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A study of concept of limited liability partnership in India

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Abstract
LLP is an alternative business vehicle to carry out business which combines the Characteristics of a private company and a conventional partnership. LLP provides limited Liability status to its partners and offers the flexibility of internal arrangement through an agreement between the partners. This combination n will give entrepreneurs and businessmen a more structured business vehicle compared to a sole proprietorship or a conventional partnership. It provides the flexibility of controlling the business operation in accordance with the partnership agreement whilst enjoying the limited liability status compared to a company which is subject to strict compliance requirements under the Companies Act 1965 in most of its affairs. LLP is a business vehicle which would offer simple and flexible procedures in terms of its formation, maintenance and termination while simultaneously has the necessary dynamics and appeal to be able to compete domestically and internationally. The LLP was also introduced in countries such as the United States of America, United Kingdom, Singapore, India and Japan as a form of alternative business vehicle.

Keywords: LLP, concept, legislative history, jurisdiction, JJ. Irani committee

1. Introduction

1.1 LLP Structure in foreign jurisdictions

The formation of companies with limited liability led to introduction of "limited liability" concept in partnership law. A limited partnership (LP) consists of one or more general partners liable for all the debts and obligations of the firm and who alone are entitled to manage the firm's affairs, and one of more limited partners whose liability for the debts and obligations of the firm is limited in amount but who are excluded from all management functions.

In contrast, an LLP combines multiple features of a company with a partnership and enables partners who are actively involved in the business of their partnership to limit their liability for the partnership's debts and obligations. A limited partnership is still a partnership with a slight modification and the concept is not very new.

As early as 1837 a commission headed by Bellenden Kerr had considered whether elements of limited liability might be introduced into partnership law and in 1851 a select committee of the House of Commons also considered whether limited liability should be introduced but on neither occasion was there a clear conclusion. In parallel with increasing concerns on the part of professional advisers as to the potential financial risks involved in continuing to act within the confines of a partnership structure, was the trend towards "partnerships" which were much larger than hitherto.

In such organizations, where one partner might not even have met many of the other partners in the firm, the concept of legally binding relations based upon the principles of mutual trust, agency and good faith became less easy to justify. Increasingly, the larger partnerships within the accountancy profession in the United Kingdom began to question the ongoing utility of the 1890 partnership model as a vehicle for modern professional practices and thus urged for introduction of limited liability concept within partnership law. The limited liability partnership concept finally originated in Texas in 1991, inspired by government litigation against law and accounting firms that had done work for failed savings and loan associations.

The claims were against all partners including many who had nothing to do with the failed associations, highlighting the joint and several liability of partners for each other's conduct.

The LLP was thus developed as a mechanism and as a device to limit the vicarious liability of partners as the prospect that all the members in a partnership of attorneys or accountants may be exposed to hundreds of millions of dollars in liability was too risky and dreary.

1.2 US

The idea for the LLP has been credited to "a twenty odd person law firm from Lubbock," Texas [1]. The LLP was a direct outgrowth of the collapse of real estate and energy prices in the late 1980s, and the concomitant disaster that befell Texas's banks and savings and loan associations [2]. As a result, the first law on LLP came into existence in Texas, through the enactment of Texas House Bill 278 on August 26, 1991. With the promulgation of the Revised Uniform Partners Partnership Act ('RUPA') in the US in 1994, a number of states permitted the formation of LLPs, which was followed by the incorporation of comprehensive provisions dealing with LLPs in the RUPA in 1997 [3].

After Texas passed its LLP legislation, most other states quickly followed and today all 51 states have passed laws that permit the formation of an LLP [4]. Further, the National Conference of Commissioners on Uniform State Laws adopted the Uniform Limited Liability Company Act in 1996

and revised it in 2006 [5].

In the U.S., an LLP is considered as a special type of partnership that requires a special filing with the State where the partners operate. This partnership form offers all partners the right to participate in the management and the operation of a partnership without subjecting themselves to unlimited personal liability as is the case in general partnerships [6].

2. UK

In early 1997 the UK Department of Trade and Industry ("DTI") circulated consultation paper and their investigation focused particularly, but not exclusively, on the joint and several liability of professional defendants, seeking to ascertain whether there was an arguable case for replacing joint and several liability by, for example, a system whereby each defendant might be liable for on-only a proportionate share of the loss. Although the remit did not extend tothe question of joint and several liabilities within partnerships, the DTI took the opportunity to consult on the distinct but related question whether to amend the law in Great Britain to allow limited liability partnerships. This question was asked in the knowledge that the concept of LLPs was well known in some overseas jurisdictions, particularly the USA [7].

The UK Limited Liability Partnerships Act 2000 came into force on 6 April 2001. The legislation provides an LLP the organizational flexibility and taxation status of a partnership along with limited liability for its partners. The main distinction between the US Delaware LLP model [8] and the UK LLP model is that while the former regards the LLP as essentially a partnership, the latter primarily treats it as a company [9]. The existence of an LLP in the UK as a separate legal entity means that it has its own rights and liabilities, distinct from those of its members [10]. In the UK, an LLP differs from a company to the extent that the former has greater organizational flexibility and is taxed as a partnership.

In the UK, LLPs are accorded 'entity' treatment whilst partnerships governed by the provisions of the UK Partnership Act are generally treated as aggregates of individuals [11].

2.1 Legislative history of India's LLP act

Over the past two decades, the Indian government has convened a number of committees, largely made up of leading industrialists and government officials, to consider amendment and modernization of Indian business law. In the realm of corporate governance, for example, since the late 1990s, the Securities and Exchange Board of India (SEBI), the primary regulatory authority for India's capital markets, has convened a number of committees to help formulate corporate governance standards for publicly listed Indian companies. Many of these standards were inspired by corporate governance reforms around the world, and in particular by the corporate governance transformations that took place in the United States and the United Kingdom. Similarly, beginning in 2002, the MCA worked through a multi-committee process in order to amend the Companies Act, 1956 [12]. After years of debate and several failed starts, in 2013 India enacted the new Companies Act, 2013 overhauling the entire company law regime in the country. The process for enacting India's LLP Act took a similar route. The first discussion of an LLP law took place in the late 1990s. In 1997, the Expert Committee on Development of Small Sector Enterprises headed by Dr. Abid Hussain, a noted Indian civil servant and diplomat, recommended new legislation to allow for the creation of LLPs. The Abid Hussain committee's recommendations lingered without much action until a comprehensive report issued by the Naresh Chandra Committee in 2003. Discussion of the LLP form was again raised in 2005 in a report by the J.J. Irani Committee. Similar to the Chandra Committee, the Irani Committee recommended the adoption of the LLP structure as a new form of business association. These recommendations were followed by the MCA which in late 2005 issued a Concept Paper supporting adoption of an LLP law. On December 7, 2006, the Cabinet approved the LLP Bill. However, a final bill was not approved until 2008. The sections below delve into this process in more detail, examining the reasons articulated by various government committees for recommending adoption of the LLP form, as well as the models used for the Indian LLP structure.

The Chandra committee pushes for enactment of an LLP law

The development the LLP as a new business association form was first raised by theAbid Hussain committee in 1997. Nevertheless, there was little follow up by the Indian government. A more full scale discussion of legislation regarding an LLP form was revived several years later whenthe MCA formed the Naresh Chandra Committee II on Regulation of Private Companies and Partnership in 2003. Chaired by Shri Naresh Chandra, a former Cabinet secretary, the committee was charged with undertaking a wide-ranging examination of the legal regime then-applicable to private companies and partnerships, with a particular focus on how to streamline legal risks and regulatory compliance costs for certain partnerships and small private companies regulatory compliance costs for certain partnerships and small private companies. The Committee also included Mr. Shardul Shroff, Managing Partner of Amarchand & Mangaldas & Suresh A Shroff & Co, India's largest law firm, who appears to have presented draft legislation on LLPs to the government following discussion by the Chandra Committee. The Naresh Chandra Committee Report on Regulation of Private Companies and Partnership (2003) recommended comprehensive LLP legislation to be introduced in Indian law. The Chandra Report discussed the genesis of the LLP form in the United Kingdom and the United States, and the advantages that the LLP structure could provide for Indian businesses.

The Chandra committee focused on two rationales to advocate for the LLP form

- The risks tied to unlimited liability, a central feature of the traditional partnership form; and
- Limitations on partnerships' growth under the Indian Partnership Act, 1932.

According to the committee, an increasingly competitive and litigious business environment made unlimited liability risky, especially given that since economic liberalization Indian professionals had begun to regularly transact with and represent multinational clients. The committee noted that "in order to encourage Indian professionals to participate in the

international business community without apprehension of being subject to excessive liability, the need for having a legal structure like the LLP is self-evident [13]." certainly be the case, there was little evidence offered by the committee to back up these assertions. The committee raised cautionary tales from the United States experience to address the dangers of liability in the partnership form, but similar tales from the Indian experience were missing. This may be due to the fact that actual finding of liability can take years under the Indian judicial system, which is often characterized by staggering delays in adjudication.

The Chandra Committee noted that aside from daunting liability, Indian partnership law impeded the ability of Indian professionals to meet the challenges posed by international competition. As the committee explained, the Indian Partnership Act, 1932 impedes the growth of professional firms because it limits general partnerships to 20 partners. According to the Chandra Committee, this restriction on size would "prevent the growth of professional firms to the large entities operating on an international scale" so that "Indian professionals may well get excluded from taking their rightful place in the international community, that their skills otherwise entitle them to [14]." The committee further supported its recommendation for an LLP Act by referencing the need to meet competitive pressures arising from the development of the LLP structure in the United Stat in the United States and the United Kingdom, stating: "Since LLPs are now accepted non-corporate entities in developed countries like the USA and UK, it is appropriate to enhance the global competitiveness of our professional firms by ensuring that India's company law is flexible enough to provide mechanisms and instruments which foster growth of large professional firms [15]."

The Committee argued that it was essential for Indian law to recognize a new form – a hybrid between a company and partnership.

The Committee argued that LLPs would provide flexibility (i.e. freedom for owners to adopt their preferred internal organization) while limiting liability to encourage professionals to enter the international business community. Limited liability companies (i.e. corporations) were recognized by law under the Companies Act, and according to the Committee, there was no reason that professional partnerships (e.g., lawyers, accountants, doctors, company secretaries, engineers, etc.) should not be afforded a similar choice when choosing a legal entity The Chandra Committee drew from experiences outside of India to bolster its recommendations. In arguing for a limited liability structure, the Chandra Committee recounted the United Kingdom and the United States experiences in developing the LLP structure. The committee recounted as one of the pitfalls of general partnership law the struggles of US law firms which became insolvent in the 1990s due to malpractice suits connected to the Savings and Loan crisis. As the committee noted, not only did the firms become insolvent, but given the basic principles of partnership law, the firms' partners were personally liable for the liable for the partnership's obligations. The committee then described the initial development of the LLP structure in Texas

Texas and it-s rapid adoption in other US states [16]. The committee also recounted the UK experience in adopting an LLP law in the early 2000s due to concerns expressed by partners in major accounting firms who lobbied for the ability to limit individual partners' liability.The Report also included recommendations for the Act's applicability. The Committee argued that in the first instance, the LLP law should only cover firms providing professional services rather than trade or manufacturing firms for two reasons. First, professional firms were precluded from practicing under any other legal entity because of the specific regulatory requirements of each industry (e.g., law, medicine, accounting, engineering). Trading and manufacturing firms, however, were not so limited and could incorporate as private limited or public companies under the Companies Act. Second, the Chandra Committee reasoned that limiting coverage to professional partnerships minimized the inherent risk in testing new waters, provided a platform to evaluate the advantages and disadvantages of the act, and provided a basis to consider expanding the act to small scale trade or manufacturing firms in the future.

2.2 JJ Irani committee report on company law (May 2005)

In December 2004, the MCA convened the J.J. Irani Expert Committee on Company Law to help evaluate the Companies Act, 1956 in the face of India's growing economy. The committee was led by J.J. Irani, a director of Tata Sons,Ltd., the primary shareholder in the large business conglomerate, the Tata Group. The Irani Committee viewed its task as recommending changes to Indian business law with the aim of "making India globally competitive in attracting investments from abroad [17]."

Like the Chandra Committee Report, the 2005 J.J. Irani Committee Report on Company Law recommended the adoption of a separate LLP law. Citing the potential growth of the Indian service sector, the Irani Committee emphasized that laws governing professional partnerships should be flexible. Unlike the Chandra Committee, however, the Irani Committee also recommended that the LLP form should be considered for small enterprises not seeking access to capital markets through listing on the stock exchange. The Irani Committee recommendations appeared to at least contemplate foreign direct investment (FDI) in entrepreneurial projects carried out through the LLP model, encouraging entrepreneurs to explore business ventures with foreign investment and collaboration. The Irani Committee reasoned that extending the LLP to small enterprises would enable these businesses to enter into joint ventures and agreements that would maximize access to technology, harness business synergies, and better enable businesses to compete globally. Finally, the Irani Committee recommended that the LLP concept be addressed separately from the Companies Act.

2.3 MCA concept paper on LLP (November 2005)

In response to the recommendations of the Chandra and Irani Committees, in November 2005, the MCA released a concept paper on LLP. The MCA concept paper was widely disseminated for public comment and provided the basis for the LLP bill which would later be introduced into Parliament.

The MCA noted that recommendations of the Chandra and Irani Committees provided the impetus for the concept paper

and potential LLP bill. According to the concept paper, introduction of the LLP structure into Indian law would fill a gap between business firms such as sole proprietorships /partnerships, which are generally unregulated, and limited liability companies governed by the Companies Act, 1956. Like the Chandra and Irani Committees, the MCA paper argued that the LLP structure

"Would foster the growth of the services sector" and "provide a platform for small and medium enterprises, and professional firms to conduct their business/profession efficiently which would in turn increase their global competitiveness [18]."

The MCA asserted that unlimited liability for partners in general partnerships had become a significant concern in light of increasing litigation for professional negligence, the size of claims, and risk to partners' personal assets. The concept paper stated that partners' unlimited liability was the "chief reason" why Indian professional partnership firms had not grown to successfully compete internationally. The MCA reasoned that LLPs would be an alternative corporate business vehicle that could address some of these concerns – allowing an unlimited number of partners the flexibility to adopt whatever form of internal organization to which the partners agreed, while limiting liability to partners' capital contributions. The concept paper was comprised of sixteen chapters and five schedules. Notably, Chapters II and III (Applicability and Incorporation) did not reflect the Chandra Committee's recommendation to limit the LLP structure to professional partnerships. Instead, with little explanation, the concept paper recommended that to form an LLP, there must be at least two people who are associated "for carrying on a lawful business with a view to profit."

2.4 MCA's draft bill

On December 15, 2006, the then-Minister of Company Affairs, Shri Prem Chand Guptam, introduced the Limited Liability Partnership (LLP) Bill, 2006, in the Rajya Sabha (the Upper House of the Parliament of India). The MCA described the LLP structure as "an agreement based business structure, which combines the flexibility of partnership in internal management with [the] limited liability advantage of a company [19]." Similar to the impetus for the LLP bill which was expressed by the various MCA committees, the government described the motivations behind the introduction of the bill as follows: "With the increasing role of [the] services sector in the national economy growing diversity in the range of services being offered, a need is increasingly being being felt for a new corporate form that would enable professional expertise and entrepreneurial initiative to combine, organize and operate in an innovative and efficient manner. This need has also been recognised for businesses which may require a framework that provides flexibility suited to requirements of service, knowledge and technology based enterprises, without imposing on them detailed legal and procedural requirements intended for large widely held companies. Internationally, the LLP structure has emerged as a form of business organisation that is common to but not limited to entities offering professional services [20]."

The bill was thereafter referred to the Lok Sabha Parliamentary Standing Committee on Finance for its examination. The committee's review process included gathering input from various industry and professional bodies that had long been involved in the amendment of Indian business law, including the Institute of Chartered Accountants of India (ICAI), the Institute of Company Secretaries of India (ICSI), the Federation of Indian Chambers of Commerce and Industries (FICCI), the Confederation of Indian Industries (CII), and Associated Chambers of Commerce and Industries (ASSOCHAM). According to the standing committee all of these various chambers of commerce and industry supported the introduction of the LLP Act. The Standing Committee on Finance, chaired by Ananth Kumar, a veteran member of the Indian Parliament, released a detailed report on the LLP Bill (2006) in November 2007. The Standing Committee's report covered the general development of the bill and the role of various government committees, including the Chandra and Irani Committees, in advocating for the LLP structure. It also clearly referenced LLP legislation from other countries, including the United States, the United Kingdom and Singapore, stating that in such countries the development of LLP law has "proved to be of immense use to professionals and small enterprises [21]."

The committee described the LLP as a hybrid form of business structure whereby partners would be shielded from unlimited personal liability while enjoying the flexibility of contractual freedom in organizing their internal governance.

Accordingly, the Standing Committee report listed the perceived advantages of the LLP, as follows:

1. organizational flexibility vis-à-vis the LLP agreement;
2. granting LLP partners the advantage of combining into a body corporate form that is a separate legal entity with perpetual succession, leading to growth of professional expertise and entrepreneurial initiative in a flexible, innovative, and efficient manner;
3. partners will not rely on the LLP statute to determine the internal working arrangements of an LLP;
4. easy modification of the LLP agreement to suit each LLP's business model, risk, and rewards profile;
5. LLP's suitability to various service enterprises given that services and enterprises change and evolve over time (i.e., service sectors expected to grow to grow over time include: hospitality, tourism, IT, human resource development, creative and decorative art, etc.);
6. Venture capital and technology-based enterprises would find LLP structure particularly useful;

Allowing two enterprises to combine to enhance synergies

And Small enterprises would find flexibility and ease of compliance in the LLP structure. The Committee made numerous recommendations for amending the 2006 LLP bill. For example, the committee recommended that the Act include a provision for vesting property on conversion of an entity (e.g., a private company converting to a LLP) to enable stakeholders to avoid stamp duty, i.e. a tax collected by the Indian government upon the sale and purchase of certain types of property. This recommendation had arisen due to input from industry advocates who argued for easy conversion of existing business associations into the LLP structure, similar to the regime provided for in the United Kingdom.

The Committee's report also addressed the interplay of other regulatory regimes in India with the LLP legislation and the

need to harmonize the LLP bill with other economic legislation, such as the Foreign Direct Investment (FDI) Guidelines. The committee correctly noted that in order to realize the goals of the LLP bill "statutory notice in other enactments need[s] to be taken of entities availing the LLP form. This would require consequential amendments in statutes regulating any specific profession, trade or activity such as Advocates Act and in other enactments such as the Income Tax Act for taxation purposes [22]." The committee's report focused on limitations imposed on the legal profession by the Advocates Act, advocating for changes to provide flexibility for law firms to convert to an LLP form.

The committee similarly advocated for flexibility in the taxation of LLPs, arguing that industry advocates had somewhat conflicting views on the tax treatment of LLCs. The committee, in line with the recommendations of the MCA, urged that entrepreneurs should have flexibility in choosing a tax structure that is efficient for their business and that "it should be ensured that the taxation regime is such that Indian LLPs do not suffer any discrimination or disadvantage in competition with foreign LLPs [23]."

2.5 Passage of the final bill

In response to the Standing Committee's report, the MCA reintroduced a revised LLP bill in 2008. The revised bill accepted the vast bulk of the Standing Committee's recommended changes. At least one factor behind the bill's proposal and passage was the government's desire for the LLP format "to help to help the domestic industry compete with international firms [once] the legal.professions are opened up eventually [24]." As discussed above, the MCA strongly supported the bill, making statements such as, "LLP, as proposed in the Bill, is a new corporate form that enables professional expertise and entrepreneurial initiative to combine, organize and operate in an innovative and efficient manner [25]." The bill was also welcomed by Indian industry leaders who hoped that the passage of the LLP bill would allow domestic Indian service providers, like accounting firms, to compete with large global operations which provide a variety of services to clients. "LLP will encourage experts specializing in different fields— for instance, company law, accounting, capital markets, marketing, and so on—to come together and provide solutions to customers in a risk-free environment," said Preeti Malhotra, former president Institute of Company Secretaries of India [26].

Speaking on specific advantages of the Act (e.g., partnerships may have only 20 partners, whereas the LLP Act imposes no limit on number of partners), Lalit Bhasin, a law firm partner, stated: "This will allow law firms to expand as we will be able to have more than 20 partners and, at the same time, not be bound by the complications of the Companies Act [27]."

On December 12, 2008, Parliament passed the LLP Bill (2008), and the President approved the Act on January 7, 2009.The Act was published in the official Gazette of India on January 9, 2009, with effect from March 31, 2009. The official title of the legislation is the Limited Liability Partnership Act, 2008. After passage of the LLP bill, it appeared that the LLP structure would quickly take hold. The LLP Act became effective on March 31, 2009, and the first LLP was established a few days later on April 2, 2009. In a little over a year, almost 2,500 LLPs were registered in India. And in January of 2014 alone, 800 new LLPs were registered in India. Nevertheless, as described in Section 4 below, the LLP structure has fallen short of its goal of fostering flexibility and innovation that could help Indian professionals and entrepreneurs bolster India's economic growth

2.6 FICCI reaction to the bill and suggestions

Federation of Indian Chambers of Commerce and Industry (FICCI) has supported the bill and has recommended certain changes in the bill so as to make the proposed enactment as comprehensive as possible and to remove the ambiguity prevailing in the Bill. FICCI has suggested 13 changes in the bill, which are as follows:

1. To protect the interest of persons who might have claims against an LLP, UK Laws have provision for compulsory insurance policy for satisfaction of judgment and decrees against the LLP to a reasonable extent. Provisions on compulsory insurance may be incorporated in the LLP legislation in India as well;
2. It would be necessary to align LLP legislation in tune with other economic legislation by making appropriate amendment/clarifications to Foreign Exchange Management Act, 1999 (FEMA)/Foreign Direct Investment (FDI) guidelines;
3. The Bill provides that the Central Government direct that any provisions of the Companies Act, 1956, will apply to any LLP with such exception, modification and adaptation, as the government may notify. This would lead to an LLP being governed by the Companies Act, 1956, just like a private company. It is suggested that making suitable provisions in the LLP Act itself in this regard will reduce unguided discretion of the government;
4. In UK, an LLP must be established and then the business and the assets of the existing partnership or company transferred. There is stamp duty relief on any property transferred within the first year of conversion. A stamp duty relaxation be made available on conversion of existing partnerships/private and unlisted public companies to LLP in India.
5. The taxation aspects may be dealt with separately by making suitable amendments to the Income-tax Act, 1961 rather than in the LLP enactment. Does the Ministry of Company Affairs have authority to bring out legislation dealing with taxation? FICCI is of the view that Ministry of Company Affairs and Ministry of Finance have to work in tandem with respect to taxation issues while bringing LLP legislation;
6. The taxation described in the Bill seems to be in conflict with the provisions in the Income-tax Act. The Bill regards an LLP to be a body corporate. Therefore, under the Act, the LLP would be regarded as a company and accordingly would be taxed as a company (that is at an entity level) and would also be subject to dividend distribution tax (DDT) in case of dividend distribution.

   Therefore, if it is desirable to have a pass through treatment for an LLP, suitable amendment would be required in the Income-tax Act, 1961. A separate scheme of taxation for LLPs would be required in the Income-tax Act, 1961;

7. With regard to conversions to LLP, the Income Tax Act, 1961 would need to be amended to provide specific exemptions from capital gains tax for gains arising on conversion - exemptions provided for in s. 47 would need to be extended to cover such conversions as well;
8. From an exchange control/FDI perspective it needs to be clarified that LLPs would be eligible entities for receiving foreign investment under the automatic route;
9. Permission all the partners is required before a new partner is inducted. This unanimity may be impossible and difficult to secure, especially if the LLP is very large. The norm would be rule by democracy with the exception being unanimity for venturing into new business. Once again, it is possible that an LLP may be stopped in its tracks by an intransigent minority of one or two. Three-fourth majority for major decisions, including venturing into new businesses, may, therefore, be the norm;
10. Though there may be a statutory and compulsory requirement to have at least one manager or general partner with unlimited liability, the liability of the LLP in no case may be extended to all partners. Further, it may be ensured that a LLP does not have a dummy for a manager. Hence, proper qualifications in terms of being a partner having sound financial and accounting knowledge might be specified in the enactment especially since he is responsible for ensuring compliance with the significant provisions of the enactment;
11. The Bill requires an LLP to maintain proper books of account but does not explain what constitute 'proper books of account'. In the absence of any clarification, it would be very difficult to evaluate compliance with the provision. In this context, it may also be clarified whether electronic records would be considered as proper books of account;
12. LLPs having characteristics similar to private companies do not need to have free transferability of partners share. It may be left to the partnership agreement amongst the partners. The provisions of the Bill in this regard may be made subject to the agreement among the partners; and
13. There is a need to incorporate relevant provisions relating to foreign LLP and amalgamation, Merger, de-merger of limited liability partnerships in the enactment itself. The provisions may not be onerous (like those in the Companies Act, 1956) and provide for a simple way of amalgamations, de-merger and even dissolution.

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