

- **Promoter**

According to L.J. Brown

The term promoter is a term not of law but of business, usefully summing up in a single word a number of business operations familiar to the commercial world by which a company is generally brought into existence.

According to Justice C. Cockburn

Promoter is one who undertakes to form a company with reference to a given object and to set it going, and who takes the necessary steps to accomplish that purpose.

According to Palmer

Company promoter is a person who originates a scheme for the formation of the company, has the memorandum and the articles prepared, executed and registered and finds the first directors, settles the terms of preliminary contracts and prospectus if any and makes arrangement for advertising and circulating the prospectus and placing the capital.

According to Guthmann and Dougall

Promoter is the person who assembles the men, the money and the materials into a going concern.

It is concluded that promoter means:

Promoter is the person who originates the idea for formation of a company and gives the practical shape to that idea with the help of his own resources and with that of others.

A person cannot be held as promoter merely because he has signed at the foot of the Memorandum or that he has provided money for the payment of formation expenses.

The promoters, in fact, render a very useful service in the formation of the company. A promoter has been described as a creator of wealth and an economic prophet. The promoters carry a considerable risk because if the idea sometimes goes wrong then the time and money spent by them will be a waste.

The idea of carrying on a business which can be profitably undertaken is conceived either by a person or by a group of persons who are called promoters. After the idea is conceived, the promoters make detailed investigations to find out the weaknesses and strong points of the idea, to determine the amount of capital required and to estimate the operating expenses and probable income.

The expression promoter means a promoter who was a party to the preparation of the prospectus or of the portion thereof containing the untrue statement, but does not include any person by reason of his acting in a professional capacity for persons engaged in procuring the formation of the company.

Section 2(69) of companies act 2013“promoter” means a person

(a) Who has been named as such in a prospectus or is identified by the company in the annual return referred to in section 92; or

(b) Who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or

(c) In accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act:

Provided that nothing in sub-clause (c) shall apply to a person who is acting merely in a professional capacity.

A promoter is a person who does the necessary preliminary work incidental to the formation of a company. It is a compendious term used for a person who undertakes does and goes through all the necessary and incidental preliminaries, keeping in view the object to bring into existence an incorporated company. The first persons who control a company's affairs are its promoters.