A person who was only a minor admitted to the benefits of a partnership firm cannot be treated as a defaulter for the firm's loan liabilities during his minority. Where the firm stood dissolved under Section 42 of the Indian Partnership Act before such person attained majority, there is no question of requiring him to make an election under Section 30(5) to become or not become a partner

The **Kerala High Court** in the case of **Dhruv Hitesh Dattani vs Reserve Bank of India [WP(C) No. 35894 of 2025] dated July 07, 2026**, has held that a person who was only a minor admitted to the benefits of a partnership firm cannot be treated as a defaulter for the firm's loan liabilities during his minority. Where the firm stood dissolved under Section 42 of the Indian Partnership Act before such person attained majority, there is no question of requiring him to make an election under Section 30(5) to become or not become a partner. In such circumstances, the lending bank cannot validly report him to a credit information company as a defaulter or wilful defaulter, and any such adverse reporting is liable to be corrected.

The Court observed that although disputes involving civil rights are ordinarily left to civil proceedings, this case could be decided in writ jurisdiction because the relevant facts were admitted and clear from the record. The Court found that the petitioner became major only in 2008 and that, before he attained majority, two of the firm's partners had died. In the absence of any clause in the partnership deed for continuation of the firm despite the death of partners, Section 42 of the Partnership Act operated and the firm stood dissolved.

On that basis, the Court rejected the bank's reliance on Section 30(5). It observed that there was no need for the petitioner to elect whether to become a partner on attaining majority because the firm itself was no longer subsisting by then. Therefore, the bank's stand that he automatically continued as a partner was not accepted.

The Court also attached significance to the bank's conduct in the DRT proceedings. It noted that the bank had sought to implead the petitioner only as a legal heir of a deceased defendant, and not as a partner of the firm, and even that attempt was dropped. The Court further noted that the petitioner could not in fact be treated as the legal heir of the deceased defendant because he was only the grandson. Since the bank never pursued any case against him as a partner even after he became major, the Court held that he could not later be treated as a defaulter for the firm's debt.