West Bengal Judicial Service (Mains) 2022

Partnership Act · optional paper

Time: 3 hours · Full marks: 100

Group A: answer all questions

1. (a) "The law of partnership is but an extension of the law of principal and agent" — explain.
(b) Distinguish between: (i) A partnership firm and Hindu undivided family business; and (ii) A partnership and a Co-ownership (10+(5+5))

2. (a) "Although sharing of profit is an essential element of partnership, it is not the sole test" — comment.
(b) The Indian Partnership Act has effectively ensured the registration of firm, without making it compulsory — comment. (8+7)

3. (a) What is meant by implied authority of a partner to bind the firm? Are the third parties affected by restrictions placed on such implied authority?
(b) Can a minor be admitted to a partnership? If so, what will be rights and liabilities during his minority and after he has attained majority? ((6+2)+(2+5))

Group B: answer Question No. 4 and any two from the rest

4. (a) What is the doctrine of holding out? Has it any connection with estoppel? State the conditions necessary to make a person liable as a partner by holding out.
(b) A, B and C are partners of a firm. C retires and D is admitted as a new partner. No public notice of the change is given but the firm continues its business as its old name. M, a customer of the firm deals with the firm after the change and the firm becomes indebted to M. M sues A, B, C and D to recover his dues. Will he succeed?
(c) A, B and C are partners. C is a sleeping partner. He retires without giving a public notice. Is he liable for subsequent debts incurred by A and B? ((3+2+5)+5+5)

5. (a) Explain briefly the mode of settling accounts of a firm after its dissolution with special reference to a case where one of the partners has become insolvent and nothing is recoverable from his estate.
(b) P is indebted to X for Rs. 10,000. Subsequently X becomes liable for a like sum to the firm in which P, Q and R are partners. P and X agree that the debt should be set off against each other. Is X absolved from liability to the firm? (10+5)

6. (a) Discuss the rights and liabilities of incoming and outgoing partners of a partnership firm. When does a third party incur liabilities of a partner and why?
(b) A and B are partners. A applied for insolvency and then endorses in the name of the firm a bill belonging to the partnership. Thereafter A is adjudged insolvent. Does the endorsee acquire a good title to the bill? Give reasons for your answer. ((6+4)+5)

7. (a) What is partnership property and how far is it liable for partner's separate debts?
(b) What is understood by 'goodwill' of a business?
(c) M, a partner of a firm of architects borrowed Rs. 1,000 on behalf of the firm from P. P knows that M had no express authority from the partners to borrow any money but he lent the money on an assurance from M that the money would be applied for payment of a debt of the firm. The money borrowed from P was in fact, so applied. Can P recover the amount from the firm? (5+5+5)