

## ABSTRACT

In Sri Lanka the entrepreneurs who wish to do business have to either register themselves as sole proprietors or partners or a body corporate. The Limited Liability Partnership (LLP) model would become an additional option for entrepreneurs, business owners and investors starting new ventures to incorporate their business as an LLP, instead of a traditional partnership firm or a company. This model offers a hybrid of characteristics between a traditional partnership firm and a company. However, LLP is a distinct entity from either a firm or a company. The LLP is a unique business vehicle to address the vacuum that existed between partnership and Company Law. It is a marriage of principles of Company Law and partnership law in order to address the deficiencies in both models. The features of LLP are a combination of both the Company Law and partnership law to create a distinct vehicle to bridge the gap between the two. The provision to permit FDI in LLP firms, would be an wonderful initiative to attract foreign direct investment into the country. It will further boost the number of joint ventures in the country while allowing the considerable economic growth in the country. A country should have a system where its resources of expertise could be employed at the optimum capacity for the development of that country since otherwise there would be idle resources or in other words, underutilization of expertise in that country. Though the concept of sustainable development does not permit to use resources at their optimum capacity the optimum utilization of expertise resources is in total harmony with the very concept.

It was in this scenario that an extensive research was done to study the model of LLP mainly as a gap-filler to the pitfalls of the existing partnership and Company Law in Sri Lanka, and find out on a comparative study a suitable LLP model for Sri Lanka to work in harmony with other commercial legislations in Sri Lanka and also to study the possible benefits of introducing this model to our legal framework. It is found that there is a need for a legislation recognizing LLPs as a gap-filler to the pitfalls of the existing partnership and Company Law in Sri Lanka and to provide a legal framework which could help attract more and more Foreign Direct Investments (FDIs) to the country.