

FREQUENTLY ASKED QUESTIONS

Registration of Firms

Q 1	What is the meaning of firm?
Ans	Partnership firm is an organization of two or more persons managed by anyone or all of them with intention to run business or industry and share the profits.
Q 2	What is the maximum and minimum number of persons to form a partnership firm?
Ans	There must be minimum of 2 persons to form a partnership firm. If the firm is intended for financial transactions maximum of 10 and for other purposes maximum of 20 persons can form a firm (See Sec.11 (2) of Company law).
Q 3	What should be the duration of a firm?
Ans	Partnership firm may be for any definite or indefinite duration. If no duration is mentioned, it shall be at `will' (See Sec.7 of Indian Partnership Act 1932).
Q 4	Is it necessary to form partnership firm through a document only?
Ans	Generally yes. Stamp duty of Rs.100 shall be paid if capital of the firm does not exceed Rs.500 and Rs.500 of capital exceeds Rs.500 for the document.
Q 5	Is it compulsory to register partnership firm?
Ans	No. If partnership firm not registered it will lead to the following consequences: a) It will not be possible to sue one partner against another partner or against the firm and vice versa in the court of law to claim right. b) Partnership firm cannot sue third party in the court of law for enforcement of its right (See Sec.69 of Partnership Act 1932).
Q 6	Who has the authority to register partnership firm? To whom application is to be made and in which form?
Ans	District Registrar is Registrar of Firms in his District. Application may be made in Form No.1 for registration (See Sec. 57, 58 of Indian Partnership Act 1932).
Q 7	How and in what manner application is to be made for registration of partnership firm? Is there time limit for it?
Ans	Application to be given to the Registrar of the District in which it is intended to be formed. There is no time limit.
Q 8	Will certificate of registration be given?
Ans	Acknowledgement will be issued in Form C (See Sec.10)
Q 9	Can a firm be given any name?
Ans	Except names like Crown, Emperor, Empress, Imperial, King, Queen Royal or any name signifying authority of Government any name may be given (See Sec.58 of Indian Partnership Act 1932).
Q 10	What are the other forms of registration and procedure?
Ans	Change with name, place, opening of branches and closure, change in the partners or change in their address, release of minor's partnership and dissolution of partnership may be registered (See Sec.60, 61, 62 and 63 of the Act).
Q 11	Can any person inspect any records, register and obtain copy of it?
Ans	Yes. Any records can be inspected or copy can be obtained on payment of prescribed fees (See Sec. 66 & 67).
Q 12	What are the procedures to be proved in an application for registration of a firm?
Ans	Following are the particulars: a) Name of the Firm; b) Main place of business; c) Other places of business; d) Date of joining of each partner;

	<p>e) Each partner's name and address;</p> <p>f) All the partners or their authorized agents shall sign the application and a gazetted officer, advocate, attorney, pleader or chartered accountant should attest such signatures (Rule 3 of Karnataka Registration of Firms Rules 1954).</p>
Q 13	What is the difference between registrations of partnership deed and registration of firm?
Ans	Partnership deed can be written on stamp paper and registered in Sub Registry Office like any other document. In this case only the deed is registered, which does not mean registration of firm. Firm can be registered after following the procedure laid down in Sec.59 of The Indian Partnership Act 1932. Provisions of the Act accrue only on such registration.
Q 14	Can a firm or company become partner of another firm?
Ans	A firm cannot become partner of another firm but a company can become partner of a firm