



THE PARTNERSHIP ACT, 1932



CONTENTS

PREAMBLE.

.

CHAPTER I. PRELIMINARY

- 1 Short title, extent and commencement
- 2 Definitions
- 3 Application of provisions of act IX of 1872

CHAPTER II. THE NATURE OF PARTNERSHIP

- 4 Definition of "partnership", "partner" "firm" and "firm name"
- 5 Partnership not created by status
- 6 Mode of determining existence of partnerships
- 6 A Act not to apply to certain relationships
- 7 Partnership at will
- 8 Particular partnership

CHAPTER III. RELATIONS OF PARTNERS TO ONE ANOTHER

- 9 General duties of partners
- 10 Duty to indemnify for loss caused by fraud
- 11 Determination of rights and duties of partners by contract between the partners
Agreements in restraint of trade
- 12 The conduct of the business
- 13 Mutual rights and liabilities
- 14 The property of the firm
- 15 Application of the property of the firm
- 16 Personal profits earned by partners
- 17 Rights and duties of partners after a change in the firm, after the expiry of the term
of the firm, and where additional under takings are carried out

CHAPTER IV. RELATIONS OF PARTNERS TO THIRD PARTIES

- 18 Partner to be agent of the firm

- 19 Implied authority of partner as agent of the firm
- 20 Extension and restriction of partner's implied authority
- 21 Partner's authority in an emergency
- 22 Mode of doing act to bind firm
- 23 Effect of admissions by a partner
- 24 Effect of notice to acting partner
- 25 Liability of a partner for acts of the firm
- 26 Liability of the firm for wrongful acts of a partner
- 27 Liability of firm for misapplication by partners
- 28 Holding out
- 29 Rights of transferee of a partner's interest
- 30 Minors admitted to the benefits of partnership

CHAPTER V. INCOMING AND OUTGOING PARTNERS

- 31 Introduction of a partner
- 32 Retirement of a partner
- 33 Expulsion of a partner
- 34 Insolvency of a partner
- 35 Liability of estate of deceased partner
- 36 Rights of outgoing partner to carry on competing business
Agreements in restraint of trade.
- 37 Right of outgoing partner in certain cases to share subsequent profits
- 38 Revocation of continuing guarantee by change in firm

CHAPTER VI. DISSOLUTION OF FIRM

- 39 Dissolution of a firm
- 40 Dissolution by agreement
- 41 Compulsory dissolution
- 42 Dissolution on the happening of certain contingencies
- 43 Dissolution by notice of partnership at will
- 44 Dissolution by the court
- 45 Liability for acts of partners done after dissolution
- 46 Right of partners to have business wound up after dissolution
- 47 Continuing authority of partners for purposes of winding up
- 48 Mode of settlement of accounts between partners
- 49 Payment of firm debts and of separate debts
- 50 Personal profits earned after dissolution
- 51 Return of premium on premature dissolution
- 52 Rights where partnership contract is rescinded for fraud or misrepresentation
- 53 Right to restrain from use of firm name or firm property
- 54 Agreements in restraint of trade
- 55 Sale of good will after dissolution
Rights of buyer and seller of goodwill

**CHAPTER VII.
REGISTRATION OF FIRMS**

56	Power to exempt from application of this Chapter
57	Appointment of Registrars
58	Application for registration
59	Registration
60	Recording of alteration in firm name and principal place of business
61	Noting of closing and opening of branches
62	Noting of changes in name and addresses of partners
63	Recording of changes in and dissolution of a firm Recording of withdrawal of a minor
64	Rectification of mistakes
65	Amendment of Register by order of Court
66	Inspection of Register and filed documents
67	Grant of copies
68	Rules of evidence
69	Effect of non-registration
70	Penalty for furnishing false particulars
71	Power to make rules

**CHAPTER VIII.
SUPPLEMENTAL**

72	Mode of giving public notice
73	[Repealed.]
74	Savings

**SCHEDULE I.
Maximum fees**

**SCHEDULE II.
[Repealed.]**

THE PARTNERSHIP ACT, 1932

¹ACT No. IX OF 1932

[8th April, 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 ²* Partnership Act, 1932.

³[(2) It extends to the whole of Pakistan.]

(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.

¹For Statement of Objects and Reasons and for Report of Special Committee, see Gazette of India, 1931. Pt. V, p. 31; for Report of Select Committee, see *ibid.*, 1932, Pt. V, p. 1. The Act has been applied to Phulera in the Excluded Area of Upper Tanawal to the extent the Act is applicable in the N. W.F.P., and extended to the Excluded Area of Upper Tanawal (N.W.F.P.) other than Phulera with effect from such date and subject to such modifications as may be notified, see N.W.F.P. (Upper Tanawal) (Excluded Area) Laws Regulation, 1950. It has also been extended to the Leased Areas of Baluchistan, see the Leased Areas (Laws) Order, 1950 (G. G. O. 3 of 1950) ; and also applied in the Federated Areas of Baluchistan, see Gazette of India, 1937, Pt. I, p. 1499.

This Act has been extended to the Baluchistan States Union, see the Baluchistan States Union (Federal Laws) (Extension) Order, 1953 (G. G. O. 4 of 1953), as amended by the Baluchistan States Union (Federal Laws) (Extension) (Second Arndt.) Order, 1953 (G. G. O. 19 of 1953).

² The word "Indian" omitted by A. O., 1949.

³ Subs. by the Central Laws (Statute Reform) Ordinance, 1960 (21 of 1960), s. 3 and 2nd Sch., (with effect from the 14th October, 1955), for the original sub-section (2) as amended by A. O., 1949, and the Federal Laws (Revision and Declaration) Act, 1951 (26 of 1951), s. 8.

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 Contract Act, 1872 (IX of 1872), shall have the meanings assigned to them in that Act.

3. Application of provisions of ACT IX of 1872. The unrepealed provisions of the Contract Act, 1872 (IX of 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”.

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 on business as such are not partners in such business.

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.