

Discuss the essential elements of partnership. What are the different modes of dissolution of partnership firm ?

MBA Previous Years Questions

Consumer Protection Act

Partnership is a type of business relationship where two or more persons come together to carry on a business with the objective of sharing profits.

The essential elements of partnership are as follows:

1. **Agreement:** Partnership is formed by an agreement between the partners, which can be written or oral. The agreement should specify the terms and conditions of the partnership, including the rights and obligations of the partners.
2. **Sharing of profits:** The partners must agree to share the profits of the business. This is a defining characteristic of partnership, and distinguishes it from other types of business relationships.
3. **Mutual agency:** Each partner acts as an agent for the partnership and for the other partners. This means that each partner can bind the partnership and the other partners to contracts and obligations entered into in the course of the partnership's business.
4. **Contribution:** Each partner must contribute something to the partnership, such as capital, property, or services. This contribution may be unequal, but all partners must contribute something to the partnership.
5. **Common goal:** The partners must have a common goal or purpose for the partnership. This may include a shared vision for the business, a desire to achieve certain objectives, or a commitment to a particular set of values or principles.

Discuss the essential elements of partnership. What are the different modes of dissolution of partnership firm ?

In terms of dissolution of a partnership firm, there are different modes of dissolution:

1. Dissolution by agreement: A partnership can be dissolved by mutual agreement between the partners. This requires a written agreement signed by all partners.
2. Dissolution by notice: A partner can give notice of their intention to dissolve the partnership, which will result in the partnership being dissolved after the expiration of the notice period.
3. Dissolution by court order: A court may order the dissolution of a partnership if it is determined that the partnership cannot continue to operate effectively, or if there is a dispute between the partners that cannot be resolved.
4. Dissolution by operation of law: A partnership may be dissolved by operation of law if one of the partners dies, becomes incapacitated, or is declared bankrupt.