

Startups in India

What is difference between Proprietorship and Pvt. Ltd and how quickly can we register a single Proprietorship company?

Hello All,

We all know how much our energy gets drained to do any thing which involves govt procedures but yet again I am cursed (may be because of bad karma in my last birth) to interact with the illogical bureaucracy (my dear "patriots" please dont start arguing that I have to respect the babu... [\(more\)](#))

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Vinay Jain, Founder at LokalArt.com
21.3k Views • Upvoted by Shalabh Tayal

There is a big difference between a proprietorship and partnership firm i don't want to go in much details but will surely like to suggest you that the legality of pvt. ltd. company or say partnership firm is more then the proprietorship firm , and more over if you are doing a startup you should go for a pvt. ltd. company that will save a lot of your time in various connecting with any PG ,Bank, VC etc.
to form a company it would hardly take 20 days with a reputed CS , and for a firm max. it would take not more then 7 days.

A good CS will not charge you more then INR 15k to form a company and for a firm this expenditure is as low as INR 2-3k , but yes in a company you have to appoint a CA and CS and have to pay for audit every year so its again a overhead in it but its worth while if you earn enough to pay fees to them.
hope it helps any other query is welcomed.

Written Nov 7, 2013 • [View Upvotes](#)

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Barca Done, Co founder of Closest2u Interned at Ontorschool.com
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	Small Partnership	Private Limited Liability	Sole proprietorship
Establishment	Normal way/online	Normal way/online	Normal way/online
Founders (members)	Physical persons	Either physical or juridical persons	Physical person
Number of founders (members)	1-10 (members)	1-249 (shareholders)	1 (owner)
Member's liability for the duties of a juridical person	Limited civil responsibility of a member	Limited civil responsibility of a shareholder	Unlimited responsibility of an owner
Minimal sum of initial capital	Determined by members	No smaller than 10 thousand <u>litas</u>	Initial capital is not obligatory
Capital and down payments	Member's contribution to the establishment does not always need to be financial.	Capital is divided into <u>shares</u>	Contribution by a personal property belonging to an owner.
Voting system principles	Normally 1 vote per member, but if the company has a managing partner, the system could be different.	1 vote per share	Decisions made independently by an owner himself/herself.

Difference between proprietorship and ltd is taxation and liability. proprietorship means that you, as the sole proprietor, are liable for everything, meaning if the business gets sued, you get sued. so you could lose everything you and the business own. also, as a proprietorship, the business taxation falls under your own personal income tax. as a limited firm, what you do is create a separate entity for the business. meaning that the business purchases its own equipment, can enter into its own contracts, and if it gets sued, then the owner is (for the most part) not touched on the personal level. the business may go bankrupt without the person having to worry about losing any personal possessions such as a house. Also, a ltd firm gets taxed on its own under corporate taxes, which tend to be a lot more favorable most of the time.

Written Nov 28 • View Upvotes

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Vinay Gupta
7.5k Views

sole proprietorship registration in india
We are happy to know that you want to make Relationship with us
As Discussed with shobhana gupta,
We are here to tell that the below documents are required to register your sole-proprietorship firm

This will cost including Legal Charges & Professional charges is **Rs. 4000/-**

Sole Proprietorship Registration will take 8-10 days working time

Documents Required:

1. Pan card of proprietor
2. Address proof of registered office address
3. 2 Passport size Photos

Need Help?
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Written Dec 25, 2014

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Anonymous
8.6k Views

Dear Citizen,

Don't get traumatised. If you have make up your mind to open your own business than get ready for hiccups and surprises. This is how things work in the beginning.

To start with, I suggest you to register your company through a Govt. recognized CA and make it either a partnership or proprietorship firm. I guess the basic requirement to make a company Pvt. Ltd. is that your company minimum turnover must be over 1 cr and you must have 10 employees on roll. Also, you must be filling returns and deducting TDS of employees etc.

1. Go for Proprietorship.
2. If you are planning to have a co-owner than register your company as partnership firm. You can make a 50:50 partnership deed from notory or lawyer. Main difference between Pvt company and proprietor ship firm is huge. In Pvt. Ltd. company you need to have directors on board who will have the shares in your company.
- 3.The procedure is absolutely smooth, however you have to run and invest your time for sure.

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Shreyas

Best of luck!

Written Jul 18, 2014 • View Upvotes

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Pradeep Kumar Pilla

3.1k Views

In a Pvt.Ltd company according to the Act 1956 Sweat Equity Of Shares what ever you or your partners invest in your company have to be shared equally and the shares are based on the Directors choice as per the investment made.The director only has to answer the company's business detail.

There is no relation to the investor according to the law regarding the business.

For Proprietorship the rule is single person investment single share.

The above lines are as per knowledge.

Written Sep 4, 2015

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