

# FORMS OF BUSINESS ORGANISATIONS

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# Meaning

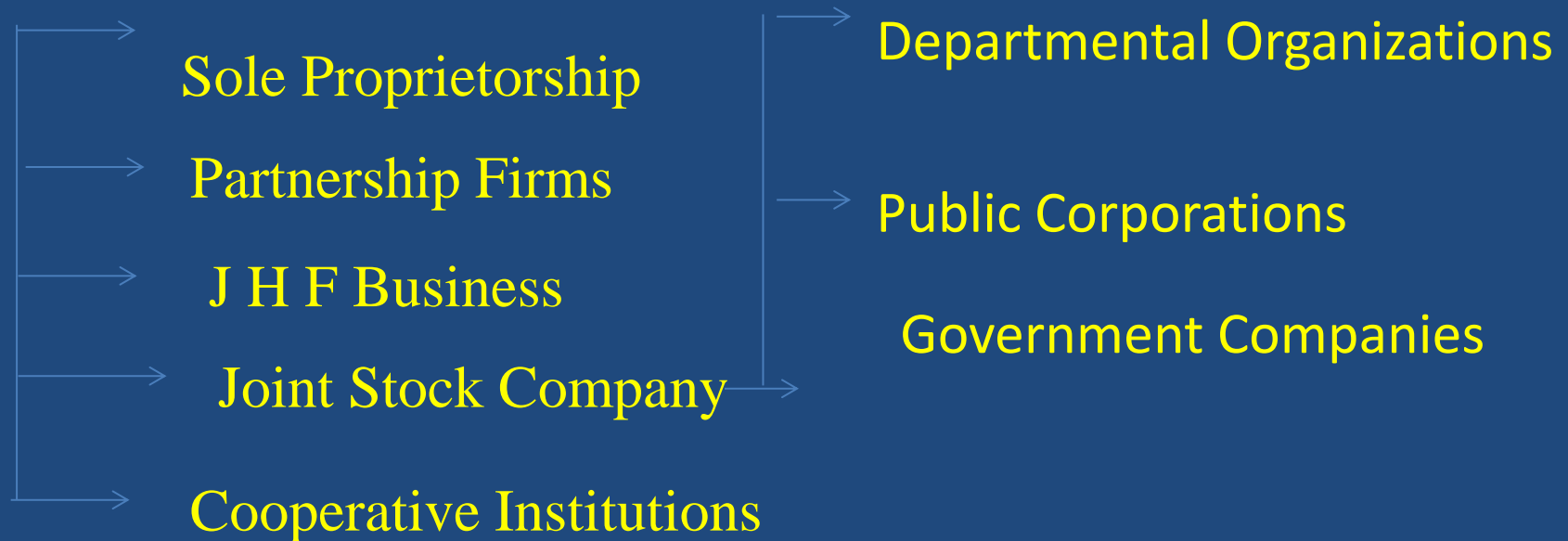
- Business organization refers to all necessary arrangements required to conduct a business.
- It refers to all those steps that need to be undertaken for establishing relationship between men, material, and machinery to carry on business efficiently for earning profits.
- The arrangement which follows this process of organizing is called a business undertaking or organization.

# Characteristics

- Distinct Ownership
- Lawful Business
- Separate State and Management
- Dealing in goods and services
- Continuity of business operation
- Risk involvement

# FORMS OF BUSINESS ORGANISATIONS

Private Organizations    Public Undertakings    Joint Sector Organizations



# Sole Proprietorship

- When the ownership and management of business are in control of one individual, it is known as sole proprietorship.
- It is seen everywhere, in every country, every state, every locality.
- The shops or stores which you see in your locality — the grocery store, the vegetable store, the sweets shop, the stationery store, the telephone booths etc. come under sole proprietorship.

# Partnership

- ✓ A partnership form is one where two or more persons are associated to run a business with a view to earn profit.
- ✓ Persons from similar background may join together to carry on a business.
- ✓ Each member is individually known as 'partner' and collectively known as a 'partnership firm'.
- ✓ These firms are governed by the Indian Partnership Act, 1932.

# Joint Hindu Family (JHF) Business

- The JHF business is a form of business organization found only in India.
- In this business, all the members of a Hindu undivided family own the business jointly.
- The affairs of business are managed by the head of the family, who is known as “KARTA” .
- A Joint Hindu Family business comes into existence as per the Hindu Inheritance Laws of India.

# Joint Stock Company

- ✓ A Joint Stock Company business is a voluntary association of persons to carry on business.
- ✓ It is an association of persons who generally contribute money(capital) for some common purpose .
- ✓ The persons who contribute capital are its members.
- ✓ The companies are governed by the Indian Companies Act, 1956.
- ✓ The Act defines a company as an artificial person created by law.



# Co-operative Society

- Any ten persons can form a co-operative society.
- It functions under the Co-operative Societies Act, 1912 and other State Co-operative Societies Acts.
- The co-operatives are formed primarily to render services to its members.
- Generally it also provides some service to the society.

T H A N K Y O U