

# Partnership form of business

This form of business comes into existence according to **Indian partnership act 1932**.

Def: The relation between two or more persons who have agreed to share profit of a business, carried on by all or any of them acting for all.

- It can be formed either verbally or by written agreement. That written agreement is called **partnership deed**.

# Contents of Partnership Deed

- Name of the firm
- Nature of business
- Date of starting partnership
- Rate of interest on capital invested , if any
- Money contributed by each partner
- Allotment of managerial functions to partners
- Share of profits and losses
- Salary if any allowed to managing partners
- The basis for inclusion of new partners
- The aim of partnership as well as the manner in which it can be dissolved
- Authority to sign cheques , bills etc
- The amount that can be withdrawn by each partner

# Types of partners

- General Partners
- Limited partners
- Active or managing partners
- Sleeping and silent partners
- Nominal partners
- Minor partners

# Advantages

- Easy formation
- More capital
- Diverse talent
- Less possibility of error of judgement
- Prompt decisions
- Division of labour
- Simple dissolution

# Disadvantages

- Unlimited liability
- Short life
- Insufficient capital
- Disagreement
- Less secrecy
- Non-transfer of partnership
- No direct relationship between efforts and rewards
- Lack of public confidence