



TOPIC=JOINT STOCK COMPANY

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**Joint Stock
Company**

DEFINITION :

A joint stock company is an organisation which is owned jointly by all its shareholders.

MEANING :

A joint stock company is a legal association between individuals that creates a new entity for business purposes. It is a way to incorporate a given business with two or more shareholders.



FEATURES :

- **Limited liability =** In this type of company, the liability of the company's shareholders is limited. However, no member can liquidate the personal assets to pay the debts of a firm.

Transferability of shares : A company's shareholder without consulting can transfer his shares to others. Whereas, in a partnership firm without any approval of other partners, a partner cannot move his share.



• **INDEPENDENT LEGAL ENTITY :**

A joint stock company is an individual legal entity, apart from the persons involved. It can own assets and can because it is an entity it can sue or can be sued. Whereas a partnership or a sole proprietor, it has no such legal existence apart from the person involved in it. So the members of the joint stock company are not liable to the company and are not dependent on each other for business activities.

• **ASSOCIATION OF PERSONS :**

For a firm to be accepted as an individual legal entity, it has to be incorporated. So, it is compulsory to register a firm under a joint stock company.

TYPES OF COMPANIES.

(i) STATUTORY COMPANIES :

A company may be incorporated by means of a special Act of the Parliament or any state legislature. Such companies are called statutory companies, Instances of statutory companies in India are Reserve Bank of India, the Life Insurance Corporation of India, the Food Corporation of India etc.

(ii) REGISTERED COMPANIES :

Companies registered under the Companies Act 1956, or earlier Companies Acts are called registered companies. Such companies come into existence when they are registered under the Companies Act and a certificate of incorporation is granted to them by the Registrar.

EVOLUTION OF BUSINESS ORGANIZATION.

- **SOLE TRADING CONCERN :**

Sole trading concern is the oldest and simplest form of commercial organization having one owner. Sole means **one person**, so a sole trading concern is an organization where all the business activities are controlled and managed by one man. And he is also solely responsible for the all the debts and risk of the firm.



- **JOINT HINDU FAMILY BUSINESS :**

Joint Hindu Family (HUF) is a **form of business organization wherein the members of a family can only own and manage the business**. It is governed by Hindu Law. Karta of the HUF is the Head of the family who is authorized to do business on behalf of the HUF



CONCLUSION :

- A joint stock company is an association that falls between the meanings of an organization and company as far as investor risk. In the United States, investors of joint stock companies have a boundless risk for organization obligations, yet in the United Kingdom, investor risk is restricted to the ostensible estimation of offers held by every investor.

The offers of a joint stock company are transferable, so for a public joint stock company, the offers might be exchanged on an enrolled trade, yet for a private joint stock company, they are transferable between private parties.



THANK YOU!!!