Indian Partnership Act, 1932

0.11	Inutali Fai thei Ship Act, 1952	M
Q. No.	Questions & Answers	Marks
1.	Is the registration of a partnership firm compulsory? Explain. Discuss the various	5
	disadvantages that a non-registered partnership firm can face in brief?	
	(ICAI SM, Nov. 2020, May 2019, RTP May 2021, May 2018, Dec 2022)	
Ans.	As per the Indian Partnership Act, 1932, the registration of a partnership firm is	1
	not mandatory. An Indian partnership firm need not be registered from the	
	beginning but can be <u>registered during continuation</u> also.	
	But, if a partnership firm is not registered, it has to face some consequences:	4 (1
	1) <u>No suit in a civil court by the firm or other co-partners against the third party</u> :	mark for
	The firm or any of its partners cannot bring an action against the third party	each
	for breach of contract entered into by the firm unless the firm is registered.	point)
	2) <u>No relief to partners for set-off of claim</u> : If an action is brought against the	
	firm by a third party, then neither the firm nor the partner can claim any set-	
	off for more than ₹100 or pursue other proceedings to enforce the rights	
	arising from any contract.	
	3) An aggrieved partner cannot bring legal action against other partners or the	
	firm: A partner of an unregistered firm (or any other person on his behalf)	
	cannot bringing legal action against the firm or any partner of the firm. But,	
	such a person may sue for dissolution of the firm or for accounts and	
	realization of his share in the firm's property if the firm is dissolved.	
	4) <u>Third-party can sue the firm</u> : In the case of an unregistered firm, an action can	
	be brought against the firm by a third party.	
2.	Explain the following kinds of partnership under the Indian Partnership Act,	4
	1932:	
	1) Partnership at will	
	2) Particular partnership	
	(Jan. 2021, RTP May 2020, Nov. 2020, RTP Nov. 2019, June 2022)	
Ans.	1) Partnership at will: As per the provision of the Indian Partnership Act, 1932,	2
	partnership at will is a partnership when:	
	i) <u>no fixed period</u> has been agreed upon for the <u>duration</u> of the	
	partnership, and	
	ii) there is <u>no provision</u> made as to the <u>determination</u> of the partnership.	
	A partnership at will may be dissolved by any partner by giving notice in	
	writing to all the other partners of his <u>intention</u> to dissolve the same.	
	2) Particular Partnership: A partnership may be formed for a <u>single business</u>	
	<u>adventure</u> as well as for the <u>conduct of continuous business</u> . If a person	2
	becomes a partner with another person for any <u>particular</u> business adventure	_
	or undertaking, the partnership is called ' <u>particular partnership</u> '. A particular	
	partnership is <u>dissolved by the completion of the business adventure</u> for	
	which it was formed.	
3.	X was minor introduced to the benefits of the Partnership of ABC & Co. with the	6
2.	consent of all partners. After attaining majority, more than six months elapsed,	-
	and he failed to give public notice as to whether he elected to become or not to	
	become a partner in the firm. Later on, L, a supplier of material to ABC & Co., filed	
	a suit against ABC & Co. for the recovery of the debt due. Explain:	
	1) To what extent X will be liable?	
	2) Can L recover his debt from X?	
	(Nov. 2019, ICAI SM, RTP Nov. 2020)	

Ans.	As per the provision of the Indian Partnership Act, 1932, a minor cannot be	3
	<u>admitted to a partnership firm, but, with the consent of all the partners</u> , he may	0
	be <u>admitted to the benefits</u> of the partnership.	
	But, if the minor:	
	 <u>has attained majority</u>, or 	
	• <u>obtains the knowledge</u> that he had been admitted to the benefits of the	
	partnership firm, <u>whichever is later</u> ,	
	then such person shall, within 6 months from the date of attaining the majority or	
	obtaining the knowledge of being admitted to the benefits of the partnership, give	
	a public notice that he has or has not elected to become a partner in the firm.	
	Provided that, if he fails to give such notice, he shall become a partner in the firm	
	on the <u>expiry</u> of said six months.	
	Fact of the case:	
	X was introduced to the benefits of the Partnership of ABC & Co. with the consent	
	of all partners. After attaining majority, more than six months elapsed, and he	1
	failed to give public notice as to whether he elected to become or not to become a	
	partner in the firm. Later on, L, a supplier of material to ABC & Co., filed a suit	
	against ABC & Co. for the recovery of the debt due.	
	Conclusion:	
	1) Since X <u>failed to give the public notice</u> after attaining the majority, he should	
	become a partner in the firm on the expiry of six months after attaining the	
	majority. After becoming the partner of the firm, his <u>rights and liabilities</u> as a	1
	major partner will be applicable, but he also becomes <u>personally liable to</u>	
	third parties for all acts of the firm done since he was admitted to the benefits	
	of the partnership.	1
	2) Yes, L can <u>recover</u> his debt from X because now X has attained majority and	1
4	is <u>liable to third parties</u> for all acts of the firm.	4
4.	Explain in detail the circumstances which lead to liability of firm for misapplication by partners as per provisions of the Indian Partnership Act, 1932.	4
	(Nov. 2020, RTP May 2021)	
Ans.	As per the provisions of the Indian Partnership Act, 1932, a partnership firm shall	4
	be liable for the misapplication by partners in the following cases:	-
	a) A partner, acting within his authority, <u>receives money or property from a</u>	
	third party and misapplies it (it is not necessary that such property or money	
	had come into the custody of the firm); or	
	b) A firm in the course of its business receives money or property from a third	
	party, and such money or property is misapplied by any of the partners <u>while</u>	
	it is in the custody of the firm.	
	In both the case, the partnership firm shall be liable for the loss caused by such	
	misapplication.	
5.	Mr XU and Mr YU are partners in a partnership firm. Mr XU introduced MU (an	3
	employee) as his partner to ZU. MU remained silent. ZU, a trader is believing MU	
	as a partner, supplied 50 laptops to the firm on credit. After the expiry of the	
	credit period. ZU did not get the amount of laptops sold to the partnership firm.	
	ZU filed a suit against XU and MU for the recovery of the price. Does MU is liable	
	for such a purpose?	
	(Nov 2018, ICAI SM, RTP Nov. 2019)	

Ans.	As per the provision of the Indian Partnership Act, 1932, a <u>partner by holding</u> <u>out/partner by estoppel</u> means when a person is <u>represented as a partner by</u> <u>other partners of the firm</u> , he is then stopped from denying the character he has assumed and upon the faith of which creditors have presumed him to be a partner. Also, if a person himself, by his words or conduct, have <u>induced others to</u> <u>believe that he is a partner</u> , then also he shall be regarded as partner by holding out or partner by estoppel. Facts of the case : Mr XU and Mr YU are partners in a partnership firm. Mr XU introduced MU (an	2
	 employee) as his partner to ZU. MU remained silent. ZU, a trader is believing MU as a partner, supplied 50 laptops to the firm on credit. After the expiry of the credit period. ZU did not get the amount of laptops sold to the partnership firm. ZU filed a suit against XU and MU for the recovery of the price. <u>Conclusion</u>: In the present case, MU (an employee) is also liable for the price because he 	₩2 ₩2
	becomes a partner by holding out.	
6.	When does the dissolution of a partnership firm take place?	4
	(ICAI SM, RTP Nov. 2019)	
Ans.	As per the provision of the Indian Partnership Act, 1932, the dissolution of a partnership firm takes place in the following cases:a) Dissolution without the order of the Court or voluntary dissolution.b) Dissolution by order of the Court.	
	 a) Dissolution without the order of the Court or voluntary dissolution: Dissolution by agreement between the partners. By adjudication of all or any partner as insolvent. On the happening of certain contingencies between partners like expiry of the time period of partnership. Business of the firm becoming unlawful. By giving notice of dissolution by all the partners. 	2
	 b) Dissolution by order of the Court: Partner becoming of <u>unsound mind</u>. Permanent incapacity of the partner to perform his duties. <u>Misconduct</u> of partner affecting the business. <u>Willful breaches</u> by a partner. <u>Transfer or sale of the whole interest</u> of a partner. <u>Continuous losses</u> incurred by the firm. The Court is satisfied on just and equitable grounds for the dissolution of the firm. 	2
7.	Amar, Aman and Amaan are partners in a firm. As per the terms of the partnership deed, Amaan is entitled to 20% of the partnership property and profits. Amaan retires from the firm and dies after 10 days. Amar and Aman continue the business of the firm without settling the accounts. Explain the rights of Amaan's legal representatives against the firm under the Indian Partnership Act, 1932. (ICAI SM, RTP May 2020)	4
Ans.	As per the provision of the Indian Partnership Act, 1932, where any partner of a firm has died or is ceased to be a partner, and the surviving partners continue the business without settling the accounts of such deceased or outgoing partner, the legal representatives of the deceased partner or the outgoing partner are entitled to: -	2

	• Interest at 6% p.a, on amount of his share in the property, or	
	Profit earned after the death or retirement of the partner in the capital ratio	
	of partners, whichever is higher.	
	This provision is subject to the contract to the contrary.	
	Fact of the case:	
	Amar, Aman and Amaan are partners in a firm. As per the terms of the partnership	
	deed, Amaan is entitled to 20% of the partnership property and profits. Amaan	
	retires from the firm and dies after 10 days. Amar and Aman continue the	1
	business of the firm without settling the accounts.	
	Conclusion:	
	In the present case, Amaan's legal representatives shall be entitled at their option	
	to:	1
	• 20% profits; or	
	 Interest at the rate of 6% p.a. on the amount of Amaan's share in the property. 	
	Amar and Aman cannot continue the business without settling the accounts with	
0	Amaan's legal representatives.	1
8.	M/s XYZ & Associates, a partnership firm with X, Y, Z as senior partners, were	6
	engaged in the business of carpet manufacturing and exporting to foreign	
	countries. On 25 th August 2019, they inducted Mr G, an expert in the field of carpet	
	manufacturing, as their partner. On 10 th January 2020, Mr G was blamed for	
	unauthorized activities and thus expelled from the partnership by the united	
	approval of the rest of the partners.	
	i) Examine whether action by the partners was justified or not?	
	ii) What should have the factors to be kept in mind prior to expelling a partner	
	from the firm by other partners according to the provisions of the Indian	
	Partnership Act, 1932?	
	(ICAI SM, May 2018, May 2019, Nov 2020, Dec 2022)	
Ans.	As per the provision of the Indian Partnership Act, 1932, a partner may not be	2
	expelled from a firm by a majority of partners except in exercise, in good faith, of	
	powers conferred by contract between the partners.	
	The test of good faith includes three things:	
	1) The expulsion must be in the interest of the partnership.	
	2) The partner to be expelled is served with a notice.	
	3) He is given an opportunity of being heard.	
	If a partner is otherwise expelled, the expulsion is null and void.	
	Fact of the case:	
	M/s XYZ & Associates, a partnership firm with X, Y, Z as senior partners, were	
	engaged in the business of carpet manufacturing and exporting to foreign	
	countries. On 25 th August 2019, they inducted Mr G, an expert in the field of carpet	1
	manufacturing, as their partner. On 10 th January 2020, Mr G was blamed for	T
	unauthorized activities and thus expelled from the partnership by the united	
	approval of the rest of the partners.	
	Conclusion:	0
	i) Action by the partners of M/s XYZ & Associates, a partnership firm, to expel	3
	Mr G from the partnership was justified as he was expelled by united approval	
	of the partners exercised in good faith to protect the interest of the	
	partnership against the unauthorized activities charged against Mr G. A	
	proper notice and opportunity of being heard has to be given to Mr G.	
	ii) The following are the factors to be kept in mind prior to expelling a partner from the firm by other partners:	
	from the firm by other partners:	

		of expulsion must have exis	sted in a contract between the	
	partners; b) the power has been exercised by a majority of the partners; and			
		exercised in good faith.		
9.	Distinguish between 'Dissolution of Firm' and 'Dissolution of Partnership'. (Any			4
	4 points)			
			(Nov. 2019, May 2018)	
Ans.	(Any 4 points)			1 mark
	Basis	Dissolution of Firm	Dissolution of	for each
	Continuation	It involves <u>discontinuation</u>	Partnership It does not affect the	point (write
	of Business	<u>of business</u> in partnership.	continuation of the	any 4
		<u>or business</u> in parenersnip.	business. It involves only	points)
			the <u>reconstitution</u> of the	
			firm.	
	Winding-up	It involves the winding up	It involves only	
		of the firm and requires the	reconstitution and	
		realization of assets and	requires the only	
		<u>settlement of liabilities</u> .	revaluation of the assets	
	Order of	A firm may be discolved by	and <u>liabilities of the firm</u> .	
	Order of Court	A firm may be dissolved by order of the Court.	Dissolution of Partnership is <u>not ordered by the Court</u> .	
	Scope	It necessarily involves the	It may or <u>may not involve</u>	
	beope	dissolution of the	the dissolution of the firm.	
		partnership.		
	Final closure	It involves the <u>final closure</u>	It does <u>not involve the final</u>	
	of books	<u>of the books</u> of the firm.	<u>closure of books of the</u>	
			<u>firm</u> .	
10,			solve a partnership firm in case	4
	any partner files a		0 DTD May 2020 June 2022)	
Ans.	As per the provisi		18, RTP May 2020, June 2022) Act, 1932, the Court may, at the	1 mark
1113.		dissolve a firm on any of the f	-	for each
	-	-	er (not a sleeping partner) has	point
	become of uns	<u>sound mind</u> , the Court may <u>d</u>	issolve the firm on a suit of the	(write
	-	or by the next friend of the in	-	any 4
	-		ther than the partner suing, has	points)
			e of performing his duties as a	
	-	m physical disability or illness	rm. Such permanent incapacity	
	-		the partner suing, is guilty of	
			ness, the Court may order for	
		the firm by giving regard to the	-	
			partner other than the partner	
	suing, <u>willfully</u>	or persistently commits a b	reach of agreements relating to	
			r the conduct of its business, or	
			ting to the business that it is not	
		_	s to carry on the business in	
	partnership wi	ith him, then the Court may di	ssolve the firm at the instance of	

		1
	any of the partners. The following comes into the category of breach of	
	contract:	
	i) Embezzlement,	
	ii) Keeping erroneous accounts	
	iii) Holding more cash than allowed	
	iv) Refusal to show accounts despite repeated requests etc.	
	5) Transfer of interest: Where a partner other than the partner suing has	
	transferred the whole of his interest in the firm to a third party or has allowed	
	his share to be charged or sold by the Court, in the recovery of arrears of land	
	revenue, the Court may <u>dissolve the firm</u> at the instance of any other partner.	
	6) Continuous/Perpetual losses : Where the business of the firm <u>cannot be</u>	
	<u>carried</u> on except at a <u>loss</u> in future also, the Court may order for its	
	dissolution.	
	7) Just and equitable grounds: Where the Court considers any other ground	
	to be just and equitable for the <u>dissolution of the firm</u> , it may dissolve a firm.	
	The following are the cases for just and equitable grounds:	
	i) <u>Deadlock</u> in the management.	
	ii) Where the <u>partners are not on talking terms</u> .	
	iii) Loss of <u>substratum</u> .	
	iv) <u>Gambling by a partner</u> on a stock exchange.	
11.	"Mutual Agency is the cardinal principle of the partnership law". Discuss.	3
_	(Jan. 2021, RTP May 2020)	
Ans.	1) As per the Indian Partnership Act, 1932, the existence of <u>mutual agency</u> is the	1
	cardinal principle of partnership law. It is also known as the true test of	
	partnership.	
	2) Each partner carrying on the business is the <u>principal</u> as well as an <u>agent</u> of	
	other partners. So, the act of one partner done on behalf of the firm <u>bind all</u>	1
	the partners.	
	3) If the elements of a mutual agency relationship exist between the parties	
	constituting a group formed with a view to earning profits by running a	1
	business, a partnership may be deemed to exist.	
12.	M, N and P were partners in a firm. The firm ordered JR Limited to supply the	4
	furniture. P dies, and M and N continue the business in the firm's name. The firm	
	did not give any notice about P's death to the public or the persons dealing with	
	the firm. The furniture was delivered to the firm after P's death; the fact about his	
	death was known to them at the time of delivery. Afterwards, the firm becomes	
	insolvent and failed to pay the price of furniture to JR Limited.	
	Explain with reasons:	
	1) Whether P's private estate is liable for the price of furniture purchased by the	
	firm?	
	2) Whether does it make any difference if JR Limited supplied the furniture to	
	the firm, believing that all the three partners are alive?	
	(Nov 2018, RTP May 2021, Jan. 2021, May 2022 RTP, Nov 2022 RTP)	
Ans.	As per the provision of the Indian Partnership Act, 1932, the estate of a deceased	1
AII5.	partner is <u>not liable for any act of the firm done after his death</u> . It is not necessary	T
	to give any notice either to the public or the person having dealt with the firm	
	regarding the death of the partner.	
	Facts of the case:	

	M, N and P were partners in a firm. The firm ordered JR Limited to supply the	
	furniture. P dies, and M and N continue the business in the firm's name. The firm	1
	did not give any notice about P's death to the public or the persons dealing with	
	the firm. The furniture was delivered to the firm after P's death; the fact about his	
	death was known to them at the time of delivery. Afterwards, the firm becomes	
	insolvent and failed to pay the price of furniture to JR Limited.	
	<u>Conclusion</u> :	
	1) The delivery of the furniture was made after P's death; his estate would not	1
	be liable for the debt of the firm. A suit for goods sold and delivered would	
	not lie against the representative of the deceased partner. This is because	
	there was <u>no debt due with respect of the goods in P's lifetime</u> .	
	2) It <u>would not make any difference</u> even if JR Limited supplied furniture to <u>the</u>	
	firm believing that all the three partners are alive, as it is not necessary to give	1
	any notice either to the public or the persons having dealings with the firm,	
	so the estate of the deceased partner may be absolved from liability for the	
	future obligations of the firm.	
13.	Mr A (transferor) transfer his share in a partnership to Mr B (transferee). Mr B is	5
	not entitled to few rights and privileges as Mr A is entitled, therefore. Discuss in	
	brief the points for which Mr B is not entitled during the continuance of the	
	partnership?	
	(ICAI SM, RTP May 2021, Nov 2021 RTP, June 2022)	
Ans.	As per the provision of the Indian Partnership Act, 1932, when a partner transfers	3
	his interest in the firm to a transferee, then such transferee shall not be entitled,	
	during the continuance of the firm:	
	• to interfere in the conduct of business, or	
	to require an account, or	
	 to inspect the books of the firm. 	
	But, <u>the transferee is entitled</u> :	
	 to receive the share of the assets of the transferring partner at the time of the 	
	dissolution of the firm, and	
	 to require the accounts of the firm for ascertaining his share from the date of 	
	the dissolution.	
	Facts of the case:	
	Mr A (transferor) transfer his share in a partnership to Mr B (transferee). Mr B is	
	not entitled to few rights and privileges as Mr A is entitled, therefore.	1
	Conclusion:	
	In the given case, during the continuance of partnership, such transferee Mr B is	
	not entitled:	1
	\checkmark To interfere with the conduct of the business.	
	 To require accounts. 	
	 ✓ To inspect books of the firm 	
	However, Mr B is only entitled to receive the share of the profits of the	
	transferring partner, and he is bound to accept the profit as agreed to by partners,	
	i.e, he cannot challenge the accounts.	
14.	What is the conclusive evidence of partnership? State the circumstances when	5
17.	the partnership is not considered between two or more parties.	5
	(Dec. 2021, May 2018)	
	(Dec. 2021, May 2010)	
1		

 Ans. As per the provision of the Indian Partnership Act, 1932, the existence of <u>Mutual Agency</u>, which is the cardinal principle of partnership law, is very much helpful in reaching a conclusion with respect to the determination of the existence of the partnership. Each partner carrying on the business is the principal as well as an agent of other partners. So, the act of one partner done on behalf of the firm binds all the partners. Circumstances when a partnership is not considered between two or more parties according to various judicial pronouncements: Parties have not retained any record of the terms and conditions of the partnership. Partnership business has <u>maintained no accounts</u> of its own, which would be open to inspection by both parties No account of the partnership was opened with any bank. No written intimation was conveyed to the <u>Deputy Director of Procurement</u> with rement to the newly grant and partnership.
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with respect to the newly greated newtherebin
with respect to the newly created partnership.
15. "Whether a group of persons is or is not a firm, or whether a person is or not a 4
partner in a firm". Explain the mode of determining the existence of partnership
as per the Indian Partnership Act, 1932? (Dec. 2021, May 2019)
Ans. As per the provision of the Indian Partnership Act, 1932, in determining whether a 1
group of persons is or is not a firm, or whether a person is or not a partner in a
firm, regard shall be had to the real relation between the parties, as shown by all
relevant facts taken together.
For determining the existence of a partnership, the following things must be 3 (1
present: mark for
1) Agreement: Partnership is created by agreement and not by status. The each
relation of partnership arises from the contract and not from status. point)
2) Sharing of Profit: Sharing of profit is an essential element to constitute a
partnership. But, it is only prima facie evidence and not conclusive evidence
in that regard. The sharing of profits would not by itself make such person
partners.
3) Agency: The existence of Mutual Agency which is the cardinal principle of
partnership law, is very much helpful in reaching a conclusion in this
regard. Each partner carrying on the business is the principal as well as an
agent of other partners. So, the act of one partner done on behalf of the firm
binds all the partners.
16. Explain different types of partners. 7
(Jan. 2021)
Ans.Types of partners:1 mark
1) Active or Actual or Ostensible Partner: A person who has become a partner for each
by agreement and actively participates in the conduct of the partnership point
business is known as an actual or active or ostensible partner. In the event of
retirement, he had to give public notice in order to relieve himself of all
liabilities for acts of other partners done after the retirement.
2) Sleeping or Dormant Partner: A person who is a partner by agreement and
who does not actively take part in the conduct of the partnership business. A
sleeping partner share profits and is also liable to the third parties for all acts
of the firm. Public notice is not required in the event of retirement.
3) Nominal Partner: A person who <u>lends his name to the firm</u> without having
any real interest in it is called a nominal partner. He is <u>not entitled to share</u>

	the profits of the firm. Neither he invests in the firm nor takes part in the	
	conduct of the business. However, a nominal partner is <u>liable to third parties</u>	
	for all acts of the firm.	
	4) Partner in profits only: A partner who is entitled to share profits only	
	without being liable for the losses is known as the partner for profits only and	
	is also <u>liable to the third parties</u> for all the acts of the firm.	
	5) Incoming Partner : A person who is <u>admitted as a partner</u> into an already	
	existing firm with the consent of all the existing partners is called an incoming	
	partner. Such a partner is <u>not liable for any act</u> of the firm done <u>before his</u>	
	admission as a partner.	
	 6) Outgoing Partner: A partner who <u>leaves the firm</u> in which the rest of the 	
	partners continue to carry on business is called a retiring or outgoing partner.	
	Such a partner <u>remains liable to third parties for all acts</u> of the firm until	
	<u>public notice</u> is given of his retirement.	
	7) Partner by Estoppel: When a person, who is <u>not a partner</u> in the firm,	
	represents himself as a partner in a firm, he is liable to anyone who, on the	
	<u>faith of such representation</u> , has given credit to the firm.	
17.	Ms Lucy, while drafting the partnership deed to take care of few important points.	6
1/.	What are those points? She wants to know the list of information which must be	U
	part of the partnership deed drafted by her. Also, give a list of information to be	
	included in the partnership deed?	
	(ICAI SM)	
Ans.	As per the provision of the Indian Partnership Act, 1932, a document which	4
	contains various <u>terms and conditions</u> related to the <u>relationship of partners</u> to	
	each other is called a partnership deed.	
	The information contained in a partnership deed is as follows:	
	1) Name of the <u>partnership firm</u> .	
	2) Name of all the <u>partners</u> .	
	3) Nature and place of the <u>business of the firm</u> .	
	4) Date of <u>commencement of partnership</u> .	
	5) <u>Duration</u> of the partnership firm.	
	6) <u>Capital contribution</u> of each partner.	
	7) <u>The profit-sharing ratio</u> of the partners.	
	8) <u>Admission</u> and <u>retirement</u> of a partner.	
	9) <u>Rates of Interest</u> on Capital, Drawings and Loans.	
	10) Provisions for <u>settlement of accounts</u> in the case of <u>dissolution of the firm</u> .	
	11) Provisions for <u>salaries</u> or <u>commissions payable</u> to the partners, If any.	
	12) Provisions for the <u>expulsion of a partner</u> in case of <u>breach of duty</u> or <u>fraud</u>	
	Ms Lucy, while drafting the partnership deed to take care of few important	
	points:	2
	1	
	i) The partnership agreement must be in writing. An oral partnership	
	i) The partnership agreement must be in writing. An oral partnership agreement is not a partnership deed.	
	agreement is not a partnership deed.	
	agreement is not a partnership deed. ii) The partnership deed contains various terms & conditions as to the	
	agreement is not a partnership deed.ii) The partnership deed contains various terms & conditions as to the relationship of the partners to each other.	
	agreement is not a partnership deed.ii) The partnership deed contains various terms & conditions as to the relationship of the partners to each other.iii) The partnership comprises of immovable property, then the partnership	
	 agreement is not a partnership deed. ii) The partnership deed contains various terms & conditions as to the relationship of the partners to each other. iii) The partnership comprises of immovable property, then the partnership deed must be in writing, stamped & registered under Registration Act 	
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	 agreement is not a partnership deed. ii) The partnership deed contains various terms & conditions as to the relationship of the partners to each other. iii) The partnership comprises of immovable property, then the partnership deed must be in writing, stamped & registered under Registration Act 	

18.	When can the continuing guarantee be revoked under the Indian Partnership Act,	2
101	1932?	-
	(Nov. 2019)	
Ans.	1) As per the provision of the Indian Partnership Act, 1932, a continuing	1
	guarantee given to a firm or to the third party, in respect of the transaction of	
	a firm, is revoked as to future transactions from the date of any change in the	
	constitution of the firm.	
	2) Such change may occur by the <u>death</u> or <u>retirement</u> of a partner or by the	1
10	introduction of a new partner.	
19.	Explain the various effects of insolvency of a partner as per the Indian	4
	Partnership Act, 1932.	
A	(Nov. 2019)	11/
Ans.	As per the Indian Partnership Act, 1932, where a partner in a firm is <u>adjudicated</u> <u>insolvent</u> , he <u>ceases to be a partner</u> on the date on which the order of adjudication	1½
	is made, whether or not the firm is dissolved.	
	Effects of insolvency of a partner:	2½ (½
	 The insolvent partner <u>cannot be continued</u> as a partner. 	2 72 (72 marks
	2) He will be <u>ceased to be a partner</u> from the very date on which the order of	for each
	adjudication is made.	point)
	3) The <u>estate</u> of the insolvent partner is <u>not liable for the acts of the firm</u> done	
	after the date of order of adjudication.	
	4) The firm is also not liable for any act of the insolvent partner after the date of	
	the order of the adjudication.	
	5) The insolvency of a partner results in the <u>dissolution of the firm</u> , but the	
	partners are competent to agree among themselves that the <u>adjudication</u> of a	
	partner as an insolvent will <u>not give rise to dissolution of the firm</u> .	
20.	Define 'Goodwill' as per the Indian Partnership Act, 1932. Also, explain the rights	6
	of the buyer and seller of goodwill as per the Indian Partnership Act, 1932.	
Ans.	(Nov. 2019) <u>Goodwill has not been specifically defined</u> in the Indian Partnership Act, 1932.	3
Alls.	But, as per the Indian Partnership Act, 1932, goodwill has been regarded as a	5
	partnership property.	
	<u>Meaning of Goodwill</u> : 'Goodwill' means the benefits arising from a firm's business'	
	connections or reputation. Goodwill is an intangible asset but, it has value. Upon	
	the dissolution of the firm, the goodwill of the firm, subject to the contract, is sold	
	and its proceeds are distributed as capital.	
	 <u>Rights of buyer and seller of goodwill</u>: Buyer's rights: On the sale of goodwill, the <u>buyer</u> may, subject to the terms of 	3
	the contract of sale:	
	a) <u>represent himself</u> in continuing the business,	
	b) <u>maintain his exclusive rights</u> to the use of the firm name, and	
	c) <u>solicit former customers</u> of the business and <u>restrain the seller</u> of the	
	goodwill from doing so.	
	2) Seller's rights: The <u>seller</u> may enter into <u>competition with the purchaser of</u>	
	the goodwill unless the seller is prevented by a valid restraint clause in the	
	contract of sale.	
21.	"Though a minor cannot be a partner in a firm, he can nonetheless be admitted to	
	the benefits of the partnership."	
	1) Referring to the provisions of the Indian Partnership Act, 1932, state	4
	the rights which can be enjoyed by a minor partner.	

	2) State the light littles of a minor neutron heth.	2
	2) State the liabilities of a minor partner both:	2
	i) Before attaining majority and	
	ii) After attaining majority.	
	(ICAI SM, Nov. 2018, Nov 2021 RTP, June 2022)	
Ans.	1) As per the provision of the Indian Partnership Act, 1932, rights which can	4
	be enjoyed by a minor partner are:	
	a) A minor partner has a right to his agreed <u>share of the profits</u> and of the	
	firm.	
	b) He can have access to, <u>inspect and copy the accounts</u> of the firm.	
	c) He can <u>sue the partners</u> for <u>accounts or for payment of his share</u> but only	
	when severing his connection with the firm and not otherwise.	
	d) On <u>attaining majority</u> , he may <u>within 6 months</u> elect to become a partner	
	or not to become a partner. If he elects to <u>become a partner</u> , then he is	
	entitled to the <u>share</u> to which he was entitled as a minor. If he <u>does not</u> ,	
	then he is <u>not liable</u> for any acts of the firm <u>after the date of the serving of</u>	
	<u>such public notice</u> .	
	2) Liabilities of a minor partner before attaining majority:	1
	a) The liability of the minor is confined only to the <u>extent of his share</u> in the	
	profits and the property of the firm.	
	b) Minor has <u>no personal liability</u> for the debts of the firm incurred during	
	his minority.	
	c) Minor <u>cannot be declared insolvent</u> , but if the firm is declared insolvent,	
	his share in the firm vests in the Official Receiver/ Assignee.	
	3) Liabilities of a minor partner after attaining majority:	1
	a) <u>Within 6 months</u> of his <u>attaining majority</u> or on his <u>obtaining knowledge</u>	
	that he had been admitted to the <u>benefits of partnership</u> , whichever date	
	is later, the minor partner has to decide whether he shall remain a	
	partner or leave the firm.	
	b) Where he has elected not to become a partner, he may give <u>public notice</u>	
	that he has elected not to become a partner, and such notice shall	
	determine his position in the firm. If he fails to give such notice, he shall	
	become a partner in the firm on the expiry of the said six months.	
22.	What is the provision related to the effect of notice to an acting partner of the firm	2
	as per the Indian Partnership Act, 1932?	
	(May 2019)	
Ans.	1. As per the provision of the Indian Partnership Act, 1932, notice to a partner,	2
	who habitually acts in the business of the firm, of any matter relating to the business of the firm is deemed as notice to the firm, except in the case of a	
	fraud committed by or with the consent of such partner.	
	2. Thus, notice to one partner is equivalent to the notice to the rest of the	
	partners of the firm. This is just like a notice to an agent is a notice to his	
	principal. This notice must be actual and not constructive. It must further	
	relate to the firm's business, only then it would constitute notice to the firm.	
23.	What is the procedure of registration of a partnership firm under the Indian	4
	Partnership Act, 1932?	
	(ICAI SM)	
Ans.	As per the provision of the Indian Partnership Act, 1932, the following is the	
	procedure for the registration of a partnership firm:	
	1) The registration of a partnership firm is <u>optional</u> . Also, if a firm is required to	1⁄2
	be registered, then it <u>need not be registered from the beginning</u> ; it can be	
	registered during continuation also.	

1		
	2) For the registration, an <u>application to the registrar</u> shall be submitted, with	2
	the prescribed form and the prescribed fee, stating.	
	✓ The <u>firm's name</u> .	
	✓ The <u>place or principal place of the business</u> of the firm.	
	✓ The <u>names of any other places</u> where the firm carries on business.	
	✓ The <u>date when each partner joined the firm</u> .	
	✓ The <u>name in full</u> and <u>permanent addresses</u> of the partners.	
	\checkmark The <u>duration</u> of the firm.	
	3) Such an application statement shall be <u>signed by all the partners or by their</u>	1/2
	<u>authorized agents</u> . Each person signing the application shall also verify it in	
	the manner prescribed.	
	4) A partnership firm <u>shall not contain</u> any of the words in its name like <u>Crown</u> ,	1⁄2
	Emperor, Empress, Empire, Imperial, King, Queen, Royal, etc.	
	5) The registration of a partnership is <u>effective from the date when all</u>	
	documents with prescribed form and prescribed fees are delivered to the	1⁄2
	registrar. The date on which the Registrar makes an entry in the register of	72
	the firms is immaterial.	
24.	Discuss the liability of a partner for the act of the firm and liability of the firm for	4
24.	the act of a partner to third parties as per the Indian Partnership Act, 1932. (Jan. 2021)	4
Ans.	1) Liability of a partner for acts of the firm: As per the provisions of the Indian	2
11101	Partnership Act, 1932, every partner is liable, jointly and severally, with all	-
	other partners for all acts of the firm done while he is a partner.	
	2) <u>Liability of the firm for wrongful acts of a partner</u> : As per the provisions of the	
	Indian Partnership Act, 1932, where the wrongful act or omission of a	
	partner, in the ordinary course of the business of a firm or with the authority	2
	of his partners, any loss or injury is caused to any third party or any penalty	2
	is incurred, the firm is liable for such loss or injury or penalty to the same	
	extent as the partner.	
25.	What are the rights which won't be affected by the Non-Registration of	4
	Partnership firm?	
	(Nov. 2020)	
Ans.	As per the provision of the Indian Partnership Act, 1932, non-registration of a	
	firm does not affect the following rights:	
	1) Right of third parties to sue the firm or any other party.	1
	2) Right of partners to sue:	1
	\checkmark for the dissolution of the firm, or	
	✓ for the settlement of accounts of the dissolved firm, or	
	\checkmark for the realization of the property of the dissolved firm.	
	3) Power of an Official Assignee of Court to release the property of the insolvent	1
	partner and to bring an action.	
	4) Right to use or claim a set-off if the value of suit does not exceed ₹100 in value.	1
26.	P, Q, R and S are the partners in M/S PQRS & Co., a partnership firm which deals	6
20.	in the trading of washing Machines of various brands. Due to the conflict of views	U
	between partners, P & Q decided to leave the partnership firm and started	
	competitive business on 31 st July 2019, in the name of M/S PQ & Co. Meanwhile,	
	R & S Have continued using the property in the name of M/S PQRS & Co., in which	
	P & Q also has a share.	
	Based on the above facts, explain in detail the rights of outgoing partners as per	
	the Indian Partnership Act, 1932 and comment on the following:	

	1) Rights of P & Q to start a competitive business.	
	2) Rights of P & Q regarding their share in the property of M/S PQRS & Co.	
	(Nov. 2020)	
Ans.	 (Nov. 2020) As per the provision of the Indian Partnership Act, 1932, an outgoing partner may carry the business that is competing with that of the firm, but he may not: a) use the firm's name; b) represent himself as carrying on the business of the firm; or c) solicit the customers who were dealing with the firm before such outgoing partner was ceased to be a partner. However, the partner may agree with the outgoing partner that he will not carry on a business similar to that of the firm within a specified period or within specified local limits. Such an agreement will not be in restraint of trade if the 	2
	 <u>appendict rotat minut</u>, ottal an agreement with not be in restraint of trade in the restraints are reasonable. As per the provision of the Indian Partnership Act, 1932, where any partner of a firm has died or is ceased to be a partner, and the surviving partners continue the business without settling the accounts of such deceased or outgoing partner, the legal representatives of the deceased partner or the outgoing partner are entitled to: - Interest at 6% p.a, on amount of his share in the property, or Profit earned after the death or retirement of the partner in the capital ratio of partners, whichever is higher. This provision is subject to the contract to the contrary. 	2
	Facts of the case: P, Q, R and S are the partners in M/S PQRS & Co., a partnership firm which deals in the trading of washing Machines of various brands. Due to the conflict of views between partners, P & Q decided to leave the partnership firm and started competitive business on 31 st July 2019, in the name of M/S PQRS & Co., in which P & Q also has a share.	1
	 Conclusion: 1) P & Q can start a competitive business in the name of M/S PQ & Co. after following the above conditions in the absence of any agreement. 2) In the present case, P & Q shall be entitled at their option to: profits of the firm made from the date on which P & Q left the firm; or interest at the rate of 6% p.a. on the amount of P & Q's share in the property. R and S cannot continue the business without settling the accounts with p and Q. 	1

27.	Ram, Laxman and Bharat are partners of a partnership firm RLB Furniture's & Co.	6
	The firm is a dealer in office furniture. Ram was in charge of purchase and sale,	
	Laxman was in charge of maintenance of accounts of the firm, and Bharat was in	
	charge of handling all legal matters. Recently through an agreement among them,	
	it was decided that Ram will be in charge of maintenance of accounts and Laxman	
	will be in charge of purchase and sale. Being ignorant about such an agreement,	
	Shyam, a supplier, supplied some furniture to Ram, who ultimately sold them to	
	a third party at a profit. Referring to the provisions of the Partnership Act, 1932,	
	advise whether Ram's actions were correct or not?	
	(Jan. 2021, July 2021)	
Ans.	As per the provision of the Indian Partnership Act, 1932, it is the duty of the	2
	partner to <u>act within the scope of his actual authority</u> . If he <u>exceeds his authority</u> ,	
	he shall <u>compensate the other partners for loss</u> unless they ratify his act. Also, a	
	partner must not make any <u>secret profits</u> .	
	Facts of the case:	
	Ram, Laxman and Bharat are partners of a partnership firm RLB Furnitures & Co.	
	The firm is a dealer in office furniture. Ram was in charge of purchase and sale,	
	Laxman was in charge of maintenance of accounts of the firm, and Bharat was in	2
	charge of handling all legal matters. Recently through an agreement among them,	4
	it was decided that Ram will be in charge of maintenance of accounts and Laxman	
	will be in charge of purchase and sale. Being ignorant about such an agreement,	
	Shyam, a supplier, supplied some furniture to Ram, who ultimately sold them to	
	a third party at a profit.	
	<u>Conclusion</u> :	
	Here, Ram has to compensate the other partners and the firm as Ram had <u>acted</u>	
	outside his actual authority and made an agreement with Shyam for the purchase	0
	of furniture, which was <u>not within the scope of his duties</u> . Ram's duty was the	2
	maintenance of accounts of the firm, not sale and purchase of the furniture. Also,	
	the <u>profit</u> which Ram has made from selling the furniture shall be <u>claimed by the</u>	
	<u>firm</u> .	_
28.	State the legal consequence of the following as per the provisions of the Indian	4
	Partnership Act, 1932:	
	1) Retirement of a partner	
	2) Insolvency of a partner	
	(RTP Nov. 2019)	
Ans.	1) Retirement of a partner	2
	a) A partner may retire:	
	\checkmark with the consent of all the other partners; or	
	\checkmark in accordance with an express agreement by the partners; or	
	\checkmark if the partnership is at will, then by giving notice in writing to all the	
	other partners of his intention to retire.	
	b) A retiring partner may be <u>discharged from any liability to any third party</u>	
	for acts of the firm done before his retirement by an agreement made by	
	him with such third party and the partners of the reconstituted firm.	
	c) Notwithstanding the retirement of a partner from a firm, the retired	
	partner shall continue to be liable as a partner to third parties for any act	
	done before the date of his retirement.	
	d) Notice of retirement may be given by the retired partner or by any	

	2) Insolvency of a partner	2
	a) The insolvent partner <u>cannot be continued as a partner</u> .	
	b) He will not be a partner from the date on which the order of adjudication	
	is made.	
	c) The estate of the insolvent partner is <u>not liable</u> for the acts of the firm	
	done after the date of order of adjudication.	
	d) The firm is also <u>not liable</u> for any act of the insolvent partner <u>after the</u>	
	date of the order of adjudication.	
	e) The insolvency of a partner <u>results in the dissolution of a firm</u> , but the	
	partners are competent to agree among themselves that the adjudication	
	of a partner as an insolvent will not give rise to dissolution of the firm.	
29.	A, B and C are partners of a partnership firm carrying on the business of	4
	construction of apartments. B who himself was a wholesale dealer of iron bars	
	was entrusted with the work of selection of iron bars after examining its quality.	
	As a wholesaler, B is well aware of the market conditions. Current market price	
	of iron bar for construction is ₹350 per Kilogram. B already had 1000 Kg of iron	
	bars in stock which he had purchased before price hike in the market for 3200	
	per Kg. He supplied iron bars to the firm without the firm realising the purchase	
	cost. Is B liable to pay the firm the extra money he made, or he doesn't have to	
	inform the firm as it is his own business and he has not taken any amount more	
	than the current prevailing market price of 350 ? Assume there is no contract	
	between the partners regarding the above. (May 2019, Nov 2021 RTP)	
Ans.	As per the provisions of the Indian Partnership Act, 1932, subject to the contract	2
	between the partners, if any partner has <u>derived any personal profits</u> :	
	• from any <u>transaction</u> of the firm or from the use of <u>firm's name</u> or <u>firm's</u>	
	property; or	
	• from the business carried on by the partner, which is <u>competing and of the</u>	
	same nature as that of the firm,	
	then the partner shall account for such profits and pay it to the firm.	
	Facts of the case:	
	A, B and C are partners of a partnership firm carrying on the business of	
	construction of apartments. B who himself was a wholesale dealer of iron bars	1
	was entrusted with the work of selection of iron bars after examining its quality.	1
	As a wholesaler, B is well aware of the market conditions. Current market price of iron has for construction is 3250 nor Kilogram. B already had 1000 Kg of iron	
	of iron bar for construction is ₹350 per Kilogram. B already had 1000 Kg of iron bars in stock which he had purchased before price hike in the market for ₹200	
	per Kg. He supplied iron bars to the firm without the firm realising the purchase	
	cost.	
	Conclusion:	
	In the given scenario, Mr. B had made an extra profit of ₹150 per Kg. This is arising	
	purely out of the transaction of the firm. Hence, Mr. B is accountable to the firm	1
	for the extra profit earned by him.	-
30.	MN partnership firm has two different lines of manufacturing business. One line	5
50.	of business is the manufacturing of Ajinomoto, a popular seasoning & taste	5
	enhancer for food. Another line of business is the manufacture of paper plates &	
	cups. One fine day, a law is passed by the Government banning Ajinomoto' use in	
	food and to stop its manufacturing making it an unlawful business because it is	
	injurious to health. Should the firm compulsorily dissolve under the Indian	
	Partnership Act, 1932? How will its other line of business (paper plates & cups) be affected? (Nov 2021 RTP, Nov 2022 RTP)	

Ans.	According to Section 41 of the Indian Partnership Act, 1932, a firm is <u>compulsorily</u>	3
11101	dissolved:	U
	a) by the <u>adjudication of a partner or all partners as insolvent</u> , or	
	b) by the happening of an event that makes the business of the firm <u>unlawful</u> .	
	However, where more than one businesses are carried on by the firm, the	
	illegality of one or more businesses shall not itself cause the dissolution of the	
	firm in respect of its lawful businesses.	
	Facts of the case:	
	MN partnership firm has two different lines of manufacturing business. One line	1
	of business is the manufacturing of Ajinomoto, a popular seasoning & taste	1
	enhancer for food. Another line of business is the manufacture of paper plates &	
	cups. One fine day, a law is passed by the Government banning Ajinomoto' use in	
	food and to stop its manufacturing making it an unlawful business because it is	
	injurious to health.	
	Conclusion:	
	Here, MN has to compulsorily dissolve due to happening of law which bans the	
	usage of ajinomoto. Else the business of the firm shall be treated as unlawful.	1
	However, the illegality of ajinomoto business will in no way affect the legality or	Ŧ
	dissolution of the other line of business (paper plates & cups). MN can continue	
	with paper plates and cup manufacture.	
31.	Moni and Tony were partners in the firm M/s MOTO & Company. They admitted	3
51.	Sony as partner in the firm and he is actively engaged in day-to-day activities of	5
	the firm. There is a tradition in the firm that all active partners will get a monthly	
	remuneration of ₹20,000 but no express agreement was there. After admission of	
	Sony in the firm, Moni and Tony were continuing getting salary from the firm but	
	no salary was given to Sony from the firm. Sony claimed his remuneration but	
	denied by existing partners by saying that there was no express agreement for	
	that. Whether under the Indian Partnership Act, 1932, Sony can claim remuneration from the firm? (May 2022 RTP)	
Ans.	As per the provisions of the Indian Partnership Act, 1932 a partner is <u>not entitled</u>	1
	to receive remuneration for taking part in the conduct of the business. But this	
	rule can be <u>varied by an express agreement</u> , or by a <u>course of dealings</u> , in which	
	the partner will be entitled to remuneration. Thus, a partner can claim	
	remuneration where, in a firm, it is <u>customary to pay remuneration</u> to a partner	
	for conducting the business of the firm. He can claim it even in the absence of a	
	contract for the payment of remuneration.	
	Facts of the case:	
	Moni and Tony were partners in the firm M/s MOTO & Company. They admitted	
	Sony as partner in the firm and he is actively engaged in day-to-day activities of	
	the firm. There is a tradition in the firm that all active partners will get a monthly	
	remuneration of ₹20,000 but no express agreement was there. After admission of	1
	Sony in the firm, Moni and Tony were continuing getting salary from the firm but	
	no salary was given to Sony from the firm. Sony claimed his remuneration but	
	denied by existing partners by saying that there was no express agreement for	
	that.	
	Conclusion:	
	In the given problem, existing partners are getting regularly a monthly	
	remuneration from firm customarily being working partners of the firm. As Sony	1
	also admitted as working partner of the firm, he is entitled to get remuneration	
	like other partners.	

32.	M/s XYZ & Company is a partnership firm. The firm is an unregistered firm. The	3
	firm has purchased some iron rods from another partnership firm M/s LMN &	
	Company which is also an unregistered firm. M/s XYZ & Company could not pay	
	the price within the time as decided. M/s LMN & Company has filed the suit	
	against M/s XYZ & Company for recovery of price. State under the provisions of	
	the Indian Partnership Act, 1932;	
	a) Whether M/s LMN & Company can file the suit against M/s XYZ & Company?	
	b) What would be your answer, in case M/s XYZ & Company is a registered firm	
	while M/s LMN & Company is an unregistered firm?	
	c) What would be your answer, in case M/s XYZ & Company is an unregistered	
A	firm while M/s LMN & Company is a registered firm? (May 2022 RTP)	1
Ans.	According to provisions of Section 69 of the Indian Partnership Act, 1932, a firm	1
	or any of its partners <u>cannot bring an action against the third party</u> for breach of	
	contract entered into by the firm unless the firm is registered. But, an action can	
	be brought <u>against the unregistered firm</u> by a third party.	
	Facts of the case:	
	M/s XYZ & Company is a partnership firm. The firm is an unregistered firm. The	
	firm has purchased some iron rods from another partnership firm M/s LMN &	1
	Company which is also an unregistered firm. M/s XYZ & Company could not pay	
	the price within the time as decided. M/s LMN & Company has filed the suit	
	against M/s XYZ & Company for recovery of price.	
	Conclusion:	
	a) On the basis of above, M/s LMN & Company cannot file the suit against M/s	1
	XYZ & Company as M/s LMN & Company is an unregistered firm.	
	b) In case M/s XYZ & Company is a registered firm while M/s LMN & Company	
	is an unregistered firm, the answer would remain same as in point a) above.	
	c) In case M/s LMN & Company is a registered firm, it can file the suit against	
	M/s XYZ & Company.	
33.	Mohan, Sohan and Rohan are partners in the firm M/s Mosoro & Company. They	3
	admitted Bohan as nominal partner and on agreement between all the partners,	
	Bohan is not entitled to share profit in the firm. After some time, a creditor Karan	
	filed a suit to Bohan for recovery of his debt. Bohan denied for same as he is just	
	a nominal partner and he is not liable for the debts of the firm and Karan should	
	claim his dues from the other partners. Taking into account the provisions of the	
	Indian Partnership Act, 1932:	
	a) Whether Bohan is liable for the dues of Karan against the firm.	
	In case, Karan has filed the suit against firm, whether Bohan would be liable?	
	(Nov 2022 RTP)	
Ans.	As per the provisions of the Indian Partnership Act, 1932, a person who lends his	2
-	<u>name to the firm</u> without having any real interest in it is called a nominal partner.	
	He is <u>not entitled to share the profits</u> of the firm. Neither he invests in the firm nor	
	takes part in the conduct of the business. However, a nominal partner is <u>liable to</u>	
	third parties for all acts of the firm.	
	Facts of the case:	
	Mohan, Sohan and Rohan are partners in the firm M/s Mosoro & Company. They	
	admitted Bohan as nominal partner and on agreement between all the partners,	
	Bohan is not entitled to share profit in the firm. After some time, a creditor Karan	1⁄2
	-	72
	filed a suit to Bohan for recovery of his debt. Bohan denied for same as he is just	
	a nominal partner and he is not liable for the debts of the firm and Karan should	
	claim his dues from the other partners.	

se, Bohan is a nominal partner. of the firm, he is liable for all acceptore, he is liable to Karan like is filed the suit against firm, the acceptore partnership and co-oc ? Partnership always arises out of a contract, express or implied.	ts of the firm as if he were a other partners. answer would remain same.	4
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Partnership always arises out of a contract,	Co-ownership may arise either from the agreement or by the	4
arises out of a contract,	either from the agreement or by the	
	agreement or by the	
express or implied.		
	operation of law such	
	operation of law, such	
	as by inheritance.	
A partner is the agent of	A co-owner is not the	
the other partners.	agent of other co-	
	owners.	
There is a community of	Co-ownership does not	
interest which means	necessarily involve	
that profits and losses	sharing of profits and	
must have to be shared.	losses.	
A share in the	A co-owner may	
partnership is	transfer his interest or	
transferred only by the	rights in the property	
consent of other	without the consent of	
partners.	other co-owners.	
	There is a community of interest which means that profits and losses must have to be shared.A share in the partnership is transferred only by the consent of other	owners.There is a community of interest which means that profits and lossesCo-ownership does not necessarily involve sharing of profits and losses.A share in the partnership is transferred only by the consent of otherA co-owner may rights in the property without the consent of