



INDIAN SCHOOL NIZWA

BUSINESS STUDIES

CH:2_ Forms of Business Organisation

Name: _____ Date: _____ Class: XI Sec: B

Case Based Questions

1. Jagat is running a grocery store under the name 'Morning Needs in a local market. He takes all decisions about business himself, without any interference from others and also earns direct reward for his risk bearing. In context of the above case

(a) Identify and define the form of business organization in which Jagat has promoted his business.
(b) State any four features of this form of business organization.
2. Gagan runs a garment shop in a mall. Two years back he had taken a loan of 20 lakhs from HDFC Bank for the renovation of his shop. However, due to his poor health for the past one year his earnings have reduced considerably as he is not able to devote sufficient time to the business. He now plans to sell off his shop. In context of the above case:

(a) Identify the limitation of sole proprietorship form of business organization being discussed above.
(b) Describe briefly any three other limitations of the same form of business organization.
3. Rita and Mita are running a confectionery shop in a club, Both have invested a capital of 5 lakhs each. They share profit and losses in an equal ratio.

(a) Identify the form of business organisation under which Rita and Meeta have promoted their business
(b) State any three features of this form of business organization.
4. Arun, Bimesh and Czar are partners in a partnership firm manufacturing air conditioner. Their firm is not registered. Recently, in order to increase the profits of the firm, Bimesh decided to use substandard raw materials without the knowledge of Arun and Czar. As a result, many accidents were reported by the consumers and a case has been filed against the firm.

(a) Is this wrong act of Bimesh binding on Arun and Czar too? State the related feature of the partnership form of business organization.
(b) Can Arun and Czar file a case against Bimesh? Why or why not? Give a suitable reason in support of your answer.
(c) List any two values being ignored by Bimesh.



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5	<p>Nikunj and Nikhil decide to start a partnership firm together. Their common friend tells them that it is advisable to have a written agreement as it constitutes evidence of the conditions agreed upon in partnership and proves to be helpful in resolving any controversies which may arise in future. In context of the above case:</p> <p>(a) Identify this document being referred by their friend. (b) State any six aspects covered in this document.</p>
6	<p>Mr Ravi Kumar is a sole proprietor. He has been doing the wholesale business of tea for the last ten years. The Brand Name of his tea is 'Kadak. This is a popular brand of its region. For some time now he has been worried about two issues. First, his business organisation comes in the unorganised sector; so, people have little faith in him. For example, if he wants to buy goods on credit from a trader, he is unable to do so easily. Similarly, if he wants to get a loan from someone, he is unable to do so on very hard terms. Such a treatment by the people produces the inferiority complex in him. The second issue worrying him is that his responsibility in business is unlimited. If unfortunately, he suffers a heavy loss in business, his business property and personal property both will be finished. He wants that he should get rid of these worries also. With this problem in hand, he contacts a business specialist. He suggests such a way out as removes all the problems of Ravi. Ravi adopts the new form of business quite happily. In your opinion what advice might have been given to Mr Ravi Kumar by the business specialist and why</p>
7	<p>You are a Business Consultant. Mr. Kumar has recently retired from Government Service. He is 58-year-old and he wants to set up a factory in order to manufacture plastic goods. He has come to consult you so that you may suggest to him a form of business organisation. The following are his main expectations from the business organisation:</p> <p>(1) Easy Formation (2) Flexibility in operation (3) Sharing of profits with limited persons (4) Sufficient persons to look after various business activities.</p> <p>Which form of business will you suggest to Mr. Kumar and why?</p>
8	<p>You are a student of class-11. You have full knowledge of the different forms of business organisation. Mr. Rohan wants to set up a business. He needs your help in choosing a business organisation. He has two main expectations from the business organisation.</p> <p>(1) Limited Liability (2) Continuity</p> <p>What suggestions will you give to Mr. Rohan and why?</p>