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One Person Company

DARSHIKA MALL¹ AND SHREYANSHI KUMARI KHUSHI²

ABSTRACT

A company can be established with The Company's Act of 2013 introduced the novel idea of a one-person company in India. In India, a single individual forms a one-person company. A single person was unable to start a business prior to the Companies Act of 2013. An OPC combines the advantages of a sole proprietorship with those of a company. Previously, if a person had to start a business, they could only choose a sole proprietorship.

I. INTRODUCTION

A company can be established with only one director and one member, as stated in Section 2 (62) of the Company's Act of 2013. One-person companies, which are registered in India, have fewer compliance requirements than private limited companies.

Under the Companies Act of 2013, a single member and one director can register a one-person company in India. Members and directors may also be the same person. An OPC in India can be registered here by anyone, whether they are a resident or non-resident Indian.

In the context of India, the concept of OPC, as is evident, is relatively new; It has been operating successfully for quite some time in nations like Singapore, the United States, and Europe. The shareholders' and directors' personal assets remain safe because an OPC has limited liability and is separate from its owner. The owner will not be sued in the event of a credit default or a legal dispute involving the company; just the organization will. An aspiring entrepreneur with an idea to establish and register an OPC will benefit from all of these factors.

eBay and Amazon, two of the world's largest businesses, were founded by a single tech-savvy individual. Amazon.com's founder and CEO, computer engineer Jeff Bezos, left Wall Street to open an online bookstore in his garage. 2015 saw revenue of \$107 billion, making Amazon the world's largest online retailer.

II. FEATURES OF A ONE-PERSON BUSINESS

The following are the main characteristics of a One-Person Business:

¹ Author is a student at Amity Law School, Lucknow, India.

² Author is a student at Amity Law School, Lucknow, India.

Private Company

The Companies Act of 2013 stipulates that a single person may form a company for any purpose permitted by law. OPCs are also referred to as private businesses.

Single - Member

Not at all like other privately owned businesses, OPCs can have just a single investor or part.

Nominee

During the process of registering the company, the sole shareholder nominates a nominee. This distinguishes OPCs from all other kinds of businesses because it is a feature that only OPCs have.

No Perpetual Succession

When the company's only member dies, the nominee has the option of rejecting the nomination or accepting it. The idea of perpetual succession is followed in other kinds of businesses.

Minimum One Director

Only one person—the member in this instance—must serve as director of OPCs. Maximum number of directors is 15.

No Minimum Paid-Up Share Capital

The Companies Act of 2013 does not mandate any minimum paid-up share capital for OPCs.

Special Privileges

The Companies Act grants the OPCs a number of privileges and exemptions that other kinds of businesses are not eligible for.

Formation of One-Person Companies

A single person can form an OPC by signing the Memorandum of Association and meeting the other requirements outlined in the Companies Act of 2013. The MoA likewise needs to proclaim every one of the subtleties of a chosen one who might proceed to turn into the sole individual from the organization in the event of death of the first part or he becomes unequipped for entering any agreement.

In addition to the registration application, the MoA and the nominee's consent to his nomination must be submitted to the Registrar of Companies. By submitting the required application to the Registrar, that nominee may withdraw his name at any time. The member has the right to revoke his nomination at any time.

Membership in One-Person Corporations

In India, only natural persons who are citizens and residents of the country are qualified to establish an OPC. The same directive also applies to OPC nominees. Likewise, such a characteristic individual isn't permitted to be a part or candidate of more than one OPC at some random place of time.

One important point is that only natural persons are eligible to join an OPC; businesses are exempt. Companies can be members of the organizations and own shares. Additionally, the law prohibits minors from becoming OPC members or nominees.

Conversion of One-Person Companies (OPCs) Into Other Companies

Regulations specifically hinder the conversion of OPCs into philanthropic-minded companies under Section 8 of the law. OPCs are unable to voluntarily transform into other types of businesses until the expiration of two years from the date of their incorporation.

Privileges of One Individual Organizations

One-Individual Organizations benefit from the accompanying honors and exclusions under the Organizations Act:

- OPCs do not have to hold general meetings every year.
- They are not required to include cash flow statements in their financial statements.
- Annual returns could also be signed by directors; A company secretary is not required by law.
- OPCs do not fall under the purview of the provisions pertaining to independent directors.
- Compared to other businesses, directors may receive higher compensation.

III. BENEFITS OF BEING A ONE-PERSON COMPANY

The advantages of OPC are as follows:

Benefits of Being Small Scale Industries

OPC can take advantage of a variety of benefits offered to Small Scale Industries (SSI), such as easy bank funding and any safety up to a certain limit, a lower interest rate on loans, and OPC can also take advantage of a variety of benefits under the Foreign Trade Policy and other policies related to trade.

Single Ownership

Compared to having multiple owners, single ownership is advantageous. It is very helpful for

making quick decisions and running a business without having to deal with other people's suggestions or interference. The feeling of belonging spurs expansion of the business.

Rating of Credit

OPC can still apply for the loan despite having a low credit score. If OPC's score conforms to standards, the credit score of the One Person Company is irrelevant.

Rate of Interest on Any Late Payments Received

Since the newly incorporated OPC falls under the Micro, Small, or Medium categories of the Enterprises Development Act of 2006, it is eligible for the Received Interest Rate on Any Late Payment rate. This states that if either the buyer or the seller receives a late payment, they are entitled to three times the bank's interest rate.

Expansion In Trust And Status

Any business which runs as the organization generally partakes in an expanded trust and status. If a company is a private limited liability company; Venture capital, angel investors, financial institutions, and other sources can be used to fund a one-person business. By raising funds, any OPC can become a private company.

Limited Liability

One of the advantages of OPC is that it offers more opportunities, has limited liability because the One Person Company's liability is limited to the value of the share, and allows the individual to take on more risks in business without having to worry about losing any of their personal assets. It's a form of support for young, innovative business startups.

Minimum Requirements

- The same shareholder and director;
- At least one shareholder;
- One nominee is required;
- At least one director;
- To distinguish OPCs from other businesses, the letters "OPC" must be added to the name.

IV. EFFECTS ON INDIA

We have only encountered a small number of the many OPCs in India, whose number is steadily rising. The country's youth appear to be extremely motivated to start something of their

own, and the new Start-up generation is no exception. Since there are a lot of ideas, starting with an OPC seems like the most likely and easiest way to implement them because individual implementation of those ideas was previously impossible in India before the OPC was established. The task has also been significantly facilitated by some of the OPC's relaxations, such as

- i. An OPC does not require an Annual General Meeting (AGM) or Extraordinary General Meeting.
- ii. No prerequisite of delegating a first chief for the organization. It is assumed that the sole member is the first director.
- iii. There should be no more than fifteen (15) directors in OPC at any given time. The OPC is exempt from the requirement to hold a Board Meeting in the event that the Board only has one director.
- iv. If at least one meeting is held in each half of the year, it will be considered to have followed the rules about Board meetings. However, there should be a minimum of ninety (90) days between the two meetings.
- v. OPC is additionally absolved from arrangements connecting with notification of the gatherings (Segment 101), explanation to be attached to see (Area 102), Majority for Gatherings (Area 103), Arrangement of Director of Meeting (Segment 104), Intermediaries (Segment 105), Limitation on Casting a ballot Rights (Segment 106), Casting a ballot by raising of hands (Segment 107), Casting a ballot by Electronic Means (Segment 108), Interest for Survey (Segment 109), Postal Voting form (Segment 110) and Course of Part's Goal (Section 111).

V. EXAMPLES OF ONE PERSON COMPANIES

1. A tours and travel services company registered as an OPC under the name of Delhi-based businessman Ankur Sharma is one such successful OPC in India. In 2014, Mr. Sharma stated that he was looking forward to converting his business into a PLC in six to eight months. Since his underlying needs were to kick the business off from the get go, an enrolled legitimate substance under the OPC class separate from its proprietor, Sharma would have more straightforward admittance to bank credits and less consistence under the various arrangements of the Organizations Act, with obligation restricted to the element's total assets. Shree Aasht Vinayak Travels Private Limited is now a limited liability company as of 2016. This shows with regards to how fruitful an OPC can end up being as it helps the beginning up business people

to test their plan of action, their items and administrations and in the long run draw in additional financial backers to become showbiz royalty and in light of the expectations of the pioneer could possibly transform into a Confidential Restricted or Public Restricted Organization. Therefore, it is not necessary for every OPC to convert to a Private Limited Company or Public Limited Company; the decision is solely based on the intentions of the founders; some founders prefer to remain an OPC rather than expanding and changing their business structure.

2. Broombikes Opc Private Limited, which is registered under the name of their founder and director, Aashish Sharma, is another such OPC. It was founded on October 24, 2015, is a Non-Government Company, and the Registrar of Companies in Jaipur is where it is registered. It has an approved offer capital of Rs.100, 000 and it's settled up capital of Rs.100, 000 individually. This organization bargains in the offer of engine vehicle parts and embellishments (incorporates the discount and retail offer of a wide range of parts, parts and frill for engine vehicles, when not joined with the offer of such vehicles themselves). The company's registration number is 48498, and its corporate identification number is (CIN) U50300RJ2015OPC048498. Over the past ten months, it has been in operation.

VI. CONCLUSION

In conclusion, there is no denying the extent of an OPC's success in India. Despite the fact that it has its own weaknesses, the pace of its prosperity outperforms everything and makes it very more straightforward for setting it up as opposed to investigating about its imperfections. India was waiting for its own permission to have OPCs, which was given to her as a parting gift from the earlier Companies Act, 1956. This has been a successful story for a long time in Western nations. This has most certainly become among the best endowments for the singular business visionaries who for such a long time needed to collaborate with a co-accomplice to begin their undertaking which might have been essentially as enthusiastic as the pioneer. It's been a welcome and healthy move.
