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+2 COMMERCE
IMPORTANT 8 MARKS QUESTIONS

1. **Write short notes on Joint Hindu family business.**
   - India is unique in the system of Joint Hindu Families.
   - A Joint Hindu Family comprises of **father, mother, sons, daughters, grandsons and granddaughters.**
   - They hold the property jointly.
   - They do the business under the control of the head of the family.
   - These families have been engaged in occupations like **agriculture, handicrafts, small industries** etc.
   - These business units are known as Joint Hindu family business.
   - This system is found only in India.
   - Their membership is conferred upon the members by virtue of their birth in the family.
   - The head of the family is known as **'KARTA'.**
   - The members are called coparceners.
   - According to Hindu Succession Act, 1956, a coparcener will have a share in the coparcenaries property after the death of the coparcener.
   - Since 1985, Female members of the family are also eligible to get a share in the property of the family.
   - **According to 'mitakshara'** Law only the male members in the family get the right of inheritance by birth. It is applied throughout India except Assam and West Bengal.
   - **According to Dayabhaga Law**, the right of property devolves on the coparceners by succession and not by birth.
2. **Explain any two types of individualistic institutions**

   1.Joint Hindu family business.
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   - This system is found only in India.
   - Their membership is conferred upon the members by virtue of their birth in the family.
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   2.Multinational Companies (MNC's)
   - The term "multinational" consists of two different words, 'multi' and 'national.'
   - The prefix 'multi' means 'many', while the word 'national' refers to nations or countries.
   - Therefore, a multinational company may be defined as a company that operatesin several countries.
   - Such a company has factories, branches and in more than one country.

3. Explain the position of minor in the partnership firm.

a. Position before attaining majority

- He has a right to share the property and profits of the firm as may have been agreed upon.
- He has a right to have access to and inspect and take a copy of the accounts of the firm.
- His liability is confined only to the extent of his share in the profits and property of the firm. Over and above his capital, he is neither personally liable nor his private properties is liable.

b. Position after attaining majority

- On attaining majority the minor partner has to decide within six months by giving notice whether he shall continue in the firm or not.
- If he decides to continue as partner, he becomes liable to the firm from the date, on which he was admitted as minor partner.
- If he decides not to continue as partner, he is not liable for the debts of the firm after the date of notice.

4.What are the contents of partnership deed?

- Name of the firm.
- Date of agreement and principal place of business.
- Names and addresses of all the partners.
- Nature of business proposed to be carried on by the firm.
- Duration of the partnership, if any.
- Amount of capital contributed by each partner.
- Amount of withdrawal of each partner.
- Profit sharing ratio.
- Salary payable to active partner or partners.
- Interest on capital and interest on drawings.
- Procedure for admission or retirement of partners.
- Maintenance of books of accounts and their audit.

5. What are the drawbacks of non-registration of partnership firm?

- A partner of an unregistered firm cannot file any case against the firm or against any other partner, including an ex-partner
- An un-registered firm cannot file any suit against third parties in any civil court for recovering the money due.
- Any third party can take legal action against the business or the partners.
- The firm cannot take legal action against its partners.
- An unregistered firm cannot enforce its claims against third parties for recovering a sum exceeding rupees one hundred.
- A partner cannot sue for dissolving the firm or realising the property of the dissolved firm or for the settlement of accounts on dissolution.

6. Differentiate between Investors and speculators.

S.No	Investors	Speculators
1.	An Investor is interested in safety of his investment.	A Speculator is interested in appreciation of capital and earning profits quickly.
2	Seeks income from his investment.	Seeks profit from sale and purchase of securities.
3	Makes payment and takes delivery of the securities on purchasing. Receives payment and delivers the securities on sales.	He neither delivers nor takes delivery of the securities on sale or purchase.
4	Retains holding for longer period i.e commitment is for a **long term** .	Tries to sell the securities quickly i.e his commitment is for a **short period**
5	**Risk is low.**	**Risk is high.**
6	**Stable income**	**Earning of profit is uncertain**
7	His income depends on the earnings of the enterprise.	The profit earned by him depends on the fluctuation / change in the market price of securities.

7.Explain the different kinds of speculators.

1.Bull

- A Bull or Tejiwala is an operator who expects a rise in prices of securities in the future.
- In anticipation of price rise he makes purchases of shares at present and other securities with the intention to sell at higher prices in future.
- He is an optimistic speculator.

2. Bear

- A bear or Mandiwala speculator expects prices to fall in future and sells securities at present with a view to purchase them at lower prices in future.
- A bear doesnot have securities at present but sells them at higher prices in anticipation that he will supply them by purchasing at lower prices in future.
- A bear is a pessimistic speculator.

3.Stag

- A stag is a cautious speculator in the stock exchange.
- He selects those companies whose shares are in more demand and are likely to carry a premium.
- He is also called a premium hunter.

4.Lame Duck

- When a bear finds it difficult to fulfill his commitment, he is said to be struggling like a lame duck.
- A bear speculator contracts to sell securities at a later date.
- In such situations he feels concerned.

8. Briefly explain the demerits of co-operative societies.

1.Inefficient management

- Members of a co-operative society do not generally possess the ability and experience to manage the business efficiently.
- They do not take proper interest in the management.

2. Limited capital

- A co-operative society is formed usually by people with limited means.
- The principle of 'one man one vote' discourages the members to invest large amount.

3.Lack of motivation

- Absence of profit motive and minimum 9% rate of dividend suppress the zeal and responsibility on the part of the management.
- The employees also do not have interest to work hard as they get low salaries.

4. Lack of co-operation

- Sometimes the members may not have unity among themselves.
- It might affect the business of co-operatives.

5. Domination of vested members

- Some members try to command society by virtue of their managerial interest and political power.
- They exploit the society as their own property.

6. Non-transferability of interest

- The shares of a co-operative society are not transferable.
- A member who wants to quit the society has to surrender his shares to the society to get his money back.

7. Lack of secrecy

- The business affairs of a co-operative society are openly discussed in the meetings.
- Therefore, it becomes difficult to keep the secrets of business.

8. No credit facility

- Since credit facilities are not usually offered to members, they may not be interested in buying goods for cash.

9. State the meaning of super market and explain its features.

M.M.Zimmerman defined super market as " A departmentalized retail establishment having four basic departments i.e., self**-service grocery, meat, and dairy products, plus other house hold departments**, and doing a maximum business. It may lease departments on a concession basis".

Features

1. It is a form of large scale retailing.
2. There is a wide variety of goods made available.
3. The system of self-service is used.
4. There is no need for sales men in self services section.
5. The layout is in the form of different departments.
6. Sales are on cash basis.
7. Goods are sold after cleaning and packing.
8. No adulteration is practiced.

9. Correct weighments are used, so that consumers are not cheated by short weighing.
10. Scarce commodities are also supplied.

10.What are the differences between public and private sector?

S.No	Public Sector	Private Sector
1	**Service motive** - with twin goal- achieve economic development with democratic values and economic equality.	**Profit motive** - maximize the profits.
2	**Sufficient, unlimited resources;** successful in mobilizing savings through banks, bonds, etc	**Limited resources;** The private sector is not successful in mobilising the resources of the country or from foreign countries for economic development
3	Checks concentration of economic power in the hands of few.	Leads to concentration of economic power in the hands of few individuals.
4	Develop those sectors which are neglected by the private sector.	Develop those industries/ sector in which risk is less. And returns is more
5	**Preserves national wealth.** .	**Exploitation of natural resources** like forests, mines etc., for personal advantage
6	Brings in balanced growth in backward areas.	Do not establish industries in backward area.
7	Heavy, basic and defence industries are reserved for public sector.	Consumer goods industries, agriculture are in private sector.
8	**Model employer.** Solves unemployment Problem to a great extent.	**Exploitation of employees.** Welfare of employees neglected

11. Explain the features of a Government companies.

1. Incorporation

Government companies just like other companies in private sector are registered and incorporated under the Companies Act.

2. Government Finance

Most of the share capital or at least 51% of the total share capital is held by the government. (Central or State or both)

3. Participation of Public

Public can also subscribe to the share capital of these companies, if offered to them.

4. Management

Government companies are managed by Board of Directors. The members of this Board are nominated by the government which holds the majority of the shares.

5. Autonomy

It is an autonomous unit with full freedom of action in financial and administrative matters.

6. Employees

The employees, except the officers deputed by the government, are not civil servants.

7. Control

The government company is under the overall control and supervision of the Minister under whose Ministry it is attached.

8. Auditor

The Auditor of a Government company is always appointed by the central Government.

12. How are directors appointed in a public limited company ?

1.APPOINTMENT OF FIRST DIRECTORS

- First directors are usually named in the Articles.
- If the Articles are silent, the signatories to the memorandum shall be Deemed to be the first directors of the company.

2.Appointment of Directors by the Company

- Subsequent directors are elected by shareholders at the Annual General Meetings.
- If a company adopts the principle of retirement by rotation, one-third of the directors must retire by rotation.
- The retiring directors are eligible for reappointment.

3.. Appointment by Board of directors

- The Board can appoint additional directors.
- They can fill up casual vacancy caused by death, resignation, etc.
- They can also appoint alternate director.
- If empowered by Articles, the Board may appoint an alternate director during his absence for a period of not less than 3 months from the date in which meetings of the Board are ordinarily held.
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4.. Appointment by Third Parties

- If authorised by the Articles, third parties such as vendor of the business, banking or financial institutions which have advanced loans to the companies, can appoint their nominees on the Board.

5. Appointment by Central Government

- The Central Government can also appoint directors on an order passed by the Company Law Board or on the application of not less than 100 members of the company or of members holding 10% of the total voting power.

13. What is Memorandum of Association? What are its contents?

Memorandum of Association

- It contains "the fundamental conditions upon which alone the company is allowed to be incorporated.
- It defines the activities the company is permitted to undertake.

Contents of the Memorandum

1. Name Clause

- In this clause the name of a company is mentioned to establish its identity.
- It is the symbol of its existence.
- Undesirable name to be avoided.
- If it is a public limited company, it should end with the word 'limited'.
- If it is a private limited company, it should end with the word 'private limited'.

2. Situation Clause

- The State in which a company has its registered office is to be stated here.
- Exact address within the State need not be given in this clause.

3.. Liability Clause

- This clause states that the liability of members is limited.
- In the case of a company limited by guarantee, the amount each member Undertakes to contribute in the event of winding up, must also be mentioned.

4.. Capital Clause

- The amount of share capital with which the company is to be registered and its division into shares of fixed amount are also stated here.

14. Write a note on Irregular Allotment.

- If allotment is made, without receiving at least 5% of the nominal value of shares as application money
- Without receiving the minimum subscription within 90 days of the issue of prospectus or
- If the application money received is not deposited in scheduled bank
- Where a company does not issue a prospectus because it has made private arrangement for raising capital and if the company has not filed with the Registrar a statement in lieu of prospectus at least three days before the allotment of shares, the allotment becomes irregular.

15. What are the conditions for issuing shares at a discount ?

- The shares to be issued at a discount must be of a class already issued. It means a company cannot originally issue shares at a discount. Only subsequent issues can be at a discount.
- It must be authorised by an ordinary resolution.
- It should be sanctioned by the Central Government.
- The resolution must specify the maximum rate of discount at which the shares are to be issued. It should not exceed 10% of nominal value.
- At least one year should have elapsed since the company was entitled to commence business. Shares at a discount must be issued within 2 months from the date of sanction by the Central Government.

1.PRINCIPLES OF ORGANISATION

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1. Unity of Objectives

The term objective means a goal to be achieved. The organisation structure depends upon the objectives of the enterprise. Therefore the objectives of an enterprise must be clearly fixed. Every part of the organisation should be designed to facilitate the accomplishment of common objectives.

2. Division of Work

The total work should be divided. This is known as departmentation. All the activities must be planned. This gives an idea of the total workload of the enterprise. Effective organization must promote specialisation.

3. Span of Control

No executive in the organisation should be required to supervise more subordinates than he can effectively manage. An executive should be asked to supervise a reasonable number of subordinates.

4. Scalar Principle

Line of authority must proceed from the highest executive to the worker at the bottom level through a downward flow. This is known as 'chain of command'. The superior has a direct authority over his immediate subordinate.

5. Unity of Command

Each individual should receive orders from only one boss. A person cannot serve under two masters. He is accountable to his immediate superior. Dual subordination should be avoided. It creates disorder and confusion and leads to indiscipline.

6. Functional Definition

The authority and responsibility of every individual should be clearly defined. The relationship between different jobs should be clearly specified.

7. Unity of Direction

There must be one head and one plan for a group of activities directing towards the same objectives. This is necessary to ensure completion of tasks and co-ordination of activities.

8. Co-Ordination

The various activities of undertaking should be co-ordinated to secure the desired results. The different departments may have to function frequently in close consultation with other departments in a departmental store.

9. Flexibility

The organization should be flexible. It should be adaptable to changing circumstances. There should be scope for expansion without disrupting the basic design.

10. Efficiency

Efficiency should be the watchword of the organisation. The organisation structure should enable the enterprise to function efficiently and accomplish its objective with the lowest possible cost.

2.TYPES OF BUSINESS ORGANISATION

INDIVIDUALISTIC INSTITUTIONS	GOVERNMENT INSTITUTIONS
1. Sole Trader	1. Departmental Undertaking
2. Joint Hindu Family	2. Public Corporation
3. Partnership	3. Government Company
4. Joint Stock company	4. Board organization
5. Co-operatives	
6. Multinational companies	

1. Sole Trading Institutions

Any business unit which is owned and controlled by a single individual is known as a sole trading concern. The person, who manages it, is called a sole trader. He may use his own savings for carrying on the business. He may borrow from his friends, relatives and others. He himself manages the business with assistance from relatives or employees. He alone enjoys all profits and bears all losses in business.

2.Joint Hindu Family

India is unique in the system of Joint Hindu Families. A Joint Hindu Family comprises of father, mother, sons, daughters, grandsons and granddaughters. They hold the property jointly. These families have been engaged in occupations like agriculture, handicrafts, small industries etc. This system is found only in India. The head of the family is known as 'KARTA'. The members are called coparceners.

3.Partnership

The partnership is formed as a result of an agreement between two or more persons. The minimum number is two and the maximum number is 10 in banking and 20 in the case of nonbanking business. Partnership should not carry on any unlawful or illegal business.

4.Joint Stock Company A company is an association of many persons. The capital of the company is divided into small units called a share. Any one who holds or buys a share in a company is called a shareholder. Shareholders are the members of the company. A joint stock company may be a public company a private company.

5.Co-Operative Society

A co-operative society is a voluntary association of persons. Persons hailing from the same locality voluntarily join together to achieve a common economic objective. Any person can join the society. There is no compulsion to become a member of a society. A person can join a co-operative society whenever he likes and leave it whenever he wishes. In a co-operative society all the members are equal. "One man one vote" is the most important principle

6.MultinationalCompanies(MNC's)

The term "multinational" consists of two different words, 'multi' and 'national.' The prefix 'multi' means 'many', while the word 'national' refers to nations or countries. Therefore, a multinational company may be defined as a company that operates in several countries. Such a company has factories, branches and in more than one country.

Examples

1. **Unilever Limited**
2. **Union Carbide**
3. **International Business Machine (IBM)**
4. **Philips**
5. **Coca Cola Corporation**

GOVERNMENT INSTITUTIONS

1. Departmental Undertaking

This is considered as a department attached to the ministry of a government. Its administration is in the hands of the chief administrative officer of the ministry. Here the department is a part of the government. It may be run either by central government or by the state government

Examples

Railways,B.S.N.L.,(telephones) Broadcastings like Doodharsan

Public Corporation

This is established under a specific statute passed in the parliament. It is known as a statutory corporation because it is created by a statute. The statute defines its objectives, powers and functions. It is an autonomous body fully financed by the government. The main object of the corporation is to serve the public

Examples

Reserve Bank of India, Life Insurance Corporation and Unit Trust of India

3. Government Company

Government Company is also established under the Companies Act of 1956. It is a company in which not less than 51% of paid up share capital is held by the central government or by one or more state governments or jointly by the central and state governments. Its employees are not Government servants

Examples

Hindutan Steel Limited, Bharath Heavy Electricals Limited, Maruthi Udyog

4. Board Organisation

In this organisation management is carried on by a government nominated independent Board. It has its own rules and regulations. Tamil Nadu Electricity Board, Tamil Nadu Housing Board, TamilNadu Water and Drainage Board are the examples of Board Organisation.

3. Explain the main characteristics of sole trading form of organization

1. One-man Ownership and Control

A sole trading concern is owned by an individual. The proprietor is the sole owner and master of the business. He independently manages and controls the business without the Interference of any other person.

2 Capital Contribution

In sole tradership, the capital is employed by the owner himself from his personal resources. He may also borrow capital from his friends, relatives and financial institutions.

3 Unlimited Liability

The liability of the proprietor for the debts of the business is unlimited. The creditors have the right to recover their dues even from the personal property of the proprietor in case the business assets are not sufficient to pay their debts.

4 Enjoyment of Entire Profit

The sole trader is entitled to enjoy all profits of the business. Since he is the only person who invested money, he need not share the profit with anybody else. At the same time, he himself should bear the entire loss. So it is said that he owns all and risks all.

5. Registration

A soletrader business need not be registered with anyauthority as that of partnership and companies. Any person who has money can start the sole trader business. He is to obtain a licence from the local authority like municipality or panchayat.

6. Duration

The life of sole trader business depends upon the life of the soletrader. If he dies or becomes incapable of doing business or if he has no legal heir, the business comes to an end.

7. Simplicity

It is simple to commence and simple to close a sole trader business. It requires lesser efforts and it is free from complicated legal formalities.

8. Local business

Most of the sole trading business confine only to a particular place such as a street, a block or a village. A few sole trading business may cover a large area through a network of a branches.

9. Self Employment

A sole trader uses his own labour to conduct the business. He may employ a few paid servant or use the services of his family members for running the business.

10. Small Capital

A soletrader business can be commenced with a small amount of capital whereas a partnership firm or a company require large capital.

4. Discuss the merits and demerits of sole trading form of business.

1. Easy Formation

Sole proprietorship is the only form of organisation where no legal formalities is required. No agreement is required and registration of the firm is not essential. Anybody willing to start a sole-trading concern can do so immediately and without much legal
Formalities.

2. Direct Motivation

The entire profit of the business goes to the sole trader. Nobody can claim a share in the profit. It motivates him to expand his business activities.

3. Flexibility

It is a highly flexible type of organization. A sole proprietorship concern is generally run on a small scale basis. In case a change in operation is required, it is possible without involving much expenditure.
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4. Retention of Business Secrets

The maintenance of utmost secrecy is of vital importance for the success of a business. A soletrader can maintain business secrets. Being the sole proprietor, he is not expected to share his trade secrets with anybodyelse.

5. Quick Decision

The sole proprietor is his own boss and need not consult others while making any decision. He exercises exclusive control over the affairs of the business. Therefore, he can take quick decision and implement them without any delay.

6. Higher reward

The fear of loss acts as a stimulant for hard work. Besides, it makes him very cautious in his approach. Hardwork and cautious approach bring him more reward and improves efficiency and econony of the business.

9. Smooth running of Business

Since the sole trading concern is a small business the soletrader appoints only a few employees who are personally known to him. So he can understand their problems easily and able to solve them to their satisfaction.

8. Higher Credit Rating

The liability of a sole trader is unlimited. Since, apart from his business assets, even his private properties are also available for satisfying the claims of creditors. Hence, creditors may give more loans because they can get back the loan from the personal properties of sole traders.

9. Self-Employment

Sole proprietorship provides self employment opportunity to many persons with small resources. It offers a way of life for securing the means of livelihood to those who do not want to serve under others. It makes people self-dependent by providing self-employment.

10. Easy dissolution

A sole trading concern is very easy to dissolve. Whenever a sole trader wants to close his business, he can do so without undergoing any legal formality.

5. Explain the role of soletrading concern in the society

Consumers are the kings. They decide the success of a business. Their needs, desires, expectations are to be satisfied by the businessmen. Sole proprietorship occupies a pivotal role in satisfying the multifarious needs of consumers regarding goods and services. The day to day requirements of the consumers such as food items, cloth, stationaries, laundries, provisions, books and newspapers, medicines etc., are supplied by the soletrader form of organisation.

1. Solution to unemployment problem

Sole trader business organisation gives large employment opportunities to the less educated and uneducated persons and helps to reduce the unemployment problem in the society.

2. Provides Investment Avenues

Soletrader organisation provides a chance for small investors who has small amount of capital to utilise their savings in the productive line.

3. Provision of goods at low price

Goods are sold by soletraders at a price lesser than the maximum retail price (MRP) mentioned on the packages of the goods. This is possible due to inexpensive management.

4. Helps small producers

Most of the goods sold by soletraders are procured locally from local producers. Thus small local producers are benefited by the soletraders.

5. Supply of Quality goods

Soletraders sell goods of high quality nowadays to maintain their reputation. They even accept return of defective goods. This ensures enhancing the welfare of the public.

6. Philanthrophic Activities

Soletraders form small trading organisation among themselves and undertake a number of social welfare activities such as conducting eye camps, maintaining parks, provision of barricades on the roads, supplying furnitures to schools etc.

7. Equal Distribution of Income and Wealth

Equal distribution of income and wealth is ensured as there are more entry of sole proprietors in trading activities.

8. Helpful to consumers

The soletraders supply the goods to the consumers at their door steps. So the time and energy of the consumers are saved.

6.Explain the basic features of partnership.

1.Agreement

A partnership is created by an agreement. The agreement may be oral or in writing. It is better to put it in writing to avoid misunderstanding in future.

2. Multiplicity of Person

Partnership is the relationship between two or more persons. So, there must be more than one person. The maximum number of partners has been limited to 10 in the case of banking business and 20 in the case of other business.

3. Contractual Relation

The relation that exists between the partners in a partnership is said to be contractual and not natural relation arising out of mutual love and affection. Only persons legally capable of making an agreement can become partners. Lunatics, insolvents cannot become a partner.

4. Lawful Business

Partnership is formed to do a business. Business means any trade or occupation or profession. [E.g., Partnership of chartered accountants, partnership of lawyers, general stores etc.,] The business must be legal i.e., not against any law in force in the country. A partnership to smuggle goods from one country to another is illegal.

5. Sharing of Profits

The profit or loss of partnership is shared by the partners in the ratio as given in the agreement. Normally profit or loss is shared according to the capital contribution of partners. If there is no agreement regarding sharing of profit or loss, all the partners share equally.

6. Agency Relationship

There must be agent and principal relationship between the partners. Every partner is a proprietor as well as an agent of the firm. The business of the firm may be carried on by all or any of them acting for all. Partnership is, therefore, described as an extension of the 'Principle of Agency'.

7. Unlimited Liability

The liability of partners is unlimited. Each and every partner has unlimited liability for business debts. If the assets of partnership are not sufficient to repay all the business debts in full, the private assets of all the partners can be used to settle the debts. But the unlimited liability of a partner is also joint and several.

8. Joint and Several Liability

The liability of partners is joint and several. The creditors of partnership firm can claim their dues from the private assets of all the partners taken together or they can take action against the private properties of any one of the partners to get back their dues.

9. Implied Agency

An implied authority is a right vested with a partner to be used in emergency situations to protect the interest of the firm.

10.. Non-Transferability of Interest

No partner can transfer his interest or sell his share to any other person without the consent of all other partners. This is based on the principle that a partner, being an agent himself, cannot further delegate his authority unilaterally to others.

11. Registration

In India the registration of partnership firm is not compulsory. It is only optional. If it is registered, it can enjoy certain advantages. A firm can be registered at any time.

7.Explain the rights and duties of partners

Rights of partners

1. Right to take part in the conduct and management of the business.
2. Right to expression opinion on any matter related to the firm.
3. Right to be consulted before taking important decisions.
4. Right to inspect and take copy of books of accounts and records of the firm.
5. Right to an equal share in the profits
6. Rights to receive interest on loans and advances at the rate of 6% per annum.
7. Right to indemnified for the expenses incurred.
8. Right to use the assets of the firm for its business.
9. No new partner can be admitted without the consent of other partners.
10. Right to retire from the firm.

v**Duties of partners**.

1. Act diligently and honestly in the discharge of his duties.
2. Act in a loyal and faithful manner towards each other.
3. Act within scope of the authority entrusted to him.
4. To share the losses.
5. Every partner must indemnify the firm against loss sustained due to his willful negligence.
6. No partner can transfer his interest.
7. Every partner must maintain and render true and correct accounts of the firm.
8. No partner can engage himself in a business which is likely to complete with the firm. 9. Every partner should use the firm's property only for the firm's business and interest. 10. No partner can make any secret profit.

8. What are the circumstances under which a partnership firm is dissolved?

1. Dissolution by Agreement (Sec.40)

A partnership is created and dissolved by an agreement. A firm may be dissolved by an agreement either with the consent of all partners or in accordance with the contract among the partners.

2. Compulsory dissolution (Sec 41)

A firm is compulsorily dissolved either by the agreement of all the partners or on the insolvency of all the partners except one. It may also be dissolved on the happening of an event which makes the object of the firm unlawful. Example, the passing of Prohibition Act, declaration of war with another country.

3. Dissolution on the happening of certain contingencies (Sec 42)

a) Death of a partner.
b) Expiry of the time, if partnership is for a fixed period.
c) Completion of the venture for which the firm was formed.
d) Adjudication of a partner as an insolvent.

4. Dissolution by notice of partnership-at-will (Sec 43)

Where the partnership is at will, the firm may be dissolved by any partner by giving a notice in writing to all the other partners of his intention to dissolve the firm.

5. Dissolution through Court (Sec.44)

Any partner may bring a suit in a court of law to get the partnership dissolved on any of the following grounds.

(i) Partner's Insanity

If any partner becomes insane, the court may order dissolution.

(ii) Permanent Incapacity

When a partner becomes permanently incapable of doing business the court may order dissolution.

(iii) Persistent Breach of Agreement

If a partner persistently violates the agreement and the other partner finds it impossible to do business in partnership with him, then the other partner can move for dissolution.

(iv) Misconduct of a Partner

If any partner is guilty of misconduct (misuse of money) then any partner can file a suit for dissolution of the firm.

(v) Transfer of Share

When a partner transfers his share in the business to a third party without the consent of other partners, then the other partners can move the court for dissolution.

(vi) Continuous Loss

When the business of the firm cannot be carried on except at a loss, the court order for dissolution.

(vii) Just and equitable grounds

When the court feels that it is just and equitable, it may order for dissolution of the firm. E.g., if A and B are partners but do not speak to each other, the court may order for dissolution.

12. Distinguish between the Joint Stock Company and co-operative society.

S.No	Basis of Difference	JOINT STOCK COMPAY	CO-OPERATIVE SOCIETIES
1.	**Meaning**	It is mainly organized with the object of making profit. It is an association of persons formed for the purpose of doing a business	It is a voluntary association of the weaker section or the people. It may make profit in the process of rendering services.
2.	**Minimum Number**	There must be at least two persons to form a private limited company and seven persons in public limited company	But in the case of Co-cooperative society, a minimum number of members is 25.
3.	**Maximum Number**	In a private company maximum is 50 and in a public company there is no maximum limit	There is no limit to the maximum number of members in a co-perative Society
4.	**Local Membership**	The members of a public limited company belong to different parts of the country and even different countries of the world.	But in a co-operative society the members belong to the same lo cavity.
5.	**Registration**	A company is formed and registered as per the companies Act of 1956	But a co-operative society registered as per the Co-operative societies Act of a state government
6.	**Management**	In a joint stock company, the management is entrusted to the Board of Directors elected by the shareholders.	All the members are entitled to participate in the management of co-operative societies with the help of the Board of directors
7.	**Object**	Profit is the primary motto of a joint stock company	Service is the primary motto of a cooperative
8.	**Right to Vote**	In joint stock company one share one vote principle is followed.	But in a co-operative society one man vote principle is followed
9.	**Transfer of Shares**	The shares are freely transferable in a public limited company.	A member of a cooperative Society cannot transfer his shares. But he can surrender his shares
10.	**Importance**	In joint stock company money is more important tha a man.	In a co-operative society man is more important than money.