



## Origin and development of modern corporate format of business in India and abroad: An overview

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### Abstract

Corporations have existed since the beginning of trade. From small beginnings they assumed their modern form in the 17th and 18th centuries with the emergence of large, European-based enterprises, such as the British East India Company. During this period of colonization, multinational companies were seen as agents of civilization and played a pivotal role in the economic development of Asia, South America, and Africa. By the end of the 19th century, advances in communications had linked world markets more closely, and multinational corporations were widely regarded as instruments of global relations through commercial ties. While international trade was interrupted by two world wars in the first half of the twentieth century, an even more closely bound world economy emerged in the aftermath of this period of conflict.

Over the last 20 years, the perception of corporations has changed. As they grew in power and visibility, they came to be viewed in more ambivalent terms by both governments and consumers. Almost everywhere in the world, there is a growing suspicion that they are not sufficiently attuned to the economic well-being of the communities and regions they operate in and that they seek to exploit their growing power in relation to national government agencies, international trade federations and organizations, and local, national, and international labour organizations.

India's modern corporate form evolved from ancient guild-like structures (Srenis) and early British East India Company ventures, maturing post-independence with the Companies Act 1956, accelerating significantly after the 1991 economic reforms leading to the comprehensive Companies Act 2013, fostering transparency and modern governance via bodies like SEBI and CII.

**Keywords:** Company law, corporate form, global companies, limited liability, stock exchange

### Introduction

The English word "Company" has originated from the French word "Compagnie" which means a body of soldiers. In strict sense a company is an association of person formed for the purpose of achieving some common objectives. In other words a Company is a legal entity made up of an association of persons, be it natural, legal, or a mixture of both, for carrying on a commercial or industrial enterprise. Company members share a common purpose and unite in order to focus their various talents and organize their collectively available skills or resources to achieve specific, declared goals. Companies take various forms such as

- Voluntary associations organised in public and private sector which may include any non-profit organisation.
- A group of soldiers organised to accomplish a task.
- Business entities with an aim of gaining profit.
- Financial entities and banks.

As per the Indian Companies Act a company is "One formed or registered under the Indian Companies Act 2013 or an existing company". An existing company is a company formed or registered under any of the previous company laws. This definition does not reveal the distinctive characteristics of a company. According to Marshall, "A company is a person artificial, invisible, intangible and existing only in the contemplation of law. It possesses only those properties which the character of its creator confers up on it either expressly or as incidental to its very existence".

Another comprehensive and clear definition of a company is given by Lord Justice Lindley, "A company means an association of many persons who contribute money or money's worth to a common stock and employs it in some

trade or business, and who share the profit and loss (as the case may be) arising there from. The common stock contributed is denoted in money as the capital of the company. The persons who contribute it, or to whom it belongs are members. The proportion of capital to which each member is entitled is his share. Shares are always transferable although the right to transfer them is often more or less restricted". According to Haney, "A Joint Stock Company is a voluntary association of individuals for profit, having a capital divided into transferable shares. The ownership of which is the condition of membership" From the above definitions, it can be concluded that a company is a registered association which is an artificial legal person, having an independent legal entity with a perpetual succession, a common seal for its signatures, a common capital comprising transferable shares and carrying limited liability.

### History of Company Form of Business

The history of business format similar to some of the characteristics of a modern company dates to 500 AD in Europe and Asia. Business establishments with the characteristics of pooling of capital from many, separation of ownership and control, separate entity distinct from the capital contributors, etc. existed in different parts of the world. According to the available history, 'Kongo Gumi' was the first such business established in the year 578 AD to undertake construction work in Japan. In 705 AD 'Nishigama Onsen Keiunkan' was started and 'Koman' in 717 AD to undertake hotel business in Japan. Since then several business establishments were started in Japan in that format.

In Europe this format was first introduced in Germany in 862 AD by 'Staffelter Hof' for manufacture of Wine. By 953 AD a business called "Bingley Arms" was formed in the UK in this format for manufacturing arms and ammunitions. This was followed by the establishment of 'Marinelli Bell Foundry' in Italy to undertake foundry business. In France a company called "Egghebella" was formed for manufacturing Wine in 1239.

Starting of 'Bian Yi Fang' for conducting hotel business in 1416 laid the foundation of this format of business in China followed by 'Guangzhou Chen Lei' for conducting pharmaceutical business.

It was in the farming business this format was tried first in US. During the early years of 16th century three business houses were started in this format in US, namely Shirley Plantation in 1613, Tuttle's Red Barn in 1623 and field View Farm in 1639. Since then a number of business units were formed in different sectors in different parts of the world like Australia, Canada, New Zealand, Russia.

### History of Modern Corporate Form of Business

As has been stated above the origin of business format with the characteristics of modern joint stock company can be traced to medieval guilds which were established with separate legal entity, pooling of capital from several people and sharing of profit in proportion to capital contribution, the most important distinguishing characteristics of a corporate form of business from other forms, The emergence of joint stock Company during 16th century occurred as foreign trade expanded to newly discovered parts of the world Trade monopolies were granted by the Royal charter to those who furthered the government policy by equipping navy, establishing colonies and discovering new trade routes. Initially permissions were given to individuals but later to group of individuals as more capital is required for this and higher risk involved. The most famous and successful of these companies were centred in England and Northern Europe, namely the English East India Company started in 1600 and the Dutch East India Company started in 1602.

The Dutch East India Company was established with the approval and backing of the government of the Netherlands. In the early seventeenth century some of the most sought-after trade goods in Europe were spices namely, cinnamon, nutmeg, and cloves. Such spices were tremendously expensive and rare in the European market and grown only in a small number of distant islands in Asia. The Dutch East India Company was able to establish trade connections with several key trading ports in Asia and to ship high-value Asian trade goods back to Europe for sale. The Dutch focused most of their efforts on the islands of Southeast Asia but established trading centres in places like Japan and Africa.

The English East India Company established in 1600, traded in Indian textiles, precious metals, Chinese silks and tea throughout the Indian Ocean regions. Like the Dutch in Southeast Asia, English merchants conquered key port cities and provinces throughout South Asia. By the close of the eighteenth century the English East India Company controlled vast portions of India. After the initial success of the Dutch East India Company and the English East India Company several other companies were formed in Europe for high-risk ventures like trading and mining. For example, after witnessing the success of the Dutch and English, the

French formed their own French East India Company in 1664. There were also companies formed in Sweden, Scotland, Denmark and the North America.

At first it was a loose association of merchants rather than a company in its present form. Along with the company conducting business, members were also allowed to carry out trade in their individual capacity. Profits were divided at the end of each voyage and members could choose to invest or not in each voyage. Only by mid-17th century it has become a permanent entity. This type of entity during the earlier period focused on trade and mercantilism, not in manufacturing.

In the early years of the establishment of these companies there were two groups of people involved in it, namely (1) people actively involved in trade activity in addition to contribution of capital called insiders and (2) people do not directly involved in business but contributed capital and undertake risk called outsiders. Investors were also given freedom to opt out of a particular voyage, they were also given all information relating to all voyages, risk involved in each voyage, etc. When the business expanded, promoters required more capital which they could not garnish through personal contacts. This forced them to project some people as key persons in the business as directors and raise outside capital with the reputation of directors. The high risk and the variety of skills needed in foreign trade and colonization necessitated the development of skilled managers and the broadening individual base beyond the membership in a particular merchant group. The extended source of capital and skilled managerial talents strengthened the organisation by 17th century.

Till 1688, the companies were incorporated under the Royal Charter of the King/Queen. After 1688, the powers for starting companies were transferred to the parliament. Many companies were started to mobilize private equity for undertaking basic infrastructure like roads, water supply, river navigation, etc., as public funding was limited at that time.

Along with the incorporated public corporations, the unincorporated companies similar to the characteristics of partnership firms were also started during the period without charter or act. These unincorporated companies adopted partnership law and made their own provisions to deal with large number of shareholders, but without corporate entity. After 1688, there was a boom in the joint stock company form, in both incorporated and unincorporated format in a wide range of economic activities like mining, insurance, water supply, banking, manufacturing, etc. This boom was followed by a period of decline until late 1710 due to some unfair practices in stock trading. This was followed by the introduction of The Bubble Act of 1720 for ensuring fair trade practices in share trading.

During this period joint stock form of business format started in different parts of the world. The Virginia Company started in Jamestown Virginia in 1606 was the first joint stock company formed in the USA. In Germany during this period companies were formed in two formats, namely, public limited company format and private limited company format. Ferederick the Great's Asiatic Company started in Ernden in 1750 was the first public limited company formed in Germany In Italy joint stock companies were formed under Societa Per Azioni (SPA) during this period. In China under the reformist Qing dynasty period from 1872 joint stock companies were stated. In 1904, a comprehensive Companies Act was also introduced in China for governing the Chinese companies.

**Growth of company form of business during 19th and 20th century:** The history of corporate form of business format since 1800 is closely associated with many things, namely, (1) Acceptance of the new concept of 'Limited liability' around the world, (2) The growth of stock exchanges around the world, (3) Popularization of capitalism as an economic philosophy for development, (4) The great industrial revolution, (5) Introduction of separate legislation for formation and management of the Joint Stock company in different countries (6) The end of cold war and changes in economic, cultural, social, political and trade environment around the world, (7) Development of Big emerging markets, and (8) Acceptance of American supremacy in the economic issues around the world.

In 1855, the concept of limited liability was first accepted in the company form of business in England and subsequently in the other parts of the world. This has revolutionized the company format of business around the world. Even though many of the characteristics of modern company existed during that period, but the liability of members was unlimited. This has prevented many rich people from entering this format of business. The limited liability concept has restricted the liability of the shareholders to the amount contributed by them or amount guaranteed to contribute to the venture. Shareholders' personal properties were totally exempted from the firm's liability, Slowly during this period other features of modern joint stock company such as distribution of dividend, transferability of share, appointment of directors by shareholders in general meeting, keeping accounts on permanent basis, disclosure to the shareholders through statement of accounts have developed.

#### Introduction of Limited Liability Concept

The introduction of the trading mechanism for the buying and the selling of shares popularly known as 'Stock Exchanges' which ensured liquidity, transparency, price stability, dispersed ownership and regular valuation of investment strengthened the development of Joint Stock Company form of business around the world. The London Stock Exchange established in 1698 was the first of its kind, which popularized this format of business in England and Europe. Similarly, the establishment of the New York Stock Exchange in 1817 in New York, America, Tokyo stock exchange in 1878 in Tokyo Japan and Shanghai Stock exchange in 1860 in China contributed significantly in the development of joint stock company form of business around the world. This has simplified the procedure of investment of money in the corporate establishments.

Prior to the nineteenth century companies around the world were formed under the Royal Charters of the King or the Queen. For example, The English East India Company or the Dutch East India Company. In the middle of the 19th century different countries introduced separate legislations

for the formation and the governance of Joint Stock form of companies. The USA was the first country to introduce a comprehensive company law in 1846 with limited liability concept. England has stopped the incorporation of Companies and introduced a comprehensive company legislation known as 'Companies Act, 1856 Immediately after this most of the European countries like France, Germany, Austria, the Netherland, also introduced their own company laws. The German Companies act is known as Prussian Act 1843. In Asia, Japan and China introduced their own companies act in 1844 and 1923 respectively.

The Great Industrial Revolution of 1830 is another factor that contributed to the growth of companies during the 19th century. The introduction of modern technology in manufacturing and service industries necessitated the need for more capital which could not be shared by a few people. Hence, the industries slowly started approaching large number of people having small savings through equity participation through stock exchanges. During this period the scale of operations of most of the industries increased and they enjoyed the economies of large scale operations. This has to some extent solved the demand-side problems of many products and services.

During the last two hundred years we have been witnessing tremendous changes in the economic, demographic, social, cultural, trade, technological and natural environment around the world. Global economic integration took place to a large extent during the last 200 years. The economic integration that was about 10 per cent at the beginning of 19th century, it has increased to 60 per cent now. Trade integration has also increased significantly through the bilateral and multilateral trade agreements between nations resulting in the formation of WTO, Convergence of the needs and wants of the people also took place during this period because of increased means of transport and communication. Unity in diversity principle has been accepted all over the world in the cultural and the social issues. Convergence is also taking place in the legal and the financial systems as part of globalization. All these have contributed to the growth of corporate format of business.

One of the recent developments contributing to the growth of the joint stock company format is the emergence of 'Big emerging markets' consisting of ten nations such as India, China, Korea, Indonesia, Brazil, Argentina, Mexico, Turkey, Russian Federation, Poland and the South Africa, having more than 70 per cent of the world population and one third of the global purchasing power. Most of the markets of the developed countries are saturated and hence business corporations are eyeing on these ten nations. To exploit these markets large scale cost effective production and marketing is necessary for which a huge amount of capital is also required.

#### Major Global Companies in the World

Sl. No.	Name of the Company	Country of Origin	Year of Starting	Business Area
1.	Coco Cola	The US	1886	Food and Beverages
2.	General Electrics	The US	1892	Electrical
3.	Pepsi	The US	1898	Food and Beverages
4.	Nestle	Switzerland	1905	Food
5.	Royal Dutch Shell	The UK	1907	Oil & Natural Gas
6.	Toyota	Japan	1937	Automobile
7.	Volkswagen	Germany	1937	Automobile
8.	Apple	The US	1976	Electronics
9.	Walmart	The US	1962	Retails
10.	AT&T	The US	1983	Telecommunication

**History of the Company form of business in India:** The history of business format with a number of characteristics of modern company in India dates back to 800 BC. The old form of company in the name of 'Sreni', 'Nigama' and 'Pani' were present in India during that period. Sreni and Nigama are the economic organisations of merchants, craftsmen and artisans. They were similar to the guilds in medieval period in Europe. Pani was a type of organisation of merchants traveling in a caravan to trade their products. These organisations of the traditional traders possessed many similar characteristics of a modern company in terms of structure, governance and regulations. Srenis were given separate legal entity, centralized management, separation of

ownership and management, registration with state, election of managers and voting representation. But at the same time they did not enjoy the characteristics such as limited liability and transferability of share as is enjoyed by the modern company. This business format continued till the advent of Islamic invasion around 1000 AD in India. According to Vikarmaditya S. Khanna the following characteristics of modern corporate form of business were seen in ancient 'Sreni' also.

**Comparison of Characteristics of Modern Company and Traditional Sreni**

Sl.No	Characteristics	Modern Company	Traditional Sreni
1.	Separate entity	Yes	Yes
2.	Centralized Management	Yes	Yes
3.	Transferability of Funds	Yes	Probably No
4.	Limited Liability	Yes	No
5.	Agents' Power to Bind Entity	Yes	Yes
6.	Election of Management	Yes	Yes
7.	Removal of Management by Owners	Yes	Yes
8.	Registration with the State	Yes	Yes
9.	Sharing the Assets and the liabilities	Yes	Yes
10.	Easy to Exit	Yes	Yes
11.	Open Discussion at General Meeting	Yes	Yes

**Modern Company form in India:** The history of the modern corporate format of business in India can be divided into five stages namely

1. From 1600 to 1850 associated with the British colonization in India and the introduction of an exclusive legislation for the formation and the governance of Joint Stock Company.
2. From 1850 to 1900 associated with cotton and jute boom and the establishment of Stock exchanges in India.
3. From 1901 to 1947 associated with the establishment of family business by big business families in India like Tatas, Birlas, Godrej, etc.
4. From 1947 to 1990 associated with the post independent industrialization.
5. From 1991, associated with liberalization and globalization era.

The first stage of 1600 to 1850 is closely associated with the arrival of the English East India Company and the Dutch East India Company in 1600 and 1602 respectively: Both these companies were registered under the Royal Charter and were in the form of private limited companies for raising capital for the voyages for trade. At that time they concentrated on spices trade with India. At that time the Dutch East India Company had a slight edge in trade with India because of their superior financial power. From 1610 onwards these companies slowly shifted their focus to cotton and textile and the first textile factory was started in 1613 in Surat, Gujarat, for manufacturing textiles in India. This was followed by the Company rule in India from 1757 to 1858 and then British rule in India till 1947. During this period especially upto 1850 several companies were formed by the British Govt. in port cities of Bombay, Calcutta and Madras. Some of the important businesses formed in the company format were Commonwealth Trust, Peirce and Leslie, Aspinwall & Company, etc.

**Company Law in India**

Another landmark in the history of corporate form of business in India during the period is the introduction of an exclusive legislation for the formation and governance of company form of business. The English Common Law is the source of origin of the Company legislations in India. Various companies acts that were passed in India from time to time were based on the English Companies Act. In 1850, the first law on 'registration of joint stock companies' was enacted in India which was based on the English Companies Act of 1844 known as the Joint Stock Companies Act, 1844. This Act of 1850 recognized the company as a distinct legal entity but the privilege of limited liability was not granted to the company under the Act. The principle of limited liability was recognized in India by virtue of the Joint Stock Companies Act, 1857 which was passed following the English law, the Joint Stock Companies Act, 1856. The next law relating to Company in India was the Companies Act of 1866 legislated (based on English Companies Act of 1862) for consolidating and amending the law relating to the incorporation, regulation and winding up of trading companies and other associations. This Act was amended and remodelled in 1882 and it remained effective till 1913. In 1913, the Indian Companies Act of 1913 was legislated following the English Companies (Consolidation) Act, 1908. This act for the first time recognized Private Limited Companies. This Act of 1913 was found to be highly inadequate in the course of its operation and thus it went through numerous amendments till the enactment of the Companies Act, 1956. The Companies Act, 1956 was enacted in compliance with the recommendations of the Bhabha Committee. The major amendments in this Act were brought in 2002 which provided for the constitution of the National Company Law Tribunal in place of the Company Law Board. It was during this period a shift from the democratic voting right to plutocratic voting right (one vote to one share from one vote to one member) took place in company decision making process.

### Formation of Stock Exchanges in India

The second stage begins with the 'Cotton Boom' in Maharashtra and Gujarat during 1850 and the 'Jute Boom' in Bengal during the same time. At that time the cotton textiles were made in indigenous manner and there were no modern textile mills in India. The British companies were exporting raw cotton from India and textiles that were manufactured in England and imported to India for marketing. All the value additions and employment were generated in England. This has annoyed the Indian businessmen and they thought of establishing modern textile mills in India. But mobilizing huge capital was the main problem. To solve this problem Bombay businessmen decided to start a Stock exchange and established the Bombay Stock Exchange, the first stock exchange in India in 1875. This was followed by the establishment of the Ahmedabad Stock Exchange in 1894. This has made the real beginning of the company format of business in India with all the characteristics of a modern corporate organisation. Similarly, the Calcutta Stock Exchange was started in 1908 for mobilizing finance for establishing Jute mills in Bengal. This was followed by the establishment of the Madras Stock Exchange in 1920 and the Indore Stock Exchange in 1930. Since then a number of stock exchanges were formed for ensuring liquidity to capital market investment.

During this period itself the two big family business groups in India namely Tata, and Birla established their business empire in India by converting their holding companies namely Tata sons established by Sri, Jamshedji Tata in 1874 and Aditya Birla Group established by Sri Seth Shri Narayan Birla in 1857 The first Tata Company started was the Central India Spinning Weaving and Manufacturing Company in 1874.

The history of corporate form of business in India since 1900 is closely associated with big family business houses established by Tatas, Birla's, Godrej, etc

Tata Group is one of India's largest conglomerates. In 2024-25, the revenue of Tata companies, taken together is over \$180 billion (approximately ₹15.34 lakh crore). These companies collectively employ over 660,000 people. Each Tata company or enterprise operates independently under the guidance and supervision of its own board of directors and shareholders. There are 30 publicly-listed Tata enterprises with a combined market capitalization of about \$328 billion as of March 2025. Tata companies with significant size include Tata Steel established in 1907, Tata Motors started in 1945 which is the 17th largest automobile company in the world and 4th largest in the world in truck manufacturing and 2nd largest in bus manufacturing. Tata Consultancy Services was established in 1965; Tata Power, Tata Chemicals, Tata Global Beverages, Tata Tele Services Titan. Tata Communications and Taj Group of Hotels followed its establishment.

The Aditya Birla Group is another Indian multinational conglomerate named after Aditya Vikram Birla, headquartered in the Aditya Birla Centre in Worli, Mumbai, India. It operates in 40 countries with more than 120,000 employees worldwide. The group's interests are sectors as viscose staple fibre, metals, cement (largest in India), viscose filament yarn, branded apparel, carbon black, chemicals, fertilizers, insulators, financial services, telecom (third largest in India), BPO and IT services. Very important companies under the group are Hindalco, UltraTech Cement, Grasim Industries, IDEAL Cellular, Birla Fashions

and Retails. The group had whopping overall revenue of approximately US\$67 billion in year 2025.

The Godrej Group is another Indian conglomerate headquartered in Mumbai, Maharashtra, India, managed and largely owned by the Godrej family. It was founded by Ardeshir Godrej and Pirojsha Burjorji Godrej in 1897 and operates in sectors as diverse as real estate, consumer products, industrial engineering, appliances, furniture, security and agricultural products. Subsidiaries and affiliated companies include Godrej Industries and its subsidiaries Godrej Consumer Products, Godrej Agrovet, and Godrej Properties, as well as the private holding company Godrej & Boyce.

### Growth of Public Sector Companies

The nationalization of certain important foreign and domestic corporations functioning in key areas, the starting of new public sector companies in basic and key sectors of the economy, the introduction of a comprehensive company law, the starting of new private corporate business in emerging areas like IT, Pharmaceuticals, communication, the emergence of some new business families, the starting of a number of stock exchanges, dominate the post-independence history of corporate form of business in India.

After the independence of the country, the government has nationalized, some of the important foreign and domestic private enterprises functioning in corporate mode in key sectors like oil refinery, steel and other metal industries, coal sector, financial and insurance sectors. Along with this, new public sector companies were formed for the twin purpose of preventing corporate monopoly and channelizing profit from business for nation building activities. A number of heavy industries like BHEL (1964), Air India (1971), FACT (1943), Hindustan Insecticides (1954), BEL (1954), BPCL (1952), Coal India Limited (1973), Damodar Valley Corporation (1948), GAIL (1984), FCI (1965), Bharat Refractories (1974) NFCL, HMT, NTPC, ONGC, GIC, SAIL, Shipping Corporation of India, were started during this period.

A comprehensive company law has been passed in parliament called Indian Companies Act, 1956 replacing the earlier company laws. The new company legislation emphasizes a simple and transparent way of company formation, its governance, share capital issue, investor protection, separation of ownership and management, etc. The act envisages the formation of different types of companies such as public limited company private limited company, companies limited by shares, companies limited by guarantee, non-profit companies, unlimited liability company. It also specifies the types of securities to be issued for raising capital, its characteristic features, the method of issue of shares, mergers, amalgamation and capital reconstructive of companies. Issues relating to winding up, liquidation, etc., of companies were also specified in the law.

The emergence of IT as a strong sector to support all other sectors of the economy was another notable event that happened during the period. Several IT companies were formed in the joint stock format during the period. Some prominent among them are Infosys, Wipro, TCS, Satyam Computers (Now Tech Mahindra). Some new family business groups were also formed during the period like the Ambani Group (Reliance Industries) started by Sri. Dhirubhai Ambani, the Adani group started by Sri. Gautam

Adani, the Bharati enterprises started by Mr Sunil Bharati Mittal. These groups also started several joint stock companies by raising capital from general public. Twelve stock exchanges were also formed during this period.

Reliance Industries Limited (RIL) is an Indian conglomerate holding company headquartered in Mumbai, Maharashtra, India. Reliance owns businesses across India dwelling into various business ventures in energy, petrochemicals, textiles, natural resources, retail, and telecommunications. Reliance is the third most profitable company in India, the second-largest publicly traded company in India by market capitalization and the second largest company in India as measured by revenue after the government-controlled Indian Oil Corporation.

The Adani Group is an Indian multinational conglomerate company headquartered in Ahmedabad, Gujarat, India. Its diversified businesses include resources, logistics, agro-business and energy sectors. The Adani Group commenced as a commodity trading firm in 1988, grew quickly and diversified into the import and the export of multi-basket commodities. In the 1990s, it developed its own port in Mundra to provide a base for its trading operations. In 1995, Adani started construction at Mundra. In 1998, it became the top net foreign exchange earner for India. Soon in 1999, the company commenced coal trading, followed by a joint venture in edible oil refining in 2000 by forming Adani Willmar.

Bharti Enterprises is an Indian business conglomerate headquartered in New Delhi, India. It was founded in 1976 by Sunil Bharti Mittal and it operates in 18 countries across Asia and Africa, Bharti Enterprises owns businesses spanning across telecommunications, agriculture business, financial services and manufacturing.

**Post Liberalization Period** The foreign exchange crisis of 1989 and the consequent pledging of gold by the central government with Bank of England is a land mark event in the economic history of the country. To overcome the crisis, the government has initiated Liberalization, Privatization and Globalization (LPG) of the economy through a series of economic measures since 1990. This includes de-licensing of many industries, simplification of licensing procedure for those industries requiring license, initiating banking, capital market and insurance reforms, starting of a new regulatory body for capital market namely SEBI, starting of the NSE, removal of restrictions for FDI in many sectors, privatization of many public sector companies by name of Exit policy, etc. Significant growth of some new business family enterprises, the exponential growth of IT and the financial sector, a series of mergers and acquisitions and a series of corporate frauds and consequent failures such as Sathyam Computers, King Fisher Airlines are some of the major events that took place during the post liberalization period.

The first initiative taken by the government immediately after the foreign exchange crisis in 1989-90 as part of LPG was the de-licensing of many industries from the list of industries requiring license from the central government for establishing business. The number of industries reserved for public sector was reduced from 17 (as per 1956 policy) to only 8 industries namely Arms and Ammunition, Atomic Energy, Coal, Mineral Oil, Mining of Iron Ore, Manganese Ore, Gold, Silver, Copper, Lead, Zinc, Atomic Minerals and the Railways. Currently only two categories from the above such as atomic energy and the railways are reserved for public sector. Further, Atomic minerals come within the

purview of the Atomic Energy Act. The Government of India does not grant license to the private sector for mining of atomic minerals and mineral sand. However, for mining of mineral present in beach sand deposits, the state governments can grant license to private parties subject to the prior consent of the Department of Atomic Energy. Further, the policy had implied the threat of closure of sick public sector enterprises to increase efficiency of the public sector.

Further by introducing new Industrial Licensing Policy the government has abolished the Industrial licensing for all industries except for a short list of 18 industries. This list of 18 industries was further pruned in 1999 to six industries namely drugs and pharmaceuticals, hazardous chemicals, explosives such as gun powder and detonating fuses, tobacco products, alcoholic drinks, and electronic, aerospace and defence equipment. The compulsion for obtaining prior approval for setting units in metros was also removed. However, in this policy, industries reserved for the small scale sector were continued.

The licensing procedure for those industries which require license from the central government has been simplified and a single window system introduced The Foreign Direct Investment Promotion Board was also set up for clearing the applications for foreign direct investment.

### Conclusion

During the last two centuries all over the world we have witnessed significant changes such as advent of industrial revolution, trend of colonization, identification of huge unexploited natural wealth, emergence of the US as a super power, increased economic integration between nations, convergence of human needs and wants, advent of modern technology in manufacturing and service sectors, increased trade cooperation between nations, elimination of barriers of trade within and between nations, free movement of technology and capital across nations, etc All these have contributed to the development of new thinking about large types of business forms with huge capital, reduced risk, limited liability/ separation of ownership and control, transferability of rights, liquidity, etc. The development of company form of business format is the result of this thinking. Today, all over the world a large part of business in terms of volume and value assumed joint stock company format of business with characteristics like, separate entity, separation of ownership and control, transferability of right, risk diversification, etc.

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