

**P.G. SEM - II**  
**CC- 8 ( CORPORATE LEGAL FRAMEWORK)**  
**TOPIC - CHARACTERISTICS OF PUBLIC COMPANY**

### **Characteristics of Public Company**

A public company is a type of company that is formed and registered under the Companies Act and is allowed to offer its shares and debentures to the general public. It plays an important role in large-scale business operations because it can raise huge amounts of capital from the public. A public company has certain distinct characteristics which differentiate it from a private company.

One of the main characteristics of a public company is minimum number of members. It must have at least seven members, but there is no limit on the maximum number of members. This feature enables the company to expand widely and attract large investments. Another important feature is separate legal entity. A public company has its own legal existence separate from its shareholders. It can own property, enter into contracts, sue and be sued in its own name.

A public company also enjoys limited liability. The liability of its shareholders is limited to the amount unpaid on the shares held by them. Their personal assets are not used to pay the company's debts. Another key characteristic is free transferability of shares. The shares of a public company can be freely transferred without the consent of other shareholders, and in many cases, they are listed on a stock exchange for public trading.

A public company has perpetual succession, which means its existence is not affected by the death, insolvency, or retirement of any member. The company continues to exist until it is legally dissolved. It is also required to follow strict legal formalities and regulations. Public companies must issue a prospectus to invite the public to subscribe to shares, conduct statutory meetings, maintain proper accounts, and publish financial statements regularly.

Another important feature is separation of ownership and management. The shareholders are the owners of the company, but the management is carried out by a Board of Directors elected by the shareholders. This ensures professional management of the company's affairs.

In conclusion, a public company is characterized by large membership, limited liability, separate legal existence, free transfer of shares, perpetual succession, and strict legal compliance. These features make it suitable for large-scale business operations and for raising capital from the public.