

THE INDIAN PARTNERSHIP ACT, 1932

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UNIT-1 : GENERAL NATURE OF PARTNERSHIP

1. Definition of 'PARTNERSHIP', 'PARTNER', 'FIRM' and 'FIRM NAME' (SECTION 4)
2. Elements of Partnership
 - ASSOCIATION OF TWO OR MORE PERSONS
 - AGREEMENT
 - BUSINESS
 - AGREEMENT TO SHARE PROFITS
 - BUSINESS CARRIED ON BY ALL OR ANY OF THEM ACTUALLY FOR ALL
3. True test of Partnership
Mode of determining existence of partnership (Section 6)
 - Agreement (Section 5)
 - Sharing of Profit
 - Agency
4. Partnership Vs. → Joint Stock Company
→ Club
→ Joint Hindu Family
→ Co-ownership
→ Association
5. Kinds of Partnership
 - Partnership at will (Section 7)
 - Partnership for a fixed period
 - Particular Partnership
 - General Partnership
6. Types of Partners :-
 - Active Partner
 - Sleeping Partner
 - Nominal Partner
 - Partner in Profits Only
 - Incoming Partner
 - Outgoing / Retiring Partner
 - Sub Partner
 - Partner by holding out. (Section 28)
- * CASE STUDIES :- KD Kamath & Co.
Santiranjan Das Gupta Vs. Daryam Murzammul

UNIT-2 : RELATIONS OF PARTNERS

1. RELATION OF PARTNERS TO ONE ANOTHER

- General Duties of Partners (Section 9)
- Duty to Indemnify for loss caused by fraud (Section 10)
- Determination of Rights and Duties of Partners by contract between the partners (Section 11)
- The conduct of the business (Section 12)
 - Right to take part in the conduct of the business (Section 12(a))
 - Right to be consulted (Section 12(c))
 - Right of access to books (Section 12(d))
 - Right of legal heirs / representatives / their duly authorised agents (Section 12(e))
- Mutual Rights and Liabilities (Section 13)
 - Right to remuneration [Section 13(a)]
 - Right to share Profits [Section 13(b)]
 - Interest on Capital [Section 13(c)]
 - Interest on advances [Section 13(d)]
 - Right to be Indemnified [Section 13(e)]
 - Right to Indemnify the firm [Section 13(f)]

2. PARTNERSHIP PROPERTY (Section 14)

- The property of the firm (Section 14)
 - Goodwill
 - Property of a partner
- Application of the Property of the firm (Section 15)

3. PERSONAL PROFIT EARNED BY PARTNERS (Section 16)

4. RIGHTS AND DUTIES OF PARTNERS AFTER A CHANGE IN THE FIRM (Section 17)

After a change
in the firm

after the expiry
of the term
of the firm

where additional
undertakings are
carried out

5. RELATION OF PARTNERS TO THIRD PARTIES

- Partners to be an agent of the firm (Section 18)
- Implied Authority of Partner as agent of the firm (Section 19)
 - Mode of doing act to bind firm (Section 22)
 - Implied Authority of a Partner [Section 19(1) & 22]
 - Acts which are beyond the implied authority of partners [Section 19(2)]
- Extension And Restriction of Partners' Implied Authority (Section 20)
- Partner's Authority in an Emergency (Section 21)

6. EFFECT OF ADMISSIONS BY A PARTNER (Section 23)

7. EFFECT OF NOTICE TO ACTING PARTNER (Section 24)

8. LIABILITY TO THIRD PARTIES

- Liability of a Partner for Acts of the firm (Section 25)
- Liability of a firm for wrongful Acts of a Partner (Section 26)
- Liability of firm for Misapplication by Partners (Section 27)

9. RIGHTS OF TRANSFEREE OF A PARTNER'S INTEREST (Section 29)

10. MINORS ADMITTED TO THE BENEFITS OF PARTNERSHIP (Section 30)

- Rights
- Liabilities
 - Before attaining majority
 - After attaining majority
 - ↳ when he becomes partner
 - ↳ when he elects not to become a partner

11. LEGAL CONSEQUENCES OF PARTNER COMING IN AND GOING OUT (SECTION 31-35)

- INTRODUCTION OF A PARTNER (Section 31)

- Rights and liabilities of new partner

- RETIREMENT OF A PARTNER (Section 32)

CASE STUDY: Vishnu Chandra Vs. Chandrika Prasad [supreme court]

- EXPULSION OF A PARTNER (Section 33)

- INSOLVENCY OF A PARTNER (Section 34)

- LIABILITY OF ESTATE OF DECEASED PARTNER (Section 35)

12. RIGHTS OF OUTGOING PARTNER TO CARRY ON
COMPETING BUSINESS (Section 36)

Agreement in restraint of trade

13. RIGHT OF OUTGOING PARTNER IN CERTAIN CASES TO
SHARE SUBSEQUENT PROFITS (Section 37)

14. REVOCATION OF CONTINUING GUARANTEE BY CHANGE
IN FIRM (Section 38)

UNIT-3: REGISTRATION AND DISSOLUTION OF A FIRM

1. REGISTRATION OF FIRMS

- Application for Registration (Section 58)

- Registration (Section 59)

- Late Registration on Payment of Penalty (Section 59A-1)

2. CONSEQUENCES OF NON-REGISTRATION (Section 69)

- No suit in a civil court by firm or other co-partners against third party

- No relief to partners for set-off of claim

- Aggrieved partner cannot bring legal action against other partner of firm

- Third party can sue the firm

3. DISSOLUTION OF FIRM (Sections 39-47)

⊙ MODES OF DISSOLUTION OF A FIRM -

• DISSOLUTION WITHOUT THE ORDER OF THE COURT OR VOLUNTARY DISSOLUTION:

→ Dissolution by Agreement (Section 40)

→ Compulsory dissolution (Section 41)

→ Dissolution on the happening of certain contingencies (Section 42)

→ Dissolution by notice of partnership at will (Section 43)

• DISSOLUTION BY THE COURT: (Section 44)

→ Insanity / Unsound mind

→ Permanent Incapacity

→ Misconduct

→ Persistent breach of agreement

→ Transfer of interest

→ Continuous / Perpetual losses

→ Just and equitable grounds

4. CONSEQUENCES OF DISSOLUTION (Section 45-55)

• Liability for acts of partners done after dissolution (Section 45)

• Right of partners to have business wound up after dissolution (Section 46)

• Continuing authority of partners for purposes of winding up (Section 47)

• Mode of settlement of partnership accounts (Section 48)

• Payment of firm debts and of separate debts (Section 49)