

Chapter : 02

Forms of Business Organisation

MCQs

Q.1) The structure in which there is separation of ownership and management as per law is called

- A. Company
- B. All business organisations
- C. Partnership
- D. Sole proprietorship

Q.2) The karta in Joint Hindu family business has

- A. No liability for debts
- B. Unlimited liability
- C. Joint liability
- D. Limited liability

Q.3) In a cooperative society the principle followed is

- A. One share one vote
- B. One man one vote
- C. No vote
- D. Multiple votes

Q.4) The board of directors of a joint stock company is elected by

- A. General public
- B. Government bodies
- C. Shareholders
- D. Employees

Q.5) The maximum number of partners allowed in the banking business are

- A. Two
- B. Twenty
- C. No limit

D. Ten

Q.6) Profits do not have to be shared. This statement refers to

- A. Company
- B. Sole proprietorship
- C. Joint Hindu family business
- D. Partnership

Q.7) The capital of a company is divided into number of parts each one of which are called

- A. Share
- B. Dividend
- C. Profit
- D. Interest

Q.8) The Head of the joint Hindu family business is called

- A. Manager
- B. Proprietor
- C. Karta
- D. Director

Q.9) Provision of residential accommodation to the members at reasonable rates is the objective of

- A. Consumer's cooperative
- B. Credit cooperative
- C. Housing cooperative
- D. Producer's cooperative

Q.10) A partner whose association with the firm is unknown to the general public is called

- A. Active partner
- B. Sleeping partner
- C. Nominal partner
- D. Secret partner

Q.11) The life of sole proprietorship business is _____

- A. Unstable
- B. Stable
- C. Very short life
- D. Long life

Q.12) Hindu Succession Act was passed in _____

- A. 1952
- B. 1960
- C. 1932
- D. 1956

Q.13) What is the limit of members in case of a Private Company?

- A. 2
- B. 7
- C. 10
- D. 50

Q.14) In case of _____ Registration is compulsory

- A. Sole Proprietorship
- B. Partnership
- C. None of these
- D. Company

Q.15) At least 10 adults, no maximum limit in case of _____

- A. Cooperative Society
- B. Joint Hindu Family
- C. Partnership
- D. Company

Very Short Answer Questions

Changing your Tomorrow

- 1) By whom are the Board of Directors elected in the Joint Stock Company?
- 2) Mention 2 necessary conditions that form a Joint Hindu Family business.
- 3) Which company has no restrictions on the transfer of shares?
- 4) Who regulates a Joint Hindu Family business?
- 5) Mention 2 types of trading concern in which sole proprietorship is feasible.
- 6) What is an unlimited liability?
- 7) What is a Joint Stock Company?
- 8) What is HUF?
- 9) What is a partner by estoppel?
- 10) Who is a secret partner?
- 11) Which is the business organisation that is found only in India?
- 12) Mention the names of the systems that regulate the membership in Joint Hindu Family.
- 13) Who are known as coparceners?
- 14) Name any two types of partners who do not contribute capital in the business.

Short Answer Type Questions

- 1) State any three advantages and disadvantages of sole proprietorship form of business organization over partnership.
- 2) Write a short note on one person company
- 3) Name the stages in the formation of company
- 4) State the important privileges available to a private company.
- 5) Why is partnership considered by some to be relatively unpopular form of business ownership? Explain the merits of partnership

Long Answer Type Questions

- 1) What are the advantages of a joint stock company over a partnership firm? State any four points.
- 2) Discuss in brief, the different types of partnership.
- 3) Discuss the major limitations of a company form of organisation.
- 4) Name the form of organization which is established with the motive of welfare of members. State its features in brief.
- 5) Distinguish between Joint Hindu Family and Partnership.
- 6) Discuss the stages of formation of a company?
- 7) What is the meaning of 'Certificate of Incorporation'?
- 8) Distinguish between Memorandum of Association and Articles of Association.

Case study

1. Rahul is the sole owner of a Garment manufacturing factory. He took loan of Rs. 10 lakhs from Canara bank for the expansion of his business. Due to continuous losses, he was not able to repay loan on time. Assets of the business were not enough for repaying liabilities in full. As a result, the Bank asked him to repay their loan. He refused to do so on the ground that the loan was taken by his business and not by him for his personal use. The Bank filed a case against him. The court gave decision in favour of the Bank on the ground that Rahul was operating as the sole proprietor and a sole proprietor did not have a separate entity distinct from his own. The Court further stated that Rahul had unlimited liability and held him liable to repay the loan even by selling his personal property if need be.

a. Name the form of business which is being carried out by Rahul.

b. What type of liability is enjoyed by Rahul?

c. Why did the Court hold Rahul responsible for paying his business liabilities out of his personal assets?

d. Name the characteristic of sole proprietorship which facilitates the sole proprietor to take all decisions related to his business without consulting anybody.

