



Question 7. Write a brief note on 'Minimum Subscription'

Answer: When shares are issued to the general public, it is necessary that the minimum subscription amount should be subscribed so that the company can allot shares to the applicants. This minimum amount of share subscription is termed as minimum subscription. As per the Company Act 1956, the minimum subscription of share cannot be less than 90% of the issued amount. If the minimum subscription is not received, the company cannot allot shares to its applicants and it shall immediately refund the entire application amount received to the public. e.g., if a company issued 1,00,000 equity share than at least 90,000 share must be subscribed by the public.

***** END *****