



BUSINESS LAWS

SEMESTER-1

SYLLABUS

Unit-1 The Indian Contract Act 1872 (30 Marks)

Unit-2 The Sales of Goods Act,1930 (10 Marks)

Unit-3 Partnership Law (20 Marks)

unit-4 The Negotiable Instrument Act,1881 (10 Marks)

unit-5 Consumer Protection Act. 1986 (10 Marks)

INDIAN PARTNERSHIP ACT, 1932

According to section 4 of the Indian Partnership Act, 1932 “partnership is the relationship between person who have agreed to share the profit of a business carried on by all or any of them acting for all”.

Therefore in order to constitute a partnership there must be an agreement between the parties to start a business for the purpose of earning and sharing profits among them.

ESSENTIAL ELEMENTS

No. of members

Agreement

Carrying on a business

No separate legal existence

Relation

Earning and sharing of profit

Mutual agency

Utmost good faith

Unlimited liability

ADVANTAGES

Easy to form

Better decision

Sharing risks

Availability of more resources

Flexibility in operations

Benefits of specialization

Protection of interest of each partner

DISADVANTAGES

Unlimited liability

Uncertain life

Danger of implied agency

Limited resources

Lack of harmony

No transferability of shares

TYPES OF PARTNER

Active partner

Dormant or sleeping partner

Nominal partner

Fair- weather partner

Sub partner

Minor as a partner

Partner by estoppel

Partner by holding out

RIGHTS OF PARTNER

Take part in the conduct of business

Be consulted

Have access to firm's book

Share the profits

Interest

Indemnity

Use property of the firm

DUTIES OF PARTNER

A. Absolute Business

Duty to carry on business

Duty to render true accounts

Duty to indemnify for fraud

B. Duties to subject to contract to the contrary

Duty of diligence

Duty to indemnify for wilful neglect

Duty to work without remuneration

Duty to contribute to loss

Duty to utilise the property of the firm

Duty to account for personal profits

REGISTRATION OF PARTNERSHIP

- Registration of a partnership firm is not compulsory under the act.
- The registration of a firm effected by sending by post or delivering to the Registrar of the 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 and a true copy of the deed of partnership stating :

REGISTRATION OF PARTNERSHIP

- (a) the firm-name,
- (aa) the nature of business of the firm;
- (b) the place or principal place of business of the firm,
- (c) the names of any other places where the firm carries on business,
- (d) the date when each partner joined the firm,
- (e) the names in full and permanent addresses of the partners, and
- (f) the duration of the firm.

EFFECTS OF NON-REGISTRATION

- No suit can be filed in a civil court by a partner against the firm or other partners
- No suit can be filed in a civil court by the firm against third parties
- The firm or its partners cannot make a claim of set-off or other proceedings based upon a contract

DISSOLUTION OF PARTNERSHIP FIRM & DISSOLUTION OF FIRM

Dissolution of a partnership means change in the relation of the partners. The dissolution may or may involve the dissolution of a firm. But when a firm is dissolved, it necessarily involves the dissolution of partnership.

Dissolution of firm means the dissolution of partnership between all the partners of firm. It occurs when there is complete breakdown of relationship between all the partners. In such a situation, the business of the firm is completely stopped, its assets are realized, the liabilities paid off and the surplus distributed among the partners according to their share in the property of the firm.

GROUPS OF DISSOLUTION OF FIRM

Without Court Order

- ❖ By Mutual Agreement
- ❖ Compulsory Dissolution
- ❖ On certain contingencies
- ❖ By notice

By Court Order

- ❖ Insanity of partner
- ❖ Permanent incapacity
- ❖ Misconduct
- ❖ Persistent breach of agreement
- ❖ Perpetual loss
- ❖ Other equitable ground

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THANK YOU!

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