



TEXTBOOK ON INDIAN PARTNERSHIP ACT WITH LIMITED LIABILITY PARTNERSHIP ACT (2010). By Madhusudan Saharay. Universal Law Publishing Co. Ltd., C-FF-1A, Dilkush Industrial Estate, (Near Azadpur Metro Station), G.T. Karnal Road, Delhi-110 03. Pp. xlvi + 270. Price Rs. 225/-

THE INDUSTRIAL and commercial growth necessitates pooling together of resources of more than one person and this pooling of resources results into the formation of relationships in terms of partners and the partnership firm. To govern the activities of such relationships, the Indian Partnership Act was enacted in 1932 which is applicable to the whole of India except the State of Jammu and Kashmir. The passage of time has revealed defects in old enactments and paved the necessity for new one in order to keep the law abreast of the latest developments of modern business relations. In this background, the Limited Liability Partnership Act, 2008 was enacted as an alternative corporate business vehicle that provides the benefits of the limited liability but allows its members the flexibility of organizing their internal structure as a partnership based on mutually arrived agreement.

The book under review¹ has been published at a time when the concept of 'limited liability partnership' has become an integral part of the partnership law. The present book is a welcome addition to the subject as it brings together both the kinds of partnerships under one umbrella. The book is divided into two parts, part I deals with Indian Partnership Act, 1932 while part II deals with the Limited Liability Partnership Act, 2008. Since the present book is written in the form of text book-cum-commentary, the chapterisation of the book is also according to the scheme of both these legislations. The author devotes 35 pages on index as compared to 270 pages of the entire book. This exhaustive index provides the sub-headings. The repetition of the headings in an exhaustive manner in a three-tier way should have been avoided.

Under part I of the book, apart from the introduction, there are eight chapters according to the scheme of the 1932 Act. The introductory chapter is definitely praiseworthy and appears as a biography of the partnership law. This chapter gives brief idea about the growth of law of partnership under different existing legal systems. The chapter also provides a glimpse of the report of Law Commission of India² on partnership law and other related issues. The subsequent chapter runs according the scheme of the 1932 Act with a brief discussion on almost each and every section of the Act.

1. Madhusudan Saharay, *Textbook on Indian Partnership Act with Limited Liability Partnership Act* (2010).

2. Law Commission of India, *Seventh Report on Partnership Act, 1932* (1957).



Chapter I deals with preliminary subjects such as “act of firm” and “business” while business has been discussed comparatively with common law but on the point of “test of business” merely one line discussion does not appear to be adequate.

Again, in chapter II, the discussion of definitions of “Partnership”, “Partners”, “Firm” and “Firm name”, “Partnership at Will”, “Particular Partnership”, “Limited Partnership” and some information on “Group Partnership”, *etc.* are qualitative and must for a beginner. This chapter is abreast of latest Indian and foreign case law and pin pointed information on particular issues like test of partnership and legal status of a partnership firm. Comparative analysis has been made on partnership firm and Hindu undivided family business, co-ownership, club or non- trading association, joint stock company, *etc.* in a tabular form and the nature of partnership has been discussed in a very lucid manner.

Chapter III is devoted to an analysis of various provisions dealing with the rights and duties of partners and property of the firm. The author has made a comparative analysis of American and English law the change of co-partner by payment of compensation and share in profit.

The Partnership Act governs not only the act of firms, rights and duties of partners and dissolution of the firm but also protects the interest of third parties dealing with the firm. Therefore, provisions such as those regarding doctrine of implied authority and holding out have been incorporated to protect the third party interests. The author in chapter IV has discussed this aspect elaborately and section-wise. The discussion of the principle of holding out and the position of minors in a partnership is not only elaborate but also excellent.

Chapter V deals with incoming and outgoing partners and their rights, duties and liabilities. Under chapter VI, the provisions regarding dissolution of firms have been discussed. The book presents a detailed account of various grounds and modes of dissolution and its consequences. Section 48 deals with modes of settlement of accounts between partners. Section 54 and 55 deal with agreements in restraint of trade and sale of goodwill after dissolution, respectively. In the present era of trademark, the sale of “goodwill” is an important issue and the author has dealt with this issue while analyzing the provisions relating to sale of goodwill. The registration of a partnership firm is optional under the 1932 Act. Chapter VII deals with the “registration of firms” where state laws are at variance in some procedural matters. Section 69 prescribes the effect of non-registration. The minute detail of both, *i.e.* registration and non-registration in legal proceedings like institution of suits, recovery of amount by a partner of an unregistered firm, *etc.* are some important issues discussed under his head. Chapter VII is supplemental which prescribes the mode of giving public notice under section 72. The author has given the English Partnership Act, 1890 for a comparative study.

Part II of the book contains the provisions of the Limited Liability Partnership



Act, 2008. Nothing new has been added by the author under this part except for compilation from the concept paper and notes on clauses of the Limited Liability Partnership Bill as introduced in the Rajya Sabha.³

The book under review is a useful textbook for the law students, particularly the beginners. The approach is good and book is a coherent up-to-date, systematic, well arranged, comprehensive and integrated study of all the topics in a simple language and lucid style. The well arranged table of cases at the beginning is useful to the readers. Subject index at the end of the book facilitates easy reference and enhances the quality of the book. The cover is attractive and print is good.

At last, it may be stated that the author has brought out a good work with a holistic approach on the law of partnership dealing both with limited as well as unlimited liability.

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3. Bill No. XLVI of 2008.

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