

Chart of Difference between Sole Proprietorship and Joint Hindu Family Business

Points of differences	Sole proprietorship	Joint Hindu Family Business
Meaning	The business which is owned and managed by a single person is called as a sole proprietorship.	The business which is run by a Hindu Undivided family is called a Joint Hindu family. This kind of business is governed by Hindu law
Formation	The sole proprietorship is very easy to form and having very less legal formalities.	This type of business is formed by at least two members of the family.
Capital	limited capital is required for starting the sole proprietorship business.	The liability of the members of HUF is limited up to their share in the business. on the other hand, " Karta " is having unlimited liability so his personal assets can be used for the payment of debts of the business.
Liability	The liability is unlimited under the sole proprietorship and owner is a person who manages and pays all the debts alone.	HUF business is fully controlled and managed by the senior member of the family " Karta " and the important decisions of the business are taken by the Karta .
Risk and loss	In the sole proprietorship business, the only owner bears all the risk and losses.	The death of the senior member does not affect the existence of the business, next senior-most male member becomes Karta.
Management	All the business operation are managed by the owner and the owner takes all major decisions of the business.	In Joint Hindu Family Business, distribution of profit is equal in all members.
Members	In a sole proprietorship, there is only one member who manages all business operations.	Ancestral property can be transferred to create a capital in joint Hindu Family Business.
Continuity	Sole proprietorship can't exist without the owner.	The company stable and continues as the death of any member does not affect the existence of the company.
Legal entity	In Sole proprietorship, there is no separate legal entity.	Company is a separate legal entity from its members.
Example	Any grocery store which is owned by a single person like ABC general store.	Examples of the company are Reliance Industries Ltd., Apple, Samsung.
Governed by	The sole proprietorship has no particular act.	Company is governed by the Companies Act.