

**TopYug Educations****CA FOUNDATION – BUSINESS LAWS****TEST 6 – THE INDIAN PARTNERSHIP ACT, 1932**

**Answer any 5 questions. Each question carries 4 marks each. Duration – 50 Mins**

1. Is it possible for the partners in a firm having majority to expel a partner under the provisions of the Indian Partnership Act, 1932? Does the firm get dissolved if the expulsion of a partner is not valid?
2. Ram, Shyam and Gopal are partners in a firm. Ram retires. Shyam and Gopal continue to carry on firm's business in the same "firm name". Do you agree that in this situation change in the relationship between partners is involved, but this is not extinguishment of the existence of the firm itself? Give reasons.
3. A, B and C are partners in a firm. A introduces D to X as a partner in business. D, infact, was not a partner in the firm's business. D did not deny this statement. X advanced a loan of Rs. 20 lakhs to the firm. Firm's failure to repay the loan X want to hold D responsible for the repayment of the above loan. Referring to the provisions of the Indian Partnership Act, 1932 decide whether X would succeed in recovering the loan from D.
4. A and B entered into an agreement to carry on a business of manufacturing and selling toys. Each one of them contributed Rs. 35 lacs as their capital with a condition that A and B will share the profits equally, but the loss, if any is to be borne by A alone. Referring to the provisions of the Indian Partnership Act, 1932 decide whether there exists a partnership between A and B.
5. "Sharing of profits is only a prima facie not a conclusive evidence of the existence of partnership." Examine the validity of the statement in the light of the provisions of the Indian Partnership Act, 1932 and state as to how would you determine whether a group of persons does or does not constitute partnership.
6. Ram, Mohan and Gopal were partners in a firm. During the course of partnership, the firm ordered Sunrise Ltd. to supply a machine to the firm. Before the machine was delivered, Ram expired. The machine, however, was later delivered to the firm. Thereafter, the remaining partners became insolvent and the firm failed to pay the price of machine to Sunrise Ltd.

Explain with reasons:

- i. Whether Ram's private estate is liable for the price of the machine purchased by the firm?
- ii. Against whom can the creditor obtain a decree for the recovery of the price?

**GOOD LUCK !**