7. **Lack of public confidence**: no legal regulations are followed at the time of the formation of partnership and also there is no publicity given to its affairs. Because of these reasons, a partnership may not enjoy public confidence.

Sustainability:

The advantages and drawbacks of partnership stated above indicate that the partnership form tends to be useful for relatively small business, such as retail trade, mercantile houses of moderate size, professional services or small scale industries and agency business. But when compared to sole proprietorship partnership is suitable for a business bigger in size and operations.

Joint Stock Company or Corporation:

Corporation is body corporate created by an act of Parliament or Legislature and notified by the name in the official gazette of the central or state government. Public sector is generally recognized as a "model employer" providing fair wages, good working conditions and amenities and recognizing the rights of workers.

Objectives of Corporation: Are as follows;

- ✓ To promote rapid economic development by filling critical gaps in the agriculture and industrial structure.
- ✓ To provide basic infra-structural facilities for the growth of primary, secondary and tertiary sectors.
- ✓ To understand economic activity such as balanced provision of necessities of life (i.e. education, health, food) strategically important for smooth functioning and productive growth.
- ✓ To reduce disparities in business return.
- ✓ To avoid concentration of economic/ financial power in a few hands.
- ✓ To exercise social control and regulation of long term capital through financial institutions.
- ✓ To enhance the employment opportunities by heavy investment in industry.
- ✓ To increase exports of primary goods and earn foreign exchange to ease the pressure of balance of payment.

Need of Corporation: At the time of independence, the planners believed that large scale investment by the State would be necessary to achieve accelerated and balance economic development. Achievement of objectives such as creation of industrial base, poverty alleviation, and equitable distribution of income and removal of regional imbalances required as practical role by the State.

Advantages of Corporation: Are as follows;

- The control of corporation is direct and centralized, so it is likely to be effective.

- As the financial operations of corporations are subject to ministerial sanction, budget accounting and audit control, the risk of misuse of money to relatively less.

- The revenue of money is likely to increase since the earning of corporation is credited into the treasury; the tax burden on the continuity thereby becomes lighter.

Disadvantages of Corporation: Are as follows;

- Due to excessive centralization of control contrary to flexibility initiative and prompt action would become hurdle in the smooth and successful operation of corporations.

- Since it has no power to utilize the revenues, there will be practically no incentives to maximize its earnings.

- Due to absence of competition and profit motives, losses incurred by the corporations are not taken seriously.

Losses incurred by the corporation are recovered from treasury, the amount of loss which may necessitate additional taxation.

Multinational Corporation: A multinational corporation (MNC) is a corporation or an enterprise that manages production or delivers services in more than one country. It can also be referred as an international corporation. The International Labour Organization (ILO) has defined as MNC as a corporation which has its management headquarters in one country known as the home country and operates in several other countries known as host countries. The first modern MNC is generally thought to be the Dutch East India Company. Nowadays many corporations have offices, branches or manufacturing plants in different countries than where their original and main headquarter is located. This often results in very powerful corporations that have budgets that exceed some national GDPs. Multinational corporations can have a powerful influence in local economies as well as the world economy and play an important role in international relations and globalization. It may seem strange that a corporation can decide to do business in a different country, where it doesn't know the laws, local customs or business practices. One reason is that the use of the market for coordinating the behaviour of agents located in different countries is less efficient than coordinating them by a multinational enterprise as an institution. The additional costs caused by the entrance in foreign markets are of less interest for the local enterprise.

Forms of Business Organizations:

Introduction: Business concerns are established with the objective of making profits. They can be established either by one person or by a group of persons in the private sector by the government or other public bodies in the public sector. A business started by only one person is called sole proprietorship. The business started by a group of persons can be either a Joint Hindu Family or Partnership or Joint Stock Company or a Co-operative form of organization.

Thus there are three legal forms of agribusiness organization

1. Sole Proprietorship
2. Partnership Firm
3. Joint Stock Company or Corporation

Forms of business organization are legal forms in which a business enterprise may be organized and operated.

These forms of organization refer to such aspects as ownership, risk bearing, control and distribution of profit. Any one of the above mentioned forms may be adopted for establishing a business, but usually one form is more suitable than other for a particular enterprise. The choice will depend on various factors like the nature of business, the objective, the capital required, the scale of operations, state control, legal requirements and so on.

Characteristics of an ideal form of organization

Before we discuss the features, merits and demerits of different forms of organization, let us know the characteristics of an ideal form of organization. The characteristics of an ideal form of organization are found in varying degrees in different forms of organization. The entrepreneur, while selecting a form of organization for his business, should consider the following factors.

- **Ease of formation:** It should be easy to form the organization. The formation should not involve many legal formalities and it should not be time consuming.

- **Adequacy of Capital**: The form of organization should facilitate the raising of the required amount of capital at a reasonable cost. If the enterprise requires a large amount of capital, the preconditions for attracting capital from the public are a) safety of investment b) fair return on investment and c) transferability of the holding.
- **Limit of Liability**: A business enterprise may be organized on the basis of either limited or unlimited liability. From the point of view of risk, limited liability is preferable. It means that the liability of the owner as regards the debts of the business is limited only to the amount of capital agreed to be contributed by him. Unlimited liability means that even the owners' personal assets will be liable to be attached for the payment of the business debts.
- **Direct relationship between Ownership, Control and Management**: The responsibility for management must be in the hands of the owners of the firm. If the owners have no control on the management, the firm may not be managed efficiently.

Corporations

A Corporation, chartered by the state in which it is headquartered, is considered by law to be a unique entity, separate and apart from those who own it. A Corporation can be taxed; it can be sued; it can enter into contractual agreements. The owners of a corporation are its shareholders. The shareholders elect a board of directors to oversee the major policies and decisions. The corporation has a life of its own and does not dissolve when ownership changes.

Advantages of a Corporation

- Shareholders have limited liability for the corporation's debts or judgments against the corporation.
- Generally, shareholders can only be held accountable for their investment in stock of the company. (Note however, that officers can be held personally liable for their actions, such as the failure to withhold and pay employment taxes.
- Corporations can raise additional funds through the sale of stock.
- A Corporation may deduct the cost of benefits it provides to officers and employees.
- Can elect S Corporation status if certain requirements are met. This election enables company to be taxed similar to a partnership.

Disadvantages of a Corporation

- The process of incorporation requires more time and money than other forms of organization.
- Corporations are monitored by federal, state and some local agencies, and as a result may have more paperwork to comply with regulations.
- Incorporating may result in higher overall taxes. Dividends paid to shareholders are not deductible from business income; thus this income can be taxed twice.