

EXPERIENTIAL ACTIVITY ON SOLE PROPRIETORSHIP

Subject	BUSINESS STUDIES
Class	XI
Chapter/Unit	Forms of Business Organisations
Topic	Sole Proprietorship
Time	40 mins.
Nature of Activity	Individual

What will I learn (Learning Outcome)?

Will understand the meaning of sole proprietorship

Appreciate the risk taking attitude

Co-relate the suitability of sole proprietorship business

Skills:

Applicability, examine, observing, critical analysis

What I have to do?

I need to observe shops in my locality. There are general stores, book shops, barber shop, vegetable seller, milk vendor and so on.

What do I require?

NCERT Book, paper, pen.

What do I need to know?

I should know the meaning and features of business. I should also know the meaning of ‘unlimited liability’, which means that in case business assets are insufficient to meet the outsider’s liability, the businessman’s personal assets can be realized to pay off such liability.

▪ **Teacher's Activity**

Teacher will explain about “one man business” or sole proprietorship, as one who invests the entire capital, bears all the risks, gets rewarded with the profits, has unlimited liability, takes all the decisions and manages the business by himself.

▪ **Student's Activity**

I will cite examples of businesses operating in our locality. I will elucidate the way they operate as a sole proprietor. The following features will be observed by me:

- ✓ They are the owner of their business and invest some capital.
- ✓ They operate on their own and may have one or more assistants. They have full control on their Business.
- ✓ There is no sharing of profits or losses.
- ✓ They bear the risk of uncertain business conditions.
- ✓ They don't share the secrets of their business to anyone.
- ✓ The business has unstable life if the proprietor is unwell or dies.
- ✓ The burden of liability is on him if he is not able to pay outsider's debts.

What have I observed?

I will check all the features, if they are merits or demerits of sole proprietorship, and give reasons for the same.

Features of Sole Proprietorship	Merits of Sole Proprietorship	Demerits of Sole Proprietorship
Limited capital		
No sharing of profit/loss		
Full control on business		
Uncertainties /risk in business		
Unlimited liability		
Less legal formalities		
No separate legal entity		

What have I learnt?

I have learnt that in India, more than 70% of the business done in India, is one man business.

What am I curious to learn?

“One person control is best in the world if that man is big enough to control everything.” How?

Let me evaluate myself

Q.1. Which is not a feature of sole proprietorship.

- | | |
|------------------------|-------------------------------|
| a) Unlimited liability | c) limited managerial ability |
| b) Ease of formation | d) Quick decision making |

Q.2.-”I am my own boss, everything is under my control”. For which form of organization is this statement true? Explain what this statement mean.

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Q.3.-State the limitations of sole proprietorship.

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Q.4. Despite limitations of size and resources, many people continue to prefer sole proprietorship over other forms of organisation? Why?

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Q.5. Discuss the suitability of sole proprietorship business.

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