

INDIAN PARTNERSHIP ACT 1932

➤ TYPES OF PARTNERS IN A PARTNERSHIP FIRM

1	• ACTIVE PARTNER
2	• SLEEPING PARTNER
3	• NOMINAL PARTNER
4	• PARTNER BY ESTOPPEL
5	• PARTNER IN PROFITS ONLY
6	• SUB-PARTNER
7	• INCOMING PARTNER
8	• OUTGOING PARTNER
9	• MINOR PARTNER

1] Active Partner/Managing Partner

An active partner is also known as Ostensible Partner. As the name suggests he takes active participation in the firm and the running of the business. He carries on the daily business on behalf of all the partners. This means he acts as an agent of all the other partners on a day to day basis and with regards to all ordinary business of the firm

Hence when an active partner wishes to retire from the firm he must give a public notice about the same. This will absolve him of the acts done by other partners after his retirement. Unless he gives a public notice he will be liable for all acts even after his retirement.

2] Dormant/Sleeping Partner

This is a partner that does not participate in the daily functioning of the partnership firm, i.e. he does not take an active part in the daily activities of the firm. He is however bound by the action of all the other partners.

He will continue to share the profits and losses of the firm and even bring in his share of capital like any other partner. If such a dormant partner retires he need not give a public notice of the same.

3] Nominal Partner

This is a partner that does not have any real or significant interest in the partnership. So, in essence, he is only lending his name to the partnership. He will not make any capital contributions to the firm, and so he will not have a share in the profits either. But the nominal partner will be liable to outsiders and third parties for acts done by any other partners.

4] Partner by Estoppel or Holding out

If a person holds out to another that he is a partner of the firm, either by his words, actions or conduct then such a partner cannot deny that he is not a partner. This basically means that even though such a person is not a partner he has represented himself as such, and so he becomes partner by estoppel or partner by holding out.

5] Partner in Profits Only

This partner will only share the profits of the firm; he will not be liable for any liabilities. Even when dealing with third parties he will be liable for all acts of profit only, he will share none of the liabilities

6] Sub-Partner

A partner may associate anybody else in his share in the firm. He gives a part of his share to the stranger. The relationship is not between the sub-partner and the firm but between him and the partner. The sub-partner is a non-entity for the partnership. He is not liable for the debts of the firm.

7] Incoming Partner

The partner, who is admitted afresh in the firm is known as new or incoming partner. Such a partner can be admitted with the consent of all partners. The incoming partner brings his share of capital and goodwill.

8] Outgoing or Retiring partner

The partner who retires from the firm with the consent of other partners is termed as retiring partner. The outgoing partner must serve notice to the general public that he had retired from the firm. Otherwise he will be liable to third parties for the payment of their debts and dues even after his retirement.

9] Minor Partner

A minor, who is below 18 years of age, may be admitted into a firm to the benefits of the partnership. But he cannot become a partner as he is incompetent to enter into a contract. His liability will be limited to the extent of his share. He cannot, take part in the management. He has a share in the profits of the firm. After attainment of major age limit, within six months, he has to decide whether to continue in the firm or not. He should issue a notice to that extent. Otherwise he is deemed to be a regular partner.