

# INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE & MANAGEMENT

I  
J  
R  
C  
M



A Monthly Double-Blind Peer Reviewed (Refereed/Juried) Open Access International e-Journal - Included in the International Serial Directories

*Indexed & Listed at:*

Ulrich's Periodicals Directory ©, ProQuest, U.S.A., EBSCO Publishing, U.S.A., Cabell's Directories of Publishing Opportunities, U.S.A., Google Scholar,

Open J-Gate, India [link of the same is duly available at Infilbnet of University Grants Commission (U.G.C.)],

The American Economic Association's electronic bibliography, EconLit, U.S.A.,

Index Copernicus Publishers Panel, Poland with IC Value of 5.09 & number of libraries all around the world.

Circulated all over the world & Google has verified that scholars of more than 4767 Cities in 180 countries/territories are visiting our journal on regular basis.

Ground Floor, Building No. 1041-C-1, Devi Bhawan Bazar, JAGADHRI – 135 003, Yamunanagar, Haryana, INDIA

<http://ijrcm.org.in/>

# CONTENTS

Sr. No.	TITLE & NAME OF THE AUTHOR (S)	Page No.
1.	A LITERATURE REVIEW ON EFFECTIVENESS OF CELEBRITY ENDORSEMENT FOR THE SOCIAL CAUSE <i>DR. A. PRABHU KUMAR, K. KALIDAS &amp; JAVID ABBAS</i>	1
2.	CORPORATE ENVIRONMENTAL RESPONSIBILITY IN PUBLIC SECTOR ORGANISATIONS: A STUDY OF THE SINGARENI COLLIERIES COMPANY LIMITED <i>A. R. SATYAVATHI &amp; V.CHANDRA SEKHARA RAO</i>	4
3.	INNOVATIVE RECOGNITION AND REWARD STRATEGY AS A TOOL FOR EMPLOYEE ENGAGEMENT: AN EMPIRICAL STUDY ON PRIVATE RETAIL BANKING IN ODISHA <i>SUDIP KUMAR GHOSE &amp; DR. PRADIP KUMAR MOHANTY</i>	8
4.	EFFECT OF VIPASSANA MEDITATION ON MINDFULNESS AND LIFE SATISFACTION OF EMPLOYEES <i>SEEMA PRADHAN, DR. AJITH KUMAR V. V. &amp; SINGH MANJU</i>	11
5.	HOW ORGANIZED RETAILING HAS EFFECTED UNORGANIZED MARKET IN RETAIL BUSINESS <i>NEHA AGRAWAL &amp; DR. LATA AGRAWAL</i>	17
6.	RELATIONSHIP BETWEEN DEMOGRAPHIC PROFILE AND RISK TAKING ABILITY OF THE INVESTORS TOWARDS STOCK MARKET: A STUDY <i>DR. G N P V BABU &amp; DR. PRATIMA MERUGU</i>	23
7.	THE EFFECT OF INNOVATION AND ORGANIZATIONAL LEARNING ON FIRM PERFORMANCE: AN EMPIRICAL STUDY IN QUALITY ORIENTED FIRMS <i>HAKAN KITAPÇI &amp; PINAR ÇÖMEZ</i>	28
8.	A STUDY ON PERCEPTION TOWARDS THE SERVICES OFFERED BY THE LIFE INSURANCE CORPORATION IN CHENNAI CITY <i>ETHEN MALAR J &amp; DR. N. GLADSTONE JOY</i>	35
9.	STRESS MANAGEMENT WITH SPECIAL REFERENCE TO PUBLIC SECTOR BANK EMPLOYEES IN TRICHY <i>R. THIRIPURASUNDARI &amp; DR. B.SEKAR.</i>	40
10.	FOREIGN DIRECT INVESTMENT DETERMINANTS IN BANGLADESH READY-MADE GARMENTS INDUSTRY <i>MD. MANIK RANA CHOWDHWRY &amp; YINGHONG SHAO</i>	43
11.	THE EMERGENCE OF COMMODITIES AS AN INVESTMENT CLASS: A STUDY BASED ON OF PONDICHERRY REGION <i>SHYAMA.T.V</i>	49
12.	BEING SOCIALLY RESPONSIBLE & ITS IMPORTANCE IN BANK EMPLOYEES <i>DR. NAVAL LAWANDE</i>	57
13.	EXISTENCE OF POSITIVE DEPENDENCE, ASYMMETRY AND LEVERAGE EFFECTS IN REAL ESTATE EXCHANGE-TRADED FUNDS (ETFs) <i>TUAN HAI NGUYEN &amp; JOHN FRANCIS DIAZ</i>	61
14.	A STUDY OF CSR INITIATIVES OF PRIVATE BANKS IN UTTAR PRADESH DISTRICT <i>NAMRATA SINGH &amp; DR. RAJLAXMI SRIVASTAVA</i>	72
15.	PERFORMANCE EVALUATION OF MUTUAL FUND: A STUDY OF RELIANCE MUTUAL FUND <i>ANKIT SRIVASTAVA &amp; DR. VIKAS KUMAR</i>	77
16.	TOURIST SATISFACTION VARIABLES AND DESTINATION LOYALTY: A STUDY OF KASHMIR DIVISION <i>MOHD RAFIQ GADOO &amp; SNOWBER</i>	83
17.	FROM HALF WAY LIGHT HOUSE THAN WHITE ELEPHANTS TO MAHARATNA: THE EXPECTATIONS AND REALITY OF PUBLIC SECTOR ENTERPRISES IN INDIA <i>PREETI JOSHI BHARDWAJ</i>	86
18.	STRESS RELIEVING TECHNIQUES FOR ORGANIZATIONAL STRESSORS <i>DR. NALAWADE RAJESH CHANDRA KANT &amp; SEEMA PRADHAN</i>	93
19.	COMPOSITION OF IMPORTS AND ITS CONSEQUENCES ON ECONOMIC GROWTH <i>VANITHA.V, PUNITHA.P &amp; KAVYA.S</i>	99
20.	ONE PERSON COMPANY (OPC): EVALUATING ITS FIRST STEP IN INDIA <i>URMILA YADAV &amp; SAVITA MALHAN</i>	102
	<b>REQUEST FOR FEEDBACK &amp; DISCLAIMER</b>	<b>106</b>

## CHIEF PATRON

**PROF. K. K. AGGARWAL**

Chairman, Malaviya National Institute of Technology, Jaipur  
(An institute of National Importance & fully funded by Ministry of Human Resource Development, Government of India)  
Chancellor, K. R. Mangalam University, Gurgaon  
Chancellor, Lingaya's University, Faridabad  
Founder Vice-Chancellor (1998-2008), Guru Gobind Singh Indraprastha University, Delhi  
Ex. Pro Vice-Chancellor, Guru Jambheshwar University, Hisar

## FOUNDER PATRON

**LATE SH. RAM BHAJAN AGGARWAL**

Former State Minister for Home & Tourism, Government of Haryana  
Former Vice-President, Dadri Education Society, Charkhi Dadri  
Former President, Chinar Syntex Ltd. (Textile Mills), Bhiwani

## FORMER CO-ORDINATOR

**DR. S. GARG**

Faculty, Shree Ram Institute of Business & Management, Urjani

## ADVISORS

**PROF. M. S. SENAM RAJU**

Director A. C. D., School of Management Studies, I.G.N.O.U., New Delhi

**PROF. M. N. SHARMA**

Chairman, M.B.A., Haryana College of Technology & Management, Kaithal

**PROF. S. L. MAHANDRU**

Principal (Retd.), Maharaja Agrasen College, Jagadhri

## EDITOR

**PROF. R. K. SHARMA**

Professor, Bharti Vidyapeeth University Institute of Management & Research, New Delhi

## CO-EDITOR

**DR. BHAVET**

Faculty, Shree Ram Institute of Engineering & Technology, Urjani

## EDITORIAL ADVISORY BOARD

**DR. RAJESH MODI**

Faculty, Yanbu Industrial College, Kingdom of Saudi Arabia

**PROF. SANJIV MITTAL**

University School of Management Studies, Guru Gobind Singh I. P. University, Delhi

**PROF. ANIL K. SAINI**

Chairperson (CRC), Guru Gobind Singh I. P. University, Delhi

**DR. SAMBHAVNA**

Faculty, I.I.T.M., Delhi

**DR. MOHENDER KUMAR GUPTA**

Associate Professor, P. J. L. N. Government College, Faridabad

**DR. SHIVAKUMAR DEENE**

Asst. Professor, Dept. of Commerce, School of Business Studies, Central University of Karnataka, Gulbarga

## ASSOCIATE EDITORS

**PROF. NAWAB ALI KHAN**

Department of Commerce, Aligarh Muslim University, Aligarh, U.P.

**PROF. ABHAY BANSAL**

Head, Department of I.T., Amity School of Engineering & Technology, Amity University, Noida

**PROF. V. SELVAM**

SSL, VIT University, Vellore

**PROF. N. SUNDARAM**

VIT University, Vellore

**DR. PARDEEP AHLAWAT**

Associate Professor, Institute of Management Studies & Research, Maharshi Dayanand University, Rohtak

**DR. S. TABASSUM SULTANA**

Associate Professor, Department of Business Management, Matrusri Institute of P.G. Studies, Hyderabad

**DR. JASVEEN KAUR**

Asst. Professor, University Business School, Guru Nanak Dev University, Amritsar

## FORMER TECHNICAL ADVISOR

**AMITA**

Faculty, Government M. S., Mohali

## FINANCIAL ADVISORS

**DICKIN GOYAL**

Advocate & Tax Adviser, Panchkula

**NEENA**

Investment Consultant, Chambaghat, Solan, Himachal Pradesh

## LEGAL ADVISORS

**JITENDER S. CHAHAL**

Advocate, Punjab & Haryana High Court, Chandigarh U.T.

**CHANDER BHUSHAN SHARMA**

Advocate & Consultant, District Courts, Yamunanagar at Jagadhri

## SUPERINTENDENT

**SURENDER KUMAR POONIA**

## **CALL FOR MANUSCRIPTS**

We invite unpublished novel, original, empirical and high quality research work pertaining to recent developments & practices in the areas of Computer Science & Applications; Commerce; Business; Finance; Marketing; Human Resource Management; General Management; Banking; Economics; Tourism Administration & Management; Education; Law; Library & Information Science; Defence & Strategic Studies; Electronic Science; Corporate Governance; Industrial Relations; and emerging paradigms in allied subjects like Accounting; Accounting Information Systems; Accounting Theory & Practice; Auditing; Behavioral Accounting; Behavioral Economics; Corporate Finance; Cost Accounting; Econometrics; Economic Development; Economic History; Financial Institutions & Markets; Financial Services; Fiscal Policy; Government & Non Profit Accounting; Industrial Organization; International Economics & Trade; International Finance; Macro Economics; Micro Economics; Rural Economics; Co-operation; Demography; Development Planning; Development Studies; Applied Economics; Development Economics; Business Economics; Monetary Policy; Public Policy Economics; Real Estate; Regional Economics; Political Science; Continuing Education; Labour Welfare; Philosophy; Psychology; Sociology; Tax Accounting; Advertising & Promotion Management; Management Information Systems (MIS); Business Law; Public Responsibility & Ethics; Communication; Direct Marketing; E-Commerce; Global Business; Health Care Administration; Labour Relations & Human Resource Management; Marketing Research; Marketing Theory & Applications; Non-Profit Organizations; Office Administration/Management; Operations Research/Statistics; Organizational Behavior & Theory; Organizational Development; Production/Operations; International Relations; Human Rights & Duties; Public Administration; Population Studies; Purchasing/Materials Management; Retailing; Sales/Selling; Services; Small Business Entrepreneurship; Strategic Management Policy; Technology/Innovation; Tourism & Hospitality; Transportation Distribution; Algorithms; Artificial Intelligence; Compilers & Translation; Computer Aided Design (CAD); Computer Aided Manufacturing; Computer Graphics; Computer Organization & Architecture; Database Structures & Systems; Discrete Structures; Internet; Management Information Systems; Modeling & Simulation; Neural Systems/Neural Networks; Numerical Analysis/Scientific Computing; Object Oriented Programming; Operating Systems; Programming Languages; Robotics; Symbolic & Formal Logic; Web Design and emerging paradigms in allied subjects.

Anybody can submit the **soft copy** of unpublished novel; original; empirical and high quality **research work/manuscript** **anytime** in **M.S. Word format** after preparing the same as per our **GUIDELINES FOR SUBMISSION**; at our email address i.e. [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) or online by clicking the link **online submission** as given on our website ([FOR ONLINE SUBMISSION, CLICK HERE](#)).

## **GUIDELINES FOR SUBMISSION OF MANUSCRIPT**

### 1. **COVERING LETTER FOR SUBMISSION:**

DATED: \_\_\_\_\_

**THE EDITOR**

IJRCM

**Subject:** SUBMISSION OF MANUSCRIPT IN THE AREA OF \_\_\_\_\_.

**(e.g. Finance/Mkt./HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)**

**DEAR SIR/MADAM**

Please find my submission of manuscript entitled ' \_\_\_\_\_ ' for possible publication in one of your journals.

I hereby affirm that the contents of this manuscript are original. Furthermore, it has neither been published elsewhere in any language fully or partly, nor is it under review for publication elsewhere.

I affirm that all the co-authors of this manuscript have seen the submitted version of the manuscript and have agreed to their inclusion of names as co-authors.

Also, if my/our manuscript is accepted, I agree to comply with the formalities as given on the website of the journal. The Journal has discretion to publish our contribution in any of its journals.

<b>NAME OF CORRESPONDING AUTHOR</b>	:	
Designation	:	
Institution/College/University with full address & Pin Code	:	
Residential address with Pin Code	:	
Mobile Number (s) with country ISD code	:	
Is WhatsApp or Viber active on your above noted Mobile Number (Yes/No)	:	
Landline Number (s) with country ISD code	:	
E-mail Address	:	
Alternate E-mail Address	:	
Nationality	:	

**NOTES:**

- a) The whole manuscript has to be in **ONE MS WORD FILE** only, which will start from the covering letter, inside the manuscript. **pdf. version is liable to be rejected without any consideration.**
  - b) The sender is required to mention the following in the **SUBJECT COLUMN of the mail:**  
**New Manuscript for Review in the area of** (e.g. Finance/Marketing/HRM/General Mgt./Engineering/Economics/Computer/IT/ Education/Psychology/Law/Math/other, please specify)
  - c) There is no need to give any text in the body of mail, except the cases where the author wishes to give any **specific message** w.r.t. to the manuscript.
  - d) The total size of the file containing the manuscript is expected to be below **1000 KB**.
  - e) **Abstract alone will not be considered for review** and the author is required to submit the **complete manuscript** in the first instance.
  - f) **The journal gives acknowledgement w.r.t. the receipt of every email within twenty four hours** and in case of non-receipt of acknowledgment from the journal, w.r.t. the submission of manuscript, within two days of submission, the corresponding author is required to demand for the same by sending a separate mail to the journal.
  - g) The author (s) name or details should not appear anywhere on the body of the manuscript, except the covering letter and the cover page of the manuscript, in the manner as mentioned in the guidelines.
2. **MANUSCRIPT TITLE:** The title of the paper should be **bold typed, centered and fully capitalised**.
  3. **AUTHOR NAME (S) & AFFILIATIONS:** Author (s) **name, designation, affiliation (s), address, mobile/landline number (s), and email/alternate email address** should be given underneath the title.
  4. **ACKNOWLEDGMENTS:** Acknowledgements can be given to reviewers, guides, funding institutions, etc., if any.
  5. **ABSTRACT:** Abstract should be in **fully italicized text**, ranging between **150 to 300 words**. The abstract must be informative and explain the background, aims, methods, results & conclusion in a **SINGLE PARA. Abbreviations must be mentioned in full.**
  6. **KEYWORDS:** Abstract must be followed by a list of keywords, subject to the maximum of **five**. These should be arranged in alphabetic order separated by commas and full stop at the end. All words of the keywords, including the first one should be in small letters, except special words e.g. name of the Countries, abbreviations.
  7. **JEL CODE:** Provide the appropriate Journal of Economic Literature Classification System code (s). JEL codes are available at [www.aeaweb.org/econlit/jelCodes.php](http://www.aeaweb.org/econlit/jelCodes.php), however, mentioning JEL Code is not mandatory.
  8. **MANUSCRIPT:** Manuscript must be in **BRITISH ENGLISH** prepared on a standard A4 size **PORTRAIT SETTING PAPER. It should be free from any errors i.e. grammatical, spelling or punctuation. It must be thoroughly edited at your end.**
  9. **HEADINGS:** All the headings must be bold-faced, aligned left and fully capitalised. Leave a blank line before each heading.
  10. **SUB-HEADINGS:** All the sub-headings must be bold-faced, aligned left and fully capitalised.
  11. **MAIN TEXT:**  

**THE MAIN TEXT SHOULD FOLLOW THE FOLLOWING SEQUENCE:**

**INTRODUCTION**

**REVIEW OF LITERATURE**

**NEED/IMPORTANCE OF THE STUDY**

**STATEMENT OF THE PROBLEM**

**OBJECTIVES**

**HYPOTHESIS (ES)**

**RESEARCH METHODOLOGY**

**RESULTS & DISCUSSION**

**FINDINGS**

**RECOMMENDATIONS/SUGGESTIONS**

**CONCLUSIONS**

**LIMITATIONS**

**SCOPE FOR FURTHER RESEARCH**

**REFERENCES**

**APPENDIX/ANNEXURE**

**The manuscript should preferably range from 2000 to 5000 WORDS.**

12. **FIGURES & TABLES:** These should be simple, crystal **CLEAR, centered, separately numbered** & self explained, and **titles must be above the table/figure. Sources of data should be mentioned below the table/figure. It should be ensured that the tables/figures are referred to from the main text.**
13. **EQUATIONS/FORMULAE:** These should be consecutively numbered in parenthesis, horizontally centered with equation/formulae number placed at the right. The equation editor provided with standard versions of Microsoft Word should be utilised. If any other equation editor is utilised, author must confirm that these equations may be viewed and edited in versions of Microsoft Office that does not have the editor.
14. **ACRONYMS:** These should not be used in the abstract. The use of acronyms is elsewhere is acceptable. Acronyms should be defined on its first use in each section: Reserve Bank of India (RBI). Acronyms should be redefined on first use in subsequent sections.
15. **REFERENCES:** The list of all references should be alphabetically arranged. **The author (s) should mention only the actually utilised references in the preparation of manuscript** and they are supposed to follow Harvard Style of Referencing. **Also check to make sure that everything that you are including in the reference section is duly cited in the paper.** The author (s) are supposed to follow the references as per the following:
  - All works cited in the text (including sources for tables and figures) should be listed alphabetically.
  - Use **(ed.)** for one editor, and **(ed.s)** for multiple editors.
  - When listing two or more works by one author, use --- (20xx), such as after Kohl (1997), use --- (2001), etc, in chronologically ascending order.
  - Indicate (opening and closing) page numbers for articles in journals and for chapters in books.
  - The title of books and journals should be in italics. Double quotation marks are used for titles of journal articles, book chapters, dissertations, reports, working papers, unpublished material, etc.
  - For titles in a language other than English, provide an English translation in parenthesis.
  - **Headers, footers, endnotes and footnotes should not be used in the document.** However, **you can mention short notes to elucidate some specific point**, which may be placed in number orders after the references.

**PLEASE USE THE FOLLOWING FOR STYLE AND PUNCTUATION IN REFERENCES:**

**BOOKS**

- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

**CONTRIBUTIONS TO BOOKS**

- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

**JOURNAL AND OTHER ARTICLES**

- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

**CONFERENCE PAPERS**

- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–23

**UNPUBLISHED DISSERTATIONS**

- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

**ONLINE RESOURCES**

- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

**WEBSITES**

- Garg, Bhavet (2011): Towards a New Gas Policy, Political Weekly, Viewed on January 01, 2012 <http://epw.in/user/viewabstract.jsp>



**ONE PERSON COMPANY (OPC): EVALUATING ITS FIRST STEP IN INDIA**

**URMILA YADAV**  
**STUDENT**  
**GOVERNMENT P. G. COLLEGE**  
**GURGAON**

**SAVITA MALHAN**  
**STUDENT**  
**GOVERNMENT P. G. COLLEGE**  
**GURGAON**

**ABSTRACT**

*In a glance it could be understood that OPC has several drawbacks over some limited advantages. The critical factor would be see how supporting legislation pushes the concept of OPC- would banks treat the OPC as a full-fledged company or compromise for a company? Is winding up an OPC as hectic and tedious as winding up a normal company? Will this new concept be able to attract more and more entrepreneurs? We need to understand that this concept holds good in a matured economy, where corporate governance is an integral part of all organisations. In India, OPC is in its stage of infancy and hence it requires ample time to usher throughout the economy.*

**KEYWORDS**

OPC, corporate governance.

**INTRODUCTION**

After some harsh criticism from both corporate and professional front, OPC ultimately got success to trickle down into new Companies Act, 2013. Already prevalent in Europe, Singapore, China, USA and several countries of Gulf region, OPC has got its first step in India. The need of flying solo and having limited liability gave a head start to the OPC concept. Appraised majorly for covering unorganised sector in a developing economy like India, it also provides ample flexibility to individuals and professionals to manage their business efficiently while enjoying all the benefits of being a company as well. OPC is a new kind of enterprise which has characteristics of a company as well as of a sole proprietorship firm.

**The crux is, it is a legal entity which functions on the same principles as a company does, but has only one member and one shareholder.**

The following article will give a quick glimpse about the different sections of OPC, its advantages and hurdles. Also, this article will provide some recommendations to the government, financial institutions and the entrepreneurs to take steps in order to face challenges efficiently.

**PROCEDURE FOR INCORPORATING OPC**

1. Obtain Digital Signature Certificate [DSC] for the proposed Director(s).
2. Obtain Director Identification Number [DIN] for the proposed director(s).
3. Select suitable Company Name, and make an application to the Ministry of Corporate Office for availability of name.
4. Draft Memorandum of Association and Articles of Association [MOA & AOA].
5. Sign and file various documents including MOA & AOA with the Registrar of Companies electronically.
6. Payment of Requisite fee to Ministry of Corporate Affairs and also Stamp Duty.
7. Scrutiny of documents at Registrar of Companies [ROC].
8. Receipt of Certificate of Registration/Incorporation from ROC.

**DIFFERENCE BETWEEN SOLE PROPRIETORSHIP FIRM AND OPC**

It is right that OPC is mixture of company and sole proprietorship. It could also be said that OPC is one notch higher than sole proprietorship. The major difference between these two could be summed up as follows:

**TABLE 1**

Basis of Difference	One Person Company	Sole Proprietorship
<b>Legal Entity</b>	Has separate legal entity.	Owner and entity are same personality.
<b>Debt Payment</b>	It is not the sole responsibility of the owner.	It is sole responsibility of the owner.
<b>Liability</b>	Has limited liability.	Has unlimited liability.
<b>Credit</b>	Credit is granted after analysing the credit history of the company.	Credit is granted after analysing the credit history of the owner.
<b>Tax Liability</b>	Separate from owner's tax.	Tax paid by the owner.
<b>Legal Requirement</b>	It will need to be registered mandatorily.	No mandatory registration.

**PROVISIONS FOR OPC**

Now we shall discuss the provision regarding OPC in our new Companies Act, 2013:

**Section 2 (62)** "One Person Company" means a company which has only one person as a member.

**Section 2 (40)** "Financial statement" in relation to a company, includes—

- (i) a balance sheet as at the end of the financial year;
- (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;
- (iii) cash flow statement for the financial year;
- (iv) A statement of changes in equity, if applicable; and
- (v) Any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):

Provided that the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement.

**Section 2 (68)** "private company" means a company having a minimum paid-up share capital of one lakh rupees or such higher paid-up share capital as may be prescribed, and which by its articles,—

- (i) restricts the right to transfer its shares;
- (ii) Except in case of One Person Company, limits the number of its members to two hundred:



Provided that where two or more persons hold one or more shares in a company jointly, they shall, for the purposes of this clause, be treated as a single member:

Provided further that—

(A) Persons who are in the employment of the company; and

(B) Persons who, having been formerly in the employment of the company, were members of the company while in that employment and have continued to be members after the employment ceased,

shall not be included in the number of members; and

(iii) Prohibits any invitation to the public to subscribe for any securities of the company;

**Section 3. (1):** Formation of company: A company may be formed for any lawful purpose by—

(a) seven or more persons, where the company to be formed is to be a public company;

(b) two or more persons, where the company to be formed is to be a private company; or

(c) one person, where the company to be formed is to be One Person Company that is to say, a private company,

by subscribing their names or his name to a memorandum and complying with the requirements of this Act in respect of registration:

Provided that the memorandum of One Person Company shall indicate the name of the other person, with his prior written consent in the prescribed form, who shall, in the event of the subscriber's death or his incapacity to contract become the member of the company and the written consent of such person shall also be filed with the Registrar at the time of incorporation of the One Person Company along with its memorandum and articles:

Provided further that such other person may withdraw his consent in such manner as may be prescribed:

Provided also that the member of One Person Company may at any time change the name of such other person by giving notice in such manner as may be prescribed:

Provided also that it shall be the duty of the member of One Person Company to intimate the company the change, if any, in the name of the other person nominated by him by indicating in the memorandum or otherwise within such time and in such manner as may be prescribed, and the company shall intimate the Registrar any such change within such time and in such manner as may be prescribed:

Provided also that any such change in the name of the person shall not be deemed to be an alteration of the memorandum.

**Section 3 (2):** A company formed under sub-section (1) may be either—

(a) a company limited by shares; or

(b) a company limited by guarantee; or

(c) an unlimited company.

**Section 4 (1)(f):** Memorandum: In the case of One Person Company, the name of the person who, in the event of death of the subscriber, shall become the member of the company.

**Section 12 (3): Proviso:** Registered office of One Person Company(OPC): Provided further that the words "One Person Company" shall be mentioned in brackets below the name of such company, wherever its name is printed, affixed or engraved.

**Section 92(1): Proviso:** Annual return: Provided that in relation to One Person Company and small company, the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.

**Section 96 (1):** Annual General Meeting (AGM): Every company other than a One Person Company shall in each year hold in addition to any other meetings, a general meeting as its annual general meeting and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next.

**Section 122 (1):** The provisions of the below sections shall not apply to a One Person Company (OPC):

- **Section 98:** Power of Tribunal to call meetings of members, etc
- **Section 100:** Calling of extraordinary general meeting
- **Section 101:** Notice of meeting
- **Section 102:** Statement to be annexed to notice
- **Section 103:** Quorum for meetings
- **Section 104:** Chairman of meetings
- **Section 105:** Proxies
- **Section 106:** Restrictions on voting rights
- **Section 107:** Voting by show of hands
- **Section 108:** Voting through electronic means
- **Section 109:** Demand for poll
- **Section 110:** postal ballot
- **Section 111:** Circulation of members' resolution;
- **Section 134:** Financial statement, Board's report, etc.:

(1) The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board at least by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of a One Person Company, only by one director, for submission to the auditor for his report thereon.

(4) The report of the Board of Directors to be attached to the financial statement under this section shall, in case of a One Person Company, mean a report containing explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report.

**Section 137 (1):** Copy of financial statement to be filed with registrar: (Proviso 3) also that a One Person Company shall file a copy of the financial statements duly adopted by its member, along with all the documents which are required to be attached to such financial statements, within one hundred eighty days from the closure of the financial year.

**Section 149:** Company to have Board of Directors: (1) 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:

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.

**Section 152:** Appointment of Directors: (1) Where no provision is made in the articles of a company for the appointment of the first director, the subscribers to the memorandum who are individuals shall be deemed to be the first directors of the company until the directors are duly appointed and in case of a One Person Company an individual being member shall be deemed to be its first director until the director or directors are duly appointed by the member in accordance with the provisions of this section.

**Section 173: Meetings of Boards: (5)** A One Person Company, small company and dormant company shall be deemed to have complied with the provisions of this section if at least one meeting of the Board of Directors has been conducted in each half of a calendar year and the gap between the two meetings is not less than ninety days:

Provided that nothing contained in this sub-section and in section 174 shall apply to One Person Company in which there is only one director on its Board of Directors.

**Section 193:** Contract by One Person Company: (1) Where One Person Company limited by shares or by guarantee enters into a contract with the sole member of the company who is also the director of the company, the company shall, unless the contract is in writing, ensure that the terms of the contract or offer are contained in a memorandum or are recorded in the minutes of the first meeting of the Board of Directors of the company held next after entering into contract: Provided that nothing in this sub-section shall apply to contracts entered into by the company in the ordinary course of its business.

(2) The company shall inform the Registrar about every contract entered into by the company and recorded in the minutes of the meeting of its Board of Directors under sub-section (1) within a period of fifteen days of the date of approval by the Board of Directors.

## HIGHLIGHTS

1. As a separate legal entity, it would be treated and considered as a private company, subject to some pre-specified exceptions.
2. Mentioning the words "one person company" in brackets at the registered office of the company is mandatory.
3. Minimum numbers of members in its register of members shall be one. Number of directors can extend from minimum one to 15 in its board.
4. Name of the person, who shall become a member of the company at the incapacity of the existing member, must be included in the memorandum of association.
5. Simply by means of communication through a member of the company, the sole member may carry out any business after passing ordinary or special resolution as per requirements and by entering the same in the minute book.
6. Following relaxations shall be enjoyed by OPC:
  - Preparation of cash flow statement is not mandatory.
  - Even a single director can sign the annual report and director's report.
  - No forbiddance to hold annual general meeting.
  - Restriction to vote either by show of hand, electronic means, poll, postal ballot or by circulation (restriction of voting right).
  - No one shall have the power to call any meeting, give notice about a meeting and annexure thereto, call for a quorum, appoint a chairman, and proxies for a meeting.

## PLUS POINTS

### 1. EASY INCORPORATION

- a. OPC has an easy compliance. It follows simple step by step procedure and requires minimal documentation. It is because of the reason that such type of hectic-free process will attract more & more potential entrepreneurs.

### 2. SEPARATE LEGAL ENTITY AND LIMITED LIABILITY

- a. This is another stress buster that new Company Law has brought for entrepreneurs. Risk in proprietorship is higher as the owner is personally responsible for the business because owner and business is treated as a single entity. Thus, owner bears unlimited liability. But under separate legal entity clause of OPC, entrepreneur will be treated separate from business and have limited liability. This provides as safeguard to the personal property of the entrepreneur.

### 3. BOOST FOR BEGINNERS

- a. OPC is best suited for those who want to fly solo and who have great ideas but don't want to share with anyone. OPC breaks the hurdles of limited fund and capital. OPC is one notch higher than sole Proprietorship. It also provides better market, economic and management opportunities. Moreover, expansion can be done easily.

### 4. UNORGANISED SECTOR COVERAGE

The conventional ways of doing the business are still prevalent. But the question is:-

- a. Are they able to get any proper benefit from the govt. policies and schemes meant for their welfare?
- b. Not only this, a proprietorship can be a tax ineffective way of doing business. OPC can be the best answer of such problems. It will bring structured arrangements and accordingly, facilities would be availed by OPC. Thus, covering unorganised sector will help not only the entrepreneurs but the govt. and economy as a whole.

## HURDLES

Irrespective of many beneficial characteristics, OPC suffers from many disadvantages when compared with other forms of business organisations. These are given below:

### 1. SELF-RULING

By virtue of section 96(1) and the section 122, the owner alone is empowered to take any (or all) decision for the business. But this kills the democracy and hence, voting power has no means in such autocratic form of organisation. Being impractical, it also strikes the investors regarding the safety of their money, as a single person can't always take rational decision with the perspective of every stakeholder. Thus, one person decision can make or break the fate of OPC.

### 2. MISSING ACCOUNTABILITY

Meetings stipulated by the erstwhile Companies Act, 1956, installed a sense of accountability of the operations of a company. But the relaxations provided under OPC [section 96(1)] about holding Annual General Meeting leaves the organisation without any iota of accountability.

### 3. DOUBTFUL PERPETUAL SUCCESSION

Perpetual succession specifies for the long term operativeness of the company irrespective of the state of its members. Section 3 and section 4(1)(f) provides for the one name of any person to be included in Memorandum of Association (MOA) who shall become the member of OPC in case of death of existing member. However, inclusion of one name only doesn't guarantee successful continuance of the firm after retirement/death of the member because:-

The succeeding member may not remain idle for years when his turn comes to take charge of the OPC.

Because the succeeding member himself may not remain in a state to take charge of OPC when the time comes due to illness/death/unsound mind.

Because not being involved in day-to-day operations of the company, and thus having no knowledge & experience to succeed the business.

Hence, due to any of the above reasons, the succeeding member may end up with wind up of the company.

### 4. INTEREST CONFLICT BETWEEN INVESTORS AND DIRECTORS

Separation of owners and controllers means that the people who invest in the firm (i.e. shareholders) and people who run the company (i.e. directors) are different. Directors want to maximize the profits whereas shareholders expect huge dividend. Thus, both have overlapping objectives.

This is the basic problem that new Companies Act, 2013 inherits from the Companies Act, 1956. The blurred line between ownership and control may call for serious unethical business practices and hence, may result into serious corporate governance issues.

### 5. LIMITED LIABILITY: A LUCRATIVE TRAP

Limited liability could be said a double edged sword. If it holds good for members, it might be dangerous for investors and other stakeholders. On the contrary, if this concept fails and the court applies the concept of lifting the corporate veil, it would be useless to incorporate OPC. In a nutshell, it could be said that in a country like India, which has ample pool of tax evaders and frauds, limited liability clause would be nothing more than a means to carry out scams and other fraudulent activities easily.

### 6. HIGH COST

When compared with sole proprietorship, it could easily be figured out that OPC has high incorporation cost and cost of statutory compliance which is of a recurring nature. Not only this, a proprietorship firm is easy to incorporate as well as easy to wind up without much complicated procedure, but so is not the case with OPC.

**7. GREATER TAX LIABILITY**

One must note that tax implications of OPC are much higher than that of sole proprietorship. The OPC is charged at a base tax rate of 30% along with other applicable taxes like minimum alternative tax (base tax rate 18.5%), dividend distribution tax (base tax rate 15%) and others. The tax incidence is the main deterrent for setting up of OPC.

**8. DIFFICULT MARKETING AND CREDIBILITY**

As we know, OPC is a combination of sole proprietorship as well a company.

But as it has one member, it would lack democratic decision making and accountability which would make it difficult for such companies to get loans from institutions. Also as it is a new form of organisation, no credit records will be available, which is the primary basis for banks and financial institutions to granting any loan.

Also, in the absence of separate ownership and control, the investors will feel threat in investing in such a company, as the owner also enjoys the advantage of limited liability and poor corporate governance.

**RECOMMENDATIONS**

1. The govt. should have separate tax slab for OPC with not so stringent rules. Harsh rules made for other forms of companies shall not be applied on OPC for a certain period of time to boost the prospective entrepreneurs.
2. Banks and financial institutions should not deny for the financial aid in the first go to the OPC as it is a new form of organisation and hence it will not have any past credit records. So, the banks and other financial institution should have a look to the promising future of the company as well as to the past credit history & capability of the entrepreneur while granting the loan.
3. OPC is more like a fancy concept in India. But entrepreneurs should step up for OPC only after they have gone through the pros & cons of the same. Also, after entering into this business, keen attention shall be paid to follow ethical practices only. Otherwise it could destroy them.
4. In India, J J Irani committee recommended the formation of One Person Company. It also suggested that it simpler legal procedure through exemptions should be provided to such an entity so that the single entrepreneur is not compelled to waste precious time, money and resources on procedural matters.

**CONCLUSION**

In a glance it could be understood that OPC has several drawbacks over some limited advantages. The critical factor would be see how supporting legislation pushes the concept of OPC- would banks treat the OPC as a full-fledged company or compromise for a company? Is winding up an OPC as hectic and tedious as winding up a normal company? Will this new concept be able to attract more and more entrepreneurs?

We need to understand that this concept holds good in a matured economy, where corporate governance is an integral part of all organisations. In India, OPC is in its stage of infancy and hence it requires ample time to usher throughout the economy.

**REFERENCES**

1. The chartered accountant journal, vol. 62.
2. The Hindu Business Line, published on 27 Dec, 2012.

**WEBSITES**

3. caclubindia.com
4. <http://indiacode.nic.in/acts-in-pdf/182013.pdf>
5. inc. 42 magazine.
6. legalservicesindia.com
7. onepersoncompany.in

## **REQUEST FOR FEEDBACK**

**Dear Readers**

At the very outset, International Journal of Research in Commerce & Management (IJRCM) acknowledges & appreciates your efforts in showing interest in our present issue under your kind perusal.

I would like to request you to supply your critical comments and suggestions about the material published in this issue, as well as on the journal as a whole, on our e-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com) for further improvements in the interest of research.

If you have any queries, please feel free to contact us on our e-mail [infoijrcm@gmail.com](mailto:infoijrcm@gmail.com).

I am sure that your feedback and deliberations would make future issues better – a result of our joint effort.

Looking forward to an appropriate consideration.

With sincere regards

Thanking you profoundly

**Academically yours**

Sd/-

**Co-ordinator**

## **DISCLAIMER**

The information and opinions presented in the Journal reflect the views of the authors and not of the Journal or its Editorial Board or the Publishers/Editors. Publication does not constitute endorsement by the journal. Neither the Journal nor its publishers/Editors/Editorial Board nor anyone else involved in creating, producing or delivering the journal or the materials contained therein, assumes any liability or responsibility for the accuracy, completeness, or usefulness of any information provided in the journal, nor shall they be liable for any direct, indirect, incidental, special, consequential or punitive damages arising out of the use of information/material contained in the journal. The journal, neither its publishers/Editors/ Editorial Board, nor any other party involved in the preparation of material contained in the journal represents or warrants that the information contained herein is in every respect accurate or complete, and they are not responsible for any errors or omissions or for the results obtained from the use of such material. Readers are encouraged to confirm the information contained herein with other sources. The responsibility of the contents and the opinions expressed in this journal are exclusively of the author (s) concerned.

## ABOUT THE JOURNAL

In this age of Commerce, Economics, Computer, I.T. & Management and cut throat competition, a group of intellectuals felt the need to have some platform, where young and budding managers and academicians could express their views and discuss the problems among their peers. This journal was conceived with this noble intention in view. This journal has been introduced to give an opportunity for expressing refined and innovative ideas in this field. It is our humble endeavour to provide a springboard to the upcoming specialists and give a chance to know about the latest in the sphere of research and knowledge. We have taken a small step and we hope that with the active co-operation of like-minded scholars, we shall be able to serve the society with our humble efforts.

### *Our Other Journals*

