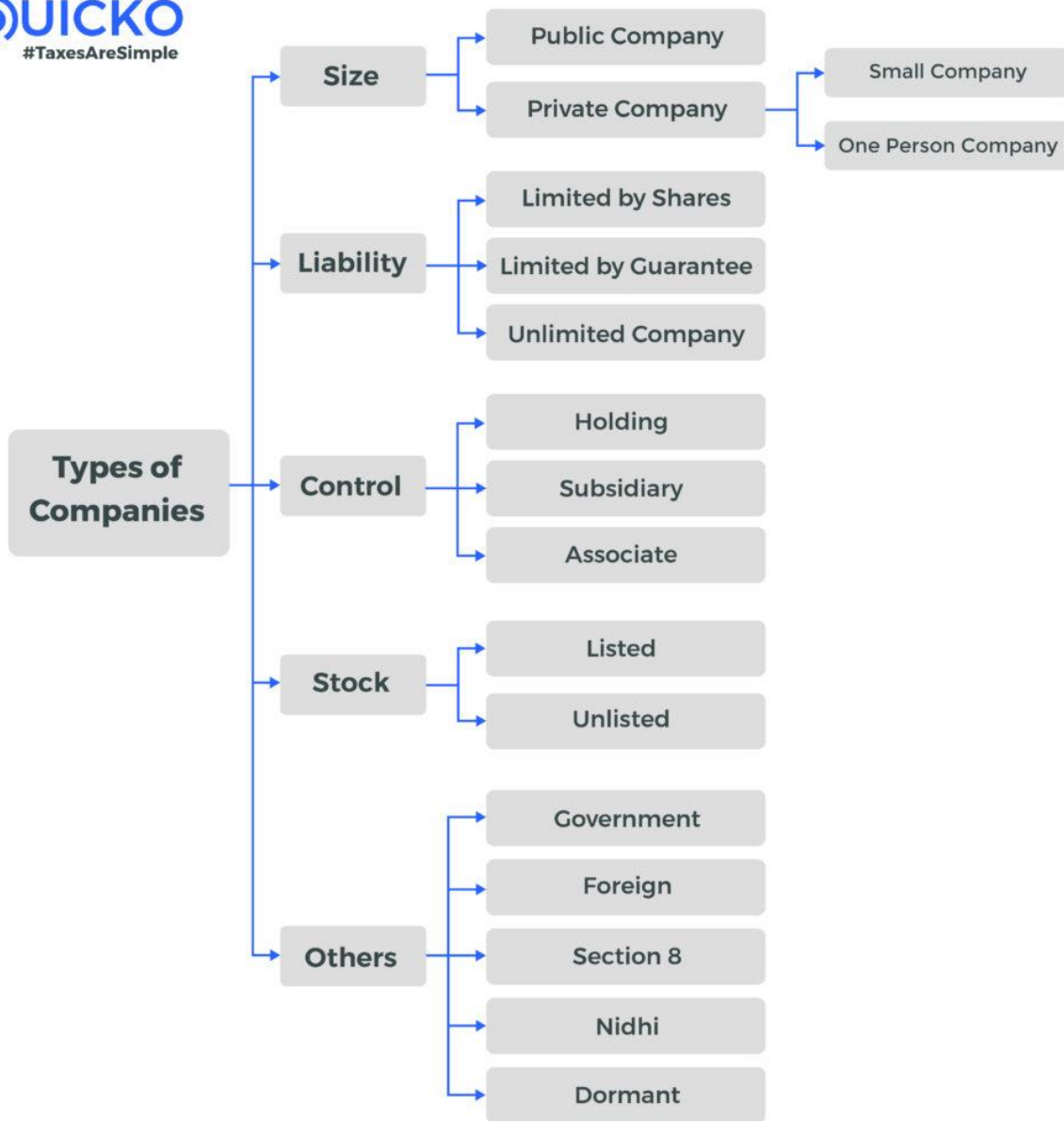
A Company is an association of persons, however, it is a separate legal entity from its owners. It is a body corporate with perpetual succession and a common seal. It can sue and be sued in its own name. There are different types of business entities in India. In this article, we will discuss the different types of companies in India.

Types of Companies in India under Companies Act 2013

The following chart shows the Company types in India on the basis of different criteria.

Different Types of Company	
Based On The Number Of Members	<ol style="list-style-type: none">1. Public Limited Company2. Private Limited Company3. One Person Company
Based On The Liability Of The Members	<ol style="list-style-type: none">1. Companies Limited By Shares2. Companies Limited By Guarantee3. Unlimited Company
Based On The Mode of Incorporation	<ol style="list-style-type: none">1. Chartered Or Royal Chartered Companies2. Registered Or Incorporated Companies3. Unregistered Company
Other Types	<ol style="list-style-type: none">1. Limited Liability Company (LLC)2. Business Corporation3. Foreign Company4. Government Company5. Holding Company6. Subsidiary Company7. Associate Company8. Listed Company9. Unlisted Company10. Dormant Company11. Nidhi Company

OR



Companies based on the Size

1. **Public Company**

A [Public company](#) is a company in which members can freely trade the company's shares on the stock exchange. In simple terms, it means a company that can raise funds from the public.

2. Private Company

A [private company](#) is a company in which there is a restriction on the transferability of shares and can raise money through private placement.

This company has two types- small company and one person company.

- Small Company
A [small company](#) is a company that has a paid-up share capital of not more than 50 lakhs or such higher amount as may be prescribed but not more than 10 crores, and a turnover of not more than 2 crores or such higher amount as may be prescribed which shall not be more than 100 crores.
- One Person Company (OPC)
One Person Company is a company which has only one person as a member. The [Companies Act 2013](#) had first introduced the concept of OPC. Only a resident can incorporate an OPC.

Types of Companies on the basis of Liability

1. Limited by shares

In this type of company, the liability of members is limited to the unpaid amount on shares which they hold in the company.

2. Limited by Guarantee

In such a type of company, the liability of members is limited to the extent of the guarantee amount that they agree to pay at the time of liquidation of the company.

3. Unlimited Company

In the case of an unlimited company, the liability of the members extends to the entire company's debts. The personal assets of members are liable for the payment of a liability of the company.

Types of Companies on the basis of control

1. Holding Company

A company in relation to another company is a holding company if it:-

- holds more than half of the total share capital of that another company, or

- holds a position of control in that company.

2. **Subsidiary Company**

If in a company, another company directly or indirectly holds more than half of its capital or holds a position of control then we call the company a subsidiary of that holding company.

3. **Associate Company**

Associate company is the company in which another company holds more than 20% of the share capital of the company.

Types of Companies on the basis of Stock

1. **Listed company**

In the case of a listed company, the company lists its shares on the stock exchange in India or outside India.

2. **Unlisted company**

The shares of the unlisted company do not list themselves on any stock exchange, hence we call it an unlisted company.

Other Companies

- **Government Company**

A government company is a company in which the Central Government, State government, or both holds not less than 51% of the paid up share capital.

- **Foreign Company**

A foreign company is a company which is incorporated outside India but has a place of business in India.

- **Section 8 Company**

A [Section 8 Company](#) is a Non-Profit Organization under Section 8 of Companies Act 2013. It has the promotion of Arts, Science, Commerce, Sports, Education, Social Welfare, the Protection of the environment, or any other charitable activity as its main objects.

- **Nidhi Company**

A Nidhi company is a type of Non-Banking Financial Corporation. It is basically formed to borrow and lend money among its members.

- **Dormant Company**

When a company is not active or inoperative, we call it a Dormant Company.