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- SEMESTER : II
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- TOPIC: THE PARTNERSHIP ACT, 1932
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# INTRODUCTION

- **Background** :- A prior to an enactment of Indian Partnership Act 1932 ,law of partnership was covered by Indian contract Act ,1872.
- **Enforced on**:- It came into force on **1<sup>st</sup> October, 1932** [Except **Section 69** which came into force on **1<sup>st</sup> October,1933** ].
- **Reference to Indian Contract Act** :- Indian Partnership Act ,1932 is not exhaustive. If partnership Act is silent on any point, general principle of **Indian Contract Act ,1872** shall apply (Sec 3 )
- **Sections & Schedules** :- Indian Partnership Act ,1932 contains **74 sections and 2 schedules** .

# DEFINITION

- “Partnership is the relation between persons who have agreed to share the profits of a business **carried on by all or any of them acting for all** ”. ( Sec 4 )
- Persons who have entered into partnership with one another are called individually ‘**partners**’ and collectively ‘ **a firm** ’, and the name under which their business is carried on is called the ‘ **the firm name**’.

# ELEMENTS OF PARTNERSHIP

- ASSOCIATION OF TWO OR MORE PERSONS
- AGREEMENT
- BUSINESS
- AGREEMENT TO SHARE PROFITS
- BUSINESS CARRIED ON BY ALL OR ANY OF THEM ACTING FOR ALL [Cox Vs Hickman Case ]

# TRUE TEST OF PARTNERSHIP

- As per section 6 in determining whether a 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.

# TRUE TEST OF PARTNERSHIP

- For determining the existence of partnership ,it must be proved .
- There was an **agreement** between all the persons concerned.
- The agreement was to **share the profits** of a business and
- The business was **carried on by all or any of them** acting for all (Cardinal principle of partnership law ).

# RIGHTS OF A PARTNER

- Right to take part in the conduct of business.
- Right to be consulted.
- Right to access book of accounts.
- Right to remuneration.
- Right to share profit
- Right to retire
- Right to dissolve the firm
- Interest on Capital
- Interest on advance
- Right to be indemnified

# DUTIES OF PARTNER

- ❑ to use property of firm only for purpose of firm's business.
- ❑ To account for personal profit earned by partner by using of firm including goodwill of firm.
- ❑ To give full information regarding matter affecting firm
- ❑ To act within his authority
- ❑ To indemnify for loss caused to firm due to his misconduct



# DUTIES OF PARTNER

- Every partner must use his knowledge & skill for benefits of firm.
- Every partner should act in good faith & he should be just & faithful his dealings with other partners.
- Every partner has the duty of carrying a business of firm to greatest common advantage.
- Every partner should render true account to other partners.

# REGISTRATION OF FIRM

- The registration of a firm may be effected at any time by sending post or delivery to the Registrar of area in which any place of business of the firm is situated or proposed to be situated , a statement in the prescribed form and accompanied by the prescribed fee, stating:
  - a. Firm's name
  - b. Place or principal place of business of firm
  - c. Names of any other places where firm carries on business
  - d. Date when each partner joined him
  - e. Names in full & permanent addresses of partners
  - f. Duration of firm

# CONSEQUENCES OF NON REGISTRATION

- In India ,registration of firms is not compulsory & thus no penalty is imposed for non registration .
- **EXCEPTIONS** : Non – registration of a firm does not ,however effect the following rights :-
  - a) The right of third parties to sue the firm or any partner.
  - b) The right of partners sue for dissolution of firm or for settlement of accounts of a dissolved firm , or for realization of property of a dissolved firm.
  - c) Right to sue or claim a set-off if the value of suit does not exceed Rs. 100 in value.
  - d) Power of Official Assignee ,Receiver of court to release the property of the insolvent partner and to bring an action.

THANK YOU

