

Chapter - 2 Forms of Business Organisation

Question 1

By whom are the Board of Directors elected in the Joint Stock Company?

Answer: The Board of Directors in the Joint Stock Company are elected by the shareholders.

Question 2

Mention 2 necessary conditions that form a Joint Hindu Family business.

Answer:

- At least 2 members in a family
- Ancestral property to be inherited by him or her

Question 3

Which company has no restrictions on the transfer of shares?

Answer: Public company has no restrictions on the transfer of shares.

Question 4

Who regulates a Joint Hindu Family business?

Answer: Karta

Question 5

Mention 2 types of trading concern in which sole proprietorship is feasible.

Answer: Single person art studio, a local grocery, or an IT consultation service.

Question 6

What is an unlimited liability?

Answer: Unlimited liability involves general partners and sole proprietors who are fairly effective for debt and liabilities accumulated by the business. This liability is not capped and can be paid off within the seizure of owners' personal assets, making it distinct from limited liability ventures.

Question 7

What is a Joint Stock Company?

Answer: A joint-stock company is a business controlled by its investors, with each investor enjoying a share based on the amount of stock acquired.

Joint-stock companies are formed in order to finance efforts that are too valuable for an individual or even a government to support. The owners of a joint-stock company demand to share in its profits.

Question 8

What is HUF?

Answer: Hindu Undivided Family (HUF) is not specified under the Income Tax Act but is incorporated under the Hindu Law. HUF comprises of all the individuals who are lineally settled from a common ancestor and also includes of unmarried daughters. HUF is not established by a but by the status of a family i.e., it is generated automatically in any Hindu Family.

Question 9

What is a partner by estoppel?

Answer: A legally obligatory partnership that might result where, in fact, no formal partnership agreement is in force. A person who by rule or words serves or permits him/herself to be represented, as a partner in an enterprise is responsible for the credit or loans acquired by the enterprise on the basis of such representation. Which is also known as the presumption of partnership.

Question 10

Who is a secret partner?

Answer: Secret partner is a partner whose membership in a partnership is maintained secret from the public.

Question 11

Which is the business organisation that is found only in India?

Answer: Joint Hindu Family is the business organisation that is found only in India.

Question 12

Mention the names of the systems that regulate the membership in Joint Hindu Family.

Answer: Dayabhaga law and Mitakshara law