

**1Q. Define sold trading concern explain its characteristics advantages and disadvantages.**

The sold promoter is individual who own and manages a business. The individual brings his own capital manages the business himself, bears all the risk alone, enjoys all profits suffer all losses. This is the oldest and simplest form of business organisation. It is also called single entrepreneurship.

**CHARACTERISTICS** The characteristics of sold proprietor are as follows

1. Sole ownership
2. Contribution of borrowed capital
3. Entire management or control in the hand of the proprietor
4. No sharing of profit or losses
5. No sharing of risk

Any person competent to enter into a contract can start sold trading concern. As per the law a person is fit to enter into contract if he or she is major (18 years above) and should be sound mind. Any insolvent is not allowed to enter into contract during the period of insolvency.

**Advantages** The advantages of sold proprietor are as follows

1. Easy formation
2. Quick decision and prompt action
3. Personal interest
4. Secrecy
5. Incentive
6. Flexibility
7. Lower cost of management
8. Self employment

**advantages of sold proprietor**

1. **Easy formation** A sold trading concern is easy to form. Any person is capable of entering a contract and can start an organisation
2. **Quick decision and prompt action** Proprietor of the form is the supreme charge and he can take quick decisions and prompt action in all business matters like pricing, Discount, Stock position, Treatment of surplus etc
3. **Personal interest** The sold proprietor takes a great personal interest in his customers and he can meet their individual and typical needs easily and adequately
4. **Secrecy** There is no need to disclose confidential information of the business to outsiders. He need not disclose the state of affairs of his business to anyone
5. **Incentive** Sold proprietor could do his best to manage business efficiently and to increase his earning as he alone suffers losses incurred
6. **Flexibility** It is capable of adjustment to the requirements of changing business conditions independently
7. **Self employment** It helps for earning livelihood independently

**Disadvantages** The following are the disadvantages of are as follows

1. Limited capital
2. Limited organisation and managerial skill
3. Unlimited liability
4. Absence of legal status
5. No economies of large scale and specialisation

**Advantages of sole proprietor**

1. **Simple formation** It is easy and simple to form a cooperative society. There is no need to comply with a number of legal formalities as in the case of Joint Stock Company
2. **Domestic management** Every member has only one vote irrespective of the number of shares held. By him meeting are well attended and voting by proxy is not allowed
3. **Low operating cost** The administrative expenses of a cooperative society are many members provide administrative services honestly

**4. Service motive** Cooperative societies are started for the services but not for profit the members provided by the food at lower rates financial help is also given

**5. Limited liability** The liability of every member is limited to the extent of his capital contribution as there is no risk to their private assets

**6. Tax advantages** A cooperative society is exempted from tax and surcharges on its earnings up to a certain limit. It is also exempted from stamp duty and registration fees

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**Advantages** The following are the advantages of a cooperative society as follows

1. Simple formation
2. Democratic management
3. Low operating cost
4. Service motive
5. Limited liability
6. Tax advantages

**Advantages of sole proprietors**

1. Simple formation It is easy to start a cooperative society there is no need to comply with a member of legal formation as in the case of a joint stock company
2. Democratic management Every member has only one vote irrespective of the number of shares held by him meetings are well attended and voting by proxy is not allowed
3. Low operating cost The administrative expenses of a cooperative society are met by the members themselves
4. Service motive Cooperative societies are started for the service but not for profits the members provided by the food at lower rates financial help is also given
5. Limited liability The liability of every member is limited to the extent of his capital contribution as there is no risk to their private assets
6. Tax advantages A cooperative society is exempted from tax and surcharges on its earnings up to a certain limit. It is also exempted from stamp duty and registration fees

**Disadvantages** The following are the disadvantages of a cooperative society as follows

1. Inefficient management
2. Limited financial resources
3. Lack of unity among members
4. Lack of incentive to work hard
5. Non transferability of share
6. No universal application
7. Lack of secrecy

**Disadvantages of sole proprietors**

**1. Inefficient management** There is a chance that the management committee members may not take proper interest in the management as they are paid only honorarium for their services

**2. Limited financial resources** Restriction on dividend and the principle of one member one vote, discourage funds joining the society. Due to shortage of funds there is limited scope for expansion and growth

**3. Lack of unity among members** Many cooperative societies fail because of constant group rivalry and quarrels among members

**4. Lack of incentive to work hard** Management committee members do not take an active part in the interest in the management as well as in the affairs of the society because they are not paid for their services even though the society makes huge profit

**5. Non transferability of share** A member cannot transfer his share freely but he is allowed to withdraw his capital

**6. No universal application** It is suitable mainly for small and medium enterprises

**7. Lack of secrecy** The affairs of a cooperative society are exposed to all the members so it is difficult to maintain secrecy of business matter

**3Q: Distinction between Joint Hindu Family Firm and Partnership.**

<i>Nature</i>	<i>Joint Hindu Undivided Family</i>	<i>Partnership Form</i>
1. Governance	Joint Hindu Undivided Family to school of Hindu law	Partnership firm is governed by Indian partnership firm
2. Mod of creation	It arises from birth	It is created by mutual agreement between the partners
3. Legal position	Members of the family are merely co-owners Karta is responsible person of legal aspects	Partners and the form are on the same in the eyes of the law for liability purpose
4. Number of members	There is no minimum or maximum number of member is fixed	Minimum members are tow and maximum 10 Banking and 20 for non-banking business
5. Position a minor	A male minor becomes a members by birth in the family	Minor may be admitted to the benefit of the firm with consent of other partners and he is in no way responsible for liability of the firm he becomes major
6. Registration	It is not at all necessary	It is advisable

**4Q: Distinction between co-operative and partnership firm.**

<i>Nature</i>	<i>Co-operative society</i>	<i>Partnership Firm</i>
1. Formation	It is formed under co-operative society Act, 1912 or other state co-operative acts	Partnership firms is formed under Indian partnership Act 1932
2. Membership	It can be formed with minimum 10 members and there is no maximum limit	It can be formed with minimum 2 and maximum 20 in case of non-banking assets
3. Basic object	Service motto	Profit motto
4. Members Liability	Limited	Joint and several
5. Management and control	It is managed on democratic lines and every member has one vote irrespective of member of shares held by them	It is managed and controlled by all the partners as per the partnership agreements
6. Exemption and control	It enjoy several concessions, Privileges and exemption on payment and registration fees	No such exemption privileges concession and assistance
7. Share Capital	A person cannot by 10% of the total number of share and new shares must be offered to the members	The share capital is in according with the partnership agreements

**5Q. Distinction between private company and public company.**

<b>Nature</b>	<b>Private Company</b>	<b>Public Company</b>
1. Membership	Minimum 2, Maximum 50	Minimum 7, Maximum unlimited
2. Transfer Of Share	Transfer of share is deliberately restricted by its Articles. Its shares are not quoted on the stock exchange	Share of public company are freely transferable as they can be quoted and they have open market
3. Name	It must have suffix the word "Limited Limited" in its name.	It Must have at suffix the word "Limited" in its name
4. Board of Directors	It must have at least 2 directors maximum unlimited	It must have at least 3 directors maximum 20 Directors
5. Retirement	Directors need to retire by rotation every year	Directors are subject retirement by rotation
6. Prospectus	It cannot secure capital form the public	It can secure capital from the public
7. issue of share warrants	A private company cannot issue	It can issue share warrants
8. Restriction on allotment of shares	There are no restriction an allotment of shares	There are certain restriction as the public company should receive minimum subscription for allotment of shares

**6. What are the various types of cooperating society.**

**The main types of cooperative societies are**

1. Consumers cooperative societies
2. Producers Cooperative societies
3. Marketing cooperative societies
4. Cooperative forming societies
5. Cooperative credit societies

**1. Consumer cooperative societies** The producer makes purchases directly from producers and sell this good to the members on retain bases. The societies charge small profits to cover up administrative costs. The sale are however maide at market raise to non member The surplus ear form business is distribution amount members in the shape of bones. A portion of the surplus is spend for the welfare of business

**2. producers cooperative societies** These societies are stabilised for the benefit to collect various factor of production and also who want to avoid marketing problems. The member are supplied raw material and equipment by the market and profit are distributed among member after retaining some profits.

**3. Marketing cooperative societies** In these societies the production of different members in pooled and the societies undertakes to sells their product by eliminating middle men. These societies provide services like warehouse transportation insurance and finance at reginable prises

**4. Coorative forming societies** These societies are voluntary of farmer formed to read the benefits of large scale forming on scientific time batter farming increases production and improve the economic position of members. Small former will not be able to use improve technology

**5. Cooperative credit societies** The credit cooperative societies are formed to give financial help to small formed to give financial help to small farmer and poor section of the society. These societies give short term loan at be rate of interest to its members

**7. Distinction between sole proprietor and partnership form of business organisation.**

<b><i>Sole proprietor</i></b>	<b><i>Partnership</i></b>
1. It is very easy with single proprietor	1. It is easy simple and registration with partnerships With partnership deed
2. Membership one man show by involving family members if possible	2. minimum 2 and maximum 10 in banking and 20 in non banking business firm
3. Capital resuming	