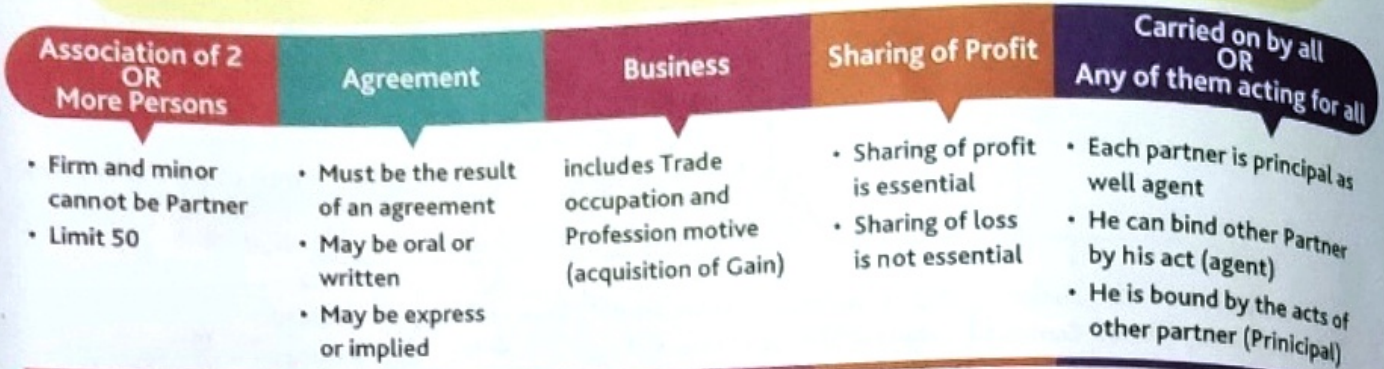


THE INDIAN PARTNERSHIP ACT, 1932

UNIT 1

- Partnership Firm → Relation between Partners
 Firm Name → Partners who have entered into Partnership are collectively called Firm
 → Name under which their business is carried on



TEST OF PARTNERSHIP

Agreement

Relation of Partnership arises from contract not from status

Sharing of Profit

Sharing of Profit is Prima facie evidence not conclusive evidence

Mutual Agency

- Existence mutual agency is cardinal principal's law
- Each Partner carrying on business is Principal as well as agent

TYPE OF PARTNERS

Active or Ostensible Partner

Who become Partner by agreement & Who actively participate in the conduct of business

Sleeping Partner or Dormant Partner

Who is Partner by agreement & who does not actively take part in the conduct of business

Nominal Partner

- Lends his name
- Without having any real interest
- Not entitled to share any profit
- Does not take part in conduct of business
- Liable to third party

Partner in Profit Only

- Entitled to Share Profit only
- Not liable for losses
- Liable to third party for All acts of profit only

Incoming Partner— admitted with the consent of All Partners not liable for acts done before admission.

Outgoing Partner— who leaves the firm • Liable for All acts till Public notice is given

Partner by holding out only — Partner by estoppel

When a Person represent himself

OR

Knowingly permits himself

to be represented himself as Partner in a firm

he is Liable like a Partner in a firm

VARIOUS KINDS OF PARTNERSHIP

WITH REGARD TO DURATION

Partnership at Will

Not fixed period agreed upon & No provision as to determination of Partnership

Partner is for fixed term Continued after Expiry of term

Can be dissolved any time by giving notice in Writing

Partnership for Fixed Period

Contract for duration of Partnership

WITH REGARD TO EXTENT OF BUSINESS

General Partnership

Partnership constituted with respect to business in General

Particular Partnership

- Particular adventure or undertaking
- Liability extends to Particular venture or undertaking

PARTNERSHIP DEED

A document in writing containing various terms and conditions as to the relationship of Partner to each other is called Partnership deed.

CLAUSES

SPECIFIC POINTS

- Admission & retirement of Partner
- Settlement of A/c on Dissolution
- Exclusion of Partners

GENERAL POINTS

- Name of Partners & Firm
- Place of Business & Date
- Nature of Business & Duration
- Capital
- IOD, IOC & Interest on Loan
- Salary & Commission
- P S R

Partnership VS HUF

- | | |
|---|--|
| <ul style="list-style-type: none"> • Legal status • Agency • Distribution of profit • Extent of liability • Property | <ul style="list-style-type: none"> • Transfer of Shares • Management • Registration • Winding up • No. of membership • Duration of Existence |
|---|--|

Partnership VS Club

- Definition
- relationship
- Intrest in Property
- Dissolution

Partnership VS HUF

- Mode of creation
- Death of member
- Management
- Authority to bind
- Liability
- Calling for accounts on clauses
- Governing Law
- Minors capacity
- Continuity
- Number of members
- Share in business

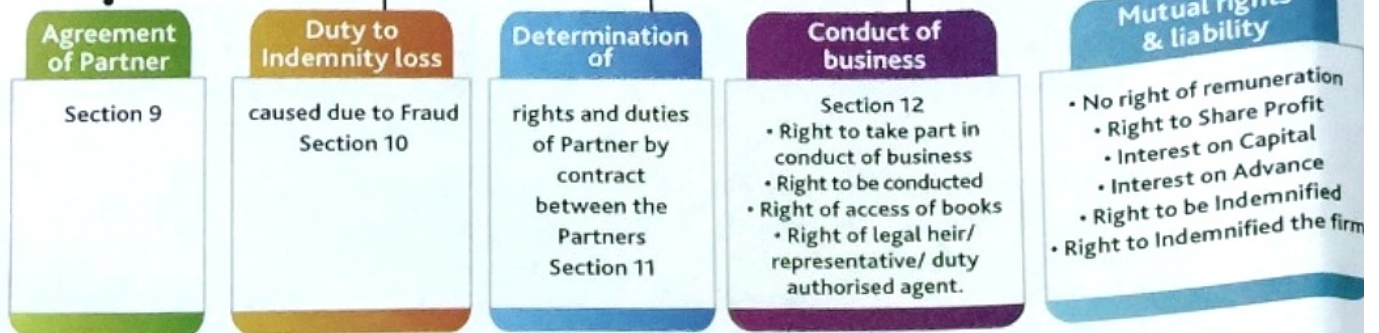
Partnership VS Co ownership

Partnership VS Association

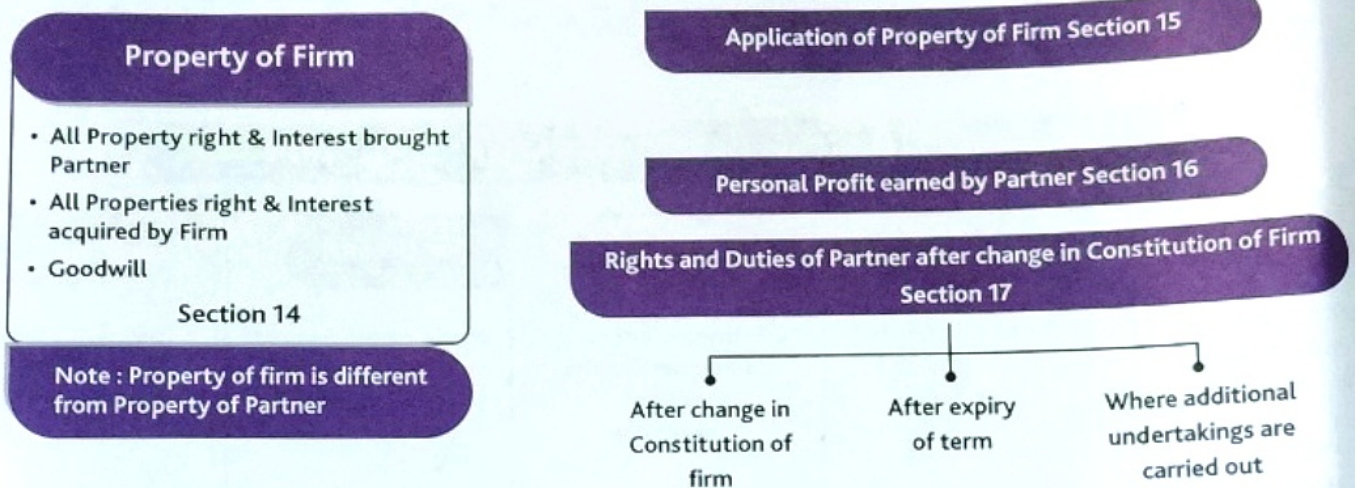
THE INDIAN PARTNERSHIP ACT, 1932

UNIT 2

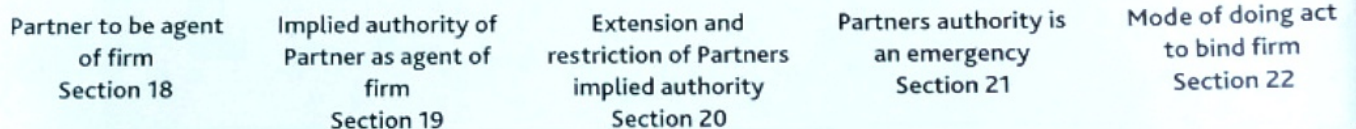
RELATION OF PARTNER TO ONE ANOTHER



PARTNERSHIP PROPERTY



RELATION OF PARTNER TO THIRD PARTY



Effect of Admission by a Partner Section 23

An admission or representation made by Partner concerning the affairs of the firm is evidence against the firm if made in ordinary course of business

Effect of Notice to an active Partner Section 24

Notice to Partner operates as a notice to firm
Exception — fraud on the firm by
OR with the consent of Partner

LIABILITY TO THIRD PARTY

Liability of a Partner for acts of the firm
Section 25

Liability of the firm wrongful act of a Partner
Section 26

Liability of firm for misappropriation by Partner
Section 27

RIGHT OF A TRANSFEREE OF A PARTNER'S INTEREST (Section 29)

During Continuance of Partnership

Transferee is not entitled

1. Interfere the conduct of business
2. Require an Account
3. Inspect books of firm

Transferee is entitled to receive Share of Profit only (cannot challenge the Account)

On dissolution of firm / retirement of transferring partner is entitled. Receive share of Asset of firm & Accounts from date of dissolution

MINOR ADMITTED TO THE BENEFIT OF PARTNERSHIP (Section 30)

Right

Liability

before attaining majority

after attaining majority

when he elects to become Partner

elects not to become Partner

LEGAL CONSEQUENCES OF PARTNER COMING IN & GOING OUT

Introduction of A Partner
Section 31

Retirement of A Partner
Section 32

Expulsion of A Partner
Section 33

Insolvency of A Partner
Section 34

RIGHTS OF OUTGOING PARTNERS

To carry on competing business
Section 36

To share subsequent profit in certain cases
Section 37

REVOCAION OF CONTINUING GUARANTEE BY CHANGE IN CONSTITUTION OF FIRM
Section 38

THE INDIAN PARTNERSHIP ACT, 1932

UNIT 3

DISSOLUTION OF FIRM

Application for Registration of Firm

Section 58

- Statement in prescribed form and accompanied by prescribed fees stating certain details.
 - Statement shall be signed by All the partners or by their agent specifically authorised in this behalf also same should be verified
 - Certain words expression or implying the sanction
- OR
- approval or patronage Govt. are, not allowed.

Registration

Section 59

Registrar shall record the entry of the statement in Register

Late Registration on Payment of Penalty

Section 59A - 1

Late Registration on Payment of Penalty

CONSEQUENCE OF NON-REGISTRATION

(Section 69)

Disabilities

Exceptions

CONSEQUENCE OF NON-REGISTRATION (Section 69)

Continuation of Business

Wending up

Order of Court

Scope

Final Closure of books

DISSOLUTION OF FIRM

Without the Court Order (Section 40 to 43)

1. Mutual Agreement (Section 40)
2. Compulsory Dissolution (Section 41)
3. On happening of certain event by notice (Section 42)
4. By Notice (Partnership at Will) (Section 43)

By Order of Court (Section 44)

1. Insanity
2. Misconduct
3. Permanent Capacity
4. Persistent breach of Agreement
5. Transfer of Interest
6. Continuous Loss
7. Just and Equitable Ground

RIGHT AND LIABILITIES OF PARTNERS AFTER DISSOLUTION

Section 45

Liabilities for Acts of Partner done after dissolution

Section 46

Right of Partner to have business wound up

Section 47

Continuing authority of Partner for the purpose of winding up

Section 48

Mode of settlement of Partnership Account

Section 49

Payment of firm debt and of separate debts