

1st Paper

4/12/25

Chapter - 4

Partnership Business

Partnership Business

When more than one person jointly form and conduct business together on the basis of agreement is called partnership business. The capital and profit of the business is shared and distributed among the partners.

What is agreement?

=> An agreement is a promise or a set of promises made between two or more people to do or not to do something.

Features of Partnership Business

1.

Business is carried out by all partners together for the benefit of all partners.

According to section 4 of partnership act 1932, partnership means the relation between two or more persons carrying on business in common with a view to profit.

According to partnership act 1932, section 4, partnership means:

Partnership is the relation between people who have agreed to share the profits of a business carried on by all or any of them acting for all.

Business carried on by all or any of them acting for all.

Business carried on by all or any of them acting for all.

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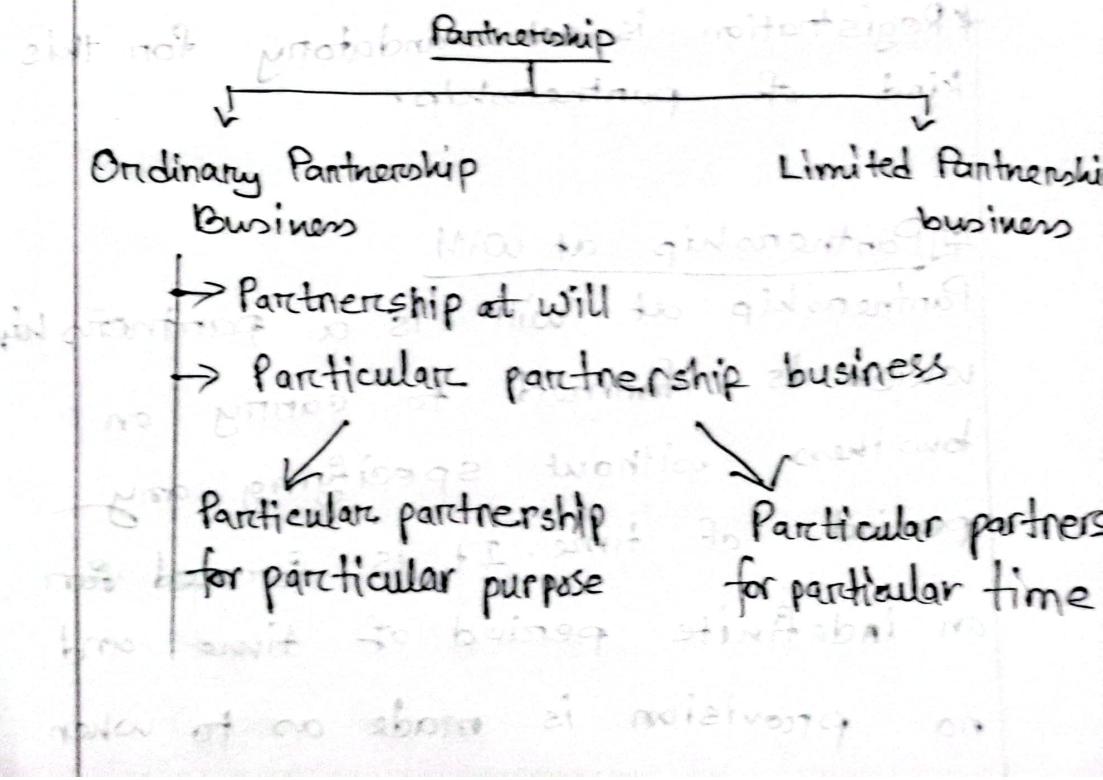
Characteristics of Partnership Business

1. Number of members and capabilities.
2. Contractual relation.
3. Supply of Capital.
4. Mutual Agency → Mutual representative.
5. Unlimited liability.
6. Mutual trust and confidence.
7. Distribution of profit & loss.
8. No separate legal entity.
9. Dissolution.
10. Formation of operation.

Mutual Agency

Mutual Agency means every partner is both an agent and principal for the other partners. Each partner can bind the firm and other partners by their actions in the ordinary course of business.

Types of Partnership Business



Chapter- 9■ Limited Partnership Business

The partnership business that consists of two partners where one partner's partnership is unlimited and the other partner's liability is limited.

⇒ General partner → Liability unlimited

⇒ Limited partner → Liability limited.

* Registration is ~~not~~ mandatory for this kind of partnership.

■ Partnership at Will

Partnership at will : is a partnership which is formed to carry on business without specifying any period of time. It is formed for an indefinite period of time and no provision is made as to when

and how the partnership will come to an end. The life of such partnership business continues as long as the partners are willing to continue.

■ Particular partnership

Particular partnership is a such kind of partnership business which is established for a stipulated / specific period of time or for the completion of specific venture. It automatically comes to an end when with the expiry of the specific period or the completion of the specific venture or objective.

■ Types of Partner

1. Ordinary / Active partner.
2. Sleeping / Silent / Dormant partner.
3. Limited Partner.
4. Nominal Partner.
5. Quasi Partner.

6. Partner by holding out, and been
7. Partner by estoppel: has been at
8. Working Partner: avoid gitaranting
G. situations of partner are creating out of
gitaranting not willing to

to have a or gitaranting not willing
habilities of dealer involved gitaranting,
not to being illegal habilities to not
willing to withdraw out not to
one of cases gitaranting if know
out to private out other names has
to withdraw out to being illegal
and people to another offage and

refused to accept it

refusing out of partnership
partner removed / replaced
partner before & contract remains in
another person's name

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■ Nominal Partner:

According to contract he enjoys profit
from the business. In this case, his
liability is not unlimited like ordinary
partner. Jogatoe pd mertnifit

■ Quasi Partner:

1. combination with gitaranting to
The partner who does not withdraw
capital despite retirement, rather keeps
the capital in business as loan.

Quasi Partner is considered the creditor
of business.

■ Partner by holding out:

He is not actually a partner of the
business partnership firm. The person
introduce himself as partner third p-

Partner by estoppel

The partner of partnership firm introduces someone ~~to~~ as partner to the third party.

The partner by estoppel is such kind of partner, if a partner of partnership firm introduces someone to third party and he/she remains silent despite knowing the fact is called partner by estoppel.

Working Partner

The partner who does not invest money in partnership business but uses his merit or expertise or labor as per contract as capital is known as working partners.

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Working Partner

A working partner is a partner in a partnership who actively participates in the day-to-day operations, management or business activities of the firm. Unlike an ordinary partner he does not invest money in the business but uses his skills, experience and knowledge in business as capital & unlimited liability.

Minor as a Partner

Dissolution of Partnership Business

1. Dissolution by mutual agreement.
→ Section-40
2. Compulsory dissolution.
→ Section-41
3. Dissolution on the basis of certain contingencies.
Section 42 ←
4. Dissolution through notice.
→ Section 43
5. Dissolution by the order from the court.
→ Section 44.

* In case of Partnership at will

If any partner wants to withdraw from partnership, he has the right to do so at any time. But it is subject to certain conditions:

- 1. If the withdrawal is done with the intention of causing loss to the firm.
- 2. If the withdrawal is done with the intention of causing loss to the other partners.
- 3. If the withdrawal is done with the intention of causing loss to the business.
- 4. If the withdrawal is done with the intention of causing loss to the firm's creditors.

* Dissolution of partnership

Partnership can be dissolved by mutual agreement.

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* Dissolution through the order of court.

1. If any partner becomes unsound mind or mad.

2. If any partner becomes permanently disabled.

3. Conflicted by court.

4. If any partner is dishonest about the partnership business proven by the court.

5. If any partner intentionally breach the terms & conditions.

6. If any partnership firm faces continuous loss.

Consequences of Non-registration of Partnership Firm

1. Disabilities of the firm and the partners.

→ Suit between partners.

If the partnership firm is not registered the partners can't file case or sue the other partners to enforce any contractual right.

cannot

2. Suit against a third party to enforce rights arising out of the contract.

3. Counter claim not allowed.

→ A third can sue an unregistered firm. But the unregistered firm or partners cannot file case against third party to realize their own

4. Recovery of dues over Tk. 500