BLOGS

Questions on Indian Partnership Act for CLAT PG 2026

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1. **Under the Indian Partnership Act, a partnership is validly formed by:**

a) Operation of law or status (e.g. inheriting a business)

b) A contractual agreement between two or more persons

c) Being members of a joint Hindu Undivided Family (HUF)

d) Registration with the Registrar of Firms

Correct Answer: b

Explanation: A partnership must arise from a contract between persons to share the profits of a business. It cannot be created by status or inheritance.

2. **What is considered the true test for the existence of a partnership under Indian law?**

a) Capital contribution by each partner

b) Mutual agency – each partner acting as agent for all others

c) Sharing of the gross returns (revenue) of a business

d) Use of a joint trade name by the persons involved

Correct Answer: b

Explanation: Mutual agency, where each partner is both an agent and principal for the others, is the essential test of partnership.

3. **Which of the following is *not required* for the valid formation of a partnership firm under the Act?**

a) A business carried on by all partners or any of them acting for all

b) An agreement between persons to share profits of a business

c) At least two persons as partners

d) A written partnership deed that is registered with the authorities

Correct Answer: d

Explanation: A written and registered deed is advisable but not mandatory. An oral agreement is legally valid.

4. **In the absence of any contrary agreement, which of the following is a default rule regarding partners' rights and duties?**

a) Partners are each entitled to a salary

b) All partners have an equal share in the profits (and losses)

c) Partners get 6% interest on capital even without profit

d) Partners cannot receive interest on loans to the firm

Correct Answer: b

Explanation: By default, partners share profits and losses equally unless otherwise agreed.

5. **Regarding a minor's status in a partnership, which statement is correct?**

a) A minor can be a full partner

b) A minor may be admitted to the benefits of partnership

c) A minor cannot receive a share of the profits

d) A minor's share is not liable for firm debts

Correct Answer: b

Explanation: A minor can be admitted to the benefits of partnership but cannot be a full partner.

6. **What is one legal consequence if a partnership firm is *not registered*?**

a) The firm's existence is illegal

b) The firm cannot file a suit to enforce a contract

c) The partnership dissolves after a year

d) Partners are fined under the Act

Correct Answer: b

Explanation: Unregistered firms cannot sue to enforce contractual rights but can still legally exist.

7. **Which of the following events will result in *compulsory dissolution* of a partnership firm?**

a) Death of a partner

b) All or all but one partner becoming insolvent

c) Insolvency of one partner

d) Completion of a specific venture

Correct Answer: b

Explanation: If all or all but one partner becomes insolvent, the firm must be compulsorily dissolved.

8. Which of the following is *not* a ground for dissolution by court order?

a) A partner is of unsound mind

b) A partner repeatedly breaches the agreement

c) The business can only be carried on at a loss

d) Failure to register the firm

Correct Answer: d

Explanation: Failure to register is not a ground for dissolution by court; it only limits certain legal rights.

9. **How can a partnership-at-will be dissolved?**

a) By any partner giving written notice of intention to dissolve

b) Only by mutual agreement

c) Only through a court decree

d) It cannot be dissolved at will

Correct Answer: a

Explanation: A partnership-at-will can be dissolved by any partner by giving written notice to the others.

10. **Which statement best describes a “particular partnership”?**

a) A partnership for a single project, dissolved after its completion

b) A partnership that ends after a fixed term

c) A partnership with limited liability

d) A partnership among persons of the same profession

Correct Answer: a

Explanation: A particular partnership is created for one venture or project and ends when it is completed.