# Registration of Partnership Firm and Effects of Its Non-Registration

## After reading this article you will learn about the procedure for registration of partnership and effects of its non-registration.

## Registration of Partnership Firm:

## The registration of the partnership firm is not compulsory but it should be registered with the Registrar of Firms soon after its formation. Because an unregistered firm cannot sue outsiders although outsiders can sue the firm.

## Procedure of Registration:

## ADVERTISEMENTS:

## A partnership firm can be registered by providing the following information to the Registrar of Firms:

## 1. The name of the firm.

## 2. The principal place of the business of the firm.

## 3. The names and addresses of the partners.

## ADVERTISEMENTS:

## 4. The names of the places where the firm has its branches.

## 5. Date of the commencement of the business of the firm.

## 6. Dates on which the various partners joined the partnership firm.

## 7. The duration of the partnership firm.

## The statement providing the above-mentioned information should be submitted along with prescribed fees and must be signed by all the partners. Registrar shall make an entry of the statement in a register and shall file the statement when he will be satisfied that all legal formalities have been completed.

## Effects of Non-Registration:

## If a partnership firm is not registered, then the firm and partners will have to be deprived of the following advantages:

## 1. The firm cannot file a suit against the third party.

## 2. No partner can file a suit against other partners of the firm.

## ADVERTISEMENTS:

## 3. The firm cannot file a suit against any partner.

## 4. A partner cannot file a suit to enforce a right arising from the contract or conferred by the Partnership Act against the firm.

## 5. Third parties can file a suit against the firm to enforce their rights.

## Rights not Affected by Non-Registration:

## Non-registration of the partnership firm does not affect the following:

## 1. The right of the partner to sue for dissolution of the firm or for accounts of and his share, the dissolved firm.

## 2. The rights of the firm or its partners having no place of business in India.

## 3. Suits not exceeding Rs. 100.

## 4. The power of an official assignee to realise the property of an insolvent partner.

## 5. Suits arising otherwise than under a contract, for example, a suit against the third party for infringement of trademarks of the firm.

## Partnership Becoming Illegal

**When**[**Partnership Business**](http://www.qsstudy.com/business-studies/definition-partnership-business)**become Illegal-**

When two or more persons agreed to form a [business](http://www.qsstudy.com/business-studies/what-is-business) and run by them with a view to earning a profit is called partnership business.

The partnership becomes illegal in the following circumstances:

* When the numbers of partners are reduced and become less than two. And Partners are not individually liable for business debts
* When the maximum number exceeds the prescribed limit as per act. That means maximum 20 in general partnership and 10 in banking case.
* Limited life of a partnership, if one partner leaves the partnership can end.
* When all partners except one have been declared insolvent.
* Shared decision making means you do not have full control, which could lead to disagreements or paralysis of the partnership.
* When the business is established for some illegal purpose. Also, oral partnerships can lead to disputes among owners.
* When the trade is declared illegal by the court of law.