

Seeking personal growth, and Peak experiences.

* Explain the types of Business Ownership.

There are five types of Business ownership.

(1) Sole proprietorship (single ownership).

(2) Partnership

(3) Joint-stock companies.

(4) Public Sector organisations (or) Enterprises.

(5) Cooperative organisations.

(1) Sole proprietorship:-

⇒ A sole proprietorship is the oldest form

of business organisation.

⇒ It is easy and simple to organize.

⇒ The person who contributes capital and

manages the business is called the sole trader (or)

Sole proprietorship:

⇒ It is also known as an individual proprietorship (or) a one-man business.

Advantages of Sole proprietorship:-

⇒ It is simple and easy to start a business.

⇒ It requires less capital.

⇒ Complete control over the business.

⇒ It is easy to make decisions on the spot.

⇒ No legal formalities.

⇒ It is easy to transfer the business.

Disadvantages of Sole proprietorship:-

⇒ Limited managerial ability.

⇒ Unlimited liability in case of loss.

⇒ Risk in business is more.

⇒ Uncertain continuity of business.

2) Partnership:-

A partnership is an association of two (or) more

persons to carry out a business and share its profits and losses.

Partnership deed is also known as a partnership

agreement (or) Articles of partnership.

Types of partnership:-

⇒ Active partner

⇒ Sleeping partner (or) Dormant partner

⇒ Nominal partner

- ⇒ Partners in profits.
- ⇒ Partners by Estoppel.
- ⇒ Secret partner
- ⇒ partner by holding out.

Advantages of Partnership :-

- ⇒ Easy to form.
- ⇒ Registration is not Compulsory.
- ⇒ Larger financial Resources.
- ⇒ Sharing of Risk.
- ⇒ Close Supervision.

⇒ Secrecy.

⇒ Easy to Dissolution.

Disadvantages of Partnership :-

- ⇒ limited finance.
- ⇒ Unlimited liability.
- ⇒ Degree of Secrecy.
- ⇒ Uncertain life.
- ⇒ Lack of public faith.
- ⇒ Delayed Decisions.

(3) Joint Stock

Company

⇒ The people who take the initiative in the business are called promoters of joint stock company.

Advantages of Joint Stock Company :-

- ⇒ Huge capital.
- ⇒ Large membership.
- ⇒ legal status.

=> Limited liability.

=> Transferability of shares.

=> Employment.

Disadvantages of joint stock companies :-

=> Difficulty in formation.

=> Delay in decision making.

=> No Business Secrecy.

=> Lack of Direct contact with employees.

=> Excessive Government Regulations.

Public Sector Organization (or) Enterprises :-

=> Public Sector organisations are also known as Public Sector undertakings.

=> Government Sector organisations are owned, managed and controlled by the Central, State or local government and are termed as public Sector enterprises (or) public enterprises.

Types (or) forms of public Sector organisations :-

=> Departmental undertakings.

=> Public Corporations.

=> Government Companies.

Co-operative Societies :-

=> A Co-operative Society (or) Organisation is one which has been voluntarily formed by

same people for the promotion of their common economic interest.

Types of cooperative Societies :-

- => Cooperative Housing Society.
- => Consumer co-operative Society.
- => Industrial (or) producers co-operative Society.
- => Co-operative Credit Society.

Advantages of Co-operative Societies :-

- => Its formation is easy.
- => Limited liability of its members.
- => It is managed fully on democratic principle.
- => It has lower operating costs.

Disadvantages of Co-operative Societies :-

- => It is limited capital.
- => It suffers from inefficient management.
- => Lack of motivation among members.
- => Political interference is high.
- => Secrecy cannot be maintained.