

Subject – Secretarial Practices
Subject code- BBA603 / BCH603
Lecture 21

Difference between forfeiture of shares and surrender of shares.

Forfeiture of Shares	Surrender of Shares
Definition	
Forfeiture of shares refers to the cancellation of allotment of shares to the shareholders by the company due to non payment of installments (application money or call money)	Surrender of shares refers to the voluntary act of surrender of shares by the shareholder for cancelling the allotment of shares
Type of Action	
It is a compulsory action	It is a voluntary action
Initiated by	
Company	Shareholder
Reason	
Forfeiture occurs due to the non-payment of call money	Surrender of shares occurs due to inability of a shareholder to pay the call money
Time Taken	
Forfeiture of shares takes a long time to settle	Surrender of shares is a relatively quicker process
Impact on Reputation	
Forfeiture of shares impacts the reputation of the shareholders as it is a penalty that is charged on the shareholders due to non-payment of installment money	Surrender of shares does not create issues with reputation as it is a voluntary act by the shareholder

