AEES

CLASS 11COMMERCE

SUBJECT BUISINESS STUDIES

CHAPTER 2 **FORMS OF BUSINESS ORGANISTION**

**HANDOUT 2**

**Co-operative Society**

* Voluntary membership
* Legal status
* Limited liability
* Control
* Service motive

**Joint Stock Company**

Definition by **Prof Honey**. “Joint Stock Company is a voluntary association of individual for profit, having a capital divided into transferable shares, the ownership of which is the condition of membership

On the basis of ownership the companies can be classified in to following categories

(1)  **Private Company**

* It has minimum 2 and maximum 50 members.
* It cannot invite general public to buy its shares and debentures.
* There are certain restrictions on transfer of its shares.
* It can commence business after incorporation.
* It has to write Private Ltd. After its name
* Ex- Tata Sons, Citi Bank, Hyundai Motor India.
* In its minimum capital required is one lakh.

(2) **Public Company**

It has minimum 7 and maximum unlimited members

* It invites general public to buy its shares and debentures.
* Its shares are freely transferable.
* It can commence business after obtaining certificate of commencement of business.
* It has to write only limited after its name
* Ex- Reliance Industries Ltd., Wipro Ltd. , Raymond’s Ltd.
* In its minimum capital required is five lakhs

Formation of a company means bringing a company into existence and starting its business. The steps involved in the formation of a company are:

* Promotion
* Incorporation
* Capital subscription
* Commencement of business