

A Critical Study and Analysis about Minority Shareholders

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Abstract: *The dominant part investors quite often apply a flat out power over the organization, its administration, its governing body, etc. In any case, there are numerous organizations that are constrained by investors who possess just 40 percent, 30 percent, 20 percent, or less of the offers, and whom anyway apply full authority over the organization, as the rest of the offers are dispersed among an expansive number of investors, with all of them having an insignificant rate being not able accumulate various offers which is like those of the greater part investors. In this occasion, all minority investors who are dissipated, albeit together they could control even 80 percent of the offers, are characterized as minority investors, as all of them is a minority investor, and they can't collect enough votes to go about as dominant part investors. The meaning of minority investors will be in this manner investors who don't apply command over the top managerial staff of the organizations, regardless of whether together they claim most of offers, and the larger part investors are characterized as the individuals who control the governing body of organizations, regardless of whether viably they possess substantially less than most of the offers. A lion's share investor isn't absolutely critical. The Companies Acts have dependably constrained necessities giving a minority investor capacity to limit the abundances of the lion's share. Be that as it may, for the most part they were multiple times utilized against a lion's share investor who was resolved to execute his arrangements. In these conditions, the minority investor should go to the Court for wellbeing and help.*

Keywords: Minor, Shareholders, Authorities, Capital investing, Companies act, Effects

I. INTRODUCTION

The beginning of the maltreatment of minority investors comes for the most part from the ravenousness of a portion of the dominant part investors, who now and again has no restriction. Those dominant part investors trust that they can do anything, hazard to an ever increasing extent, since they get themselves unpunished, while staying inside the precise huge edges of the law. This is the reason it is expected to analyze inside and out the legitimate assurance of those minority investors and its productivity, so as to check if the law does the trick for their insurance, or if the minority investors require a moral security, which has an a lot more extensive degree. (Goo; Wai; Figure 6.5. Protection of Minority Shareholders, General Corporate Sector; Boyle, Minority Shareholders' Remedies; OECD, Protection of Minority Shareholders, General Corporate Sector; Judge; Gustavson; Lee et al.; Lipman; Davies; Joffe et al.; O'Neal and Thompson; Kang; Afsharipour; Hollington; Boyle, "The Statutory Minority Remedies"; OECD, Related Party Transactions and Minority Shareholder Rights; Boyle, "Preface"; Boyle, "The Rule in Foss v. Harbottle"; Boyle, "Reforming the Statutory Remedies"; Miller and Jentz, Business Law Today, Standard Edition; Miller and Jentz, Cengage Advantage Books: Fundamentals of Business Law: Excerpted Cases; Miller; Aglietta and Rebérioux; Moore) There are two related standards, known as the standard in Foss v Harbottle, which are the bases of the law identifying with the capacity of an investor to do procedures in the interest of his organization. One of the two standards is that where a wrong has been done to an organization just the organization, not singular individuals, can make a move and is alluded to as the "correct offended party" rule.



A break of obligation is a wrong to the organization and hence when in doubt, the solution for it lies with the organization not with the individual investors. The second guideline is that the desire of most of the individuals from the organization ought to be and large win in the running of its business. This is known as the "greater part rule" rule. In the event that a lion's share does not have any desire to make a move, for instance, in light of the fact that the wrong doing director(s) gets most of votes, a minority of investors must demonstrate that the realities fall inside a special case to the standard. In *Foss v Harbottle*. The exemptions are inflexible. The law in this field is mind boggling and darken, and this may well dissuade minority investors from bringing such procedures. The endeavor to give an elective strategy to minority investors' activities by rule has not been fruitful. Other customary law locales have as of late presented or thought about the presentation of a statutory subsidiary activity. Appropriately, the main issue on which this article concentrates is the law identifying with activities by minority investors in the interest of their organization. The primary issue on which center in this article is required on the adequacy of the treatment which is most generally utilized by minority investors to get some close to home treatment in wake of ruptures of executives' obligations, or of other lacking behavior of organization business. This is the solution for unjustifiably biased direct, to be found in segments 459-461 of the Companies Act 1985(Repealed Act). These areas give solutions for kinds of direct which some of the time can't be cured in some other way. Such direct happens most regularly in littler organizations in which the greater part of the individuals are associated with the board. A case of such direct is the avoidance from the executives of one of the proprietor supervisors by the others. These areas give individual cures, for example, a request that a gathering's offers ought to be purchased by different investors or by the organization. This cure is especially required by investors in organizations in which there is no market for the offers. Notwithstanding, procedures for help from out of line bias regularly involve complex real examination and result in exorbitant and lumbering case, which is especially adverse to littler organizations.

The Cohen Committee, as long prior as 1945, planned what was to wind up a statutory cure against the persecution of minority investors as area 210 of the Companies Act 1948. The Cohen Committee took the view that just and impartial twisting up, however it may be kept for possible later use, was normally wrong and the subordinate activity was as often as possible inaccessible inferable from the prohibitive idea of the *Foss v.Harbottle* rule. Indeed, even in the present law these perceptions remain basically evident. It has been seen that the Law Commission has attempted a noteworthy change of the subsidiary activity by making another statutory subordinate cure. By and large, be that as it may, the courts as of late have would in general adjust the unjustifiable bias solution for make it a progressively reasonable solution for abused minority investors. It will be seen this does not avoid resort to petitions looking for a "nal and impartial twisting up, or for sure a request of which looks for at the beginning to consolidate the two cures .The aim of the research is know about the minority shareholders .

II. OBJECTIVES

1. To know about what is minority shareholders.
2. To know about the problems faced by minority shareholders.
3. To know about the law undertaken for minority shareholders.

III. REVIEW OF LITERATURE:

In corporate world, every single law based choice and the executives of an organization are made with the dominant part rule which is regarded to be reasonable and defended. The larger part standard of basic leadership, regularly than not neglects the perspectives of minority investors. A minority investor is an individual in an organization who hates much power in the administration of the organization and their interests are dismissed.(Goo; Wai; Figure 6.5. Protection of Minority Shareholders, General Corporate Sector; Boyle, Minority Shareholders' Remedies; OECD, Protection of Minority Shareholders, General Corporate Sector; Judge; Gustavson; Lee et al.; Lipman; Davies; Joffe et al.; O'Neal and Thompson; Kang; Afsharipour; Hollington; Boyle, "The Statutory Minority Remedies"; OECD,



Related Party Transactions and Minority Shareholder Rights; Boyle, "Preface"; Boyle, "The Rule in Foss v. Harbottle"; Boyle, "Reforming the Statutory Remedies"; Miller and Jentz, Business Law Today, Standard Edition; Miller and Jentz, Cengage Advantage Books: Fundamentals of Business Law: Excerpted Cases; Miller; Aglietta and Rebérioux; Moore) In spite of the arrangements put under Companies Act, 1956 of insurance of the enthusiasm of minority investors, the minority investors got themselves unequipped for practicing their rights because of absence of the asset or of time. Along these lines, this brought about the lion's share mastery and concealment of minority investors rights in the basic leadership and the board of the organization and to defeat this issue looked by the minority, the Companies Act, 2013 thought of the answer for handle the issues which are generally looked by the minority investors.

Be that as it may, the meanings of minority investors are not referenced under the Companies Act, 2013 but rather under Section 235 (Power to secure offers of the contradicting investors) and under Section 244 (Right to apply for the mistreatment and fumble) of Companies Act, 2013 the minority investors are given 10% of offers or least hundred investors, at all, is less with offer capital and 1/3 of the absolute number of its individuals if there should be an occurrence of organizations without the offer capital. This arrangement expresses that on the off chance that the larger part moves their offers, the minority investor right must be incorporated into the arrangement. Additionally, "Piggy Backing" requires the gathering to think about the buy of the business to move 100 percent of the extraordinary offers. To guarantee the necessary arrangements of the minority investors. Minority investors lie in a shaky world, in which it might feel that there is little plan of action against the bigger dominant part. It's the atypical David and Goliath story, and while the law has tried to give the allegorical slingshot, this doesn't generally encourage you and over the long haul it might be best to transform yourself into Goliath. This should be possible by guaranteeing your minority rights are secured in the investor's' assent or to make your voice heard at a general gathering and produce bolster from your different investors to make a dominant part feeling and support for your view. An organization ought to be kept running as per its articles and the arrangements of CA 2006 identifying with an investor's close to home rights and corporate administration. In the event that it is, a minority investor will for the most part have no directly to test the choices of the executives or the lion's share. Minority investors asserts all speak to exemptions to this general standard, to a great extent dependent on impartial standards. The accessibility of these cases and the possibilities of achievement are restricted in like manner. Minority investor is an investor who possesses under 50 percent of the all out offers of an enterprise's stock. A minority investor does not have the casting a ballot control of the organization; neither can s/he without any assistance choose the executives of the partnership. They even don't have any genuine state in the running of the organization or company.

IV. MATERIALS AND METHODS

The type of research undertaken for this study is non-doctrinal and empirical research., random sampling method we adopted and thereby we circulated the questionnaires to the general public. The sample size is about 1441 .The collected samples have been analyzed using cross tab analysis and chi squared analysis. The research paper is an explanatory paper that's primarily based on secondary facts amassed from numerous sources .Distinct books,published articles,journals and e-sources has been used for the study.

HYPOTHESIS :

NULL HYPOTHESIS :The is no significant difference between the protection of minority shareholders .

ALTERNATE HYPOTHESIS: There is a significant difference between the protection of minority shareholders .



V. DATA ANALYSIS

DO YOU THINK THAT THE MINORITY SHAREHOLDERS HAVE THE RIGHT TO PAY

Crosstab

14. Do you think that minority shareholders have the right to pay

		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	Total
Female	Count	61	167	337	86	12	663
	% within 1. Gender	9.2%	25.2%	50.8%	13.0%	1.8%	100.0%
	% within 14. Do you think that minority shareholders have the right to pay	31.4%	37.0%	64.8%	36.6%	29.3%	46.0%
Male	Count	93	220	183	149	29	674
	% within 1. Gender	13.8%	32.6%	27.2%	22.1%	4.3%	100.0%
	% within 14. Do you think that minority shareholders have the right to pay	47.9%	48.8%	35.2%	63.4%	70.7%	46.8%
1. Gender	3	Count	32	26	0	0	58
	% within 1. Gender	55.2%	44.8%	0.0%	0.0%	0.0%	100.0%
	% within 14. Do you think that minority shareholders have the right to pay	16.5%	5.8%	0.0%	0.0%	0.0%	4.0%
4	Count	8	21	0	0	0	29
	% within 1. Gender	27.6%	72.4%	0.0%	0.0%	0.0%	100.0%
	% within 14. Do you think that minority shareholders have the right to pay	4.1%	4.7%	0.0%	0.0%	0.0%	2.0%
5	Count	0	17	0	0	0	17
	% within 1. Gender	0.0%	100.0%	0.0%	0.0%	0.0%	100.0%
	% within 14. Do you think that minority shareholders have the right to pay	0.0%	3.8%	0.0%	0.0%	0.0%	1.2%
Total	Count	194	451	520	235	41	1441
	% within 1. Gender	13.5%	31.3%	36.1%	16.3%	2.8%	100.0%
	% within 14. Do you think that minority shareholders have the right to pay	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%



Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	281.774a	16	.000
Likelihood Ratio	290.446	16	.000
Linear-by-Linear Association	56.899	1	.000
N of Valid Cases	1441		

a. 7 cells (28.0%) have expected count less than 5. The minimum expected count is .48.

Symmetric Measures

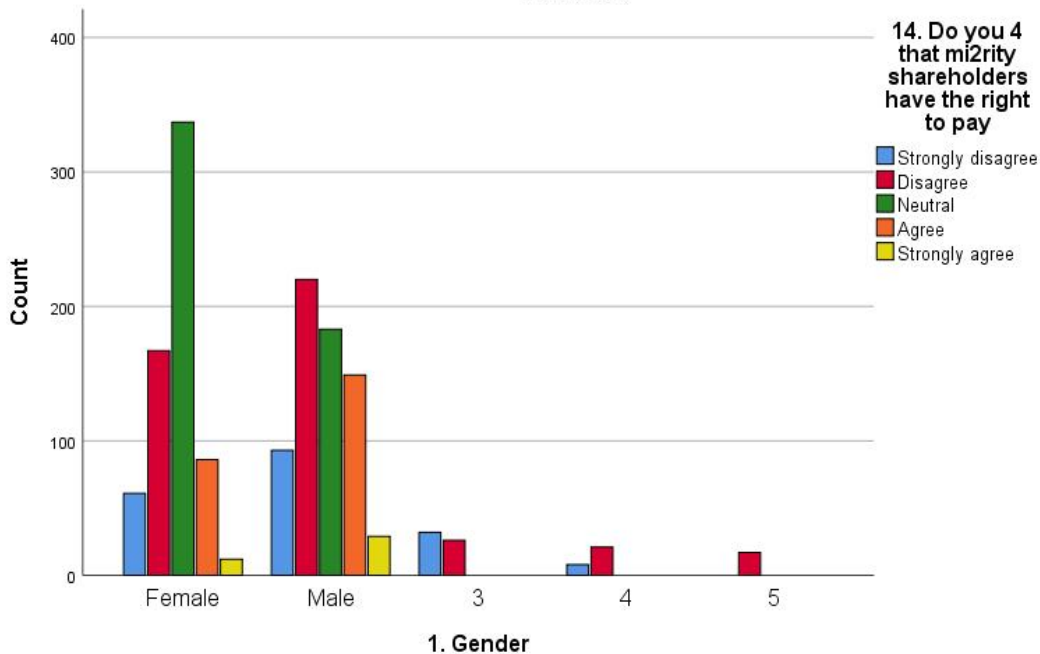
	Value	Asymptotic Standard Errora	Approximate Tb	Approximate Significance
Interval by Interval Pearson's R	-.199	.021	-7.694	.000c
Ordinal by Ordinal Spearman Correlation	-.176	.026	-6.765	.000c
N of Valid Cases	1441			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.

Bar Chart



Out of 1441 people , 663 people are female and 773 people are male . 61 female strongly disagree about the majority shareholders have the right to pay , 167 people says disagree, 337 peoples say neutral , 86 people says agree and 12 peoples say strongly agree .

4. Occupation * 13.Do you aware about the protection of mi2rity shareholders under Indian company law

		Crosstab					Total	
		13.Do you aware about the protection of mi2rity shareholders under Indian company law						
		Yes	No	3	4	5		
4. Occupation	Business	Count	111	98	23	1	16	249
		% within 4. Occupation	44.6%	39.4%	9.2%	0.4%	6.4%	100.0%
		% within 13.Do you aware about the protection of mi2rity shareholders under Indian company law	14.8%	16.4%	53.5%	3.7%	72.7%	17.3%
	Government Employee	Count	174	178	20	26	6	404
		% within 4. Occupation	43.1%	44.1%	5.0%	6.4%	1.5%	100.0%
		% within 13.Do you aware about the protection of mi2rity shareholders under Indian company law	23.2%	29.7%	46.5%	96.3%	27.3%	28.0%
	Private Employee	Count	288	171	0	0	0	459
		% within 4. Occupation	62.7%	37.3%	0.0%	0.0%	0.0%	100.0%
		% within 13.Do you aware about the protection of mi2rity shareholders under Indian company law	38.4%	28.5%	0.0%	0.0%	0.0%	31.9%
	Public Sector	Count	99	94	0	0	0	193
		% within 4. Occupation	51.3%	48.7%	0.0%	0.0%	0.0%	100.0%
		% within 13.Do you aware about the protection of	13.2%	15.7%	0.0%	0.0%	0.0%	13.4%



mi2rity shareholders under Indian company law							
	Count	78	58	0	0	0	136
	% within 4. Occupation	57.4%	42.6%	0.0%	0.0%	0.0%	100.0%
Others	% within 13.Do you aware about the protection of mi2rity shareholders under Indian company law	10.4%	9.7%	0.0%	0.0%	0.0%	9.4%
	Count	750	599	43	27	22	1441
	% within 4. Occupation	52.0%	41.6%	3.0%	1.9%	1.5%	100.0%
Total	% within 13.Do you aware about the protection of mi2rity shareholders under Indian company law	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
	Count	750	599	43	27	22	1441
	% within 4. Occupation	52.0%	41.6%	3.0%	1.9%	1.5%	100.0%
	% within 13.Do you aware about the protection of mi2rity shareholders under Indian company law	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	200.198a	16	.000
Likelihood Ratio	203.920	16	.000
Linear-by-Linear Association	62.272	1	.000
N of Valid Cases	1441		

a. 7 cells (28.0%) have expected count less than 5. The minimum expected count is 2.08.

Symmetric Measures

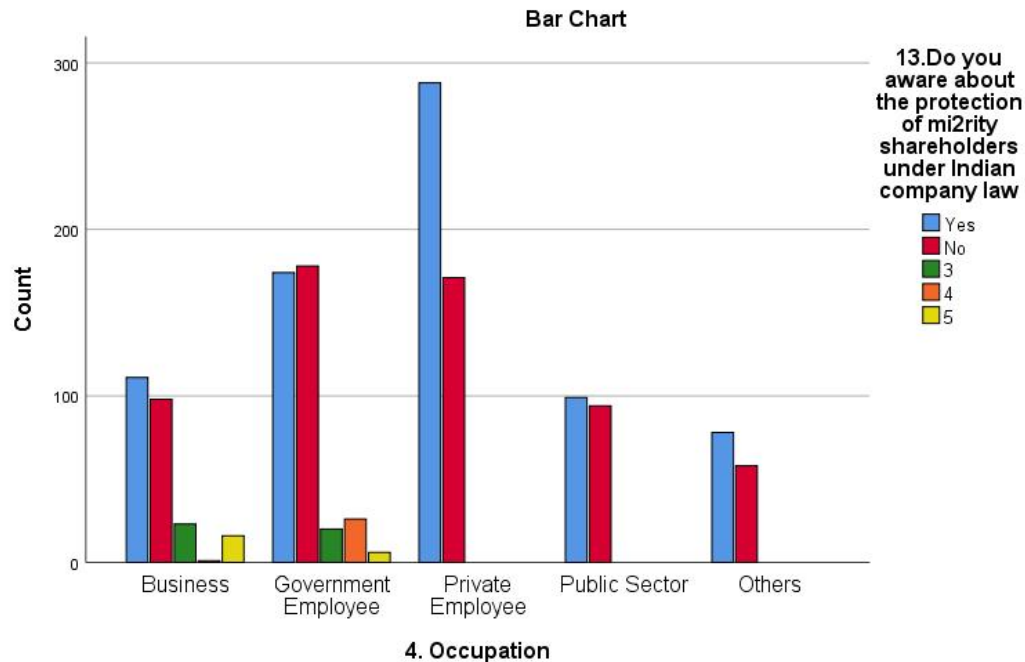
	Value	Asymptotic Standard Error ^a	Approximate Tb	Approximate Significance
Interval by Interval Pearson's R	-.208	.022	-8.065	.000c
Ordinal by Ordinal Spearman Correlation	-.164	.026	-6.323	.000c
N of Valid Cases	1441			

a. Not assuming the null hypothesis.

b. Using the asymptotic standard error assuming the null hypothesis.

c. Based on normal approximation.





out of 1441 people, 249 people are business occupation , 404 peoples are government employee , 459 peoples are privat .Out of 249 people in business occupation 111 people says yes and 98 people says no about the awareness about minority shareholders under company law .Out of 404 people in government employee 174 people says yes and 178 people says no .Out of 459 people , 288 people says yes and 171 people says no .out of 193 people in public sector , 99 people says yes and 94 people says No . Out of 136 in others , 56 people says yes and he people says No .

VI. DISCUSSION AND SUGGESTIONS :

Out of 1441 people , 663 people are female and 773 people are male . 61 female strongly disagree about the majority shareholders have the right , 167 people says disagree, 337 peoples say neutral , 86 people says agree and 12 peoples say strongly agree .

And out of 773 Male , 93 male strongly disagree about the majority shareholders have the right , 220 people says disagree, 183 peoples say neutral , 149 people says agree and 29 peoples say strongly agree out of 1441 people, 249 people are business occupation , 404 peoples are government employee , 459 peoples are privat

Out of 249 people in business occupation 111 people says yes and 98 people says no about the awareness about minority shareholders under company law .

Out of 404 people in government employee 174 people says yes and 178 people says no .

Out of 459 people , 288 people says yes and 171 people says no .

out of 193 people in public sector , 99 people says yes and 94 people says No .

Out of 136 in others , 56 people says yes and he people says No .

A minority investor may bring a case when the organization has been or is being overseen in a way that is 'unjustifiably biased' to a few or the majority of its investors (counting the petitioner). While these cases can be acquired connection to any sort of organization, they are normally conveyed effectively just in connection to organizations where the inquirer investor sensibly expected to be included in the administration of the organization. The privileges of investors



against one another and against the organization are by and large as characterized by the articles of relationship of the organization and by important rule law, specifically by the Companies Act 2006 . The general guideline is that an organization is overseen by its chiefs (not by its investors) and that a choice of most of investors came to when all is said in done gathering is official on the minority. An organization ought to be kept running as per its articles and the arrangements of CA 2006 identifying with an investor's close to home rights and corporate administration. In the event that it is, a minority investor will for the most part have no directly to test the choices of the executives or the lion's share. Minority investors asserts all speak to exemptions to this general standard, to a great extent dependent on impartial standards. The accessibility of these cases and the possibilities of achievement are restricted in like manner. Minority investor is an investor who possesses under 50 percent of the all out offers of an enterprise's stock. A minority investor does not have the casting a ballot control of the organization; neither can s/he without any assistance choose the executives of the partnership. They even don't have any genuine state in the running of the organization or company.

VII. RESULTS AND CONCLUSION:

Minority investors, particularly in exclusive organizations, can make a great deal of challenges for the dominant part. For instance, if the larger part needs to pitch the whole organization to an outsider, a minority proprietor could decline to move and sharp the arrangement. The greater part has a few different ways to make the minority move. Regularly called "purchase move ascension" or "constrained buyouts," these game plans enable the dominant part to drive the minority to offer their offers either to the larger part investors or to the organization itself. Similar understandings ensure minority investors by compelling the organization to purchase their offers in the event that they move out. In a very much organized purchase move understanding, the offer by an untouchable to buy the organization ought to enable an investor to counteroffer. The understanding ought to likewise indicate how to decide the reasonable estimation of the offers subject to constrained deal. Arrangement of PIGGYBACKING-When a dominant part investor moves their offers, a minority investor has the directly to be incorporated into the arrangement. This is classified "piggybacking." It secures your speculation should the organization be sold. Piggybacking necessitates that any gathering considering the buy of the business have the capacity to purchase 100 percent of the extraordinary offers. Arrangement of mandatory profits to the minority investors.

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