

Advantages of Joint Hindu Family Business are given below:

1. Easy to Start:

It is very easy to start the Joint Hindu Family Business. No legal formalities are required to be faced, such as registration. It requires no agreement.

2. Efficient Management:

The management of Joint Hindu Family Business is centralised in the hands of Karta of family. In this business, Karta takes all decisions and gets them implemented with the help of other member. No other member interferes in his management.

3. Secrecy:

In Joint Hindu Family Business, all the decisions are taken by the 'Karta' himself. He is in a position to keep all the affairs to himself and maintains perfect secrecy in all matters.

4. Prompt Decision:

The Karta is the only person who exercises control and direction over the business. He may not consult anyone in taking decisions. This ensures prompt or quick decisions. Being the sole master, he takes prompt decisions and makes advantage of the opportunity.

5. Economy:

For the success of any business, economy is a must. It is well- balanced and maintained in Joint Hindu Family Business. The Karta of family spends money with great caution and economy.

6. Credit Facilities:

In Joint Hindu Family Business the credit facilities are more. One reason for this is that liability of the 'Karta' is unlimited. Karta is having personal relations with others, which are also helpful in raising credit.

7. Natural Love between Members:

In Joint Hindu Family Business, it is the natural love and affection which the members are having for each other. It helps to run the business more efficiently and smoothly.

8. Freedom regarding Selection of Business:

The Karta is at freedom to select any business of his choice. He has not to depend on others.

Disadvantages of Joint Hindu Family Business:

The disadvantages of Joint Hindu Family Business are given below:

1. Limited Membership:

The membership of the business is limited to the members of family only. No outsider can become the member of Joint Hindu Family Business.

2. Limited Sources of Capital:

The capital is limited only upto the resources of one family. This is not sufficient to meet the business requirements for expansion. Thus the size of

the business remains small. The Karta cannot take the advantage of economies of large size due to limited finance.

3. Limited Managerial Skill:

All the managerial functions which are essential for the successful operation of a business are performed by the Karta of the family. The Karta may not be able to perform all managerial functions because of limitation of time, energy and skills. Because of limited scale of operations and financial resources, it may not be feasible to secure the services of experts in different fields like purchasing, production and marketing

4. Unlimited Liability:

The liability of the Karta is unlimited. The Karta is not only liable to the extent of his share in the business but his separate property is equally attachable and amount of debt can be recovered from his separate property. This factor puts a ceiling on the growth and expansion of the business.

5. Misuse of Power:

The management of a Joint Hindu Family Business is centralised in the hands of Karta of the family. No other member can interfere in his management. This may lead to the misuse of power and the Karta may use the power for his personal interest.