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## Answers Key:

**IV.Answer any 2 Questions.**

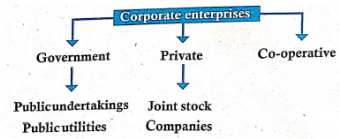
1. **(i) Ownership by one Man:**
   (1) This is owned by the single person.
   (2) The sole trader contributes the required capital.
   (3) He is not only the owner of the business but also manages the entire affairs.
   **(ii) Freedom of work and Quick Decisions:**
   1. Since the individual is himself as an owner, he need not consult anybody else.
   2. Hence he can take quick decisions.
   **(iii) Unlimited Liability:**
   When his business assets are not sufficient to pay off the business debts he has to pay from his personal property.
   **(iv) Enjoying Entire Profit:**
   He strives tirelessly for the improvement and expansion of his business and enjoys all the benefits of his hard work.
   **(v) Absence of Government Regulation:**
   1. A sole proprietor concern is free from Government regulations.
   2. No legal formalities are to be observed in its formation, management or in its closure.
   **(vi) No Separate Entity:**
   The sole trading concern comes to an end with death, disability, insanity, and insolvency of the individual.
   **(vii) Maintenance of Secrecy:**
   In sole proprietorship as the sole owner manages all the affairs of the business, the secrecy can be maintained easily.
2. The following are the advantages of a Sole trader:
   **a) Easy Formation:**
   No legal formalities are required to initiate a sole trading concern. Any person capable of entering into a contract can start it, provided he has the necessary resources for it.
   **b) Incentive to Work hard:**
   There is a direct relationship between effort and reward. The fact that the entire profit can be taken by himself without sharing with anybody else induces him to work ceaselessly.
   **c) Small Capital:**
   Small capital is an important as well as the specific advantage of the sole proprietorship. The sole proprietor can start the business with small capital.
   **d) Credit Standing:**
   Since his private properties are held liable for satisfying business debts, he can get more financial assistance from others.
   **e) Personal Contact with the Customers:**
   Since sole proprietor knows each and every customer individually he can supply goods according to their taste and preferences. Thus he can cultivate personal relationship with the customers.
   **d) Flexibility:**
   The sole trader can easily adjust himself to the changing requirements of his business.
3. The following are the disadvantages of a Sole trader:
   **a) Limited Capital:**
   Since the capital is contributed by one individual only, business operations have necessarily to be on a limited scale.
   **b) Limited Managerial Skill :**
   (1) Single person's intelligence and experience may not help him beyond a certain stage.
   (2) Since he has to focus on each and every activity, his managerial ability is bound to be limited.
   **c) Unlimited Liability:**
   1. The liability of the proprietor for the debts of the business is unlimited.
   2. 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.
   **d) Lack of Specialisation:**
   Since the business unit is small and the financial resources are limited, experts in different fields cannot be employed to secure maximum advantages.
   **e) Hasty Decisions:**
   Sole proprietor is more likely to take hasty decision as he need not consult anybody else.

**III.Answer all the questions.**

4. In sole proprietorship as the trader is the sole owner of the business, the secrecy can be maintained easily.
5. **Unlimited Liability:**
   When his business assets are not sufficient to pay off the business debts he has to pay from his personal property.
6. Grocery store, medical store, craft centre, legal consultancy, internet cafe, freelance writer, tutoring, catering company are some of the examples of sole trading businesses.

**II.Answer all the questions.**

7. A sole trader is a simple business structure whereby one individual runs and owns the entire business.
8. The non-corporate enterprises are sole trading concern, partnership firm and Joint hindu family business.

9. 


**I.Multiple Choice Questions.**

10. (a) Sole Proprietorship
11. (d) Sole Proprietor
12. (b) Unlimited liability
13. (b) Sole trading business
14. (a) small capital

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