



Insights of One Person Company in the Frame of Law and Business

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Abstract

Purpose – To explore the insights regarding One Person Company.

Design/methodology/approach – This paper explores the insights regarding One Person Company following the provisions of law with the analysis of secondary data.

Findings – It presents the limitations and high potential of One Person Company.

Research implications/limitations – The main limitation is that there is very limited research on it as the issue is new.

Practical implications – The findings contribute to the knowledge of law and business both for the academicians and practitioners.

Originality/value – This paper is very unique among the existing handful papers on this issue.

Keywords – Law and Business, One Person Company (OPC), Registration of OPC, Provision for OPC, Cross-disciplinary Approach.

Paper type – Definition paper

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Introduction

In terms of exchange and venture, the COVID-19 plague has displayed both impediments and conceivable outcomes for Bangladesh. As a result, the government has made a few commendable business-friendly activities in later months. In Bangladesh, a one-person company (OPC) could be a generally unused sort of trade. The Alteration characterizes a one-person company as one that has as it was one characteristic individual as a shareholder. The words 'One Person Company' or 'OPC' must show up at the conclusion of the company's title. When one

person is the sole shareholder of a firm, the state 'One Person Company' is self-explanatory. When a normal individual is the sole shareholder of a company and needs to advantage from the preferences of an enlisted company instead of a sole proprietorship, he can frame an OPC. In spite of the fact that OPC may be a well-established idea in a few nations, counting China, Turkey, Sri Lanka, the United Kingdom, Australia, Later Zealand, the United Arab Emirates, Singapore, the United States, Pakistan, and Nepal, it is still a generally modern marvels in Bangladesh. The correction too incorporates prerequisites for the arrangement and enrollment of this sort of trade. A characteristic individual can begin a one-person company by getting to be a shareholder within the company's notice for any authorized reason. As it were one one-person company can be shaped by a characteristic individual. The Revision moreover states that the one-person business's reminder must incorporate the title and consent of a candidate who will take over as the company's shareholder within the occasion of the shareholder's passing, failure to function the company for any reason, or in case the shareholder gets to be unnatural. The candidate can grant his or her assent in a assortment of ways. As a result, the Correction gives the candidate the capacity to pull back his or her consent to serve as a candidate for the one-person company. The shareholder may moreover supplant the assignment in the event that the chosen one passes on or gets to be crippled.

Provision for Forming One Person Company

A one-person company (OPC) is one whose sole shareholder may be a characteristic individual [as characterized in proposed Area 2 (Kha Kha) of sub-section 1 of area 2 of the Companies Act, 1994]. A one-person company is defined as one whose sole shareholder could be a characteristic individual, agreeing to the 'Companies (2nd Amendment) Act 2020.' The act was changed in order to make strides the country's trade and speculation climate, as well as its positioning within the 'Global Ease of Doing Trade Ranking.' The foremost vital objective, in any case, was to form, empower, and empower business people and family businesses to conduct their businesses in a formal way by bringing existing casual industry entrepreneurs beneath the assess radar and giving them with get to the benefits of an enlisted company within the shape of monetary and commerce administrations accessible within the formal economy. The minimum paid-up capital of such a company is BDT 2,500,000.00 (Twenty Five Lac), and the maximum paid-up capital is BDT 5,00,00,000.00 (Five Crore). Such a company must have a minimum yearly turnover of BDT 1,00,00,000.00 (One Crore) and a maximum yearly turnover of BDT 50,000,00,000.00 (Fifty Crore) for the past fiscal year. In the event that the paid-up capital and turnover figures outperform these limits, the commerce must enlist as a private or open constrained company.

In case the sum increments, the company must be changed over into a private limited company by the sole shareholder. Area 392A requires a Memorandum and Articles of Affiliation. Since the company's proprietor and shareholder will be a single individual, it must be controlled by another single individual after his or her passing. The proprietor or shareholder must title a chosen one in this case. Anybody can be assigned for this position. The company will be entitled to the chosen one assigned by the ancient sole shareholder upon the passing of the OPC's sole shareholder. The chosen one has the same rights and obligations as the past sole shareholder. Upon his passing, the candidate can delegate somebody else to be his chosen one. This method can proceed uncertainly. In terms of company enrollment, the controls administering the enrollment of private limited companies must be watched. The one-person company's director is the shareholder, and the shareholder can assign the company's manager, secretary, and other staff. A Director's meeting must be held by the company's shareholders at slightest once per half-year calendar year. The notice of a company like this may be changed by passing an extraordinary determination and taking after the existing rules of the Companies Act 1994.

A one-person company's offers can as it were be exchanged to another common individual. Inside 180 (one hundred eighty) days after the conclusion of a financial year, the adjust sheet and budgetary archives, marked by the company's Director, must be displayed to the Recorder. The one-person company may be wound up in agreement with the Companies Act 1994's winding-up provisions. The transferor of the offers must yield the concerned Director's list, the Articulation of Yearly Capital, and the Deed of Exchange with Affirmation to the Registrar's registered office (RJSC). The transferor must following go to in individual at the Registrar's enlisted office to certify the authenticity of his signature. In the event that the transferor could be a outside national or dwells exterior of the Joined together States, the reports and affirmations relating to the exchange of offers must be certified by an authorized officer of the pertinent embassy and sent to RJSC. Within the occasion of the passing of a sole shareholder of OPC, the nominee/assignee is entitled to all of the shareholder's offers, and the company must inform the enroll of such an occasion. The company's only shareholder may be a single person. Within the occasion that the major shareholder passes on, a chosen one must be named. The company will be given to the chosen one in case the proprietor kicks the bucket. The candidate will be entitled to the same profits and other advantages as the perished shareholder, as well as be held to the same commitments. Within the occasion that the nominee/assignee passes on, the nominee/assignee may assign another individual with his or her composed endorsement to ended up a shareholder of the company.

OPC (One Person Company) ought to be composed for sign of Limited Company when established by a single individual, unless in the event that there's an NGO or Company Limited by Guarantee, as we are acclimated to seeing (LTD) after the title of a company [Companies Act of 1994, Area 11(Ka)]. 'One Person Company (OPC)' ought to be included at the conclusion of the company title to indicate that it could be a limited company; in any case, this portion does not apply to non-profit organizations and companies constrained by ensure. [as proposed by Segment 11(Ka) of the Companies Act of 1994]

Characteristics of One Person Company

One of the foremost engaging highlights of an OPC to business visionaries is that it limits money related and legitimate risk to the company (not the person), as restricted to a sole proprietorship, which holds the person by and by at risk for any obligation emerging from the company's commerce operations. After joining an OPC, the company and the business visionary ended up two isolated lawful substances. The constrained risk system permits business people to work out individual flexibility whereas too taking on expanded hazard and commitment. In expansion to giving legitimate security and charge adaptability, the OPC helps business people in getting monetary assets from banks, which are more likely to contribute in an consolidated substance. The concept of OPC moreover shows up to be the most prominent choice for little businesses wishing to undertake their hand at anything other than a single proprietorship. Moreover, it helps business people in getting sole proprietorship of a brand title as a enlisted company, which is basic given the rise of entrepreneurs and fakers within the online commerce world.

Advantages of One Person Company

It's worth noticing that Bangladesh was set 168th out of 190 countries on the Worldwide Ease of Doing Trade in 2020. This ought to grant a great picture of the current commerce environment in

Bangladesh and its limitations, particularly for the ever-growing business visionaries who are battling to remain above water. As a result, the selection of OPC shows up to be a game-changing move in coordination the colossal number of business people into the formal economy. The concept of a One Person Company was built up for the primary time in Bangladesh's entrepreneurial circle with the foremost later modification to the Companies Act 1994. This modern status gives business visionaries with legitimate assurances as well as the opportunity to be joined into the state's official economy, among other benefits. In comparison to a restricted trade, a sole proprietorship has a few focal points but moreover a few drawbacks. The foremost critical drawback is that a sole proprietor has boundless duty, which suggests that on the off chance that the commerce goes into obligation, the person proprietor may be actually responsible. A one individual company sole shareholder can work numerous enterprises under the company, a bit like a private constrained company. Anybody can end up a modern shareholder, but the company will stay a constrained company. In comparison to a constrained commerce, an OPC can be begun with less cash. The advancement of the one-person firm has made it less demanding for business visionaries to do trade. Presently, a individual can essentially shape a company and confirm that the company and the business visionary are two free legitimate entities. As a result, the entrepreneur's risk is constrained to his company's offers. Besides, changing over from a sole proprietorship to a one-person company may assist you grow your firm since banks may be more willing to loan to businesses than single proprietors. Besides, with commerce, building and securing your brand may be less demanding, as enrolling as a company implies that no other company can utilize the same title as yours. Moreover, consolidating a company can offer assistance to progress commercial ties by giving a sense of steadiness to the company's partners. A one-person company moreover shows up to be culminate for small firms looking for the leading legitimate assurance, because it encompasses a negligible statutory paid-up capital requirement.

Current Status of One Person Company in Bangladesh

There was no OPC enlisted in Bangladesh until May 30, 2021, six months after its foundation. The controllers property the moo enrollment reaction to a need of data almost OPC as well as a generally high paid-up capital. As a result, in light of the current circumstance, it is prescribed that the least required prerequisites for both paid-up capital and past year's turnover be decreased, in the event that not dispensed with, as these measures are in infringement of the law's aim. Besides, since the casual division is as well huge to disregard, the criteria ought to be set in light of the current showcase circumstance as well as the around the world widespread, and ought to as it were be made after counseling specialists and those who are straightforwardly or by implication influenced by the necessities. Moreover, within the financial year 2021-22 budget, the government diminished the OPC assess rate from 32.5 percent to 25 percent in arrange to pull in the expanding casual segment of business visionaries. In any case, the number shows up to be far as well huge to create a noteworthy distinction, and it is prescribed that a one- or two-year assess exception or a drop within the assess rate underneath 10% would help little businesses in reevaluating their circumstances and eventually encourage them to join as OPC. Numerous modern and current business people within the nation confront challenges in getting money related help from banks. Besides, in this time of pandemic, the small and medium enterprise (SME) segment has endured the foremost, and business visionaries in Bangladesh are seeking out for assess benefits in arrange to maintain their businesses, it shows up to be the perfect situation for the government to popularize OPC with charge exclusions and advance motivating forces. Moreover, within the financial year 2021-22 budget, the government diminished the OPC assess rate from 32.5 percent to 25 percent in arrange to pull in the expanding casual segment of business visionaries. In any case, the number shows up to be far as well huge to create a noteworthy distinction, and it is prescribed that a one or two year assess

exception or a drop within the assess rate underneath any percentage would help small businesses in reevaluating their circumstances and eventually encourage them to join as OPC. Numerous modern and current business people within the nation confront challenges in getting money related help from banks. Besides, in this time of pandemic, the small and medium enterprise (SME) segment has endured the foremost, and business visionaries in Bangladesh are seeking out for assess benefits in arrange to maintain their businesses, it shows up to be the perfect situation for the government to popularize OPC with charge exclusions and advance motivating forces. In the event that successfully actualized and spread, OPC can be a boon to the nation in terms of tending to rising unemployment and including altogether to GDP and advancement. In any case, it is up to lawmakers to think carefully almost the conditions for enrolling as an OPC and to create it more user-friendly for business people within the casual segment to be excited almost it. Besides, the government ought to hold classes to raise information of the benefits and offer different motivations to energize business visionaries to end up corporatized.

Aim of the Study

To explore the insights regarding One Person Company.

Methodology

The researchers looked at a range of data. This article is prepared utilizing a desk research method and is based on secondary data.

Limitation of One Person Company

In Bangladesh, a single person can only register a single one-person company. He/she is unable to have multiple one-person businesses.

Implications

The expansion of the OPC is anticipated to form Bangladesh's legitimate framework more inviting to outside businesses. The necessity for a 'natural person' as a shareholder, on the other hand, may cruel that outside speculators who take part through a parent company by shaping a backup company in a have nation will be prohibited from the proposed changes. The affirmation of OPCs has been hailed as a positive step forward. With the objective of improving ease of doing trade, Parliament revised the Company's Act prior this year, expelling the arrangement that made it basic for companies to have a seal in arrange to be enlisted.

Findings

This review paper has exposed some noteworthy findings as follows:

- In Bangladesh, a single person can only register a single one-person company. He/she is unable to have multiple one-person businesses.
- There is a high potential of success of this type of company in Bangladesh.

Conclusion

Different nations around the world permit a single individual to make a company. The government has taken the activity to plan legitimate rules for the foundation of One Individual Companies [OPC] in arrange to develop and advance encourage commerce and venture over the nation. The list of Ease of Doing Commerce will be raised as a result of this arrangement. The charge is titled 'The Company Act (2nd Amendment), 2020' and is presently being wrangled about in parliament. As a result of the later widespread, the government has taken a few steps

that will advantage both the nation and the business visionaries. This Bangladeshi firm has as of late picked up national consideration. A proposition has been made to change the Companies Act of 1994 to cover one-person businesses (OPC). A single individual is the as it were shareholder of a one-person firm. One individual businesses, or OPCs, must be included at the conclusion of their names. The favorable result will contribute to Bangladesh's financial development. Numerous business people in Bangladesh will advantage from the administrations given by a one-person company. The necessities can moreover be met. In case any business visionary needs to begin commerce in Bangladesh with a little speculation, usually the put to go. This company can as it were be enrolled by one individual, as the title infers. The company's as it were shareholder is this single individual. In other regions of the world, OPC may be a well-known brand. In Bangladesh, in any case, the concept is unused. Rather than being a single proprietorship, OPC will have all of the preferences of a recognized company.

References

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