

LIMITED LIABILITY PARTNERSHIP ACT

- The Lok Sabha passed the Limited Liability Partnership Bill on 13 December 2008 thereafter it received the assent of the President on 7 January 2009 and thereby it has received legal status as Limited Liability Partnership Act, 2008.
- In India, businesses mainly operate as companies, sole proprietorship and partnership.
- The introduction of LLP has provided a platform to small and medium enterprises and professional firms of company secretaries, chartered accountants, advocates etc. to conduct their business/profession efficiently which would, in turn, increase their global competitiveness.
- Limited Liability Partnerships have gotten quite popular in the last few years.

Nature of Limited Liability Partnership

- As per Section 3 of the Act a limited liability partnership is a body corporate formed and incorporated under this Act and is a legal entity separate from that of its partners.
- As per sub-section (2) it shall have perpetual succession.
- Further sub-section (3) states that any change in the partners of a limited liability partnership shall not affect the existence, rights or liabilities of the limited liability partnership.
- As per Section (4) the provisions of the Indian Partnership Act, 1932 (9 of 1932) shall not apply to a limited liability partnership.

- Section (5) provides that any individual or a body corporate may be a partner in a limited liability partnership.

However, this section provides that an individual shall not be capable of becoming a partner of a limited liability partnership in the following circumstances:

- (a) if he has been found to be of unsound mind by a Court of competent jurisdiction and the finding is in force;
- (b) if he is an undischarged insolvent; or
- (c) if he has applied to be adjudicated as an insolvent and his application is pending.











