IPA-C05 - 8 PROVISIONS

Incoming, Outgoing, Minor and Retiring Partners

Indian Partnership Act, 1932

Full local statutory text **Finin2min implementation edition** **CA Nikhil Gupta and Kajri Singh**

Finin2min Summary - Chapter in 2 Minutes

Purpose

This unit converts incoming, outgoing, minor and retiring partners into statutory, transaction, evidence and remedy decisions.

Who is covered

Businesses, contracting parties, partners, buyers, sellers, principals, agents and litigants affected by this chapter.

Main obligations

Read the transaction documents and actual conduct against every statutory limb, exception and connected law.

Key timelines

Record event, breach, refusal, notice, acknowledgment and filing dates; apply the correct Limitation Act article.

Forms and evidence

Use the chapter evidence checklist and State/UT forms where registration or public notice applies.

Top risk

Wrong classification, missing authority, weak evidence, ineffective notice, unverified State process or wrong remedy.

Remedy

Preserve rights, mitigate loss, quantify exposure and confirm forum, arbitration, limitation and interim relief.

Finin2min takeaway

Classify - map law - verify authority - prove performance - quantify consequence - select remedy and forum.

Section-by-section provision map

Provision	Title	Status	Decision theme
s.31	Introduction of a partner	operative	partnership authority and liability
s.32	Retirement of a partner	operative	change in firm constitution
s.33	Expulsion of a partner	operative	change in firm constitution

s.34	Insolvency of a partner	operative	change in firm constitution
s.35	Liability of estate of deceased partner	operative	change in firm constitution
s.36	Rights of outgoing partner to carry on competing business	operative	change in firm constitution
s.37	Right of outgoing partner in certain cases to share subsequent profits	operative	change in firm constitution
s.38	Revocation of continuing guarantee by change in firm	operative	formation and communication

Legal status, amendments and source protocol

Act: Indian Partnership Act, 1932; Act 9 of 1932; commencement 1 October 1932; section 69 from 1 October 1933.

Source protocol: Complete central provision text is reproduced locally. Local public-domain central Act transcription reconciled to India Code structure. Official India Code and Gazette instruments prevail if any discrepancy is identified.

Full statutory text and Finin2min decode

Section 31 - Introduction of a partner

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) Subject to contract between the partners and to the provisions of section 30, no person shall be introduced as a partner into a firm without the consent of all the existing partners.
(2) Subject to the provisions of section 30, a person who is introduced as a partner into a firm does not thereby become liable for any act of the firm done before he became a partner.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	Subject to contract between the partners and to the provisions of section 30, no person shall be introduced as a partner into a firm without the consent of all the existing partners.	Test this (1) within the partnership authority and liability framework. Operational focus: subject to contract between the partners and to the provisions of section 30, no person shall be introduced.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	Subject to the provisions of section 30, a person who is introduced as a partner into a firm does not thereby become liable for any act of the firm done before he became a partner.	Test this (2) within the partnership authority and liability framework. Operational focus: subject to the provisions of section 30, a person who is introduced as a partner into a firm.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 31 is a partnership authority and liability provision dealing with introduction of a partner. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Reconcile the deed, ordinary course, internal limits, third-party knowledge, firm-name execution, admissions and holding out. Internal restrictions may not defeat external liability.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 32 - Retirement of a partner

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. [Official India Code source]() prevails.

Current statutory text

(1) A partner may retire-
(a) with the consent of all the other partners;
(b) in accordance with an express agreement by the partners; or
(c) where the partnership is at will, by giving notice in writing to all the other partners of his intention to retire.
(2) A retiring partner may be discharged from any liability to any third party for acts of the firm done before his retirement by an agreement made by him with such third party and the partners of the reconstituted firm, and such agreement may be implied by a course of dealing between the third party and the reconstituted firm after he had knowledge of the retirement.
(3) Notwithstanding the retirement of a partner from a firm, he and the partners continue to be liable as partners to third parties for any act done by any of them which would have been an act of the firm if done before the retirement, until public notice is given of the retirement:
Provided that a retired partner is not liable to any third party who deals with the firm without knowing that he was a partner.
(4) Notices under sub-section (3) may be given by the retired partner or by any partner of the reconstituted firm.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/ control
(1)	A partner may retire-	Test this (1) within the change in firm constitution framework. Operational focus: a partner may retire-.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(a)	with the consent of all the other partners	Test this (a) within the change in firm constitution framework. Operational focus: with the consent of all the other partners.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(b)	in accordance with an express agreement by the partners; or	Test this (b) within the change in firm constitution framework. Operational	Contract/deed, authority, chronology,

		focus: in accordance with an express agreement by the partners; or.	notices, performance and payment records tied to this limb.
(c)	where the partnership is at will, by giving notice in writing to all the other partners of his intention to retire.	Test this (c) within the change in firm constitution framework. Operational focus: where the partnership is at will, by giving notice in writing to all the other partners of his.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	A retiring partner may be discharged from any liability to any third party for acts of the firm done before his retirement by an agreement made by him with such third party and the partners of the reconstituted firm, and such agreement may be implied by a course of dealing between the third party and the reconstituted firm after he had knowledge of the retirement.	Test this (2) within the change in firm constitution framework. Operational focus: a retiring partner may be discharged from any liability to any third party for acts of the firm.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	Notwithstanding the retirement of a partner from a firm, he and the partners continue to be liable as partners to third parties for any act done by any of them which would have been an act of the firm if done before the retirement, until public notice is given of the retirement:	Test this (3) within the change in firm constitution framework. Operational focus: notwithstanding the retirement of a partner from a firm, he and the partners continue to be liable as.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
Provided that	a retired partner is not liable to any third party who deals with the firm without knowing that he was a partner.	Test this provided that within the change in firm constitution framework. Operational focus: a retired partner is not liable to any third party who deals with the firm without knowing that.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(4)	Notices under sub-section	Test this (4) within the change in firm constitution framework. Operational	Contract/deed, authority, chronology,

		focus: notices under sub-section.	notices, performance and payment records tied to this limb.
(3)	may be given by the retired partner or by any partner of the reconstituted firm.	Test this (3) within the change in firm constitution framework. Operational focus: may be given by the retired partner or by any partner of the reconstituted firm.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 32 is a change in firm constitution provision dealing with retirement of a partner. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Document consent, effective date, settlement, release, Registrar filing and public notice. Separate pre-change liabilities from post-change authority.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 33 - Expulsion of a partner

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) A partner may not be expelled from a firm by any majority of the partners, save in the exercise in good faith of powers conferred by contract between the partners.
(2) The provisions of sub-sections (2), (3) and (4) of section 32 shall apply to an expelled partner as if he were a retired partner.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	A partner may not be expelled from a firm by any majority of the partners, save in the exercise in good faith of powers conferred by contract between the partners.	Test this (1) within the change in firm constitution framework. Operational focus: a partner may not be expelled from a firm by any majority of the partners, save in the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	The provisions of sub-sections	Test this (2) within the change in firm constitution framework. Operational focus: the provisions of sub-sections.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	,	Test this (2) within the change in firm constitution framework. Operational focus: .	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	and	Test this (3) within the change in firm constitution framework. Operational focus: and.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(4)		Test this (4) within the change in firm constitution framework. Operational focus: of section	Contract/deed, authority, chronology, notices, performance

	of section 32 shall apply to an expelled partner as if he were a retired partner.	32 shall apply to an expelled partner as if he were a retired partner.	and payment records tied to this limb.

Finin2min implementation explanation

Section 33 is a change in firm constitution provision dealing with expulsion of a partner. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Document consent, effective date, settlement, release, Registrar filing and public notice. Separate pre-change liabilities from post-change authority.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 34 - Insolvency of a partner

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. [Official India Code source] prevails.

Current statutory text

(1) Where a partner in a firm is adjudicated an insolvent, he ceases to be a partner on the date on which the order of adjudication is made, whether or not the firm is thereby dissolved.
(2) Where under a contract between the partners the firm is not dissolved by the adjudication of a partner as an insolvent, the estate of a partner so adjudicated is not liable for any act of the firm and the firm is not liable for any act of the insolvent done after the date on which the order of adjudication is made.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	Where a partner in a firm is adjudicated an insolvent, he ceases to be a partner on the date on which the order of adjudication is made, whether or not the firm is thereby dissolved.	Test this (1) within the change in firm constitution framework. Operational focus: where a partner in a firm is adjudicated an insolvent, he ceases to be a partner on the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	Where under a contract between the partners the firm is not dissolved by the adjudication of a partner as an insolvent, the estate of a partner so adjudicated is not liable for any act of the firm and the firm is not liable for any act of the insolvent done after the date on which the order of adjudication is made.	Test this (2) within the change in firm constitution framework. Operational focus: where under a contract between the partners the firm is not dissolved by the adjudication of a partner.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 34 is a change in firm constitution provision dealing with insolvency of a partner. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Document consent, effective date, settlement, release, Registrar filing and public notice. Separate pre-change liabilities from post-change authority.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 35 - Liability of estate of deceased partner

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

Where under a contract between the partners the firm is not dissolved by the death of a partner, the estate of a deceased partner is not liable for any act of the firm done after his death.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	Where under a contract between the partners the firm is not dissolved by the death of a partner, the estate of a deceased partner is not liable for any act of the firm done after his death.	Test this main limb within the change in firm constitution framework. Operational focus: where under a contract between the partners the firm is not dissolved by the death of a partner.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 35 is a change in firm constitution provision dealing with liability of estate of deceased partner. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Document consent, effective date, settlement, release, Registrar filing and public notice. Separate pre-change liabilities from post-change authority.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 36 - Rights of outgoing partner to carry on competing business

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) An outgoing partner may carry on a business competing with that of the firm and he may advertise such business, but, subject to contract to the contrary, he may not-
(a) use the firm name;
(b) represent himself as carrying on the business of the firm; or
(c) solicit the custom of persons who were dealing with the firm before he ceased to be a partner.
(2) A partner may make an agreement with his partners that on ceasing to be a partner he will not carry on any business similar to that of the firm within a specified period or within specified local limits; and, notwithstanding section 27 of the Indian Contract Act, 1872, such agreement shall be valid if the restrictions imposed are reasonable.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	An outgoing partner may carry on a business competing with that of the firm and he may advertise such business, but, subject to contract to the contrary, he may not-	Test this (1) within the change in firm constitution framework. Operational focus: an outgoing partner may carry on a business competing with that of the firm and he may advertise.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(a)	use the firm name	Test this (a) within the change in firm constitution framework. Operational focus: use the firm name.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(b)	represent himself as carrying on the business of the firm; or	Test this (b) within the change in firm constitution framework. Operational focus: represent himself as	Contract/deed, authority, chronology, notices, performance and

		carrying on the business of the firm; or.	payment records tied to this limb.
(c)	solicit the custom of persons who were dealing with the firm before he ceased to be a partner.	Test this (c) within the change in firm constitution framework. Operational focus: solicit the custom of persons who were dealing with the firm before he ceased to be a partner.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	A partner may make an agreement with his partners that on ceasing to be a partner he will not carry on any business similar to that of the firm within a specified period or within specified local limits; and, notwithstanding section 27 of the Indian Contract Act, 1872, such agreement shall be valid if the restrictions imposed are reasonable.	Test this (2) within the change in firm constitution framework. Operational focus: a partner may make an agreement with his partners that on ceasing to be a partner he will.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 36 is a change in firm constitution provision dealing with rights of outgoing partner to carry on competing business. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Document consent, effective date, settlement, release, Registrar filing and public notice. Separate pre-change liabilities from post-change authority.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 37 - Right of outgoing partner in certain cases to share subsequent profits

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

Where any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with the property of the firm without any final settlement of accounts as between them and the outgoing partner or his estate, then, in the absence of a contract to the contrary, the outgoing partner or his estate is entitled, at the option of himself or his representatives, to such share of the profits made since he ceased to be a partner as may be attributable to the use of his share of the property of the firm or to interest at the rate of six per cent per annum on the amount of his share in the property of the firm:

Provided that where by contract between the partners an option is given to surviving or continuing partners to purchase the interest of a deceased or outgoing partner, and that option is duly exercised, the estate of the deceased partner or the outgoing partner is not entitled to any further or other share of profits; but if any partner assuming to act in exercise of the option does not in all material respects comply with its terms, he is liable to account under this section.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/ control
Main rule	Where any member of a firm has died or otherwise ceased to be a partner, and the surviving or continuing partners carry on the business of the firm with the property of the firm without any final settlement of accounts as between them and the outgoing partner or his estate, then, in the absence of a contract to the contrary, the outgoing partner or his estate is entitled, at the option of himself or his representatives, to such share of the profits made since he ceased to be a partner as may be attributable to the use of his share of the property of the firm or to interest at the rate of six per cent per annum on the amount of...	Test this main limb within the change in firm constitution framework. Operational focus: where any member of a firm has died or otherwise ceased to be a partner, and the surviving.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
Provided that	where by contract between the partners an option is given to surviving or continuing partners to purchase the interest of a deceased or outgoing partner, and that option	Test this provided that within the change in firm constitution	Contract/deed, authority, chronology, notices,

	is duly exercised, the estate of the deceased partner or the outgoing partner is not entitled to any further or other share of profits; but if any partner assuming to act in exercise of the option does not in all material respects comply with its terms, he is liable to account under this section.	framework. Operational focus: where by contract between the partners an option is given to surviving or continuing partners to purchase the.	performance and payment records tied to this limb.

Finin2min implementation explanation

Section 37 is a change in firm constitution provision dealing with right of outgoing partner in certain cases to share subsequent profits. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Document consent, effective date, settlement, release, Registrar filing and public notice. Separate pre-change liabilities from post-change authority.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 38 - Revocation of continuing guarantee by change in firm

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. [Official India Code source] prevails.

Current statutory text

A continuing guarantee given to a firm, or to a third party in respect of the transactions of a firm, is, in the absence of agreement to the contrary, revoked as to future transactions from the date of any change in the constitution of the firm.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	A continuing guarantee given to a firm, or to a third party in respect of the transactions of a firm, is, in the absence of agreement to the contrary, revoked as to future transactions from the date of any change in the constitution of the firm.	Test this main limb within the formation and communication framework. Operational focus: a continuing guarantee given to a firm, or to a third party in respect of the transactions of.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 38 is a formation and communication provision dealing with revocation of continuing guarantee by change in firm. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Build a dated offer-acceptance matrix, identify authorised senders and recipients, preserve dispatch and receipt evidence, and isolate counter-offers, conditions and revocations.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Practical examples and calculations

Chapter scenario

A live transaction raises issues concerning incoming, outgoing, minor and retiring partners. Freeze the event date, map each statutory condition, preserve authority and performance evidence, quantify exposure and choose remedy only after limitation and forum review.

Calculation	Method	Evidence
Price / consideration	Reconcile base amount, GST/tax, credits, retention, deductions and payment terms.	Contract, invoice, ledger, tax documents and bank proof.
Loss / compensation	Separate direct loss, consequential loss, avoided cost, mitigation, restitution, interest and stipulated sum.	Loss model, market evidence and mitigation log.
Partner settlement	Reconcile capital, current accounts, loans, drawings, profit share, assets, liabilities and goodwill.	Deed, ledgers, bank records and valuation.
Limitation	Record accrual, breach/refusal, notice, acknowledgment, exclusion and filing date.	Chronology and limitation memorandum.

Practical transaction application

1. Identify the transaction, relationship, parties and event date.
2. Map every provision to the contract/deed and actual conduct.
3. Record conditions satisfied, disputed, waived, excused or prevented.
4. Reconcile authority, delivery/performance, acceptance, payment and notices.
5. Quantify exposure and choose cure, termination, recovery, settlement or litigation strategy.

Authority, consent and execution controls

Authority

- Correct legal entities and counterparties.
- Board, partner, power-of-attorney or delegated authority.
- Ordinary-course and implied-authority limits.
- Third-party knowledge of restrictions.

Consent

- Offer, acceptance and agreed version.
- Capacity, free consent and disclosures.
- Conditions precedent and approvals.
- No unauthorised post-execution alteration.

Execution

- Complete schedules and annexures.
- Witnessing, attestation and e-sign audit trail.
- Counterparts, date and place.
- Original and certified-copy custody.

Stamp duty and registration alerts

> Stamp duty is State/UT-specific. Classify the true instrument, place of execution or receipt, consideration and property. Registration is a separate enquiry. Insufficient stamping may require impounding; non-registration may affect property and third-party enforceability.

Instrument	Alert
Commercial agreement	Do not default to a generic article if the substance is indemnity, guarantee, security, transfer, lease or another specifically charged instrument.
Partnership deed/ reconstitution	Check capital contribution, immovable property, retirement/dissolution and Registrar filing separately.
Sale of movable goods	Coordinate contract, invoice, GST/e-invoice, transport and sectoral records.
Property-related relief	Check compulsory registration, title, court fee and decree-registration effects.

Evidence and document-retention checklist

Core file

- Executed deed and amendments
- Partner identity and authority records
- Capital, current account and drawings ledger
- Profit-sharing and remuneration approvals
- Firm property and goodwill register
- Bank mandate and signing matrix
- Admission, retirement or expulsion documents
- Registrar filings and public notice evidence

Electronic evidence

- Native email/message and metadata.
- Version history and e-sign certificate.
- System logs and acknowledgements.
- Legal hold and defensible export.

Retention

- Executed originals and amendments.
- Authority and entity records.
- Tax, payment and accounting records.
- Claims and litigation records through final disposal.

Forms, registers and operational records

Record/form	Control
State registration statement	Form and fee are prescribed by the relevant State/UT rules under section 71.
Change intimation	State forms commonly apply to firm name, principal place, branches, partner changes and dissolution.
Public notice evidence	Registrar notice plus Official Gazette and vernacular-newspaper publication where section 72 requires it.

Performance, delivery and payment controls

Stage	Control	Proof
Obligation matrix	List each reciprocal obligation, owner, due date, dependency and consequence.	Signed matrix tied to contract sections.
Delivery/ performance	Record dispatch, carrier, title/risk point, milestones, inspection and acceptance/rejection.	Delivery documents, certificates and correspondence.
Payment	Reconcile invoice, tax, credit, retention, set-off, due date and bank receipt.	Invoice, e-invoice, ledger and bank proof.
Change/cure	Use authorised variation and cure procedures; avoid informal waiver.	Change order, approval and cure closure.

Breach, loss, mitigation and remedy framework

1. Identify the exact obligation and legally material breach.
2. Confirm causation, remoteness, foreseeability and proof of loss.
3. Record mitigation, avoided cost and substitute performance.
4. Test damages, price, restitution, lien, stoppage, accounts, dissolution, specific performance, injunction, rescission, rectification, cancellation or declaration.
5. Check remedy election, double recovery, caps/exclusions and public policy.

Limitation and forum controls

Control	Analysis
Accrual	Classify cause of action and record breach, refusal, knowledge, demand and continuing-obligation dates.
Limitation	Apply the correct article; test acknowledgment, part-payment, exclusion and disability.
Jurisdiction	Check territorial/pecuniary rules, Commercial Courts threshold, exclusive forum and special court.
Interim relief	Assess preservation, injunction, receiver, security and evidence protection.
Appeal/ enforcement	Map decree/award challenge, execution, interest and cross-border enforcement.

Arbitration and mediation interface

- Validate agreement, signatories, scope, seat, rules and appointment mechanism.
- Separate substantive rights from forum selection and identify non-arbitrable issues.
- Check interim measures, consolidation, joinder and multi-contract issues.
- Preserve limitation during negotiation or mediation.
- Record settlement authority, confidentiality, tax, stamp and enforceability.

Company, partnership, GST and tax overlays

Overlay	Questions
Companies Act	Authority, objects, approvals, related-party, loan/guarantee/security and disclosure requirements.
Partnership/LLP	Deed/LLP authority, current constitution and public records.
GST	Supply, time/place/value, invoice/e-invoice, ITC, credit note, advance, damages and settlement treatment.
Income tax/TDS	Withholding, partner remuneration/interest, capital/revenue, bad debt, settlement and transfer consequences.
IBC/FEMA/ consumer	Moratorium and avoidance, cross-border payment/governing law, consumer and e-commerce protection.

Binding and foundational judicial principles

Authority	Principle	Verification
Cox v. Hickman	Profit sharing is relevant but mutual agency is the decisive partnership test.	Verify official judgment and later treatment.
Dulichand Laxminarayan v. CIT	A firm is not a separate legal person in the same sense as a company; statutory context controls treatment.	Verify official judgment and later treatment.
Addanki Narayanappa v. Bhaskara Krishnappa	A partner has a right to a share in partnership assets and profits, not ownership of a specific item of firm property during subsistence.	Verify official judgment and later treatment.
Jagdish Chandra Gupta v. Kajaria Traders	Section 69 disabilities are construed with the statutory nature of the claim and firm registration status.	Verify official judgment and later treatment.

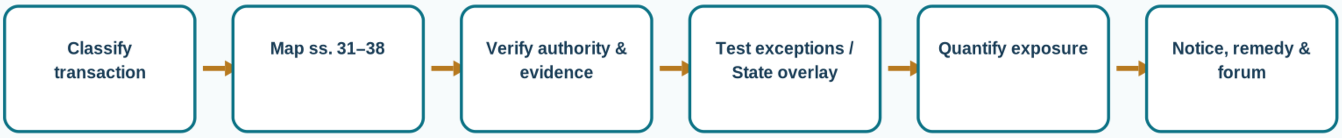
Central and State/UT variation alerts

> Partnership Rules, forms, fees, Registrar portals, stamp duty and public-notice practice are State/UT-specific.

Use the State/UT variation register in the data folder for the live source checklist.

Chapter-specific decision flowchart

IPA-C05 · Finin2min decision path



Admission, retirement, expulsion, insolvency, death, outgoing rights and continuing guarantees. Verify the current official source before professional reliance.

Finin2min Q&A

What decision does IPA-C05 help a business make?

It determines how incoming, outgoing, minor and retiring partners should be classified, documented, performed and enforced under sections 31-38 of the Indian Partnership Act, 1932.

Which provision should be read first in IPA-C05?

Begin with section 31 (Introduction of a partner) and then read the connected definitions, exceptions and remedy provisions in sequence.

What is the principal implementation risk in IPA-C05?

Applying a commercial label without proving the statutory conditions for incoming, outgoing, minor and retiring partners, or acting without authority, notice, performance and payment evidence.

Which execution checks are specific to IPA-C05?

Confirm the correct entities, signatory authority, consent, complete annexures, stamp and registration treatment, digital audit trail and approvals relevant to incoming, outgoing, minor and retiring partners.

How should evidence be indexed for IPA-C05?

Link every section in the chapter with the contract or deed, authority, chronology, notices, performance, delivery, payment, loss and remedy evidence supporting it.

What calculation should be retained for IPA-C05?

Retain the relevant price, tax, interest, partner-account, loss, mitigation, restitution or relief working with sources and assumptions, not only the final number.

How does limitation affect IPA-C05?

Classify the precise cause of action associated with incoming, outgoing, minor and retiring partners, record accrual, refusal, notice, acknowledgment and exclusion dates, and apply the correct Limitation Act article.

Can arbitration resolve every dispute arising under IPA-C05?

Arbitration may govern the forum, but it does not validate illegality, remove mandatory rules or make a non-arbitrable subject arbitrable. Check scope, seat and interim relief.

Which tax and entity overlays should be checked for IPA-C05?

Check Companies Act authority and related-party controls, partnership constitution, GST supply and invoice consequences, withholding, accounting and insolvency effects.

What is the final professional sign-off for IPA-C05?

Confirm the current statutory source, section conclusions, State variation, authority, calculation, limitation, remedy, forum and complete evidence trail.

Why is section 38 important to IPA-C05?

Section 38 (Revocation of continuing guarantee by change in firm) completes the chapter control and must be tested independently.

Official sources and verification status

- Indian Partnership Act, 1932 - India Code
- Official Gazette and applicable State/UT Gazette, Registrar and court portals.
- Review date: 2026-07-18.