

## **JOINT HINDU FAMILY BUSINESS**

Joint Hindu family business is a specific form of business organisation found only in India. It is one of the oldest forms of business organisation in the country. It refers to a form of organisation wherein the business is owned and carried on by the members of the Hindu Undivided Family (HUF). It is governed by the Hindu Law. The basis of membership in the business is birth in a particular family and three successive generations can be members in the business.

The business is controlled by the head of the family who is the eldest member and is called karta. All members have equal ownership right over the property of an ancestor and they are known as co-parceners.

### **Features**

The following points highlight the essential characteristics of the joint Hindu family business.

- (i) **Formation:** For a joint Hindu family business, there should be at least two members in the family and ancestral property to be inherited by them. The business does not

require any agreement as membership is by birth. It is governed by the Hindu Succession Act, 1956.

- (ii) **Liability:** The liability of all members except the karta is limited to their share of co-parcenary property of the business. The karta, however, has unlimited liability.
- (iii) **Control:** The control of the family business lies with the karta. He takes all the decisions and is authorised to manage the business. His decisions are binding on the other members.
- (iv) **Continuity:** The business continues even after the death of the karta as the next eldest member takes up the position of karta, leaving the business stable. The business can, however, be terminated with the mutual consent of the members.
- (v) **Minor Members:** The inclusion of an individual into the business occurs due to birth in a Hindu Undivided Family. Hence, minors can also be members of the business.