



# Business Law-II

SYBCOM

# Unit 1

## Chapter 1-Company and its Formation

### Meaning of Company

The **Companies Act 2013** is an **Act** of the Parliament of India on Indian **company law** which regulates incorporation of a **company**, responsibilities of a **company**, directors, dissolution of a **company**.

### Definition of Company

Section 2(20) of the companies Act,2013 defines a company as, "Company means a company incorporated under this Act or under any previous company Law

# Features of Company

- **Registration**-date of incorporation, name of all member(body corporate) (Expt- HUF, Partnership)
- **Independent corporate Existence-separate legal entity**-Company and person is different (**salomom vs. salomon & Co**) partnership has no legal existence
- Salomon v A Salomon & Co Ltd [1896] UKHL 1, [1897] AC 22 is a landmark UK company law case.  
FACTS: Salomon transferred his business of boot making, initially run as a sole proprietorship, to a company (Salomon Ltd.), incorporated with members comprising of himself and his family. The price for such transfer was paid to Salomon by way of shares,

## Cont..

- and debentures having a floating charge (security against debt) on the assets of the company. Later, when the company's business failed and it went into liquidation, Salomon's right of recovery (secured through floating charge) against the debentures stood aprior to the claims of unsecured creditors, who would, thus, have recovered nothing from the liquidation proceeds. The liquidator sought to overlook the separate personality of Salomon Ltd., distinct from its member Salomon, so as to make Salomon personally liable for the company's debt as if he continued to conduct the business as a sole trader.
- ISSUE: Whether, regardless of the separate legal identity of a company, a shareholder/controller could be held liable for its debt, over and above the capital contribution, so as to expose such member to unlimited personal liability?

JUDGMENT: A company is a separate legal entity distinct from its members and so insulating Mr. Salomon, the founder of A. Salomon and Company, Ltd., from personal liability to the creditors of the company he founded. The court also upheld firmly the doctrine of corporate personality, as set out in the Companies Act 1862, so that creditors of an insolvent company could not sue the company's shareholders to pay up outstanding debts.

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- **Perpetual succession-** PS means that the member of a company may keep changing form time to time but that does not affect the company continuity.
- **Separate property-** The property is vested in the company as a body Corporate and no changes of individual membership affect the title of the company. The assets of a company are not allowed to be used for the payment of shareholders debts
- **Transferable shares-** Under section 44- should be transferable Under section 45- distinguished by its number, under section 46-certificate with common seal.

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- **Capacity to sue and be sued**-A company being a body corporate can sue and can be sued to the company
- **Limited Liability**- The member do not undertake the liabilities for company debts.
  - Sec.2(21) Company Limited by Guarantee
  - Sec.2(22) Company Limited by shares
  - Sec. 2(63) one person company

## Cont..

- **Common seal-** Company has a separate legal existence under its own common seal.
- **Capacity to contract in its own name**

**Natural limitation-** Directors are the agent of the company  
Directors enter into contract on behalf of the company under the common seal of the company

**Legal limitation-** Company can not enter into any contract which goes beyond its two main documents viz MOA, AOA

# Advantages of a Body Corporate

- **Perpetual Succession**-Individual members may come and go but the corporate body continues. Even if name changes the company continues.
- **Limited Liability**-A member is not burdened with liability in respect of debts or liabilities that might have been incurred by others in the business.
- **Diversion of ownership and control**- The body corporate have authority to appoint a small body which will look after day to day operations of the company.



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- **Routine affairs with a small body-** The day to day affairs are looked after by a body consisting of few person(2-15 member) it may be called as Board of Directors
- **Rules of Business-** A corporate body must have rules for conduct of business. Such rules may be called as constitution, Regulation or MOA, AOA.

# Salient Feature of Company Form of Organization

- **Memorandum of Association-** MOA is a really the basic constitution of the company and is its foundation
- **Articles of Association-** AOA prescribe rules regarding internal management of the company. It contain the authorities and responsibilities of member ,directors, MD, Managers.

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- **Body of Members-** BOM are the shareholder, they are the real owner of the company. They have the following power
  - Adopt the report of Board of Directors
  - Adopt report of auditors
  - Elect directors
  - Appoint auditors and fix their remuneration
  - Declare dividend
- **Board of Directors-** They supervise and regulate the activities of the company

## Cont....

- **Managing Director/Managers/Wholetime Director/CEO-** Person work under overall supervision and control of Board of Directors. Such person are termed as **KEY Managerial Personnel (KMP)**

# Disadvantages of the Company Form of Organization

- **High cost of formation**
- **High cost of running the organization**
- **Winding up of the company**

# Lifting or Piercing the corporate VEIL

- Protection of Revenue
- Prevention of Fraud or Improper conduct
- Determination of Character of a company
- Where the company is a sham
- Company avoiding legal obligation
- Company acting as agent or trustee of the shareholders
- Protecting public policy

# Classification of companies

- **Companies limited by shares Section 2(22)**- It means company having the liability of its members limited by the memorandum to the amount, if any , unpaid on the shares respectively held by them.
- **Companies limited by Guarantee Section 2(21)**- It means a company having the liability of its members limited by the memorandum to such amount as the members may respectively undertake to contribute to the assets of the company in the event of its being wound up
- **Unlimited companies Section 3(1)**- A company may be formed for any lawful purpose by Public company, Private company, one Person company

# What Is a Private Company?

- Section 2(68) of **Companies Act, 2013** defines **private companies**. According to that, **private companies** are those **companies** whose articles of association restrict the transferability of shares and prevent the public at large from subscribing to them. ... **Private companies** can now have **a minimum paid-up capital of any amount**.



# What Is a Public Company?

- Section 2(71) A **public company** is a **company** that has permission to issue registered securities to the general **public** through an initial **public** offering (IPO) and it is traded on at least one **stock** exchange market.
- **Features:** Public limited company
- **Minimum capital:** 5,00,000
- **Invitation to public:** Yes
- **Minimum directors:** 3

# what is holding company?

- Section 2(46) of the **Companies Act, 2013** defines **Holding Company**. The **company** is said to be the **holding company** if that particular **company** holds/owns at least 50% of the other **companies** and has the authority to make management decisions, influences and controls the **company's** board of directors.

# what is one person company?

- Section 2(62) of **Companies Act** defines a **one-person company** as a **company** that has only **one person** as to its member. Furthermore, members of a **company** are nothing but subscribers to its memorandum of association, or its shareholders. So, an **OPC** is effectively a **company** that has only **one** shareholder as its member.

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# what is subsidiary company?

- **Section 2(87)**The **subsidiary company** is the **company** that is controlled by the **holding** or parent **company**. It is defined as a **company/body corporate** where the **holding company** controls the composition of the Board of Directors

## what is small company?

- **Section 2(85)**A **small company** is a private **company** whose capital does not exceed 50 lakhs or such higher amount as prescribed which shall not be more than 10 crores and turnover does not exceed 2 crores or such higher amount as may be prescribed which shall not be more than 100 crores while a Private **company** includes a **Small Company** ..

# What is the Body Corporate?

- **Body corporate** broadly means a **corporate** entity which has a **legal** existence. The term "**body corporate**" is defined in Section 2(11) of the **Companies Act, 2013**. This includes a private **company**, public **company**, one personal **company**, small **company**, Limited Liability Partnerships, foreign **company** etc.

# What is a Foreign Company?

- As per Section 2(42) of **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 electronic mode ; and. b) conducts any business activity in India in any other manner .

# What is Government Company?

- A “**Government company**” is defined under Section 2(45) of the **Companies Act, 2013** as “any **company** in which not less than 51% of the paid-up share capital is held by the Central **Government**, or by any State **Government** or **Governments**, or partly by the Central **Government** and partly by one or more State **Governments**, and ...



# Incorporation of Company

Formation of Company Section 3(1): A company may be formed for any lawful purpose

- **7 or more person**, where the company to be formed is to be **public** company
- **2 or more person**, where the company to be formed is to be a **private** company
- **1 person**, where the company to be formed is to be **one person company** that is to say a private company

# Section 7- Procedure for Registration of Company

- The memorandum and articles of the company
- A declaration
- An affidavit
- The address for correspondence
- The particulars of name
- The particulars of the First directors
- The particulars of the interests of the persons mentioned in the articles as the first directors.

# Effects of Registration-----Stop

- Certificate of Incorporation does not mean all objects are legal
- Certificate of Incorporation is not conclusive evidence
- There is no parallel provision in the 2013 Act
- Corporate identity Number
- Procedure after registration of a company

# Promoter

- Section 2(69)“promoter” means a person—
- (a) who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or
- (b) who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or
- (c) in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:

# Duties and liabilities of the Promoter

- He stand in a fiduciary position towards the company
- Duty of promoter as regards prospectus
- Liability to third parties

# Remuneration of Promoter-done

- He may sell his own property at a profit to the company provided he makes a disclosure to the effect
- He may be given an option to buy certain number of shares in the company at par
- He may take a commission on the shares sold
- He may be paid a lump sum by the company

# Electronic filling of documents

- ❖ Section 398: Provision relating to filing of applications documents, inspection, etc. in electronic form.
- ❖ Section 399 Inspection , production and evidence of documents kept by Registrar
- ❖ Section 403: Fee for Filing etc.
- ❖ Section 404: Fees, etc. to be credited into Public Account.

Thank You

End of Chapter 1



# Chapter 2- Types of Companies

1. **Private Company**
2. **Public Company**
3. **one person company**
4. **holding company**
5. **subsidiary company**
6. **small company**
7. **Body Corporate**
8. **Foreign Company**
9. **Government Company**

# Exemptions and Privileges available to Private Company

1. Minimum number of member section 3(1)(b)(2 members)
2. Exemption from presentation cash flow statement if private company is a small company 2(40)
3. Private company can avail exemptions applicable to a small company if it satisfies the conditions stipulated by section 2(85) Minimum paid-up share capital (section 2(68))
4. Minimum paid-up share capital section 2(68)
5. Right to alter articles section 14(1)(a)

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## Allotment of Shares

6. No requirement of Minimum subscription section 39(1)
7. No requirements of minimum application money on securities section 39(2)

## Share capital

8. Issue of sweat equity shares need not comply with SEBI regulation section 54(1)(d)
9. No need for NOC from SEBI for reduction of capital section 66(2)

## Cont..

10. Not barred from giving financial assistance to purchase its shares\shares of its holding company section 67(2)
11. No need to file declaration of solvency for buy-back shares with SEBI Section 68(6)
12. No need to file return of buy-back with SEBI section 68(10)

## Meeting

13. Quorum for general meeting-minimum 2 members personally present section 103
14. Not required to file report on AGM with ROC section 121

# Restrictions relating to a private company

- 1. Restriction on transfer of shares section 2(68)**
- 2. Cannot invite public to subscribe for its securities section 2(68)**
- 3. Maximum number of members 200 section 2(68)**
- 4. Memorandum must conform to applicable model form in Schedule**
- 5. Alteration of articles to incorporate entrenchment provision requires agreement of all members of the company section 4(6)**
- 6. Cannot make public offer of securities section 23**
- 7. Issue of GDEs not allowed section 41**
- 8. No access to public deposits section 72\76**

# What is public company

- Section 2(71) A **public company** is a **company** that has permission to issue registered securities to the general **public** through an initial **public** offering (IPO) and it is traded on at least one **stock** exchange market.
- **Features:** Public limited company
- **Minimum capital:** 5,00,000
- **Invitation to public:** Yes
- **Minimum directors:** 3

# Distinction between private and public company

BASIS FOR COMPARISON	PUBLIC COMPANY	PRIVATE COMPANY
Meaning	A public company is a company which is owned and traded publicly	A private company is a company which is owned and traded privately.
Minimum members	7	2
Maximum members	Unlimited	200
Minimum Directors	3	2
Suffix	Limited	Private Limited
Start of business	After receiving certificate of incorporation and certificate of commencement of business.	After receiving certificate of incorporation.
Statutory Meeting	Compulsory	Optional

## Cont...

<b>Issue of prospectus / Statement in lieu of prospectus</b>	<b>Obligatory</b>	<b>Not required</b>
Public subscription	Allowed	Not allowed
Quorum at AGM	5 members must present in person.	2 members must present in person.
Transfer of shares	Free	Restricted



# When does a private company become a public company

- The private limited company form of organization is preferred by businessmen because of the special privileges it enjoys. Capital is sourced from close friends, relatives and known persons and not from the public. Therefore, the Companies Act, 1956 does not impose stringent rules and regulations as those imposed on Public limited companies. In certain circumstances, a private limited would become a public company.
- 1. Conversion by default
- 2. Conversion by Choice

# 1. Conversion by default

- A private company:
- restricts the right to transfer shares,
- limits the maximum number of members to 200
- prohibits invitation to the public for subscription of shares or debentures.
- If any of these conditions are violated, a private company would become a public Company by default.

## 2. Conversion by Choice

- Any private company which desires to get converted into a public company should make the necessary changes in the Articles and follow the below mentioned steps:
- It should convene a general meeting and pass a special resolution duly altering the Articles.
- The copy of the resolution along with the amended Articles should be filed with the Registrar within 30 days of passing the special resolution.
- The number of members should be increased to 7.
- The company has to apply to the Registrar for obtaining a fresh certificate of incorporation with the words 'Private' deleted from its name.

# Conversion of a public company into a private company

A public company may be converted into a private company by passing a special Resolution to that effect and confirmation by the central Govt.

# what is one person company?

- Section 2(62) of **Companies Act** defines a **one-person company** as a **company** that has only **one person** as to its member. Furthermore, members of a **company** are nothing but subscribers to its memorandum of association, or its shareholders. So, an **OPC** is effectively a **company** that has only **one** shareholder as its member.

# Types of OPC-Section 3(2)

1. A company limited by shares
2. A company limited by guarantee
3. An unlimited company

# Memorandum of Association- section 4(1)

1. Name of the company
2. Registered office
3. Objects
4. Liability of members- limited or unlimited
5. Share capital
6. Number of shares- not be less than one share
7. Number of shares each subscriber to the memorandum intends to take

# Types of OPC

1. One person limited by shares
2. OPC limited by guarantee and having share capital
3. OPC limited by guarantee and having no shares capital
4. OPC unlimited having share capital
5. OPC unlimited not having share capital



# Foreign Company

- As per Section 2(42) of **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 electronic mode ; and. b) conducts any business activity in India in any other manner .



# Government Company

# Dormant Companies

# Producer Companies

# Statutory Companies









# Chapter 3

## MOA & AOA

# Chapter 4-Prospectus

# Rights of Members

1. To elect directors
2. To vote on resolution
3. To enjoy profits
4. To apply to the court oppression
5. To apply to the court for mismanagement
6. To apply to the court in case of winding up
7. To share in the surplus
8. To call an extraordinary general meeting

# Termination of Membership

1. **Transfer of share**
2. **Death of member**
3. **Member is adjudged insolvent**
4. **Surrender of shares**
5. **Forfeiture of share**
6. **Company exercising lien**
7. **Buy back of share**
8. **Redemption of preference share**
9. **Rectification of register**
10. **Compulsory sale of shares**

# Directors

- Section 149(1) of the **Companies Act, 2013** requires that every **company** shall have a minimum number of **3 directors** in the case of a public **company**, two **directors** in the case of a private **company**, and one **director** in the case of a One Person **Company**. A **company** can appoint maximum 15 fifteen **directors**.

## Definition of Directors

- “Director” means a director appointed to the Board of a company (section 2(34)) . The words deemed director have been removed in the 2013 Act

## Women Director

- The concept of Women Directors and Independent Directors was introduced through **Companies Act, 2013**. Section 149 of the Companies Act, 2013 and the **Companies (Appointment and Qualifications of Directors) Rules, 2014** deal with the provisions pertaining to the directors on board of a company.



# WOMAN DIRECTOR

- Second proviso to sub-section (1) of Section 149 of the Companies Act, 2013 prescribes that certain class of companies as prescribed shall at least have one woman director on its board.
- Rule 3 of Companies (Appointment and Qualifications of Directors) Rules, 2014 deals with Woman Director in detail and it also prescribes the class of companies as referred to in Section 149 of the Act on which this provision is applicable. The said rule lays down the following:

## Retirement of directors

- According to sec 152(6) of the companies act,2013 2/3 of the total directors(\*) are liable to retire by rotation and those directors are called as **Retiring directors**. out of the retiring directors (2/3rd of Total number of directors) 1/3rd of directors is liable to vacate the office

## Board of Directors

every company shall have a Board of Directors consisting of individuals as directors and shall have—

(a) a minimum number of three directors in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company; and

(b) a maximum of fifteen directors:

Cont...

**Provided that a company may appoint more than fifteen directors after passing a special resolution: Provided further that such class or classes of companies as may be prescribed, shall have at least one woman director.**

**(2) Every company existing on or before the date of commencement of this Act shall within one year from such commencement comply with the requirements of the provisions.**

# Director Identification Number (DIN)

- **No person shall be appointed as Director unless he has DIN- Section 152 (3) of the 2013 Act**
- **Section 153 of the 2013 Act- every Director must apply for obtaining DIN**
- **Section 154 of the 2013 Act – central Govt. Will allot DIN to an applicant in prescribed manner within 1 month**
- **Section 155- a person cannot have more than one DIN**
- **Section 156- every director to inform his DIN to company within 1 month form receipt of number form Central Govt.**
- **Section 157- every company to intimate DIN to ROC within 15 days of receipt of information form the director**

# Disqualification of Directors

- Where he/she has been declared as a person of unsound mind by a competent court.
- Where he/she is an undischarged insolvent.
- Where insolvency has been applied for, but the application still stands pending.
- Where there is an offence involving moral turpitude that he/she has been convicted of and sentenced with imprisonment for a period of not less than six months.
- Any court/Tribunal has passed an order that disqualifies him from being appointed as a director.
- Where he/she holds the shares of any company and has not made the payment of any such call, provided six months have passed since the last date to pay such call money.

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- At any time during the final preceding five years, he/she has been convicted of an offence involving related party transactions which are governed under Section 188 of the Companies Act, 2013.
- Where he/she **has not obtained a Director Identification Number (“DIN”)**.
- Where he/she is the **director of a company** that has either –
  - **a. Failed to file the annual returns for 3 years running**
  - **b. Failed to pay interest on/repay the deposits for over a year**
  - **c. Failed to pay any dividend that was declared for over a year**
  - **d. Failed to redeem debentures or pay interest on debentures for over a year**
- .

## Position of Director

- **Legal position of a Director : As agent sometimes as trustees and sometimes as managing partners**
- **Director are entrusted with collective responsibility of managing and director affairs of the company. They are professional men appointed by shareholders. A director is not an employee of the company.**



# Duties and Rights of a Director

- **Directors to act according to Articles**
- **Directors to act in good faith and in interest of all stakeholders (Section 166(2))**
- **Exercise due diligence care and independence (section 166(3))**
- **No conflict of interest with company (Section 166(4))**
- **No undue gains or advantages ( Section 166(7))**
- **Not to assign his office (Section 166(6))**
- **Punishment for not discharging the duties (Section 166(7))**
- **Obedience**
- **Diligence**
- **Loyalty**

## The duties of an Individual director

- **Attend Board meetings**
- **Filing consent**
- **Duty to disclose interest**
- **Duty to disclose particulars**
- **Not to engage in insider trading**

# Meetings

- Meeting is coming together of two or more person face to face so as to be in each others presence of company.
- The shareholders are only involved in taking major policy decision about the company. These decisions are taken by them in the meetings their decision are expressed in the form of a “resolution”. Every year one meeting of the company has to be organized. This is called Annual General Meeting (AGM) . In addition meeting of members may be called to transact urgent business. Such meeting is called “Extra-ordinary General Meeting (EOGM)

# Annual General Meeting (AGM)

- Every company must hold a general meeting in addition to any other meeting . Minimum business to be transacted to AGM termed as “Ordinary business”
- Class meeting: sometimes a meeting is called of a particular class to pass resolution affecting that class e.g. Meeting of preference shareholders or debentureholders

# Essentials of a Valid Meetings

- **Calling of meeting with authority of boards**
- **Notice of meeting giving time, venue and date**
- **21 days advance notice**
- **Agenda of meeting**
- **Quorum (50 member- $1/3=17$  minimum number of people to present)**
- **Proxies**
- **Chairperson of meeting**
- **Resolution at meeting**
- **Voting by show of hand (and by poll if demanded)**
- **Minutes of the meeting**

## Procedure of the meeting

### **Who should attend the General meeting?**

- **All directors**
- **Chairperson of audit committee**
- **Auditors, represented by partner who has signed the audit report**
- **Practicing company secretary who has signed the secretarial compliance certificate**

## Conduct of a Meeting

- **Calling meeting to order and announcing Quorum**
- **Preliminary Announcements**
- **Proposing and seconding a Resolution**
- **Chairperson's speech at General Meeting**

# Agenda of the Meeting

- **Adjournment of General Meeting**
- **How to Adjourn the meeting ( there is no statutory provision that meeting can be adjourned by  $\frac{3}{4}$  majority only**
- **Situation where chairperson can adjourn meeting on his own**
- **Fresh notice of adjourned General meeting**
- **Distinction between postponement or cancellation of meeting and Adjournment of meeting**
- **Exemption form holding AGM at Registered office or doing Business hours**



# Notice of Meeting

- **Minimum notice period for convening a general meeting**
- **Duration of Notice (21)**
- **Meeting with shorter notice with consent of members**
- **Manner of giving notice of meeting to members**
- **Sending notice by post**
- **Sending notice through electronic mode**
- **Notice as text or link or attachment in PDF form**
- **Opportunity to member to register/change address**
- **Subject line of e-mail**

## Cont....

- Sending mail from in-house facility or R and T agent
- Notice also on website
- Accidental omission to give notice
- Persons entitled to receive notice of a general meeting of a company
- Publishing of notice
- Notes to the notice
- Attendance slip may be sent
- Proxy form along with notice of general meeting
- Explanatory statement of material facts

## Module III

# The Indian Partnership Act, 1932 and Limited Liability Partnership ,2008

The law of partnership is contained in the Indian Partnership Act. 1932 which came into force on 1<sup>st</sup> Oct 1932. Prior to the enactment of the Act.

# Concept of Partnership

## Definition

Partnership is the relation between persons who have agreed to share the profits of a business carried on by all or any of them acting for all.

Essentials elements of partnership

- Association of two or more persons
- There must be an agreement
- Sharing of profit of business
- Mutual agency

## Who may be Partners

- Alien enemy
- Minor
- Person of unsound mind
- Corporation

## Who are not partners

- The members of a HUF carrying on a family business
- A burmese Buddhist husband and wife carrying on business
- Lender of money to persons engaged or about to be engaged in any business, receiving a rate of interest

## Types of Partnership

- Partnership for a fixed term
- Partnership- at-will (sec. (7))
- Particulars Partnership (sec (8))



## Types of Partners

- **Partners in profit only**
- **Sub-partner**
- **Actual Partners**
- **Sleeping or Dormant partner**
- **Nominal partner**

Basis of Difference	Partnership	Company
<b>Meaning</b>	It is a contract in which two or more persons are agreed to share profits/losses, ownership, responsibilities, and duties.	It is a legal entity in which a group of persons agreed to share ownership but not management for a specific purpose.
<b>Governed By</b>	It is regulated by the <b>Partnership Act, 1932.</b>	It is regulated by the <b>Companies Act, 2013.</b>
<b>Registration</b>	The registration of a Partnership firm is <b>not compulsory.</b>	The registration of a Company with the registrar of companies is <b>compulsory.</b>
<b>Members</b>	The members of a Partnership firm are known as <b>Partners.</b>	The members of a company are known as <b>Shareholders.</b>
<b>Number of Members</b>	To form a partnership firm, the <b>minimum</b> number of partners is <b>two</b> with a <b>maximum</b> limit of <b>50</b> members.	<b>In the case of a public company,</b> a <b>minimum</b> of <b>7</b> members are required with <b>no maximum</b> limit. Whereas <b>for a private company,</b> at <b>least two</b> members are required with a <b>maximum</b> limit of <b>200</b> members.
<b>Separate Entity</b>	It is <b>not a separate entity</b> as the partners of the firm collectively are known as a Partnership firm.	The company is a <b>separate legal entity</b> from its members and directors.
<b>Transfer of Shares</b>	A partner <b>cannot transfer</b> his profit share to anyone without the consent	The <b>transfer of shares</b> is <b>not restricted</b> except the private

<i>Basis of Difference</i>	<i>Partnership Firm</i>	<i>Joint Hindu Family Firm</i>
Meaning	Two or More persons come together for some business activity & agree to share profit & loss is called partnership firm	JHF conducts business inherited as per Hindu law, is called Hindu Joint family firm.
Creation	Partnership firm emerge out of contact between two person	JHF, firm created by the Operation of Hindu law
Membership	Partnership firm owned by two or more and maximum 10 in banking and 20 in other firms	There is no limit. Since membership keep changing depend upon the birth and death
Management	All partners have equal managerial right	Management
Minor Member	A minor member can be admitted to the benefits of partner with the consent of all the partner	A male minor becomes a member by his birth
Liability of Members	Liability of all the partners is unlimited	Only karta liability is unlimited, co-percener's liability is limited.

Basis of Difference	Partnership	Co-ownership
Contract	Partnership always arises out of contract	Co-ownership may or may not be based on agreement. it can also arise by operation of law. Such as by inheritance. on the death of father, sons and daughters become co-owners of property
Number of partners	The limit for maximum number of partners is 20 in a firm and 10 for banking	There is no ceiling on the maximum limit of co-owners.
Agency relationship	A partner is an agent of the other partners. He can bind them for his acts in the ordinary course of business	A co-owner is not the agent of the other co-owner. Every co-owner is responsible for his own deeds only
Sharing of profit and loss	A partnership is always entered into for business. It involves haring f profits and losses	A co-ownership does not involve sharing of profits and losses
Right of investment	If a partner spends money for the business, he can demand its repayment	If a co-owner can transfer his right and interest without the consent of the other co-owners.
Minor	A minor cannot enter into a contract and as such is not able to become a regular partner of a firm	A minor can be the co-owner of a property
Dissolution	Partnership can be dissolved on the insolvency, death misconduct etc or a partner	A co-ownership cannot be dissolved on any such grounds

# The consumer protection Act,1986 and competition Act 2002







































































