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## **INDIAN PARTNERSHIP ACT, 1932**

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# **Partnership Act PDF**

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## INDIAN PARTNERSHIP ACT, 1932

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## **INDIAN PARTNERSHIP ACT, 1932**

*An Act to define and amend the law relating to Partnership.*

Whereas it is expedient to define and amend the law relating to partnership;

It is hereby enacted as follows-

### **CHAPTER I - PRELIMINARY**

#### **1. Short title, extent and commencement.**

**(1)** This Act may be called the Indian Partnership Act, 1932.

**(2)** It extends to the whole of India except the State of Jammu and Kashmir.

**(3)** It shall come into force on the 1st day of October, 1932, except section 69, which shall come into force on the 1st day of October, 1933.

## **State Amendments**

### **Dadra and Nagar Haveli-**

In section 1, for sub-section (3), substitute the following namely-

“(3) It shall come into force at once except section 69 which shall come into force on the 1st day of July, 1966”.

### **Goa, Daman and Diu-**

Same as in Dadra and Nagar Haveli except for the date of enforcement of section 69 which is 1st day of January, 1965.

### **Laccadive, Minicoy and Amindivi Islands-**

In its application to Lakshadweep, in section 1, for sub-section (3), substitute the following namely-

“(3) It shall come into force at once except section 69, which shall come into force on the expiry of a period of one year from the date of commencement of the rest of this Act”.

### **Pondicherry-**

Same as in Dadra and Nagar Haveli, except for the date of enforcement of section 69 which is 1st day of July, 1964.

## **2. Definitions.**

In this Act, unless there is anything repugnant in the subject or context,-

**(a)** an “**act of a firm**” means any act or omission by all the partners, or by any partner or agent of



the firm which gives rise to a right enforceable by or against the firm;

**(b)** “**business**” includes every trade, occupation and profession;

**(c)** “**prescribed**” means prescribed by rules made under this Act;

**(d)** “**third party**” used in relation to a firm or to a partner therein means any person who is not a partner in the firm; and

**(e)** expressions used but not defined in this Act and defined in the [Indian Contract Act, 1872](#) (9 of 1872), shall have the meanings assigned to them in that Act.

## **State Amendment**

### **Maharashtra-**

In section 2, after clause (c), insert the following clause, namely- “(c-1) “**Registrar**” means the Registrar of Firms appointed under sub-section (1) of section 57 and includes the Deputy Registrar of Firms and Assistant Registrar of Firms appointed under sub-section (2) of that section;” [Vide Maharashtra Act 29 of 1984, sec. 2 (w.e.f. 1-1-1985)]

## **3. Application of provisions of Act 9 of 1872.**

The unrepealed provisions of the [Indian Contract Act, 1872](#), save in so far as they are inconsistent

with the express provisions of this Act, shall continue to apply to firms.

## **CHAPTER II - THE NATURE OF PARTNERSHIP**

### **4. Definition of "partnership", "partner", "firm" and "firm name"-**

"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. 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 "firm name".

*\*PARTNERSHIP FIRM IS NOT A LEGAL ENTIRY. COMPANY IS A LEGAL ENTITY.*

*Comptroller & Auditor General v. Kamlesh Vadilal Mehta, 2003*

### **5. Partnership not created by status.**

The relation of partnership arises from contract and not from status; and, in particular, the members of a Hindu undivided family carrying on a family business as such, or a Burmese Buddhist husband and wife carrying business as such, are not partners in such business.

## **State Amendment**

### **Goa, Daman and Diu**

In section 5, for the words "Burmese Buddhist husband and wife carrying on business as such", substitute the words "a husband and wife under the regime of communion of property carrying on business as such".

## **6. Mode of determining existence of partnership.**

In determining whether a group of persons is or is not a firm, or whether a person is or is 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.

### **Explanation 1-**

The sharing of profits or of gross returns arising from property by persons holding a joint or common interest in that property does not of itself make such persons partners.

### **Explanation 2-**

The receipt by a person of a share of the profits of a business, or of a payment contingent upon the earning of profits or varying with the profits earned by a business, does not of itself make him a partner with the persons carrying on the business; and in particular, the receipt of such share or payment-

**(a)** by a lender of money to persons engaged or about to engage in any business,

(b) by a servant or agent as remuneration,  
(c) by the widow or child of a deceased partner,  
as annuity, or  
(d) by a previous owner or part owner of the  
business, as consideration for the sale of the  
goodwill or share thereof,  
does not of itself make the receiver a partner with  
the persons carrying on the business.

## **7. Partnership at will.**

Where no provision is made by contract between  
the partners for the duration of their partnership,  
or for the determination of their partnership, the  
partnership is 'partnership at will'.

## **8. Particular partnership.**

A person may become a partner with another  
person in particular adventures or undertakings.

## **CHAPTER III - RELATIONS OF PARTNERS TO ONE ANOTHER**

### **9. General duties of partners.**

Partners are bound to carry on the business of  
the firm to the greatest common advantage, to  
be just and faithful to each other, and to render  
true accounts and full information of all things  
affecting the firm to any partner or his legal  
representative.

## **State Amendment**

### **Maharashtra**

In section 9, for the words "**or his legal representative**", substitute the words "**his heir or legal representative**".

### **10. Duty to indemnify for loss caused by fraud.**

Every partner shall indemnify the firm for any loss caused to it by his fraud in the conduct of the business of the firm.

### **11. Determination of rights and duties of partners by contract between the partners.**

**(1)** Subject to the provisions of this Act, the mutual rights and duties of the partners of a firm may be determined by contract between the partners, and such contract may be expressed or may be implied by a course of dealing.

Such contract may be varied by consent of all the partners, and such consent may be expressed or may be implied by a course of dealing.

### **Agreements in restraints of trade- (2)**

Notwithstanding anything contained in [Section 27 of the Indian Contract Act, 1872](#), such contracts may provide that a partner shall not carry on any business other than that of the firm while he is a partner.

### **12. The conduct of the business.**

Subject to contract between the partners,-

**(a)** every partner has a right to take part in the conduct of the business;

**(b)** every partner is bound to attend diligently to his duties in the conduct of the business;

**(c)** any difference arising as to ordinary matters connected with the business may be decided by a majority of the partners, and every partner shall have the right to express his opinion, before the matter is decided, but no change may be made in the nature of the business without the consent of all the partners; and

**(d)** every partner has a right to have access to and to inspect and copy any of the books of the firm.

## **State Amendment**

### **Maharashtra**

In section 12,-

(a) in clause (c), at the end, omit the word "and";

(b) in clause (d), for the words "books of the firm", substitute the words "books of the firm; and";

(c) after clause (d), insert the following clause, namely-

"(e) in the event of the death of a partner, his heirs or legal representatives or their duly authorised agents shall have a right of accesses to and to inspect and copy any of the books of the firm".

## **13. Mutual rights and liabilities.**

Subject to contract between the partners,-

**(a)** a partner is not entitled to receive remuneration for taking part in the conduct of the business;

**(b)** the partners are entitled to share equally in the profits earned, and shall contribute equally to the losses sustained by the firm;

**(c)** where a partner is entitled to interest on the capital subscribed by him such interest shall be payable only out of profits;

**(d)** a partner making, for the purposes of the business, any payment or advance beyond the amount of capital he has agreed to subscribe, is entitled to interest thereon at the rate of six per cent. per annum;

**(e)** the firm shall indemnify a partner in respect of payments made and liabilities incurred by him-

**(i)** in the ordinary and proper conduct of the business, and

**(ii)** in doing such act, in an emergency, for the purpose of protecting the firm from loss, as would be done by a person of ordinary prudence, in his own case, under similar circumstances; and

**(f)** a partner shall indemnify the firm for any loss caused to it by his wilful neglect in the conduct of the business of the firm.

#### **14. The property of the firm.**

Subject to contract between the partners, the property of the firm includes all property and rights and interests in property originally brought into the stock of the firm, or acquired, by purchase or otherwise, by or for the firm, or for the purposes and in the course of business of the firm, and includes also the goodwill of the business.

Unless the contrary intention appears, property and rights and interests in property acquired with money belonging to the firm are deemed to have been acquired for the firm.

### **15. Application of the property of the firm.**

Subject to contract between the partners, the property of the firm shall be held and used by the partners exclusively for the purposes of the business.

### **16. Personal profits earned by partners.**

Subject to contract between the partners, -

**(a)** if a partner derives any profit for himself from any transaction of the firm, or from the use of the property or business connection of the firm or the firm name, he shall account for that profit and pay it to the firm;

**(b)** if a partner carries on any business of the same nature as and competing with that of the firm, he shall account for and pay to the firm all profits made by him in that business.



## **17. Rights and duties of partners.**

Subject to contract between the partners-

**(a) after a change in the firm-** where a change occurs in the constitution of a firm, the mutual rights and duties of the partners in the reconstituted firm remain the same as they were immediately before the change, as far as may be;

**(b) after the expiry of the term of the firm, and-** where a firm constituted for a fixed term continues to carry on business after the expiry of that term, the mutual rights and duties of the partners remain the same as they were before the expiry, so far as they may be consistent with the incidents of partnership at will; and

**(c) where additional undertakings are carried out-** where a firm constituted to carry out one or more adventures or undertakings carries out other adventures or undertakings, the mutual rights and duties of the partners in respect of the other adventures or undertakings are the same as those in respect of the original adventures or undertakings.

## **CHAPTER IV - RELATIONS OF PARTNERS TO THIRD PARTIES**

### **18. Partner to be agent of the firm.**

Subject to the provisions of this Act, a partner is the agent of the firm for the purpose of the business of the firm.

## **19. Implied authority of partner as agent of the firm.**

**(1)** Subject to the provisions of section 22, the act of a partner which is done to carry on, in the usual way, business of the kind carried on by the firm, binds the firm.

The authority of a partner to bind the firm conferred by this section is called his "implied authority".

**(2)** In the absence of any usage or custom of trade to the contrary, the implied authority of a partner does not empower him to-

**(a)** submit a dispute relating to the business of the firm to arbitration,

**(b)** open a banking account on behalf of the firm in his own name,

**(c)** compromise or relinquish any claim or portion of a claim by the firm,

**(d)** withdraw a suit or proceeding filed on behalf of the firm,

**(e)** admit any liability in a suit or proceeding against the firm,

**(f)** acquire immovable property on behalf of the firm,

**(g)** transfer immovable property belonging to the

firm, or

**(h)** enter into partnership on behalf of the firm.

## **20. Extension and restriction of partner's implied authority.**

The partners in a firm may, by contract between the partners, extend or restrict the implied authority of any partner.

Notwithstanding any such restriction, any act done by a partner on behalf of the firm which falls within his implied authority binds the firm, unless the person with whom he is dealing knows of the restriction or does not know or believe that partner to be a partner.

## **21. Partner's authority in an emergency.**

A partner has authority, in an emergency, to do all such acts for the purpose of protecting the firm from loss as would be done by a person of ordinary prudence, in his own case, acting under similar circumstances, and such acts bind the firm.

## **22. Mode of doing act to bind firm.**

In order to bind a firm, an act or instrument done or executed by a partner or other person on behalf of the firm shall be done or executed in the firm name, or in any other manner expressing or implying an intention to bind the firm.

### **23. Effect of admissions by a partner.**

An admission or representation made by a partner concerning the affairs of the firm is evidence against the firm, if it is made in the ordinary course of business.

### **24. Effect of notice to acting partner.**

Notice to a partner, who habitually acts in the business of the firm of any matter relating to the affairs of the firm operates as notice to the firm, except in the case of a fraud on the firm committed by or with the consent of that partner.

### **25. Liability of a partner for acts of the firm.**

Every partner is liable, jointly with all the other partners and also severally, for all acts of the firm done while he is a partner.

### **26. Liability of the firm for wrongful acts of a partner.**

Where, by the wrongful act or omission of a partner acting in the ordinary course of the business of a firm, or with the authority of his partners, loss or injury is caused to any third party, or any penalty is incurred, the firm is liable therefor to the same extent as the partner.

### **27. Liability of firm for misapplication by partners.**

Where-

**(a)** a partner acting within his apparent authority receives money or property from a third party and misapplies it, or

**(b)** a firm in the course of its business receives money or property from a third party, and the money or property is misapplied by any of the partners while it is in the custody of the firm, the firm is liable to make good the loss.

## **28. Holding out.**

**(1)** Any one who by words spoken or written or by conduct represents himself or knowingly permits himself to be represented, to be a partner in a firm, is liable as a partner in that firm to any one who has on the faith of any such representation given credit to the firm, whether the person representing himself or represented to be a partner does or does not know that the representation has reached the person so giving credit.

**(2)** Where after a partner's death the business is continued in the old firm name, the continued use of that name or of the deceased partner's name as a part thereof shall not of itself make his legal representative or his estate liable for any act of the firm done after his death.

## **29. Rights of transferee or a partner's interest.**

**(1)** A transfer by a partner of his interest in the firm, either absolute or by mortgage, or by the creation by him of a charge on such interest, does not entitle the transferee, during the continuance of the firm, to interfere in the conduct of the business, or to require accounts, or to inspect the books of the firm, but entitles the transferee only to receive the share of profits of the transferring partner, and the transferee shall accept the account of profits agreed to by the partners.

**(2)** If the firm is dissolved or if the transferring partner ceases to be a partner, the transferee is entitled as against the remaining partners to receive the share of the assets of the firm to which the transferring partner is entitled, and, for the purpose of ascertaining that share, to an account as from the date of the dissolution.

### **30. Minors admitted to the benefits of partnership.**

**(1)** A person who is a minor according to the law to which he is subject may not be a partner in a firm, but, with the consent of all the partners for the time being, he may be admitted to the benefits of partnership.

**(2)** Such minor has a right to such share of the property and of the profits of the firm as may be agreed upon, and he may have access to and inspect and copy any of the accounts of the firm.

**(3)** Such minor's share is liable for the acts of the firm, but the minor is not personally liable for any such act.

**(4)** Such minor may not sue the partners for an account or payment of his share of the property or profits of the firm, save when severing his connection with the firm, and in such case the amount of his share shall be determined by a valuation made as far as possible in accordance with the rules contained in section 48:

**Provided** that all the partners acting together or any partner entitled to dissolve the firm upon notice to other partners may elect in such suit to dissolve the firm, and thereupon the court shall proceed with the suit as one for dissolution and for settling accounts between the partners, and the amount of the share of the minor shall be determined along with the shares of the partners.

**(5)** At any time within six months of his attaining majority, or of his obtaining knowledge that he had been admitted to the benefits of partnership, whichever date is later, such person may give public notice that he has elected to become or that he has elected not to become a partner in the firm, and such notice shall determine his position as regards the firm:

**Provided** that, if he fails to give such notice, he shall become a partner in the firm on the expiry of the said six months.

**(6)** Where any person has been admitted as a minor to the benefits of partnership in a firm, the burden of proving the fact that such person had no knowledge of such admission until a particular date after the expiry of six months of his attaining majority shall lie on the persons asserting that fact.

**(7)** where such person becomes a partner,-  
**(a)** his rights and liabilities as a minor continue up to the date on which he becomes a partner, but he also becomes personally liable to third parties for all acts of the firm done since he was admitted to the benefits of partnership, and  
**(b)** his share in the property and profits of the firm shall be the share to which he was entitled as a minor.

**(8)** Where such person elects not to become a partner,-  
**(a)** his rights and liabilities shall continue to be those of a minor under this section up to the date on which he gives public notice,  
**(b)** his share shall not be liable for any acts of the firm done after the date of the notice, and  
**(c)** he shall be entitled to sue the partners for his share of the property and profits in accordance with sub-section (4).

**(9)** Nothing in sub-sections (7) and (8) shall affect the provisions of section 28.



## **CHAPTER V - INCOMING AND OUTGOING PARTNERS**

### **31. Introduction of a partner.**

**(1)** Subject to contract between the partners and to the provisions of section 30, no person shall be introduced as a partner into a firm without the consent of all the existing partners.

**(2)** Subject to the provisions of section 30, a person who is introduced as a partner into a firm does not thereby become liable for any act of the firm done before he became a partner.

### **32. Retirement of a partner.**

**(1)** A partner may retire,-

**(a)** with the consent of all the other partners,

**(b)** in accordance with an express agreement by the partners, or

**(c)** where the partnership is at will, by giving notice in writing to all the other partners of his intention to retire.

**(2)** A retiring partner may be discharged from any liability to any third party 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, and such agreement may be implied by a course of dealing

between such third party and the reconstituted firm after he had knowledge of the retirement.

**(3)** Notwithstanding the retirement of a partner from a firm, he and the partners continue to be liable as partners to third parties for any act done by any of them which would have been an act of the firm if done before the retirement, until public notice is given of the retirement:

**Provided** that a retired partner is not liable to any third party who deals with the firm without knowing that he was a partner.

**(4)** Notices under sub-section (3) may be given by the retired partner or by any partner of the reconstituted firm.

### **33. Expulsion of a partner.**

**(1)** A partner may not be expelled from a firm by any majority of the partners, save in the exercise in good faith of powers conferred by contract between the partners.

**(2)** The provisions of sub-sections (2), (3) and (4) of section 32 shall apply to an expelled partner as if he were a retired partner.

### **34. Insolvency of a partner.**

**(1)** Where a partner in a firm is adjudicated an insolvent he ceases to be a partner on the date on which the order of adjudication is made, whether or not the firm is hereby dissolved.

**(2)** Where under a contract between the partners the firm is not dissolved by the adjudication of a partner as an insolvent, the estate of a partner so adjudicated is not liable for any act of the firm and the firm is not liable for any act of the insolvent, done after the date on which the order of adjudication is made.

### **35. Liability of estate of deceased partner.**

Where under a contract between the partners the firm is not dissolved by the death of a partner, the estate of a deceased partner is not liable for any act of the firm done after his death.

### **36. Right of outgoing partner to carry on competing business.**

**(1)** An outgoing partner may carry on a business competing with that of the firm and he may advertise such business, but, subject to contract to the contrary, he may not,-

**(a)** use the firm name,

**(b)** represent himself as carrying on the business of the firm, or

**(c)** solicit the custom of persons who were dealing with the firm before he ceased to be a partner.

### **Agreements in restraint of trade-**

**(2)** A partner may make an agreement with his partners that on ceasing to be a partner he will not carry on any business similar to that of the

firm within a specified period or within a specified local limits; and, notwithstanding anything contained in [Section 27](#) of the [Indian Contract Act, 1872](#), such agreement shall be valid if the restrictions imposed are reasonable.

### **37. Right of outgoing partner in certain cases to share subsequent profits.**

Where any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with the property of the firm without any final settlement of accounts as between them and the outgoing partner or his estate, then, in the absence of a contract to the contrary, the outgoing partner or his estate is entitled at the option of himself or his representatives to such share of the profits made since he ceased to be a partner as may be attributable to the use of his share of the property of the firm or to interest at the rate of six per cent. per annum on the amount of his share in the property of the firm:

**Provided** that where by contract between the partners an option is given to surviving or continuing partners to purchase the interest of a deceased or outgoing partner, and that option is duly exercised, the estate of the deceased partner, or the outgoing partner or his estate, as the case may be, is not entitled to any further or other share of profits; but if any partner

assuming to act in exercise of the option does not in all material respects comply with the terms thereof, he is liable to account under the foregoing provisions of this section.

### **38. Revocation of continuing guarantee by change in firm.**

A continuing guarantee given to a firm, or to a third party in respect of the transactions of a firm, is, in the absence of agreement to the contrary, revoked as to future transactions from the date of any change in the constitution of the firm.

## **CHAPTER VI - DISSOLUTION OF A FIRM**

### **39. Dissolution of a firm.**

The dissolution of partnership between all the partners of a firm is called the 'dissolution of the firm'.

### **40. Dissolution by agreement.**

A firm may be dissolved with the consent of all the partners or in accordance with a contract between the partners.

### **41. Compulsory dissolution.**

A firm is dissolved,-

**(a)** omitted by Act 31 of 2016

**(b)** by the happening of any event which makes it unlawful for the business of the firm to be carried on or for the partners to carry it on in partnership:

**Provided** that, where more than one separate adventure or undertaking is carried on by the firm the illegality of one or more shall not of itself cause the dissolution of the firm in respect of its lawful adventures and undertakings.

## **42. Dissolution on the happening of certain contingencies.**

Subject to contract between the partners a firm is dissolved,-

**(a)** if constituted for a fixed term, by the expiry of that term;

**(b)** if constituted to carry out one or more adventures or undertakings, by the completion thereof;

**(c)** by the death of a partner; and

**(d)** by the adjudication of a partner as an insolvent.

## **43. Dissolution by notice of partnership at will.**

**(1)** Where the partnership is at will, the firm may be dissolved by any partner giving notice in writing to all the other partners of his intention to dissolve the firm.

**(2)** The firm is dissolved as from the date mentioned in the notice as the date of dissolution or, if no date is so mentioned, as from the date of the communication of the notice.

#### **44. Dissolution by the Court.**

At the suit of a partner, the Court may dissolve a firm on any of the following grounds, namely-

**(a)** that a partner has become of unsound mind, in which case the suit may be brought as well by the next friend of the partner who has become of unsound mind as by any other partner;

**(b)** that a partner, other than the partner suing, has become in any way permanently incapable of performing his duties as partner;

**(c)** that a partner, other than the partner suing, is guilty of conduct which is likely to affect prejudicially the carrying on of the business, regard being had to the nature of the business;

**(d)** that a partner, other than the partner suing, wilfully or persistently commits breach of agreements relating to the management of the affairs of the firm or the conduct of its business, or otherwise so conducts himself in matters relating to the business that it is not reasonably practicable for the other partners to carry on the business in partnership with him;

**(e)** that a partner, other than the partner suing, has in any way transferred the whole of his

interest in the firm to a third party, or has allowed his share to be charged under the provisions of [rule 49 of Order XXI](#) of the First Schedule to the [Code of Civil Procedure, 1908](#) or has allowed it to be sold in the recovery of arrears of land revenue or of any dues recoverable as arrears of land revenue due by the partner;

**(f)** that the business of the firm cannot be carried on save at a loss; or

**(g)** on any other ground which renders it just and equitable that the firm should be dissolved.

#### **45. Liability for acts of partners done after dissolution.**

**(1)** Notwithstanding the dissolution of a firm, the partners continue to be liable as such to third parties for any act done by any of them which would have been an act of the firm if done before the dissolution, until public notice is given of the dissolution:

**Provided** that the estate of a partner who dies, or who is adjudicated an insolvent, or of a partner who, not having been known to the person dealing with the firm to be a partner, retires from the firm, is not liable under this section for acts done after the date on which he ceases to be a partner.

**(2)** Notices under sub-section (1) may be given by any partner.



#### **46. Right of partners to have business wound up after dissolution.**

On the dissolution of a firm every partner or his representative is entitled, as against all the other partners or their representatives, to have the property of the firm applied in payment of the debts and liabilities of the firm, and to have the surplus distributed among the partners or their representatives according to their rights.

#### **47. Continuing authority of partners for purposes of winding up.**

After the dissolution of a firm the authority of each partner to bind the firm, and the other mutual rights and obligations of the partners continue notwithstanding the dissolution, so far as may be necessary to wind up the affair of the firm and to complete transactions begun but unfinished at the time of the dissolution, but not otherwise:

**Provided** that the firm is in no case bound by the acts of a partner who has been adjudicated insolvent; but this proviso does not affect the liability of any person who has after the adjudication represented himself or knowingly permitted himself to be represented as a partner of the insolvent.

## **48. Mode of settlement of accounts between partners.**

In settling the accounts of a firm after dissolution, the following rules shall, subject to agreement by the partners, be observed-

**(a)** losses, including deficiencies of capital, shall be paid first out of profits, next out of capital, and, lastly, if necessary, by the partners individually in the proportions in which they were entitled to share profits;

**(b)** the assets of the firm, including any sums contributed by the partners to make up deficiencies of capital, shall be applied in the following manner and order-

**(i)** in paying the debts of the firm to third parties;

**(ii)** in paying to each partner rateably what is due to him from the firm for advances as distinguished from capital;

**(iii)** in paying to each partner rateably what is due to him on account of capital; and

**(iv)** the residue, if any, shall be divided among the partners in the proportions in which they were entitled to share profits.

## **49. Payment of firm debts and of separate debts.**

Where there are joint debts due from the firm, and also separate debts due from any partner, the property of the firm shall be applied in the first instance in payment of the debts of the firm, and, if there is any surplus, then the share of each partner shall be applied in payment of his separate debts or paid to him. The separate property of any partner shall be applied first in the payment of his separate debts, and the surplus (if any) in the payment of the debts of the firm.

## **50. Personal profits earned after dissolution.**

Subject to contract between the partners, the provisions of clause (a) of section 16 shall apply to transactions by any surviving partner or by the representatives of a deceased partner, undertaken after the firm is dissolved on account of the death of a partner and before its affairs have been completely wound up:

**Provided** that where any partner or his representative has brought the goodwill of the firm, nothing in this section shall affect his right to use the firm name.

## **51. Return of premium on premature dissolution.**

Where a partner has paid a premium on entering into partnership of a fixed term, and the firm is dissolved before the expiration of that term otherwise than by the death of a partner, he shall be entitled to repayment of the premium or of such part thereof as may be reasonable, regard being had to the terms upon which he became a partner and to the length of time during which he was partner, unless,-

**(a)** the dissolution is mainly due to his own misconduct, or

**(b)** the dissolution is in pursuance of an agreement containing no provision for the return of the premium or any part of it.

## **52. Rights where partnership contract is rescinded for fraud or misrepresentation.**

Where a contract creating partnership is rescinded on the ground of the fraud or misrepresentation of any of the parties thereto the party entitled to rescind is, without prejudice to any other right, entitled,-

**(a)** to a lien on, or a right of retention of, the surplus or the assets of the firm remaining after the debts of the firm have been paid, for any sum paid by him for the purchase of a share in the firm and for any capital contributed by him;

**(b)** to rank as a creditor of the firm in respect of

any payment made by him towards the debts of the firm; and  
**(c)** to be indemnified by the partner or partners guilty of the fraud or misrepresentation against all the debts of the firm.

### **53. Right to restrain from use of firm name or firm property.**

After a firm is dissolved, every partner or his representative may, in the absence of a contract between the partners to the contrary, restrain any other partner or his representative from carrying on a similar business in the firm name or from using any of the property of the firm for his own benefit, until the affairs of the firm have been completely wound up:

**Provided** that where any partner or his representative has bought the goodwill of the firm, nothing in this section shall affect his right to use the firm name.

### **54. Agreements of restraint of trade.**

Partners may, upon or in anticipation of the dissolution of the firm, make an agreement that some or all of them will not carry on a business similar to that of the firm within a specified period or within specified local limits; and notwithstanding anything contained in [Section 27 of the Indian Contract Act, 1872](#), such agreement shall be valid if the restrictions imposed are reasonable.

## **55. Sale of goodwill after dissolution.**

**(1)** In settling the accounts of a firm after dissolution, the goodwill shall, subject to contract between the partners, be included in the assets, and it may be sold either separately or along with other property of the firm.

### **Rights of buyer and seller of goodwill-**

**(2)** Where the goodwill of a firm is sold after dissolution, a partner may carry on a business competing with that of the buyer and he may advertise such business, but, subject to agreement between him and the buyer, he may not,-

**(a)** use the firm name,

**(b)** represent himself as carrying on the business of the firm, or

**(c)** solicit the custom of persons who were dealing with the firm before its dissolution.

### **Agreements in restraint of trade-**

**(3)** Any partner may, upon the sale of the goodwill of a firm, make an agreement with the buyer that such partner will not carry on any business similar to that of the firm within a specified period or within specified local limits and, notwithstanding anything contained in [Section 27 of the Indian Contract Act, 1872](#), such agreement shall be valid if the restrictions imposed are reasonable.

## CHAPTER VII - REGISTRATION OF FIRMS

### 56. Power to exempt from application of this Chapter.

The State Government of any State may, by notification in the Official Gazette, direct that the provisions of this Chapter shall not apply to that State or to any part thereof specified in the notification.

### 57. Appointment of Registrars.

(1) The State Government may appoint Registrars of Firms for the purposes of this Act, and may define the areas within which they shall exercise their powers and perform their duties.

(2) Every Registrar shall be deemed to be a public servant within the meaning of [Section 21 of the Indian Penal Code](#).

### State Amendments

#### Maharashtra

For section 57, substitute the following section, namely,-

*"57. Appointment of Registrar of Firms and Deputy Assistant Registrars of Firms-* (1) The State Government may, by notification in the Official Gazette, appoint a Registrar of Firms who shall exercise, perform and discharge the powers, functions and duties of the Registrar under this Act throughout the State of Maharashtra.

(2) The State Government may likewise appoint one or more Deputy Registrars of Firms and Assistant Registrars of Firms who shall exercise, perform and discharge all or such of the powers, functions and duties of the Registrar and in such areas as the State Government may, by notification in the Official Gazette, specify.

(3) The officers appointed under sub-section (1) and sub-section (2) shall be deemed to be public servants within the meaning of section 21 of the [Indian Penal Code](#)".

*[Vide Maharashtra Act 29 of 1984, sec. 5 (w.e.f. 1-5-1985)]*

### Uttar Pradesh

For section 57, substitute the following section, namely,-

*"57. Appointment of Registrar, Deputy Registrars and Assistant Registrars-* (1) The State Government may, by notification, appoint a Registrar of Firms who shall exercise, perform and discharge the powers, functions and duties of the Registrar under this Act throughout the State of Uttar Pradesh.

(2) The State Government may likewise appoint one or more Deputy Registrars of Firms and Assistant Registrars of Firms who shall exercise, perform and discharge all or such of the powers, functions and duties of the Registrar and in such areas as are notified in the notification.

(3) The officers appointed under sub-section (1) or sub-section (2) shall be deemed to be public



servants within the meaning of section 21 of the Indian Penal Code.”

[Vide Uttar Pradesh Act 34 of 1979, sec. 2 (w.e.f. 22-10- 1979)]

## **58. Application for registration.**

**(1)** The registration of a firm may be effected at any time 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, stating,-

**(a)** the firm name,

**(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.

The statement shall be signed by all the partners, or by their agents specially authorised in this behalf.

**(2)** Each person signing the statement shall also verify it in the manner prescribed.

**(3)** A firm name shall not contain any of the following words, namely- **“Crown”, “Emperor”, “Empress”, “Empire”, “Imperial”, “King”,**

“**Queen**”, “**Royal**”, or words expressing or implying the sanction, approval or patronage of Government, except when the State Government signifies its consent to the use of such words as part of the firm name by order in writing.

## **State Amendments**

### **Goa, Daman and Diu**

In section 58,-

(i) for sub-section (3), substitute the following sub-section, namely-

“(3) No firm shall be registered by a name which in the opinion of the Registrar is undesirable”.

(ii) after sub-section (3), insert the following sub-sections-

“(4) Any person aggrieved by an order of the Registrar under sub-section (3) may, within 30 days from the date of communication of such order, appeal to the State Government whose decision shall be final.

(5) A firm’s name shall not contain any of the following words, namely, Union, State, President, Republic, Governor or words expressing or implying sanction, approval or patronage of Government unless the Government of Goa, Daman and Diu signifies, by order in writing, its consent to the use of such words as part of the firm’s name:

Provided that nothing in this sub-section shall apply to any firm carrying on business under any

such name, before the date of the commencement of the Indian Partnership (Goa, Daman and Diu Amendment) Act, 1966.

(6) Any person who contravenes the provisions of sub-section (5) shall be punishable with fine which may extend to five hundred rupees”.

[Vide Goa, Daman and Diu Act 6 of 1966, sec. 3 (w.e.f. 22-8-1966)]

*Related Bare Act,*

### **INDIAN PARTNERSHIP ACT**

#### **Maharashtra**

In section 58-

(a) in sub-section (1),

(i) for the words “The registration of a firm”, substitute the words, brackets, figure and letter “Subject to the provisions of sub-section (1A), the registration of a firm”;

(ii) Omit the words “at any time”;

(iii) after the words “prescribed fee”, insert the words “and a true copy of the deed of partnership”;

(iv) after clause (a), insert the following clause, namely-

“(aa) the nature of business of the firm;”;

(b) after sub-section (1), insert the following sub-section, namely-

“(1A) The statement under sub-section (1) shall

be sent or delivered to the Registrar within a period of one year from the date of constitution of the firm:

Provided that in the case of any firm carrying on business on or before the date of commencement of the Indian Partnership (Maharashtra Amendment) Act, 1984 (Maharashtra Act 29 of 1984), such statement shall be sent or delivered to the Registrar within a period of one year from such date.”;

(c) for sub-section (3), substitute the following sub-sections, namely-

“(3) A firm shall not have any of the names or emblems specified in the Schedule to the Emblems and Names (Prevention of Improper Use) Act, 1950, or any colourable imitation thereof, unless permitted so to do under that Act, or any name which is likely to be associated by the public with the name of any other firm on account of similarity, or any name which, in the opinion of the Registrar for reasons to be recorded in writing, is undesirable:

Provided that nothing in this sub-section shall apply to any firm registered under any such name before the date of the commencement of the Indian Partnership (Maharashtra Amendment) Act, 1984 (Maharashtra Act 29 of 1984).

(4) Any person aggrieved by an order of the Registrar under sub-section (3) may, within 30 days from the date of communication of such

order, appeal to the officer not below the rank of Deputy Secretary to Government authorised by the State Government in this behalf, in such manner, and on payment of such fee, as may be prescribed. On receipt of any such appeal, the authorised officer shall, after giving an opportunity of being heard to the appellant decide the appeal, and his decision shall be final”.

[Vide Maharashtra Act 29 of 1984, sec. 6 (w.e.f. 1-1-1985)]

### Pondicherry

In section 58, for sub-section (3), substitute the following sub- sections, namely-

“(3) The Registrar shall refuse to register-

(a) a firm under sub-section (1) or

(b) an alteration of the firm name,

if the proposed name or alteration of the firm name is identical with the name of which any other existing firm has been registered or in the opinion of the Registrar so nearly resembles such other name as to be likely to deceive or mislead the public or the members of either firm.

(4) Any person who is aggrieved by an order of Registrar under sub-section (3) may file an appeal before such person or authority, in such manner, within such time and on payment of such fees as may be prescribed. The appeal shall be heard and decided in such manner as may be prescribed.”

[Vide Pondicherry Act 8 of 1969, sec. 2 (w.e.f. 1-1-1970)]

## Rajasthan

In section 58, for sub-section (3), substitute the following sub-sections, namely-

“(3) No firm shall be registered by a name which, in the opinion of the State Government, is undesirable.

(4) Except with the previous sanction, in writing, of the State Government, no firm shall be registered by a name which contains any of the following words, namely-

(a) ‘Union’, ‘State’, ‘President’, ‘Republic’ or any word expressing or implying the sanction, approval or patronage of the Central or any State Government; and

(b) ‘Municipal’, ‘Chartered’ or any word which suggests or is calculated to suggest connection with any municipality or local authority:

Provided that nothing in this sub-section shall apply to any firm registered before the date of commencement of the Indian Partnership (Rajasthan Amendment) Act, 1971.”

[Vide Rajasthan Act 10 of 1971, sec. 2 (w.e.f. 15-9-1971)]

## Tamil Nadu

Same as in Rajasthan, except that in the proviso to sub-section (4), for the words “Indian Partnership (Rajasthan Amendment) Act, 1971” substitute the words “Indian Partnership (Madras

Amendment) Act, 1965”.

[Vide Tamil Nadu Act 35 of 1965, sec. 2 (w.e.f. 1-4-1966)]

## **59. Registration.**

When the Registrar is satisfied that the provisions of section 58 have been duly complied with, he shall record an entry of the statement in a register called the Register of Firms, and shall file the statement.

## **STATE AMENDMENTS**

### **Maharashtra**

Renumber section 59 as sub-section (1) of that section, and,-

(a) in sub-section (1) as so renumbered, after the words “file the statement”, insert the words “on the date such entry is recorded and such statement is filed, the firm shall be deemed to be registered,”;

(b) after sub-section (1) as so renumbered, insert the following sub-section, namely-

“(2) The firm, which is registered, shall use the brackets and word “(Registered)” immediately after its name”.

[Vide Maharashtra Act 29 of 1984, sec. 7 (w.e.f. 1-1-1985)]

## **Section 59A**

### **Andhra Pradesh**

After section 59, insert the following section, namely-

## **"59A. Amendment of the Register of Firms-**

(1) Notwithstanding anything in this Chapter, the Registrar of Firms, Andhra Pradesh, may, by order in writing, amend the register by deleting therefrom the entries relating to any firm, whose place of business has, by virtue of the provisions contained in the States Reorganisation Act, 1956 and the Andhra Pradesh and Madras (Alteration of Boundaries) Act, 1959, ceased to be in the Andhra Pradesh; the Registrar may likewise amend the register by adding thereto the entries relating to any firm included in the register of another State but, whose place of business has, by reason of the said provisions, become included in the State of Andhra Pradesh:

Provided that the Registrar shall, before passing an order under this sub-section, give to the firm concerned an opportunity of making its representation, if any.

(2) The Registrar shall cease to perform the functions of a Registrar under the Act in respect of any firm the entries relating to which are deleted as aforesaid and shall perform the functions of a Registrar under the Act in respect of any firm the entries relating to which are added as aforesaid.

(3) Any person aggrieved by an order under sub-section (1) may appeal to such authority and within such time as may be specified in this behalf by an order made by the Government of



the Andhra Pradesh, and such Authority shall pass such order on the appeal as it thinks fit.

(4) An order of the Registrar under sub-section (1), or where an appeal has been preferred against it under sub-section (3), the order of the appellate authority, shall be final.”

[Vide Andhra Pradesh Act 7 of 1965, sec. 2 (w.e.f. 10-3-1965)]

## Kerala

After section 59, insert the following section, namely-

“59A. Amendment of Register- (1)

Notwithstanding anything contained in this Chapter, the Registrar of Firms appointed by the State of Kerala may, by order in writing, amend the register by deleting therefrom the entries relating to any firm whose place of business has, by reason of the reorganisation of States, ceased to be situated in the State of Kerala.

The Registrar may likewise amend the register by adding thereto the entries relating to any firm included in the register of the State of Madras but whose place of business has, by reason of the said reorganisation of States, become part of the State of Kerala:

Provided that the Registrar shall, before passing an order, make such inquiry as he deems necessary.

(2) After such amendment the Registrar shall cease to perform the functions of a Registrar in respect of any firm the entries relating to which have been deleted as aforesaid and shall perform all the functions of a Registrar in respect of all firms the entries relating to which are added as aforesaid.

(3) Any person aggrieved by an order under sub-section (1) may appeal to such authority and within such time as may be specified in this behalf by the State Government of Kerala, and such authority shall pass such order on the appeal as it thinks fit.

(4) An order of the Registrar under sub-section (1), or where an appeal has been preferred against it under sub-section (3), the order of the appellate authority, shall be final.

(5) The provisions of this section shall cease to be in force from such date as the State Government of Kerala may, by notification in the Gazette, appoint."

[Vide Kerala Adaptation of Laws (No. 2) Order, 1957 (w.e.f. 30-10-1957)]

### Madhya Pradesh

After section 59, insert the following section, namely-

"59A. (1) Notwithstanding anything contained in this Chapter, the Registrar of Firms appointed by the State of Madhya Pradesh may, by order in

writing, amend the register by deleting therefrom the entries relating to any firm, whose place of business has, by reason of the reorganisation of States, ceased to be situated in the State of Madhya Pradesh.

The Registrar may likewise amend the register by adding thereto the entries relating to any firm included in the register of another State but whose place of business has, by reason of the said reorganisation of States, become part of the State of Madhya Pradesh:

Provided that the Registrar shall, before passing an order, make such inquiry as he deems necessary.

(2) After such amendment the Registrar shall cease to perform the functions of a Registrar in respect of any firm the entries relating to which have been deleted as aforesaid and shall perform all the functions of a Registrar in respect of all firms the entries relating to which are added as aforesaid.

(3) Any person aggrieved by an order under sub-section (1) may appeal to such authority and within such time as may be specified in this behalf by the State Government of Madhya Pradesh, and such authority shall pass such order on the appeal as it thinks fit.

(4) An order of the Registrar under sub-section (1), or where an appeal has been preferred

against it under sub-section (3), the order of the appellate authority shall be final.

(5) The provisions of this section shall cease to be in force from such date as the State Government of Madhya Pradesh may, by notification in the State Gazette, appoint."

[Vide Madhya Pradesh Adaptation of Laws (State and Concurrent Subjects) (Third Amendment) Order, 1957 (w.r.e.f. 1-11-1956)].

### Maharashtra

(i) After section 59, insert the following section, namely-

"59A. Deletion and addition of entries relating to certain firms, by reason of reorganisation of States- (1) Notwithstanding anything contained in this Chapter, a Registrar of Firms appointed for any area by the Government of Bombay may, by order in writing, amend the Register of Firms maintained by him by deleting therefrom the entries relating to any firm, whose place of business has, by reason of the reorganisation of States under the States Reorganisation Act, 1956, ceased to be situated in the State of Bombay. The Registrar may likewise and without any charge or fee therefor amend the Register by adding thereto the entries relating to any firm included in the Register of another State but whose place of business has, by reason for such reorganisation, become part of the area within his jurisdiction in the State of Bombay:

Provided that the Registrar shall, before passing any order under this sub-section, make such inquiry as he deems necessary and give notice to the firm and the Registrar of the State concerned.

(2) After such amendment, the Registrar shall cease to perform the functions of a Registrar in respect of any firm the entries relating to which have been deleted as aforesaid and shall perform the functions of a Registrar in respect of any firm the entries relating to which are added as aforesaid.

(3) Any person aggrieved by an order under sub-section (1) may appeal to such authority, and within such time, as may be specified in this behalf by the Government of Bombay by notification in the Official Gazette; and such authority shall pass such order on the appeal as it thinks fit.

(4) An order of a Registrar under sub-section (1), or when an appeal has been preferred against it under sub-section (3), the order of the appellate authority shall be final.

(5) The provisions of this section shall cease to be in force from such date as the Government of Bombay may, by notification in the Official Gazette, appoint."

[Vide Central Acts on State and Concurrent Subjects (Bombay Adaptation) (Amendment) Order, 1957 (w.e.f. 17-10-1957)].

## **Section 59A1**

(ii) After section 59, insert the following section, namely-

“59A1. Late registration on payment of penalty- If the statement in respect of any firm is not sent or delivered to the Registrar within the time specified in sub-section (1A) of section 58, then the firm may be registered on payment, to the Registrar, of a penalty of one hundred rupees per year of delay or a part thereof.”

[Vide Maharashtra Act 29 of 1984, sec. 8 (w.e.f. 1-1-1985)]

### **Mysore (Karnataka)**

In section 59A, in sub-section (1), for the words “by reason of the reorganisation of States”, the words, brackets, etc., “by reason of the addition of the Bellary district to the State of Mysore under the Andhra Pradesh State Act, 1953 (Central Act 30 of 1953), or of the reorganisation of States under the States Reorganisation Act, 1956 (Central Act 37 of 1956)” shall be substituted.

[Vide Mysore Act 19 of 1961, sec. 2 (w.e.f. 14-9-1961)]

Note-This amendment relates to section 59A as introduced by Madras Adaptation of Laws (Central Acts) Order, 1957.

### **Tamil Nadu**

After section 59, insert the following section,

namely-

“59A. Special provision for amending the register-  
(1) Notwithstanding anything contained in this Chapter, the Registrar of Firms appointed by the State Government of Madras may, by order in writing, amend the register by deleting therefrom the entries relating to any firm, the place of business of which has, by reason of the formation of the State of Andhra or of the addition of the Bellary district to the State of Mysore under the Andhra State Act, 1953 or of the reorganisation of States under the States Reorganisation Act, 1956, or of the alteration of boundaries under the Andhra Pradesh and Madras (Alteration of Boundaries) Act, 1959, ceased to be located in the State of Madras.

The Registrar may likewise amend the register by adding thereto the entries relating to any firm included in the register of another State but the place of business of which has, by reason of the said reorganisation of States or of the said alteration of boundaries, become part of the State of Madras: Provided that the Registrar may, before passing an order, make such inquiry as he deems necessary.

(2) After such amendment the Registrar shall cease to perform the functions of the Registrar in respect of any firm the entries relating to which have been deleted as aforesaid and shall perform all the functions of a Registrar in respect of all

firms the entries relating to which are added as aforesaid.

(3) Any person aggrieved by an order under sub-section (1) may appeal to such authority and within such time as may be specified in this behalf by the State Government of Madras, and such authority shall pass such order on the appeal as it thinks fit.

(4) An order of the Registrar under sub-section (1), or where an appeal has been preferred against it under sub-section (3), the order of the appellate authority shall be final.

(5) The provisions of this section shall cease to be in force from such date as the State Government of Madras may, by notification in the Official Gazette, appoint."

[Vide Tamil Nadu (Added Territories) Adaptation of Laws Order, 1961 (w.r.e.f. 1-4-1960)]

## **Section 59B**

### **Gujarat**

After section 59A, insert the following section, namely-

"59B. Deletion of entries relating to certain firms by reason of reorganisation of Bombay State- (1) Notwithstanding anything contained in this Chapter, a Registrar of Firms appointed for any area by the Government of Gujarat may, by order in writing, amend the Register of Firms maintained by him by deleting therefrom the



entries relating to any firm whose place of business has, by reason of the reorganisation of the State of Bombay, by the Bombay Reorganisation Act, 1960, ceased to be situated in the State of Gujarat:

Provided that the Registrar shall, before passing any order under this sub-section, make such inquiry as he deems necessary and give notice to the firm and the Registrar of the State of Maharashtra.

(2) After such amendment the Registrar shall cease to perform the functions of a Registrar in respect of any firm the entries relating to which have been deleted as aforesaid.

(3) Any person aggrieved by an order under sub-section (1) may appeal to such authority and within such time as may be specified in this behalf by the Government of Gujarat, by notification in the Official Gazette; and such authority shall pass such order on the appeal as it thinks fit.

(4) An order of a Registrar under sub-section (1), or where an appeal has been preferred against it under sub-section (3), the order of the appellate authority shall be final."

[Vide Gujarat Adaptation of Laws (State and Concurrent Subjects) (Eighth Amendment) Order, 1961 (w.r.e.f. 1-5-1960)]

## Maharashtra

After section 59A, insert the following section, namely-

“59B-Same as in Gujarat, except that-

(i) in the marginal note, for the words “re-organisation of Bombay State”, substitute the words ‘formation of State of Gujarat’;

(ii) in sub-sections (1) and (3), for the word “Gujarat”, substitute the word “Maharashtra”, and in the proviso, for the word “Maharashtra”, substitute the word “Gujarat”;

(iii) in sub-section (1), for the words “by reason of re-organisation of the State of Bombay”, substitute the words “by reason of the formation of the State of Gujarat”.

[Vide Central Acts on State and Concurrent Subjects (Maharashtra Adaptation) (Amendment) Order, 1961 (w.r.e.f. 1-5-1960)]

### **60. Recording of alterations in firm name and principal place of business.**

**(1)** When an alteration is made in the firm name or in the location of the principal place of business of a registered firm, a statement may be sent to the Registrar accompanied by the prescribed fee, specifying the alteration and signed and verified in the manner required under section 58.

**(2)** When the Registrar is satisfied that the provisions of sub-section (1) have been duly complied with, he shall amend the entry relating

to the firm in the Register of Firms in accordance with the statement, and shall file it along with the statement relating to the firm filed under section 59.

## **State Amendment**

### **Maharashtra**

In section 60,-

(a) for sub-section (1), substitute the following sub-section, namely-

“(1) When an alteration is made in the firm name or in the nature of business of a firm or in the location of the principal place of business of a registered firm, a statement shall be sent to the Registrar, within a period of 90 days from the date of making such alteration, accompanied by the prescribed fee, specifying the alteration and signed and verified in the manner required under section 58.”

(b) in the marginal note, for the words “firm name and”, substitute the words “firm name, nature of business and”.

[Vide Maharashtra Act 29 of 1984, sec. 9 (w.e.f. 1- 1-1985)]

## **61. Noting of closing and opening of branches.**

When a registered firm discontinued business at any place or begins to carry on business at any place, such place not being its principal place of business, any partner or agent of the firm may send intimation thereof to the Registrar, who shall

make a note of such intimation in the entry relating to the firm in the Register of Firms, and shall file the intimation along with the statement relating to the firm filed under section 59.

## **State Amendment**

### **Maharashtra**

In section 61, for the words "may send intimation thereof to the Registrar, who shall", substitute the following words, namely- "shall send intimation thereof to the Registrar, within a period of 90 days from the date of such discontinuance or, as the case may be, from the date on which the firm begins to carry on business at such place. The Registrar shall then."

[Vide Maharashtra Act 29 of 1984, sec. 10 (w.e.f. 1-1-1985)]

## **62. Noting of changes in names and addresses of partners.**

When any partner in a registered firm alters his name or permanent address, an intimation of the alteration may be sent by any partner or agent of the firm to the Registrar, who shall deal with it in the manner provided in section 61.

## **63. Recording of changes in and dissolution of a firm.**

**(1)** When a change occurs in the constitution of a registered firm any incoming, continuing or

outgoing partner, and when a registered firm is dissolved any person who was a partner immediately before the dissolution, or the agent of any such partner or person specially authorised in this behalf, may give notice to the Registrar of such change or dissolution, specifying the date thereof; and the Registrar shall make a record of the notice in the entry relating to the firm in the Register of Firms, and shall file the notice along with the statement relating to the firm filed under section 59.

### **Recording of withdrawal of a minor-**

**(2)** When a minor who has been admitted to the benefits of partnership in a firm attains majority and elects to become or not to become a partner, and the firm is then a registered firm, he, or his agent specially authorised in this behalf, may give notice to the Registrar that he has or has not become a partner, and the Registrar shall deal with the notice in the manner provided in sub-section (1)

### **State Amendment**

#### **Maharashtra**

In section 63,-

(a) in sub-section (1),-

(i) for the word "any", wherever it occurs, substitute the word "every";

(ii) for the words "may give notice to the Registrar of such change or dissolution, specifying

the date thereof”, substitute the following words, namely-

“shall, within a period of 90 days from the date of such change or dissolution, give notice to the Registrar of such change or dissolution, specifying the date thereof”;

(b) after sub-section (1), insert the following sub-section, namely- “(1A) Where a change occurs in the constitution of a registered firm, all persons, who after such change are partners of the firm, shall jointly send an intimation of such change duly signed by them, to the Registrar, within a period of 90 days from the date of occurrence of such change and the Registrar shall deal with it in the manner provided by section 61”;

(c) in sub-section (2), for the words “may give notice to the Registrar”, substitute the words “shall, within a period of 90 days from the date of his election, give notice to the Registrar”.

[Vide Maharashtra Act 29 of 1984, sec. 12 (w.e.f. 1-1- 1985)]

## **64. Rectification of mistakes.**

**(1)** The Registrar shall have power at all times to rectify any mistake in order to bring the entry in the Register of Firms relating to any firm into conformity with the documents relating to that firm filed under this Chapter.

**(2)** On application made by all the parties who have signed any document relating to a firm filed under this Chapter, the Registrar may rectify any mistake in such document or in the record or note thereof made in the Register of Firms.

### **65. Amendment of Register by order of Court.**

A Court deciding any matter relating to a registered firm may direct that the Registrar shall make any amendment in the entry in the Register of Firms relating to such firm which is consequential upon its decision; and the Registrar shall amend the entry accordingly.

### **66. Inspection of Register and filed documents.**

**(1)** The Register of Firms shall be open to inspection by any person on payment of such fee as may be prescribed.

**(2)** All statements, notices and intimations filed under this Chapter shall be open to inspection, subject to such conditions and on payment of such fee as may be prescribed.

### **67. Grant of copies.**

The Registrar shall on application furnish to any person, on payment of such fee as may be prescribed, a copy, certified under his hand, of

any entry or portion thereof in the Register of Firms.

## **68. Rules of evidence.**

**(1)** Any statement, intimation or notice recorded or noted in the Register of Firms shall, as against any person by whom or on whose behalf such statement, intimation or notice was signed, be conclusive proof of any fact therein stated.

**(2)** A certified copy of an entry relating to a firm in the Register of Firms may be produced in proof of the fact of the registration of such firm, and of the contents of any statement, intimation or notice recorded or noted therein.

## **69. Effect of non-registration.**

**(1)** No suit to enforce a right arising from a contract or conferred by this Act shall be instituted in any court by or on behalf of any person suing as a partner in a firm against the firm or any person alleged to be or to have been a partner in the firm unless the firm is registered and the person suing is or has been shown in the Register of Firms as a partner in the firm.

**(2)** No suit to enforce a right arising from a contract shall be instituted in any Court by or on behalf of a firm against any third party unless the firm is registered and the persons suing are or have been shown in the Register of Firms as partners in the firm.



**(3)** The provisions of sub-sections (1) and (2) shall apply also to a claim of set-off or other proceeding to enforce a right arising from a contract, but shall not affect,-

**(a)** the enforcement of any right to sue for the dissolution of a firm or for accounts of a dissolved firm, or any right or power to realise the property of a dissolved firm, or

**(b)** the powers of an official assignee, receiver or Court under the Presidency-towns Insolvency Act, 1909 or the Provincial Insolvency Act, 1920 realise the property of an insolvent partner.

**(4)** This section shall not apply,-

**(a)** to firms or to partners in firms which have no place of business in the territories to which this Act extends, or whose places of business in the said territories, are situated in areas to which, by notification under section 56, this Chapter does not apply, or

**(b)** to any suit or claim of set-off not exceeding one hundred rupees in value which, in the Presidency-towns, is not of a kind specified in section 19 of the Presidency Small Cause Courts Act, 1882 (5 of 1882), or, outside the Presidency-towns, is not of a kind specified in the Second Schedule to the Provincial Small Cause Courts Act, 1887 (9 of 1887), or to any proceeding in execution or other proceeding incidental to or arising from any such suit or claim.

## **70. Penalty for furnishing false particulars.**

Any person who signs any statement, amending statement, notice or intimation under this Chapter containing any particular which he knows to be false or does not believe to be true, or containing particulars which he knows to be incomplete or does not believe to be complete, shall be punishable with imprisonment which may extend to three months, or with fine, or with both.

## **71. Power to make rules.**

**(1)** The State Government may by notification in the Official Gazette make rules] describing the fees which shall accompany documents sent to the Registrar of Firms, or which shall be payable for the inspection of documents in the custody of the Registrar of Firms, or for copies from the Register of Firms:

**Provided** that such fees shall not exceed the maximum fees specified in Schedule I.

**(2)** The State Government may also make rules,-  
**(a)** prescribing the form of statement submitted under section 58, and of the verification thereof;

**(b)** requiring statements, intimations and notices under sections 60, 61, 62 and 63 to be in prescribed form, and prescribing the form thereof;

**(c)** prescribing the form of the Register of Firms, and the mode in which entries relating to firms are to be made therein, and the mode in which such entries are to be amended or notes made therein;

**(d)** regulating the procedure of the Registrar when disputes arise;

**(e)** regulating the filing of documents received by the Registrar;

**(f)** prescribing conditions for the inspection of original documents;

**(g)** regulating the grant of copies;

**(h)** regulating the elimination of registers and documents;

**(i)** providing for the maintenance and form of an index to the Register of Firms; and

**(j)** generally, to carry out the purposes of this Chapter.

**(3)** All rules made under this section shall be subject to the condition of previous publication.

**(4)** Every rule made by the State Government under this section shall be laid, as soon as it is made, before the State Legislature.

## **CHAPTER VIII - SUPPLEMENTAL**

### **72. Mode of giving public notice.**

A public notice under this Act is given-

**(a)** where it relates to the retirement or expulsion of a partner from a registered firm, or to the dissolution of a registered firm, or to the election to become or not to become a partner in a registered firm by a **person attaining majority** who was admitted as a minor to the benefits of partnership, by notice to Registrar of Firms under section 63, and by publication in the Official Gazette and in at least one vernacular newspaper circulating in the district where the firm to which it relate has its place or principal place of business, and

**(b)** in any other case, by publication in the Official Gazette and in at least one vernacular newspaper circulating in the district where the firm to which it relates has its place or principal place of business.

### **73. Repeals.**

[Rep. by the Repealing Act, 1938 (1 of 1938), sec. 2 and Sch.]

### **74. Savings.**

Nothing in this Act or any repeal effected thereby shall affect or be deemed to affect,-

**(a)** any right, title, interest, obligation or liability already acquired, accrued or incurred before the commencement of this Act, or

**(b)** any legal proceeding or remedy in respect of any such right, title, interest, obligation or liability, or anything done or suffered before the commencement of this Act, or

**(c)** anything done or suffered before the commencement of this Act, or

**(d)** any enactment relating to partnership not expressly repealed by this Act, or

**(e)** any rule of insolvency relating to partnership, or

**(f)** any rule of law not inconsistent with this Act.

### **State Amendment**

#### **Goa, Daman and Diu**

Renumber section 74 as sub-section (1) thereof and after sub-section (1) as so renumbered, insert the following sub-section, namely-

“(2) Notwithstanding anything contained in sub-section (1) and in any other law in force in the Union territory of Goa, Daman and Diu, the provisions of sub-sections (1) and (2) of section 69 shall apply to all suits instituted in the Union territory of Goa, Daman and Diu after the 1st January, 1965, even if the cause of action with respect to the said suits had arisen before that date.”

[Vide Goa, Daman and Diu Act 6 of 1966, sec. 4 (w.e.f. 22-8-1966)]

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