

CONCEPT OF ONE PERSON COMPANY AND ITS IMPACT IN INDIA

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Abstract

The concept of OPC came into existence in our country first time by enactment of new Company Act in the year 2013. People have shown wholeheartedness and keenness to do business by adopting this form of business entity method. The people have started adopting this concept enthusiastically and passionately. After observing the "Annual Reports" released by the Ministry of Corporate Affairs, Government of India and the data released by the Ministry of Corporate Affairs through "Monthly Information Bulletin" (MIB) shows the trends of people of India about the registration and incorporation of One Person Companies in India.

Keywords: One Person Company, Gazette, Authorised Capital, Corporate Affairs, Capitals.

INTRODUCTION

In India after independence the Companies Act, 1956 was came into force on the strong recommendations of the Bhabha Committee appointed in 1950 with the aim to collect, codify and combine the existing company statutes and to offer a new-fangled foundation for corporate activities in post independent India. With passing of the Companies Act 1913, existing Act was repealed. It had been passed with the reason to arrange, consolidate and amend the law regarding to the companies and certain other associations as per the existing scenario.

Observance in outlook¹ the overhead stands, the Indian Government after appropriate consultations or advises and discussions decided to repeal and abolish the Companies Act, 1956 and pass a new Act² to make available for new provisions to assemble the transformed nationwide and worldwide financial environment and speed up the extension and development of our financial system. The Indian Government appointed an Expert Committee in the Chairmanship of Dr. J. J. Irani, Director of Tata Sons Ltd. This Committee presented its report on 31/05/2005. This specialist Committee on Company statutes had submitted its report diagramming out the guideline intended for a flexible, vibrant and comprehensible new-fangled company law and one person company concept.

The 8th of August, 2013, on this extremely special day the Rajya Sabha passed companies bill 2012, the most awaited, the most needed, a new and up to date company statutes. It would turn into the law of the ground on delivery of acquiesce of the Honourable President of India. On receiving of acquiesce of praiseworthy Indian President on 29/08/2013, it published on the Rajpatra (Gazette). This Act introduces some new concepts, like small company, one-person company (OPC), etc. and has authorised the Central Government to make available for an easier compliance system for one person company and small companies³.

The concept of OPC came into existence in our country first time by enactment of new company Act in the year 2013. People have shown wholeheartedness and keenness to do business by adopting

¹ Annual Report 2012-13, Government of India, Ministry of Corporate Affairs, Pp.1-119.

² Afra Afsharipour (2017): Redefining Corporate Purpose: An International Perspective, Seattle University Law Review, Vol. 40:465, Pp.466-496

³ Santosh Kumar Chaturvedi, Dr. Nishith Dubey and Dr. C. M. Sadiwala (2015): An analysis of Section 08 Companies in India, IJISSET - International Journal of Innovative Science, Engineering & Technology, ISSN 2348 – 7968, Vol. 2 Issue 12, December 2015, Pp.349-363

this form of business entity method. And people have started adopting this concept enthusiastically and passionately. After observing the “annual reports” released by the Ministry of Corporate Affairs, government of India and the data released by the Ministry of Corporate Affairs through “Monthly Information Bulletin” (MIB) shows the trends of people of India about the registration and incorporation of one person companies in India.

In this article, to find out the impact of One Person Company in India by analysed the data related to One Person Company registration published by the Ministry of Corporate Affairs, government of India and composed information about the registrations done by people in various sectors in India till 31 March 2022 and make efforts to find out the trends, growth and impact of One Person Company concept in India. The analysis of registration and incorporation and growth of one person companies to be registered in India on various financial years up to 31st March 2022 is as follows.

FINANCIAL YEAR WISE STUDY FOR GROWTH OF REGISTERED AND INCORPORATED ONE PERSON COMPANIES (OPC) AS ON AFTER COMMENCEMENT OF COMPANIES ACT, 2013 TO TILL DATE 28 FEBRUARY 2022.

Financial year 2014-15 (from 01st April 2014 to 31st march 2015)

In all over 2,238 One Person Companies (OPCs) have been registered and incorporated in India as of 31st march 2015. With total authorised capital was 52.16 crore rupees. A total number of 2,223 one person companies were registered in India under the financial year 2014-2015 (from 01st April 2014 to 31st march 2015) with total authorised capital of 4,997.75 crore rupees.

Financial year 2015-16 (from 01st April 2015 to 31st march 2016)

In all over 6,164 One Person Companies (OPCs) have been registered and incorporated in India as of 31st march 2016. With total authorised capital was 157.85 crore rupees. A total number of 3,912 One Person Companies were registered in India under the financial year 2015-2016 (from 01st April 2015 to 31st march 2016) with total authorised capital of 9,431 crore rupees.

Financial year 2016-17 (from 01st April 2016 to 31st march 2017)

In all over 10,978 One Person Companies (OPCs) have been registered and incorporated in India as of 31st march 2017. With total authorised capital was 27,780 crore rupees. A total number of 4,843 One Person Companies were registered in India under the financial year 2016-2017 (from 01st April 2016 to 31st march 2017) with total authorised capital of 11,714 crore rupees.

Financial year 2017-18 (from 01st April 2017 to 31st march 2018)

In all over 16,713 One Person Companies (OPCs) have been registered and incorporated in India as of 31st march 2018. With total authorised capital was 40,130.33 crore rupees. A total number of 5,926 One Person Companies were registered in India under the financial year 2017-2018 (from 01st April 2017 to 31st march 2018) with total authorised capital of 14,029 crore rupees.

Financial year 2018-19 (from 01st April 2018 to 31st march 2019)

In all over 22,760 One Person Companies (OPCs) have been registered and incorporated in India as of 31st march 2019. With total authorised capital was 62,257 crore rupees. A total number of 6,602 One Person Companies were registered in India under the financial year 2018-2019 (from 01st April 2018 to 31st march 2019) with total authorised capital of 20,072 crore rupees.

Financial year 2019-20 (from 01st April 2019 to 31st march 2020)

In all over 28,065 One Person Companies (OPCs) have been registered and incorporated in India as of 31st march 2020. With total authorised capital was 83,681 crore rupees. A total number of 7,655 One Person Companies were registered in India under the financial year 2019-2020 (from 01st April 2019 to 31st march 2020) with total authorised capital of 26,403 crore rupees

Financial year 2020-21 (from 01st April 2020 to 31st march 2021)

In all over 36,524 One Person Companies (OPCs) have been registered and incorporated in India as of 31st march 2020. With collective authorised capital was 117068.18 crore rupees. A total number of 8949 One Person Companies were registered in India under the financial year 2019-2020 (from 01st April 2020 to 31st march 2021) with total authorised capital of 328.04 crore rupees.

Financial year 2021-22 (from 01st April 2021 to 28th feb. 2022)

In all over 42,448 One Person Companies (OPCs) have been registered and incorporated in India as of 28th Feb. 2020. With paid up capital was 567.99 crore rupees. A total number of 5,924 One Person Companies were registered in India under the financial year 2019-2020 (from 01st April 2021 to 28th feb.2022) with total authorised capital of 239.95 crore rupees.

SECTORS WISE STUDY FOR GROWTH OF REGISTERED AND INCORPORATED ONE PERSON COMPANIES (OPC) AS ON AFTER COMMENCEMENT OF COMPANIES ACT, 2013 TO TILL DATE 28 FEBRUARY 2022.

In all over 42,448 One Person Companies (OPCs) have been registered and incorporated in India as of 28 February 2020 with a collective Paid up capital of Rs. 568 crores. Economic sectors activities wise analysis of One Person Companies up to 28 February 2020 as follows: -

Agriculture activities: total 881 OPCs were registered with total paid up capital of 12.97 crore rupees.

Industry: total 8139 OPCs were registered with total paid up capital of 122.33 crore rupees. (On Manufacturing-5,858 OPCs, Construction-1,989 OPCs, Electricity, Gas and Water companies- 207 OPCs, and Mining-85 OPCs).

Services: total 33,425 OPCs were registered with total paid up capital of 432.57 crore rupees. (Business service-20240 OPCs, Community, Personal and Social services-5408 OPCs, Trading services-5391 OPCs, Real estate and Renting services- 887 OPCs, Transport, Storage and Communication services- 1417 OPCs, Finance services- 81 OPCs, Insurance services-2).

Others: total 3 OPCs were registered with total authorised capital of 35 crore rupees.⁴

Up to 28th February 2022, total registrations of OPCs in India all over is 42,448, and out of that highest 33,425 One Person Companies were registered in “**Service Sector**” in India. In this sector particularly “**Business Service Sector**” has highest registrations with 20,240 OPCs. Then after “community, personal and social service” have second highest registrations with 5,408 OPCs, and also remarkable registration shown in “**Trading Service Sector**”, (5,391 OPCs), “**Real estate and Renting services**” (887 OPCs), “**Transport, Storage and Communication Services**” (1417 OPCs) and “**Finance Services**” (81 OPCs).

“**Industry sector**” has shown sensible presence with registration of 5,603 One Person Companies. In this sector particularly “**Manufacturing Industry Sector**” has highest registrations with 3,956 OPCs. Then after “**Construction Industry Sector**” have second highest registrations with 1435 OPCs and also remarkable registration shown in “**Electricity, Gas and Water Sector**”, and “**Mining Sector**”.

“**Agriculture and Allied Activities Sector**” all over only 631 One Person Companies were registered till 30th November 2020, and this data’s not shown good sign for India. Agriculture and its allied sectors are very basic and primary sector, and play the vital role to Indian economic growth. In this sector the Indian people who associate with agriculture-based businesses and Indian farmers have not shown much interest. Therefore, the government is expected to gives special focus and encouragements for this sector.

ANALYSIS OF STATE WISE REGISTRATION OF ONE PERSON COMPANIES UP TO 31ST MARCH 2020

A total number of 28065 One Person Companies were registered in India up to 31st March 2020 with total authorised capital of 83681 crore rupees.

On the 1st place is Maharashtra 5,420 OPCs, on the 2nd place is Delhi 3,975 OPCs. After than Karnataka 3,283 (3rd place), Uttar Pradesh 3,131 (4th place), Tamil Nadu 2,194 (5th place), Telangana 1,821 (6th place), Bihar 1,606 (7th place), West Bengal 1,184 (8th place), Rajasthan 868 (9th place), Andhra Pradesh 857 (10th place), Orissa 755 (11th place), Kerala 724 (12th place), Madhya Pradesh 683 (13th place), Jharkhand 451 (14th place), Punjab 360 (15th place), Uttrakhand 273 (16th place), Assam 237 (17th place), Jammu and Kashmir 227 (18th place), Himachal Pradesh 198 (19th place), Goa 170 (20th

⁴ Monthly Information Bulletin (MIB) on Corporate Sector, November, 2020 published by Ministry of Corporate Affairs, Government of India.

place), Chhattisgarh 128 (21st place), Manipur 41 (22nd place), Tripura 37 (23rd place), Mizoram 09 (24th place), Meghalaya 08 (25th place).

The state of Maharashtra, known as the economic capital of the country, has registered the highest 5,420 one person companies in India so far, this state has shown the highest responsiveness in creating and converting the traditional organized business sectors into the organized sector.

After this, the capital of the country, Delhi is second highest with registrations of 3,975 one person companies and being the capital, the entrepreneurs here have adopted the new business of OPC concept.

The State of Karnataka ranked third with registration of 3283 one person companies. The people of South Zone of the country have also well adopted this concept. Uttar Pradesh, Tamil Nadu, Telangana and Bihar are ranked fourth fifth, sixth and seventh respectively.

The state of Rajasthan ranked ninth with the registration of 868 Single-Person Companies. The Government of Rajasthan is required to work to promote, encourage and motivate micro and small unorganized entrepreneurs as incorporated the corporate entity structure in an organized manner, according to this one-person concept, it can be done through state and administrative determination and willingness.

After the enactment of the One Person Company concept in India, only 15 one-person companies have been registered in India till March 2014, after that the speed of registration of one person companies has been relatively low in the next 2 financial years, a total of 2,223 one person companies in the financial year 2014-15, While a total of 3,912 companies were registered in the financial year 2015-16, total 4,886 One Person Companies were registered in the financial year 2016-17, and in the financial year 2017-18, there were 5,926 One Person Companies registered. In the financial year 2018-19 there were 6,602 One Person Companies registered. In the financial year 2019-20 there were 7,655 One Person Companies registered. In the financial year 2020-21 there were 8,949 One Person Companies registered. In the financial year 2021-22 there were 5,924 One Person Companies registered in India.

These types of companies are formed by small businessmen and service providers. And these types of businessmen are unorganized and India is a very diverse country, yet people have not well known about advantages and information regarding to this One-Person Company concept. Therefore, instead of doing business in organized form, people should be encouraged to do business in organized form, in areas where this concept is working very well; they should be encouraged by making special incentive package.

CONCLUSION

The way entrepreneurs have started the path of entrepreneurship in India through this concept in various small sectors. From the overview of the data, it is quite clear that the figure of registration of one person companies in each upcoming financial year is enlarged. Thus, India has well adopted the new small level start ups with the characteristics of limited liability, perpetual succession and corporate entity status with some unique features in place of the way of sole proprietorship firm and limited liability partnership, with full confidence and believing in one person company concept. The Central Government and the States Governments should formulate some special policies to ensure the availability of funds and the availability of resources to one person company for business and should pay special attention to One Person Company in our industrial policy.

This concept is a very good effort and willingness to connect with the deprived and lower level of small and micro level business people of the society with the mainstream of business. With time will be passes, its legislative and functional aspects will develop immense power, and I am quite sure that this concept should lifting the Indian unorganised micro and small business, trades and services

activities to participation in Indian economy, this Concept has developed new thought and new consciousness among businessmen's and entrepreneur of India.

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