

REGISTRATION OF FIRM

Before the passing of the Indian partnership Act, 1932, there was no provision for registration of partnership firm. The present act makes registration of firm optional. It is the discretion of partners to make the firm registered. Although registration of firm is optional but unregistered firm suffers from many disabilities or drawbacks. Thus, Indian Partnership Act has indirectly ensured the registration of firm without making it compulsory.

PROCEDURE FOR REGISTRATION

The procedure for registration of firm is very simple. Section 68 provides the procedure for affecting the registration of firms.

The registration of firm is affected by sending to the Registrar of firm an **application for registration along with the prescribed fee**. The application form to be filed with the Registrar of firms of that area in which business of firm is situated and should state the following: -

- ✓ **The name of firm**
- ✓ **The place or principal place of the business of firm**
- ✓ **The name of any other places where the firm carries on business**
- ✓ **The date when each partner joined the firm**
- ✓ **The name in full and permanent address of the partners**
- ✓ **The duration of the firm**
- ✓ **Signatures of all the partners or their authorised representatives**

When registrar becomes satisfied that all provisions of sec – 68 has been duly compiled, he shall record an entry in a register of firms and shall fill the statement. When the Registrar does so, the firm is duly registered.

Change in particulars after registration of firm

Sometimes, after registration of firm, certain changes may take place in the firm. If change is of the following nature, which should be informed to the Registrar of firms:

- Change in the firm's name and principal place of business **[section – 60]**
- Change regarding the closing the business of old place and opening of business of new place **[section – 61]**
- Change in the name or permanent address of any partner **[section – 62]**
- Change in the constitution of the firm and its dissolution **[section – 63(a)]**
- Change regarding minor partner's decision on becoming major **[section – 63(b)]**
- If any old partner retires from the firm and admits any new partner in the firm

ADVANTAGES OF REGISTRATION

As per Indian Partnership Act, registration of firm is not compulsory. But a registered firm will get the following benefits: -

- ✚ A partner can file a suit for the enforcement of his rights only if a firm is a registered firm and his name appears as a partner in the register of firms.
- ✚ A suit can be filed by or on behalf of the firm only if the firm is a registered firm.
- ✚ A partner of a registered firm can claim let-off in a suit filed against the firm by a third party.

EFFECT OF NON - REGISTRATION OF FIRM

As per Indian Partnership Act, registration of firm is not compulsory. But indirectly it becomes compulsory as unregistered firm faces certain disabilities. There are certain disabilities faced by an unregistered firm:-

- ⊕ A partner of an unregistered firm cannot file a suit against the firm or other partners. [Section – 69(1)]
- ⊕ An unregistered firm cannot file a suit against any third party for the enforcement of any right arising from some contract. [Section – 69(2)]
- ⊕ A third party can file a suit against the unregistered firm.
- ⊕ An unregistered firm cannot file a suit against other persons.

Exception to non – registration

The non – registration of a firm does not affect the following: -

- Ⓢ The partners of an unregistered firm can file a suit for the enforcement, for the dissolution of the firm, for the account of the dissolved firm and for the realisation of the property of the dissolved firm.
- Ⓢ The unregistered firm or its partner may sue or set – off if the subject matter of the suit does not exceed Rs. 100 in value.
- Ⓢ The official assignee, receiver or court may bring an action to realise the property of an insolvent partner.
- Ⓢ The right of an unregistered firm or of its partners are not affected if the firm has no place of business in India.
- Ⓢ The third party can file a suit against the firm whether the firm is registered or not.
- Ⓢ The right of an unregistered firm to enforce a right which arises otherwise than out of contract. In fact, a firm's disability is to enforce the contractual rights and not the others.
- Ⓢ The firm does not become illegal association as registration is not compulsory.