

The Sales of goods Act

Q	Section	Topic
1	4(3)	ATS
2	4(3),2(6)	ATS of future goods
3	-	Types of goods
4	7,8	Destruction of goods
5	7,8	Destruction of goods
6	9,10	Price
7	9,10	Price
8	9,10	Price
9	9,10	Price
10	9,10	Price
11	9,10	Price
12	-	Sale vs ATS
13	12	Implied Condition
14	16	Sale by description
15	17	Sale by Sample
16	17	Sale by Sample
17	17	Sale by Sample
18	-	Sale by Wholesomeness
19	15	Sale by Sample and description
20	16	Merchantability
21	16	Merchantability
22	Doctrine	Caveat emptor

23	Doctrine	Caveat emptor
24	Doctrine	Caveat emptor
25	Doctrine	Caveat emptor
26	23	Unascertained Goods
27	23	Unascertained Goods
28	24	Sale on approval
29	24	Sale on approval
30	24	Sale on approval
31	24	Sale on approval
32	25	Reservation of right of disposal
33	24	Goods on Approval
34	24	Goods on Approval
35	24	Goods on Approval
36	24	Goods on Approval
37	24	Goods on Approval
38	37	Rules on delivery
39	37	Rules on delivery
40	37	Rules on delivery
41	37	Rules on delivery
42	37	Rules on delivery
43	37	Rules on delivery
44	37	Rules on delivery
45	-	Unpaid seller
46	-	Unpaid seller



47	-	Unpaid seller
48	-	Unpaid seller
49	-	Unpaid seller
50	-	Unpaid seller
51	-	Unpaid seller
52	-	Unpaid seller
53	-	Rights of buyer
54	64	Auction Sale
55	64	Auction Sale

PRACTICAL QUESTION	
Question 1	<p>Sonal went to a Jewellery shop and asked the sales girl to show her diamond bangles with Ruby stones. The Jeweller told her that we have a lot of designs of diamond bangles but with red stones if she chooses for herself any special design of diamond bangle with red stones, they will replace red stones with Ruby stones. But for the Ruby stones they will charge some extra cost. Sonal selected a beautiful set of designer bangles and paid for them. She also paid the extra cost of Ruby stones. The Jeweller requested her to come back a week later for delivery of those bangles. When she came after a week to take delivery of bangles, she noticed that due to Ruby stones, the design of bangles has been completely disturbed. Now, she wants to terminate the contract and thus, asked the manager to give her money back, but he denied for the same. Answer the following questions as per the Sale of Goods Act, 1930.</p> <p>(i) State with reasons whether Sonal can recover the amount from the Jeweller.</p> <p>(ii) What would be your answer if Jeweller says that he can change the design, but he will charge extra cost for the same? [May 2022 (6 Marks)] [RTP Dec 2023] (7 Marks) (MTP July 24)</p>
Issue raised in question (optional)	Can buyer avoid contract in case of Agreement to sell if goods were not ready as per conditions mentioned in agreement
Provision	As per Section 4(3) of the Sale of Goods Act, 1930, where under a contract of sale, the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell and as per Section 4(4), an agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.
Analysis and Conclusion:	1. On the basis of above provisions and facts given in the question, it can be said that there is an agreement to sell between Simran and Jeweller and not a sale. Even though the payment was made by Simran, the property in goods can be transferred only after the fulfilment of conditions fixed between the buyer and the seller. As due to Ruby

	<p>Stones, the original design is disturbed, bangles are not in original position. Hence, Simran has right to avoid the agreement to sell and can recover the price paid.</p> <p>2.If Jeweller offers to bring the bangles in original position by repairing, he cannot charge extra cost from Simran. Even though he has to bear some expenses for repair; he cannot charge it from Simran.</p>
--	--

PRACTICAL QUESTION



Question 2	<p><i>Ram Bilas Yadav is a farmer. Anna Chips Company approached him and entered in a contract to supply 100 quintals of potatoes which to be grown in the fields belonging to Ram Bilas Yadav @ ₹1000/- per quintal. Anna Chips Company made the payment of price but delivery to be made after six months. Before the time of delivery, the whole crop of potatoes was destroyed due to flood. Anna Chips Company demanded the payment of price which it already made by it. Ram Bilas Yadav denied returning the price by saying that contract of sale was already entered and hence crop belongs to Anna Chips Company. Hence loss of crop must be borne by it. Referring the provisions of the Sale of Goods Act, 1930, whether Anna Chips Company can recover amount from Ram Bilas Yadav?(RTP May 25)</i></p>
Issue raised in question (optional)	Can price be returned in ATS of future goods if before sale goods got destroyed
Provision	<p>As per Section 4(3) of the Sale of Goods Act, 1930, where under a contract of sale the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell and as per Section 4(4), an agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.</p> <p>Further Section 2(6) defines “future goods” means goods to be manufactured or produced or acquired by the seller after the making of the contract of sale.</p>
Analysis and Conclusion:	<p>In the instant case, it can be said that there was an agreement to sell between Ram Bilas Yadav and Anna Chips Company and not a sale because the goods under agreement was future goods. Even the payment was made by Anna Chips Company, the property in goods can be transferred only after the goods is ascertained. As the goods was not ascertained, property is not passed to buyer. Hence, Ram Bilas Yadav must return the price to Anna Chips Company.</p>

	3.Module Question -Classify the following transactions according to the types of goods they are: (i) A wholesaler of cotton has 100 bales in his godown. He agrees to sell 50 bales and these bales were selected and set aside. (ii) A agrees to sell to B one packet of sugar out of the lot of one hundred packets lying in his shop. (iii) T agrees to sell to S all the apples which will be produced in his garden this year. (MTP May 24)
	(i) A wholesaler of cotton has 100 bales in his godown. So, the goods are existing goods. He agrees to sell 50 bales and these bales were selected and set aside. On selection, the goods becomes ascertained. In this case, the contract is for the sale of ascertained goods, as the cotton bales to be sold are identified and agreed after the formation of the contract. (ii) If A agrees to sell to B one packet of sugar out of the lot of one hundred packets lying in his shop, it is a sale of existing but unascertained goods because it is not known which packet is to be delivered. (iii) T agrees to sell to S all the apples which will be produced in his garden this year. It is contract of sale of future goods, amounting to 'an agreement to sell.'

PRACTICAL QUESTION

Question 4	A agrees to sell to B 100 bags of sugar arriving on a ship from Australia to India within next two months. Unknown to the parties, the ship has already sunk. Does B have any right against A under the Sale of Goods Act, 1930? (ICAI Module)
Provision	Section 8 of the Sales of Goods Act, 1930 provides that where there is an agreement to sell specific goods and the goods without any fault of either party perish, damaged or lost, the agreement is thereby avoided. This provision is based on the ground of supervening impossibility of performance which makes a contract void

Analysis and Conclusion:	<p>In this case, B, the buyer has no right against A the seller because all the following conditions required to treat it as a void contract are fulfilled in the above case:</p> <ul style="list-style-type: none"> (i) There is an agreement to sell between A and B (ii) It is related to specific goods (iii) The goods are lost because of the sinking of ship before the property or risk passes to the buyer. (iv) The loss of goods is not due to the fault of either party
---------------------------------	---

	<p>5.What are the consequences of destruction of specified goods, before making of contract and after the agreement to sell under the Sale of Goods Act, 1930. [May 2022 (4 Marks)] [RTP Dec 2023]</p>
	<p>(i) Goods perishing before making of Contract (Section 7 of the Sale of Goods Act, 1930): In accordance with the provisions of the Sale of Goods Act, 1930 as contained in Section 7, a contract for the sale of specific goods is void, if at the time when the contract was made; the goods without the knowledge of the seller, perished or become so damaged as no longer to answer to their description in the contract, then the contract is void ab initio.</p> <p>(ii) Goods perishing before sale but after agreement to sell (Section 8 of the Sale of Goods Act, 1930): Where there is an agreement to sell specific goods, and subsequently the goods without any fault on the part of the seller or buyer perish or become so damaged as no longer to answer to their description in the agreement before the risk passes to the buyer, the agreement is thereby avoided or becomes void.</p>

Practical Question

6.A agrees to buy a new TV from a shop keeper for r 30,000 payable partly in cash of 20,000 and partly in exchange of old TV set. Is it a valid Contract of Sale of Goods? Give reasons for your answer.(ICAI Module)

Law	<p>As per sec 9,It is necessary under the Sales of Goods Act, 1930 that the goods should be exchanged for money. If the goods are exchanged for goods, it will not be called a sale. It will be considered as barter. However, a contract for transfer of movable property for a definite price payable partly in goods and</p>
------------	---

	partly in cash is held to be a contract of Sale of Goods
Conclusion	In the given case, the new TV set is agreed to be sold for ` 30,000 and the price is payable partly in exchange of old TV set and partly in cash of ` 20,000. So, in this case, it is a valid contract of sale under the Sales of Goods Act, 1930.

Practical Question

7.X contracted to sell his car to Y. They did not discuss the price of the car at all. X later refused to sell his car to Y on the ground that the agreement was void being uncertain about price. Can Y demand the car under the Sale of Goods Act, 1930? **(ICAI Module)**

Law	Payment of the price by the buyer is an important ingredient of a contract of sale. If the parties totally ignore the question of price while making the contract, it would not become an uncertain and invalid agreement. It will rather be a valid contract and the buyer shall pay a reasonable price
Conclusion	In the give case, X and Y have entered into a contract for sale of car but they did not fix the price of the car. X refused to sell the car to Y on this ground. Y can legally demand the car from X and X can recover a reasonable price of the car from Y

Practical Question

8.Mr. A contracted to sell his swift car to Mr. B. Both missed to discuss the price of the said swift car. Later, Mr. A refused to sell his swift car to Mr. B on the ground that the agreement was void being uncertain about the price. Does Mr. B have any right against Mr. A under the Sale of Goods Act, 1930? **[June 2023 (4 Marks)] (RTP June 2024)**

Law	As per the provisions of Section 2(10) is to be read with Section 9 of the Sale of Goods Act, 1930. Payment of the price by the buyer is an important ingredient of a contract of sale. If the parties totally ignore the question of price while making the contract, it would not become an uncertain and invalid agreement. It will rather be a valid contract and the buyer shall pay a reasonable price
Conclusion	In the given case, Mr. A and Mr. B have entered into a contract for sale of a motor car, but they did not fix the price of the same. Mr. A refused to sell the car to Mr. B on this ground. Mr. B can legally demand the car from Mr. A and Mr. A

	can recover a reasonable price of the car from Mr. B.
--	---

PRACTICAL QUESTION

Question 9	<p><i>Sony, a friend of Priya wanted to buy her two-wheeler. Priya agreed to sell her two-wheeler to Sony and it was decided that price of her two-wheeler will be fixed by Priya's father, who is an auto dealer. Priya immediately handed over the keys to Sony. However, Priya's father refused to fix the price as he did not want Priya to sell her vehicle. Priya expressed her inability to sell the two-wheeler to Sony and asked for return, but Sony refused to return the same. Explain-</i></p> <p><i>i. Can Priya take-back the vehicle from Sony?</i></p> <p><i>ii. Will your answer be different, if Priya had not handed over the vehicle to Sony? (7 Marks)(MTP Jan 25)</i></p>
Provision	<p>1. Ascertainment of price (Section 9 of the Sale of Goods Act, 1930):</p> <p>By virtue of Section 9, the price in a contract of sale may be-</p> <ol style="list-style-type: none"> 1. fixed by the contract, or 2. agreed to be fixed in a manner provided by the contract, e.g., by a valuer, or 3. determined by the course of dealing between the parties. <p>Agreement to sell at valuation (Section 10):</p> <p>Section 10 provides for the determination of price by a third party.</p> <ol style="list-style-type: none"> 1. Where there is an agreement to sell goods on the terms that price is to be fixed by the valuation of a third party and that third party either does not or cannot make such valuation, the agreement is thereby avoided. <p>However, a buyer who has received and appropriated the goods, must pay a reasonable price for them.</p>

	2. In case the third party is prevented from making the valuation by the default of either party, the party not at fault may maintain a suit for damages against the party in fault.
Analysis and Conclusion:	<p>i. In the instant case, Priya handed over the keys of her two-wheeler to Sony and it was decided between them that price of the vehicle will be fixed by Priya's father. However, Priya's father refused to fix the price as he did not want Priya to sell her vehicle. As the keys have already been handed over to Sony, Priya cannot take back the keys from Sony and Sony shall pay reasonable price to Priya for the two-wheeler.</p> <p>ii. If Priya had not handed over the vehicle to Sony, the contract could have been avoided as Priya's father refused to fix the price of the vehicle.</p>


PRACTICAL QUESTION

Question 10	Kapil entered in a contract with Rahul to purchase 1000 litres of mustard oil at the price which should be fixed by Akhilesh. Rahul already delivered 600 litres out of 1000 litres to Kapil but when remaining 400 litres was ready to deliver, Akhilesh denied fixing the price of mustard oil. Rahul asked Kapil to return the oil already delivered and avoid the delivery of 400 litres. Kapil sued Rahul for non-delivery of remaining 400 litres mustard oil. Advise in the light of the Sale of Goods Act, 1930. (MTP Apr. 24) (7 Marks)(RTP May 25)
Issue raised in question (optional)	Whether party can sue other party to deliver goods if third party fails to decide price as previously agreed
Provision	<p>By virtue of Section 9 of the Sale of Goods Act 1930, the price in the contract of sale may be</p> <ul style="list-style-type: none"> fixed by the contract, or agreed to be fixed in a manner provided by the contract, e.g., by a valuer, or determined by the course of dealings between the parties. Further, section 10 provides for the determination of price by a third party.


	<ul style="list-style-type: none"> Where there is an agreement to sell goods on the terms that price has to be fixed by the third party and he either does not or cannot make such valuation, the agreement will be void. In case the third party is prevented by the default of either party from fixing the price, the party at fault will be liable to the damages to the other party who is not at fault. However, a buyer who has received and appropriated the goods must pay a reasonable price for them in any eventuality.
Analysis and Conclusion:	In the instant case, Kapil is liable to pay a reasonable price of 600 litres while for remaining 400 litres, contract may be avoided.

PRACTICAL QUESTION

Question 11	<i>X contracted to sell his car to Y. They did not discuss the price of the car at all. X later refused to sell his car to Y on the ground that the agreement was void being uncertain about price. Can Y demand the car under the Sale of Goods Act, 1930? (RTP Sep 24)</i>
Issue raised in question (optional)	Whether contract valid if price not fixed
Provision	Payment of the price by the buyer is an important ingredient of a contract of sale. If the parties totally ignore the question of price while making the contract, it will not become an uncertain and invalid agreement. It will rather be a valid contract and the buyer shall pay a reasonable price. (Section 9 and section 10 of the Sale of Goods Act, 1930)
Analysis and Conclusion:	In the given case, X and Y have entered into a contract for the sale of a car but they did not fix the price of the car. X refused to sell the car to Y on this ground. Y can legally demand the car from X and X can recover a reasonable price of the car from Y.



12.State the difference between Sale and Agreement to sell.(RTP June 23)



The differences between Sale and Agreement to sell are as follows:

Basis of difference	Sale	Agreement to sell
Transfer of property	The property in the goods passes to the buyer immediately.	Property in the goods passes to the buyer on future date or on fulfilment of some condition.
Nature of contract	It is an executed contract i.e. contract for which consideration has been paid.	It is an executory contract i.e. contract for which consideration is to be paid at a future date.
Remedies for breach	The seller can sue the buyer for the price of the goods because of the passing of the property therein to the buyer.	The aggrieved party can sue for damages only and not for the price, unless the price was payable at a stated date.
Liability of parties	A subsequent loss or destruction of the goods is the liability of the buyer.	Such loss or destruction is the liability of the seller.
Burden of risk	Risk of loss is that of buyer since risk follows ownership.	Risk of loss is that of seller.
Nature of rights	Creates Jus in rem means right against the whole world.	Creates Jus in personam means rights against a particular party to the contract.
Right of resale	The seller cannot resell the goods.	The seller may sell the goods since ownership is with the seller.
In case of insolvency of seller	The official assignee will not be able to take over the goods but will recover the price from the buyer.	The official assignee will acquire control over the goods but the price will not be recoverable.
In case of insolvency of buyer	The official assignee will have control over the goods.	The official assignee will not have any control over the goods.

Practical Question



13.X consults V, a motor-car dealer for a car suitable for touring purposes to promote the sale of his product. V suggests 'Santro' and X accordingly buys it from V. The car turns out to be unfit for touring purposes. What remedy X is having now under the Sale of Goods Act, 1930? (ICAI MODULE)

Law	<p>A stipulation in a contract of sale with reference to goods which are the subject thereof may be a condition or a warranty. [Sub-section (1)]</p> <p>"A condition is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated". [Sub-section (2)]</p>
Conclusion	<p>In the instant case, the term that the 'car should be suitable for touring purposes' is a condition of the contract. It is so vital that its non-fulfilment defeats the very purpose for which X purchases the car.</p> <p>X is therefore entitled to reject the car and have refund of the price.</p>

PRACTICAL QUESTION

Question 14	<p><i>Ankit needs a black pen for his exams. He went to a nearby stationery shop and told the seller for a black pen. Seller gives him a pen saying that it is a black pen but it was clearly mentioned on the packet of pen that "Blue Ink Pen". Ankit ignore that and takes the pen. After reaching his house, Ankit finds that the pen is actually a blue pen. Now Ankit wants to return the pen with the words that the seller has violated the implied conditions of sale by description. Whether Ankit can do what he wants as per the Sale of Goods Act, 1930.(RTP Nov 22)</i></p>
Provision	<p>According to Section 16(2) of the Sale of Goods Act, 1930, where the goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be correspond with that quality. But where the buyer could find the defect of the goods by ordinary examination, this rule shall not apply. The rule of Caveat Emptor is not applicable.</p>
Analysis and Conclusion:	<p>In the instant case, Ankit orders a black pen to a stationery shop. Seller gives him a pen saying that it is a black pen. But on the pack of pen, it was clearly mentioned that it is Blue Ink Pen. Ankit ignores the instruction mention on the</p>

	<p>pack and bought it. On reaching at his house, he finds that actually the pen is blue ink pen. Now he wants to return the pen.</p> <p>On the basis of above provisions and facts, it is clear that undoubtedly is case of sale by description but Ankit can find the defect using his ordinary diligence as instructions of blue ink pen was clearly mentioned on the pack of pen. Hence, the rule of Caveat Emptor will be applicable here and Ankit cannot return the pen.</p>
--	--

	<p>15.What are the implied conditions in a contract of 'Sale by sample' under the Sale of Goods Act, 1930? Also state the implied warranties operative under the Act? [May 2022 (6 Marks)] [RTP Dec 2023]</p>
	<p>Sale by sample [Section 17 of the Sale of Goods Act, 1930]: In a contract of sale by sample, there is an implied condition that</p> <ol style="list-style-type: none"> the bulk shall correspond with the sample in quality; the buyer shall have a reasonable opportunity of comparing the bulk with the sample, the goods shall be free from any defect rendering them un- merchantable, which would not be apparent on reasonable examination of the sample. This condition is applicable only with regard to defects, which could not be discovered by an ordinary examination of the goods. If the defects are latent, then the buyer can avoid the contract. This simply means that the goods shall be free from any latent defect i.e. a hidden defect. <p><u>Implied warranties</u></p> <p>The following are the implied warranties operative under the Act:</p> <ol style="list-style-type: none"> 1. Warranty as to undisturbed possession [Section 14(b)]: An implied warranty that the buyer shall have and enjoy quiet possession of the goods. That is to say, if the buyer having got possession of the goods, is later on disturbed in his possession, he is entitled to sue the seller for the breach of the warranty. 2. Warranty as to non-existence of encumbrances [Section 14(c)]: An implied warranty that the goods shall be free from any charge or encumbrance in favour

	<p>of any third party not declared or known to the buyer before or at the time the contract is entered into.</p> <p>3. Warranty as to quality or fitness by usage of trade [Section 16(3)]: An implied warranty as to quality or fitness for a particular purpose may be annexed or attached by the usage of trade.</p> <p>4. Disclosure of dangerous nature of goods: Where the goods are dangerous in nature and the buyer is ignorant of the danger, the seller must warn the buyer of the probable danger. If there is a breach of warranty, the seller may be liable in damages.</p>
--	---

Practical Question

16. Mrs. Geeta went to the local rice and wheat wholesale shop and asked for 100 kgs of Basmati rice. The Shopkeeper quoted the price of the same as ₹ 125 per kg to which she agreed. Mrs. Geeta insisted that she would like to see the sample of what will be provided to her by the shopkeeper before she agreed upon such purchase. The shopkeeper showed her a bowl of rice as sample. The sample exactly corresponded to the entire lot.

The buyer examined the sample casually without noticing the fact that even though the sample was that of Basmati Rice but it contained a mix of long and short grains. The cook on opening the bags complained that the dish if prepared with the rice would not taste the same as the quality of rice was not as per requirement of the dish. Now Mrs. Geeta wants to file a suit of fraud against the seller alleging him of selling mix of good and cheap quality rice. Will she be successful?

Decide the fate of the case and options open to the buyer for grievance redressal as per the provisions of Sale of Goods Act, 1930?

What would be your answer in case Mrs. Geeta specified her exact requirement as to length of rice? (ICAI MODULE) [RTP Dec 2023] [RTP Jan 25]

Law	<p>As per the provisions of Sub-Section (2) of Section 17 of the Sale of Goods Act, 1930, in a contract of sale by sample, there is an implied condition that:</p> <p>a) the bulk shall correspond with the sample in quality;</p> <p>b) the buyer shall have a reasonable opportunity of comparing the bulk with the sample</p>
Conclusion	<p>(i) In the instant case, in the light of the provisions of Sub-Clause (b) of Sub-Section (2) of Section 17 of the Act, Mrs. Geeta will not be successful as she casually examined the sample of rice (which exactly corresponded to the entire lot) without noticing the fact that even though the sample was that of Basmati Rice but it contained a mix of long and short grains.</p>

	<p>(ii) In the instant case, the buyer does not have any option available to her for grievance redressal.</p> <p>(iii) In case Mrs. Geeta specified her exact requirement as to length of rice, then there is an implied condition that the goods shall correspond with the description. If it is not so, then the seller will be held liable.</p>
--	--

Practical Question

17. Certain goods were sold by sample by A to B, who in turn sold the same goods by sample to C and C by sample sold the goods to D. The goods were not according to the sample. Therefore, D who found the deviation of the goods from the sample rejected the goods and gave a notice to C. C sued B and B sued A. Advise B and C under the Sale of Goods Act, 1930. **(ICAI MODULE) [June 2023 (4 Marks)] .[RTP May 2022]**

Law	<p>As per the provisions of Sub-Section (2) of Section 17 of the Sale of Goods Act, 1930, in a contract of sale by sample, there is an implied condition that:</p> <p>(a) the bulk shall correspond with the sample in quality;</p> <p>(b) the buyer shall have a reasonable opportunity of comparing the bulk with the sample</p>
Conclusion	<p>In the instant case, D who noticed the deviation of goods from the sample can reject the goods and treat it as a breach of implied condition as to sample which provides that when the goods are sold by sample the goods must correspond to the sample in quality and the buyer should be given reasonable time and opportunity of comparing the bulk with the sample. Whereas C can recover only damages from B and B can recover damages from A. For C and B it will not be treated as a breach of implied condition as to sample as they have accepted and sold the goods according to Section 13(2) of the Sales of Goods Act, 1930. Hence, they cannot reject the goods, but claim the damages</p>

Practical Question

18. A person purchased bread from a baker's shop. The piece of bread contained a stone in it which broke buyer's tooth while eating. What are the rights available to the buyer against the seller under the Sale of Goods Act, 1930? **(ICAI MODULE) [RTP Nov 2022]**

Law	This is a case related to implied condition as to wholesomeness which provides that the eatables and provisions must be wholesome that is they must be fit for human consumption
Conclusion	In this case, the piece of bread contained a stone which broke buyer's tooth while eating, thereby considered unfit for consumption. Hence, the buyer can treat it as breach of implied condition as to wholesomeness and can also claim damages from the seller.

Practical Question

19.Q asked P, the seller for washing machine which is suitable for washing woollen clothes. Mr. P showed him a particular machine which Mr. Q liked and paid for it. Later on, machine delivered and was found unfit for washing woollen clothes. He immediately informed Mr. P about the delivery of wrong machine. Mr. P refused to exchange the same, saying that the contract was complete after the delivery of washing machine and payment of price. With reference to the provisions of Sale of Goods Act, 1930 discuss whether Mr. P is right in refusing to exchange the washing machine? **(ICAI MODULE) (7 Marks) (MTP July 24)**

Law	According to Section 15 of the Sale of Goods Act, 1930, whenever the goods are sold as per sample as well as by description, the implied condition is that the goods must correspond to both sample as well as description. Further under Sale of Goods Act, 1930 when the buyer makes known to the seller the particular purpose for which the goods are required and he relies on his judgment and skill of the seller, it is the duty of the seller to supply such goods which are fit for that purpose
Conclusion	Mr. Q has informed to Mr. P that he wanted the washing machine for washing woollen clothes. However, the machine which was delivered by Mr. P was unfit for the purpose for which Mr. Q wanted the machine. Therefore, Mr. Q can either repudiate the contract or claim the refund of the price paid by him.

Practical Question



20.Priyansh orders an iron window to an Iron Merchant for his new house. Iron merchant sends his technician to take the size of windows. The technician comes at the site and takes size of area where window to be fitted. Afterwards, Iron merchant on discussion with his technician intimates Priyansh that cost of the window will be ₹ 5,000 and he will take ₹ 1,000 as advance. Priyansh gives ₹ 1,000 as advance and rest after fitting of window. After three days when

<p>technician try to fit the window made by him at the site of Priyansh, it was noticed that the size of window was not proper. Priyansh requests the Iron merchant either to remove the defect or return his advance. Iron merchant replies that the window was specifically made for his site and the defect cannot be removed nor can it be of other use. So, he will not refund the advance money rather Priyansh should give him the balance of ₹ 4,000. State with reason under the provisions of the Sale of Goods Act, 1930, whether Priyansh can take his advance back? [RTP June 2023]</p>	
Law	By virtue of provisions of Section 16 of the Sale of Goods Act, 1930, there is an implied condition that the goods should be in merchantable position at the time of transfer of property. Sometimes, the purpose for which the goods are required may be ascertained from the facts and conduct of the parties to the sale, or from the nature of description of the article purchased. In such a case, the buyer need not tell the seller the purpose for which he buys the goods.
Conclusion	On the basis of above provisions and facts given in the question, it is clear that as window size was not proper, window was not in merchantable condition. Hence, the implied condition as to merchantability was not fulfilled and Priyansh has the right to avoid the contract and recover his advance money back

PRACTICAL QUESTION

Question 21	<p><i>Sidharth visited an authorized car showroom and purchased a car of his choice without conducting a detailed inspection. After making the payment and taking delivery of the car, he discovered a defect in the engine that could not have been detected even with a reasonable inspection. With reference to the provisions of the Sale of Goods Act, 1930, advise, whether Sidharth can invoke the implied condition of merchantability and repudiate the contract due to the defect in the car. (3 Marks)(MTP 25)</i></p>
Provision	<p>Condition as to Merchantability [Section 16(2) of the Sale of Goods Act, 1930]: Where goods are bought by description from a seller who deals in goods of that description (whether he is the manufacturer or producer or not), there is an implied condition that the goods shall be of merchantable quality.</p> <p>There are two requirements for this condition to apply:</p> <ol style="list-style-type: none"> Goods should be bought by description. The seller should be a dealer in goods of that description.

	<p>Provided that, if the buyer has examined the goods, there shall be no implied condition as regards defects which such examination ought to have revealed.</p> <p>The expression “merchantable quality”, though not defined, nevertheless connotes goods of such a quality and in such a condition a man of ordinary prudence would accept them as goods of that description. It does not imply any legal right or legal title to sell.</p>
Analysis and Conclusion:	<p>In the instant case, the defect in the engine could not have been detected even with a reasonable inspection.</p> <p>Therefore, Sidharth can invoke the implied condition of merchantability and is entitled to repudiate the contract due to the defect in the car.</p>

	<p>22. Write the exceptions to the doctrine of Caveat Emptor as per the Sale of Goods Act, 1930. (MTP May 24) (7 Marks) [MTP Jun 2022(4 Marks)]</p>
	<p>The doctrine of Caveat Emptor given under the Sale of Goods Act, 1930 is subject to the following exceptions:</p> <ol style="list-style-type: none"> 1. Fitness as to quality or use: Where the buyer makes known to the seller the particular purpose for which the goods are required, it is the duty of the seller to supply such goods as are reasonably fit for that purpose [Section 16 (1)]. 2. Goods purchased under patent or brand name: In case where the goods are purchased under its patent name or brand name, there is no implied condition that the goods shall be fit for any particular purpose [Section 16(1)]. 3. Goods sold by description: Where the goods are sold by description there is an implied condition that the goods shall correspond with the description [Section 15]. If it is not so, then seller is responsible. 4. Goods of Merchantable Quality: Where the goods are bought by description from a seller who deals in goods of that description there is an implied condition that the goods shall be of merchantable quality. The rule of Caveat Emptor is not applicable. [Section 16(2)]. 5. Sale by sample: Where the goods are bought by sample, this rule of Caveat Emptor does not apply if the bulk does not correspond with the sample [Section 17]. 6. Goods by sample as well as description: Where the goods are bought by sample as well as description, the rule of Caveat Emptor is not applicable in

	<p>case the goods do not correspond with both the sample and description or either of the condition [Section 15].</p> <p>7. Trade Usage: An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade and if the seller deviates from that, this rule of Caveat Emptor is not applicable [Section 16(3)].</p> <p>8. Seller actively conceals a defect or is guilty of fraud: Where the seller sells the goods by making some misrepresentation or fraud and the buyer relies on it or when the seller actively conceals some defect in the goods so that the same could not be discovered by the buyer on a reasonable examination, then the rule of Caveat Emptor will not apply</p>
--	--

Practical Question

23.AB Cloth House, a firm dealing with the wholesale and retail buying and selling of various kinds of clothes, customized as per the requirement of the customers. They dealt with Silk, Organdie, cotton, khadi, chiffon and many other different varieties of cloth. Mrs.Reema, a customer, came to the shop and asked for a specific type of cloth suitable for making a suit for her daughter's birthday. She specifically mentioned that she required cotton silk cloth which is best suited for the purpose.

The Shop owner agreed and arranged the cloth pieces cut into as per the buyers' requirements.

When Reema went to the tailor to get the suit stitched, she found that seller has supplied her cotton organdie material, cloth was not suitable for the said purpose. It was heavily starched and not suitable for making the suit that Reema desired for. The Tailor asked Reema to return the cotton organdie cloth as it would not meet his requirements.

The Shop owner refused to return the cloth on the plea that it was cut to specific requirements of Mrs. Reema and hence could not be resold.

With reference to the doctrine of "Caveat Emptor" explain the duty of the buyer as well as the seller. Also explain whether Mrs. Reema would be able to get the money back or the right kind of cloth as per the requirement? **(RTP Sep 24)**

Law	<p>1) Duty of the buyer according to the doctrine of "Caveat Emptor": In case of sale of goods, the doctrine 'Caveat Emptor' means 'let the buyer beware'. When sellers display their goods in the open market, it is for the buyers to make a proper selection or choice of the goods. If the goods turn out to be defective, he cannot hold the seller liable. The seller is in no way responsible for the bad selection of the buyer. The seller is not bound to disclose the defects in the goods which he is selling.</p>
------------	---

	<p>2) Duty of the seller according to the doctrine of “Caveat Emptor”: The following exceptions to the Caveat Emptor are the duties of the seller:</p> <ul style="list-style-type: none"> i. Fitness as to quality or use ii. Goods purchased under patent or brand name iii. Goods sold by description iv. Goods of Merchantable Quality v. Sale by sample vi. Goods by sample as well as description vii. Trade usage viii. Seller actively conceals a defect or is guilty of fraud
Conclusion	<p>Based on the above provision and facts given in the question, it can be concluded that Mrs. Reema is entitled to get the money back or the right kind of cloth as required to serve her purpose. It is the duty of the seller to supply such goods as are reasonably fit for the purpose mentioned by the buyer. [Section 16(1) of the Sale of Goods Act, 1930]</p>

Practical Question

24.M/s Woodworth & Associates, a firm dealing with the wholesale and retail buying and selling of various kinds of wooden logs, customized as per the requirement of the customers. They dealt with Rose wood, Mango wood, Teak wood, Burma wood etc.

Mr. Das, a customer came to the shop and asked for wooden logs measuring 4 inches broad and 8 feet long as required by the carpenter. Mr. Das specifically mentioned that he required the wood which would be best suited for the purpose of making wooden doors and window frames. The Shop owner agreed and arranged the wooden pieces cut into as per the buyers requirements.

The carpenter visited Mr. Das's house next day, and he found that the seller has supplied Mango Tree wood which would most unsuitable for the purpose. The carpenter asked Mr. Das to return the wooden logs as it would not meet his requirements.

The Shop owner refused to return the wooden logs on the plea that logs were cut to specific requirements of Mr. Das and hence could not be resold.

(i) Explain the duty of the buyer as well as the seller according to the doctrine of “Caveat Emptor”.



(ii) Whether Mr. Das would be able to get the money back or the right kind of wood as required serving his purpose? (6 Marks) (ICAI module)	
Law	<p>Duty of the buyer according to the doctrine of “Caveat Emptor”: In case of sale of goods, the doctrine ‘Caveat Emptor’ means ‘let the buyer beware’. When sellers display their goods in the open market, it is for the buyers to make a proper selection or choice of the goods. If the goods turn out to be defective he cannot hold the seller liable. The seller is in no way responsible for the bad selection of the buyer. The seller is not bound to disclose the defects in the goods which he is selling.</p> <p>Duty of the seller according to the doctrine of “Caveat Emptor”: The following exceptions to the Caveat Emptor are the duties of the seller:</p> <ul style="list-style-type: none"> (i) Fitness as to quality or use (ii) Goods purchased under patent or brand name (iii) Goods sold by description (iv) Goods of Merchantable Quality (v) Sale by sample (vi) Goods by sample as well as description (vii) Trade usage (viii) Seller actively conceals a defect or is guilty of fraud
Conclusion	<p>As Mr. Das has specifically mentioned that he required the wood which would be best suited for the purpose of making wooden doors and window frames but the seller supplied Mango tree wood which is most unsuitable for the purpose. Mr. Das is entitled to get the money back or the right kind of wood as required serving his purpose. It is the duty of the seller to supply such goods as are reasonably fit for the purpose mentioned by buyer. [Section 16(1) of the Sale of Goods Act, 1930]</p>

Practical Question

25. Mrs. G bought a tweed coat from P. When she used the coat she got rashes on her skin as her skin was abnormally sensitive. But she did not make this fact known to the seller i.e. P. Mrs. G filled a case against the seller to recover damages. Can she recover damages under the Sale of Goods Act, 1930? **(ICAI MODULE)**

Law	<p>According to Section 16(1) of Sales of Goods Act, 1930, normally in a contract of sale there is no implied condition or warranty as to quality or fitness for any particular purpose of goods supplied. The general rule is that of “Caveat Emptor” that is “let the buyer beware”. But where the buyer expressly or impliedly makes known to the seller the particular purpose for which the goods are required and also relies on the seller’s skill and judgement and that this is the business of the</p>
------------	--

	seller to sell such goods in the ordinary course of his business, the buyer can make the seller responsible
Conclusion	In the given case, Mrs. G purchased the tweed coat without informing the seller i.e. P about the sensitive nature of her skin. Therefore, she cannot make the seller responsible on the ground that the tweed coat was not suitable for her skin. Mrs. G cannot treat it as a breach of implied condition as to fitness and quality and has no right to recover damages from the seller.

	26.State the various essential elements involved in the sale of unascertained goods and its appropriation as per the Sale of Goods Act, 1930. (MTP Apr. 24) (7 Marks) (RTP Sep 25)
	<p>Sale of unascertained goods and Appropriation (Section 23 of the Sale of Goods Act, 1930): Appropriation of goods involves selection of goods with the intention of using them in performance of the contract and with the mutual consent of the seller and the buyer.</p> <p>The essentials are:</p> <ul style="list-style-type: none"> (a) There is a contract for the sale of unascertained or future goods. (b) The goods should conform to the description and quality stated in the contract. (c) The goods must be in a deliverable state. (d) The goods must be unconditionally appropriated to the contract either by delivery to the buyer or his agent or the carrier. (e) The appropriation must be made by: <ul style="list-style-type: none"> (i) the seller with the assent of the buyer; or (ii) the buyer with the assent of the seller. (f) The assent may be express or implied. (g) The assent may be given either before or after appropriation

Practical Question

27.Mr. S agreed to purchase 100 bales of cotton from V, out of his large stock and sent his men to take delivery of the goods. They could pack only 60 bales. Later on, there was an accidental fire and the entire stock was destroyed including 60 bales that were already packed. Referring to the provisions of the Sale of Goods Act, 1930 explain as to who will bear the loss and to what extent? **(ICAI MODULE)**

Law	<p>Section 26 of the Sale of Goods Act, 1930 provides that unless otherwise agreed, the goods remain at the seller's risk until the property therein is transferred to the buyer, but when the property therein is transferred to the buyer, the goods are at buyer's risk whether delivery has been made or not. Further Section 18 read with Section 23 of the Act provide that in a contract for the sale of unascertained goods, no property in the goods is transferred to the buyer, unless and until the goods are ascertained. Also where there is contract for the sale of unascertained or future goods by description, the property in the goods thereupon passes to the buyer. when goods of that description are put in a deliverable state and are unconditionally appropriated to the contract, either by the seller with the assent of the buyer or by the buyer with the assent of the seller, Such assent may be express or implied</p>
Conclusion	<p>Applying the aforesaid law to the facts of the case in hand, it is clear that Mr. S has the right to select the goods out of the bulk and he has sent his men for the same purpose.</p> <p>Hence the problem can be answered based on the following two assumptions and the answer will vary accordingly.</p> <ol style="list-style-type: none"> Where the bales have been selected with the consent of the buyer's representatives: In this case, the property in the 60 bales has been transferred to the buyer and goods have been appropriated to the contract. Thus, loss arising due to fire in case of 60 bales would be borne by Mr. S. As regards 40 bales, the loss would be borne by Mr. V, since the goods have not been identified and appropriated. Where the bales have not been selected with the consent of buyer's representatives:In this case, the property in the goods has not been transferred at all and hence the loss of 100 bales would be borne by Mr. V completely

Practical Question

28. Ms. Preeti owned a motor car which she handed over to Mr. Joshi on sale or return basis. After a week, Mr. Joshi pledged the motor car to Mr. Ganesh. Ms. Preeti now claims back the motor car from Mr. Ganesh. Will she succeed? Referring to the provisions of the Sale of Goods Act, 1930, decide and examine what recourse is available to Ms. Preeti. **(ICAI MODULE)**

Law	<p>As per the provisions of section 24 of the Sale of Goods Act, 1930, when goods are delivered to the buyer on approval or "on sale or return" or other similar terms, the property therein passes to the buyer</p> <ul style="list-style-type: none"> a) when the buyer signifies his approval or acceptance to the seller or does any other act adopting the transaction; b) if he does not signify his approval or acceptance to the seller but retains the goods without giving notice of rejection, then, if a time has been fixed for the return of the goods, on the expiration of such time, and, if no time has been fixed, on the expiration of a reasonable time; or c) he does something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods
Conclusion	<p>Referring to the above provisions, we can analyse the situation given in the question.</p> <p>Since, Mr. Joshi, who had taken delivery of the Motor car on Sale or Return basis and pledged the motor car to Mr. Ganesh, has attracted the third condition that he has done something to the good which is equivalent to accepting the goods e.g. he pledges or sells the goods. Therefore, the property therein (Motor car) passes to Mr.</p> <p>Joshi. Now in this situation, Ms. Preeti cannot claim back her Motor Car from Mr. Ganesh, but she can claim the price of the motor car from Mr. Joshi only</p>

Practical Question

29. The buyer took delivery of 20 tables from the seller on sale or return basis without examining them. Subsequently, he sold 5 tables to his customers. The customer lodged a complaint of some defect in the tables. The buyer sought to return tables to the seller. Was the buyer entitled to return the tables to the seller under the provisions of the Sale of Goods Act, 1930? **(ICAI MODULE)**

Law	According to Section 24 of the Sales of Goods Act, 1930, in case of delivery of
------------	---

	<p>goods on approval basis, the property in goods passes from seller to the buyer:-</p> <ol style="list-style-type: none"> When the person to whom the goods are given either accepts them or does an act which implies adopting the transaction. When the person to whom the goods are given retains the goods without giving his approval or giving notice of rejection beyond the time fixed for the return of goods and in case no time is fixed after the lapse of reasonable time
Conclusion	<p>In the given case, seller has delivered 20 tables to the buyer on sale or return basis. Buyer received the tables without examining them. Out of these 20 tables, he sold 5 tables to his customer. It implies that he has accepted 5 tables out of 20.</p> <p>When the buyer received the complaint of some defect in the tables, he wanted to return all the tables to the seller. According to the provisions of law he is entitled to return only 15 tables to the seller and not those 5 tables which he has already sold to his customer. These 5 tables are already accepted by him so the buyer becomes liable under the doctrine of "Caveat Emptor"</p>

Practical Question

30.A delivered a horse to B on sale and return basis. The agreement provided that B should try the horse for 8 days and return, if he did not like the horse. On the third day the horse died without the fault of B. A file a suit against B for the recovery of price. Can he recover the price?



(ICAI MODULE

HINT	<p>A delivered the horse to B on sale or return basis. It was decided between them that B will try the horse for 8 days and in case he does not like it, he will return the horse to the owner A. But on the third day the horse died without any fault of B. The time given by the seller A to the buyer B has not expired yet. Therefore, the ownership of the horse still belongs to the seller A. B will be considered as the owner of the horse only when B does not return the horse to A within stipulated time of 8 days.</p> <p>The suit filed by A for the recovery of price from B is invalid and he cannot recover the price from B. [Section 24].</p> <p>Had the horse died after the expiry of given time i.e. 8 days, then B would have been held liable (if the horse was still with him) but not before that time period</p>
-------------	---

Practical Question

31 Samuel purchased a Television set from Arun, the owner of Gada Electronics, on the condition that for the first three days he will check its quality and if satisfied he will pay for that otherwise he will return the Television set. On the second day, the Television set was spoiled due to an earthquake. Arun demands the price of Television set from Samuel. Whether Samuel is liable to pay the price under the Sale of Goods Act, 1930? Who will ultimately bear the loss? **(RTP Sep 24) (RTP June 2024) [RTP Nov 2022]**

Law	<p>According to Section 24 of the Sale of Goods Act, 1930, "When the goods are delivered to the buyer on approval or on sale or return or other similar terms, the property passes to the buyer:</p> <ul style="list-style-type: none"> i. when he signifies his approval or acceptance to the seller, ii. when he does any other act adopting the transaction, and iii. if he does not signify his approval or acceptance to the seller but retains goods beyond a reasonable time". <p>Further, as per Section 8, where there is an agreement to sell specific goods, and subsequently the goods without any fault on the part of the seller or buyer perish or become so damaged as no longer to answer to their description in the agreement before the risk passes to the buyer, the agreement is thereby avoided</p>
Conclusion	<p>Samuel purchases a Television set from Arun, the owner of Gada Electronics, on sale or approval for three days. Before Samuel could take any decision, the Television set spoiled due to earthquake. According to the above provisions and fact, the property has not been passed to Samuel i.e. buyer as no condition of Section 24 is satisfied. Hence, risk is not passed to the buyer and the agreement is thereby avoided. Samuel is not liable to pay the price. The loss finally should be borne by Seller, Mr. Arun</p>

	<p>32. What is the concept of "Reservation of Right of Disposal" under Section 25 of the Sale of Goods Act, 1930? Under what circumstances is the seller deemed to have reserved the right of disposal of goods?</p>
	<p>Reservation of right of disposal (Section 25 of the Sale of Goods Act, 1930)</p> <p>This section preserves the right of disposal of goods to secure that the price is paid before the property in goods passes to the buyer. Where there is contract of sale of specific goods or where the goods have been subsequently appropriated to the</p>

	<p>contract, the seller may, by the terms of the contract or appropriation, as the case may be, reserve the right to dispose of the goods, until certain conditions have been fulfilled. In such a case, in spite of the fact that the goods have already been delivered to the buyer or to a carrier or other bailee for the purpose of transmitting the same to the buyer, the property therein will not pass to the buyer till the condition imposed, if any, by the seller has been fulfilled. (sub-section1)</p> <p>Circumstances under which the right of disposal may be reserved: In the following circumstances, seller is presumed to have reserved the right of disposal:</p> <p>(1) If the goods are shipped or delivered to a railway administration for carriage and by the bill of lading or railway receipt, as the case may be, the goods are deliverable to the order of the seller or his agent, then the seller will be prima facie deemed to have reserved the right of disposal. (sub section 2)</p> <p>(2) Where the seller draws a bill on the buyer for the price and sends to him the bill of exchange together with the bill of lading or (as the case may be) the railway receipt to secure acceptance or payment thereof, the buyer must return the bill of lading, if he does not accept or pay the bill. And if he wrongfully retains the bill of lading or the railway receipt, the property in the goods does not pass to him. (sub section 3)</p>
--	--

PRACTICAL QUESTION

Question 33	<p><i>J, a wholesaler of premium Basmati rice delivered on approval 100 bags of rice of 10 kg each to a local retailer, on sale or returnable basis within a month of delivery. The next day the retailer sold 5 bags of rice to a regular customer K. A week later K informed the retailer that the quality of rice was not as per the price.</i></p> <p><i>The retailer now wants to return all the rice bags to J, including the 4 bags not used by K. Can the retailer do so?</i></p> <p><i>Also briefly describe the provisions underlying in this context of the Sale of Goods Act, 1930. (RTP Jan 25)</i></p>
Provision	<p>According to Section 24 of the Sale of Goods Act, 1930, in case of delivery of goods on approval basis, the property in goods passes from seller to the buyer:-</p> <p>i. When the person to whom the goods are given either accepts them or does an act which implies adopting the transaction.</p>

	<p>ii. When the person to whom the goods are given retains the goods without giving his approval or giving notice of rejection beyond the time fixed for the return of goods and in case no time is fixed after the lapse of reasonable time.</p>
Analysis and Conclusion:	<p>In the given case, J (seller) has delivered on approval 100 bags of rice of 10 kg each to local retailer (buyer) on sale or returnable basis within a month of delivery. Out of these 100 bags, the local retailer sold 5 bags to K (customer), It implies that the local retailer has accepted 5 bags out of 100.</p> <p>A week later, local retailer received the complaint of some defect in the rice bags, so, he wanted to return all the bags to the J (seller).</p> <p>According to the above provisions, the local retailer is entitled to return only 95 bags to the J (seller) and not those 4 bags which are not used by K. Because, as per clause (i) above, the local retailer has already sold 5 bags, signifying that he has done an act which implies adopting the transaction relating to those 5 bags.</p>

Practical Question

34. J, the owner of a fiat car wants to sell his car. For this purpose he hands over the car to P, a mercantile agent for sale at a price not less than ? 50,000. The agent sells the car for 40,000 to A, who buys the car in good faith without notice of any fraud. P misappropriated the money also. J sues A for the recovery of the car. Decide with reasons whether J would succeed? (C. A. Foundation RTP May 2018) (Module)

Law	<p>Sale by mercantile agent is valid and binding on the principal provided the</p> <ul style="list-style-type: none"> (a) agent is in possession of the goods or documents of title with the consent of the owner, (b) the agent sells the goods while acting in the ordinary course of business of agency, (c) the buyer should have acted in good faith & the buyer should not have notice that at the time of sale, the agent had no authority to sell
Conclusion	<p>In the given case P the agent was in possession of the goods with the consent of J. The car was sold by P in the ordinary course of business of agency and the car was bought by A in good faith without</p>

	notice that agent was not authorised to sell it for ` 40,000. Thus sale is valid and A acquires a good title to the car & J will not succeed in recovering the car from A. J can only proceed against his agent lawfully
--	--

PRACTICAL QUESTION

Question 35	<i>Ayushman is the owner of a residential property situated at Indraprastha Marg, New Delhi. He wants to sell this property and for this purpose he appoints Ravi, a mercantile agent with a condition that Ravi will not sell the house at a price not less than ` 5 crores. Ravi sells the house for ` 4 crores to Mudit, who buys in good faith. Ravi misappropriated the money received from Mudit. Ayushman files a suit against Mudit to recover his property. Decide with reasons, can Ayushman do so under the Sale of Goods Act, 1930?</i>
Provision	As per the Proviso to Section 27 of the Sale of Goods Act, 1930, a sale made by a mercantile agent of the goods would pass a good title to the buyer in the following circumstances; namely; <ul style="list-style-type: none"> a. If he was in possession of the goods or documents with the consent of the owner; b. If the sale was made by him when acting in the ordinary course of business as a mercantile agent; and c. If the buyer had acted in good faith and has at the time of the contract of sale, no notice of the fact that the seller had no authority to sell.
Analysis and Conclusion:	On the basis of above, it can be said that Ravi, the mercantile agent, sells property to Mudit who bought in good faith. Mudit obtained a good title of that residential property. Hence, Ayushman cannot recover his property from Mudit. Rather, Ayushman can recover his loss from Ravi.

PRACTICAL QUESTION



Question 36	<i>A went to B's shop and selected some jewellery. He falsely represented himself to be a man of credit and thereby persuaded B to take the payment by cheque. He further requested him to hand over the particular type of ring immediately.</i>
--------------------	---

	<i>On the due date, when the seller, B presented the cheque for payment, the cheque was found to be dishonoured. Before B could avoid the contract on the ground of fraud by A, he had sold the ring to C. C had taken the ring in good faith and without any notice of the fact that the goods with A were under a voidable contract. Discuss if such a sale made by non-owner is valid or not as per the provisions of Sale of Goods Act, 1930?(RTP June 23)</i>
Issue raised in question (optional)	
Provision	<p>Section 27 of Sale of Goods Act, 1930 states that no man can sell the goods and give a good title unless he is the owner of the goods. However, there are certain exceptions to this rule of transfer of title of goods.</p> <p>One of the exceptions is sale by person in possession under a voidable contract (Section 29 of Sale of Goods Act, 1930)</p> <ol style="list-style-type: none"> 1. If a person has possession of goods under a voidable contract. 2. The contract has not been rescinded or avoided so far 3. The person having possession sells it to a buyer 4. The buyer acts in good faith 5. The buyer has no knowledge that the seller has no right to sell. <p>Then, such a sale by a person who has possession of goods under a voidable contract shall amount to a valid sale and the buyer gets the better title.</p>
Analysis and Conclusion:	<p>Based on the provisions, Mr. A is in possession of the ring under a voidable contract as per provisions of Indian Contract Act, 1872. Also, B has not rescinded or avoided the contract, Mr. A is in possession of the ring and he sells it new buyer Mr. C who acts in good faith and has no knowledge that A is not the real owner. Since all the conditions of Section 29 of Sale of Goods Act, 1930 are fulfilled, therefore sale of ring made by Mr. A to Mr. C is a valid sale.</p>



PRACTICAL QUESTION

Question 37	<i>Saurabh purchased electric scooter of Vivek for ₹ 5000 only on the gun point. Vivek decided to file the complaint and to avoid the contract on the basis of coercion applied against him by Saurabh. But before he could do that, Saurabh sold the scooter to Vinay who had no idea about the situation on</i>
--------------------	---

	<i>which the scooter was purchased by Saurabh. Vivek sued Saurabh and Vinay for recovery of scooter. Referring to the provisions of the Sale of Goods Act, 1930, whether Vivek was correct in his decision?</i>
Provision	By virtue of provisions of Section 29 of the Sale of Goods Act, 1930, a buyer would acquire a good title to the goods sold to him by a seller who had obtained possession of the goods under a contract voidable on the ground of coercion, fraud, misrepresentation or undue influence provided that the contract had not been rescinded until the time of the sale.
Analysis and Conclusion:	<p>In the instant case, Saurabh purchased electric scooter of Vivek for ₹ 5000 only by applying coercion. Before Vivek avoid the contract, Saurabh sold the scooter to Vinay who was an innocent buyer. Now, Vivek sued Saurabh and Vinay for recovery of scooter.</p> <p>According to above provisions, even Saurabh purchased the electric scooter by applying coercion, Vinay got good title as he was an innocent buyer and purchased the scooter before setting aside the contract by</p> <p>Vivek. Hence, Vivek cannot recover the scooter from Vinay. However, Vivek may claim damages from Saurabh.</p>

	38.Explain the term “Delivery and its forms” under the Sale of Goods Act, 1930.[MTP Nov 2022(6 Marks)]
	<p>Delivery - its forms: Delivery means voluntary transfer of possession from one person to another [Section 2(2) of the Sale of Goods Act, 1930]. As a general rule, delivery of goods may be made by doing anything, which has the effect of putting the goods in the possession of the buyer, or any person authorized to hold them on his behalf.</p> <p>Forms of delivery: Following are the kinds of delivery for transfer of possession:</p> <p>i.Actual delivery: When the goods are physically delivered to the buyer. Actual delivery takes place when the seller transfers the physical possession of the goods to the buyer or to a third person authorised to hold goods on behalf of the buyer. This is the most common method of delivery.</p> <p>ii.Constructive delivery: When it is effected without any change in the custody or actual possession of the thing as in the case of delivery by attornment (acknowledgement).</p>

	<p>Constructive delivery takes place when a person in possession of the goods belonging to</p> <p>the seller acknowledges to the buyer that he holds the goods on buyer's behalf.</p> <p>iii. Symbolic delivery: When there is a delivery of a thing in token of a transfer of something else, i.e., delivery of goods in the course of transit may be made by handing over documents of title to goods, like bill of lading or railway receipt or delivery orders or the key of a warehouse containing the goods is handed over to buyer. Where actual delivery is not possible, there may be delivery of the means of getting possession of the goods.</p>
--	---

	<p>39.Explain the provisions relating to the delivery of the wrong quantity of goods as per the provisions of the Sale of Goods Act, 1930.</p>
	<p>Delivery of wrong quantity [Section 37 of the Sale of Goods Act, 1930]: Where the seller delivers to the buyer a quantity of goods less than he contracted to sell, the buyer may reject them, but if the buyer accepts the goods so delivered he shall pay for them at the contract rate. [Sub-section (1)]</p> <p>Where the seller delivers to the buyer a quantity of goods larger than he contracted to sell, the buyer may accept the goods included in the contract and reject the rest, or he may reject the whole. If the buyer accepts the whole of the goods so delivered, he shall pay for them at the contract rate. [Sub-section (2)]</p> <p>Where the seller delivers to the buyer the goods, he contracted to sell mixed with goods of a different description not included in the contract, the buyer may accept the goods which are in accordance with the contract and reject, or may reject the whole. [Sub-section (3)]</p> <p>The provisions of this section are subject to any usage of trade, special agreement or course of dealing between the parties. [Sub- section (4)]</p>

Practical Question

40. Akash purchased 100 Kgs of wheat from Bhaskar at ₹80 per kg. Bhaskar says that wheat is in his warehouse in the custody of Kishore, the warehouse keeper. Kishore confirmed to Akash that he can take the delivery of wheat from him and till then he is holding wheat on Akash's behalf. Before Akash picks the goods from warehouse, the whole wheat in the warehouse has flowed in flood. Now Akash wants his price on the contention that no delivery has been done by seller. Whether Akash is right with his views under the Sale of Goods Act, 1930. **(RTP Sep 24) .[RTP June 2023]**

Law	<p>As per the provisions of the Sale of Goods Act, 1930 there are three modes of delivery,</p> <ul style="list-style-type: none"> i. Actual delivery, ii. Constructive delivery and iii. Symbolic delivery. <p>When delivery is affected without any change in the custody or actual possession of the things, it is called constructive delivery or delivery by acknowledgement. Constructive delivery takes place when a person in possession of goods belonging to the seller acknowledges to the buyer that he is holding the goods on buyer's behalf</p>
Conclusion	<p>On the basis of the above provisions and facts, it is clear that possession of the wheat has been transferred through constructive delivery. Hence, Akash is not right. He cannot claim the price back.</p>

Practical Question

41. Mr. G sold some goods to Mr. H for a certain price by issue of an invoice, but payment in respect of the same was not received on that day. The goods were packed and lying in the godown of Mr. G. The goods were inspected by H's agent and were found to be in order. Later on, the dues of the goods were settled in cash. Just after receiving cash, Mr. G asked Mr. H that goods should be taken away from his godown to enable him to store other goods purchased by him. After one day, since Mr. H did not take delivery of the goods, Mr. G kept the goods out of the godown in an open space. Due to rain, some goods were damaged.

Referring to the provisions of the Sale of Goods Act, 1930, analyse the above situation and decide who will be held responsible for the above damage. Will your answer be different if the

dues were not settled in cash and are still pending? (MTP May 24) (7 Marks)	
Law	<p>According to section 44 of the Sale of Goods Act, 1930, when the seller is ready and willing to deliver the goods and requests the buyer to take delivery, and the buyer does not within a reasonable time after such request take delivery of the goods, he is liable to the seller for any loss occasioned by his neglect or refusal to take delivery and also for a reasonable charge for the care and custody of the goods.</p> <p>Risk of loss of goods prima facie follows the passing of property in goods. Goods remain at the seller's risk unless the property therein is transferred to the buyer, but after transfer of property therein to the buyer, the goods are at the buyer's risk whether delivery has been made or not</p>
Conclusion	In the given case, since Mr. G has already intimated Mr. H, that he wanted to store some other goods and thus Mr. H should take the delivery of goods kept in the godown of Mr. G, the loss of goods damaged should be borne by Mr. H

Practical Question	
<p>42. Against B's tender, R agrees to sell and deliver 1,000 kg tomatoes @ ₹100 per kg which shall be delivered on 15th July, 2023. Due to the rise of the prices of tomatoes in the market, R delivered only 700 kg of tomatoes on 15th July, 2023 and agrees to deliver the balance quantity in the next month. B accepted 700 kg of tomatoes sent by R. Later, R failed to deliver the balance quantity and so B refused to pay the price of 700 kg of tomatoes to R as he had failed to fulfill the tender conditions stipulated in the contract of sale. Can B refuse to pay R as per the provisions of the Sale of Goods Act, 1930? [Dec 2023 (2 Marks)]</p>	
Law	<p>According to Section 37(1) of the Sale of Goods Act, 1930, where the seller delivers to the buyer a quantity of goods less than he contracted to sell, the buyer may reject them, but if he accepts the goods so delivered, he shall pay for them at the contract rate</p>
Conclusion	<p>According to Section 37(1) of the Sale of Goods Act, 1930, where the seller delivers to the buyer a quantity of goods less than he contracted to sell, the buyer may reject them, but if he accepts the goods so delivered, he shall pay for them at the contract rate.</p> <p>In the instant case, R delivered 700 kg of tomatoes on 15th July, 2023 and agrees to deliver 300 kg in the next month. Later R failed to deliver the</p>


	<p>balance quantity and B (buyer) refused to pay the price of 700 kg of tomatoes.</p> <p>Considering the above provisions, we can conclude that B cannot refuse to pay for 700 kg of tomatoes to R.</p> <p>Important Note: The answer can also be given as per Section 34 of the Sale of Goods Act, 1930, which provides that a delivery of part of goods, in progress of the delivery of the whole has the same effect, for the purpose of passing the property in such goods, as a delivery of the whole.</p> <p>In the instant case, R delivered 700 kg of tomatoes on 15th July, 2023 and agrees to deliver 300 kg in the next month. Later R failed to deliver the balance quantity and B (buyer) refused to pay the price of 700 kg of tomatoes.</p> <p>Considering the above provisions, we can conclude that B cannot refuse to pay for 700 kg of tomatoes to R.</p>
--	--


Practical Question

43. A contract with B to buy 50 chairs of a certain quality. B delivers 25 chairs of the type agreed upon and 25 chairs of some other type. Under the circumstances, what are the rights of A against B under the Sale of Goods Act, 1930? **[RTP Nov 2022]**

Law	As per Section 37(3) of the Sale of Goods Act, 1930 where the seller delivers to the buyer the goods, he contracted to sell mixed with goods of a different description not included in the contract, the buyer may accept the goods which are in accordance with the contract and reject the rest or may reject the whole
Conclusion	Hence, A may accept 25 chairs of the type agreed upon and may reject the other 25 chairs of some other type not agreed upon or may reject all 50 chairs

PRACTICAL QUESTION

Question 44	<i>The Institute of Science and Technology, Dehradun (the buyer), placed an order for various chemicals worth ` 1,50,000 from a supplier in Delhi (the seller). The buyer made full advance payment, and the seller dispatched the consignment via a courier of his own choice, without reserving any right of disposal over the goods. The consignment was lost in transit, and now the buyer seeks a refund of the purchase price. With reference to the provisions of the Sale of Goods Act, 1930, assess the validity of the buyer's claim for a refund. (4 Marks)(MTP May 25)</i>
Provision	Delivery of the goods to the carrier [Section 23(2) of the Sale of Goods Act, 1930]: Where, in pursuance of the contract, the seller delivers the goods to the buyer or to a carrier or other bailee (whether named by the buyer or not) for the purpose of transmission to the buyer, and does not reserve the right of disposal, he is deemed to have unconditionally appropriated the goods to the contract.
Analysis and Conclusion:	<p>In the instant case, the Institute of Science and Technology, Dehradun placed an order for various chemicals worth ` 1,50,000 from a supplier in Delhi. The seller dispatched the consignment via a courier without</p> <p>reserving any right of disposal over the goods. The consignment was lost in transit. According to Section 23(2), it is an unconditional appropriation of goods because of which the Institute of Science and Technology, Dehradun (buyer) has become the owner of the goods. Therefore, it will bear the risk of loss of the consignment in the way. Hence, the buyer's claim is not valid.</p>
	45. When can an unpaid seller of goods exercise his right of lien over the goods under the Sale of Goods Act? Can he exercise his right of lien even if the property in goods has passed to the buyer? When such a right is terminated? Can he exercise his right even after he has obtained a decree for the price of goods from the court? (ICAI MODULE) (RTP Nov 22)

	<p>Lien</p> <p>A lien is a right to retain possession of goods until the payment of the price. It is available to the unpaid seller of the goods who is in possession of them where-</p> <ul style="list-style-type: none"> i.the goods have been sold without any stipulation as to credit; ii.the goods have been sold on credit, but the term of credit has expired; iii.the buyer becomes insolvent. <p>The unpaid seller can exercise 'his right of lien even if the property in goods has passed on to the buyer. He can exercise his right even if he is in possession of the goods as agent or bailee for the buyer.</p> <p>Termination of lien: An unpaid seller loss his right of lien thereon-</p> <ul style="list-style-type: none"> i.When he delivers the goods to a carrier or other bailee for the purpose of transmission to the buyer without reserving the right of disposal of the goods; ii.When the buyer or his agent lawfully obtains possession of the goods; <p>Yes, he can exercise his right of lien even after he has obtained a decree for the price of goods from the court.</p>
---	--

Practical Question

46.A agrees to sell certain goods to B on a certain date on 10 days credit. The period of 10 days expired and goods were still in the possession of A. B has also not paid the price of the goods. B becomes insolvent. A refuses to deliver the goods to exercise his right of lien on the goods. Can he do so under the Sale of Goods Act, 1930? **(ICAI MODULE) (MTP Apr. 24) (4 Marks)**

<p>Law</p>	<p>Lien is the right of a person to retain possession of the goods belonging to another until claim of the person in possession is satisfied. The unpaid seller has also right of lien over the goods for the price of the goods sold.</p> <p>Section 47(1) of the Sales of Goods Act, 1930 provides that the unpaid seller who is in the possession of the goods is entitled to exercise right of lien in the following cases:-</p> <ul style="list-style-type: none"> (i) Where the goods have been sold without any stipulation as to credit (ii) Where the goods have been sold on credit but the term of credit has
-------------------	--

	<p>expired</p> <p>(iii) Where the buyer has become insolvent even though the period of credit has not yet expired</p>
Conclusion	<p>In the given case, A has agreed to sell certain goods to B on a credit of 10 days. The period of 10 days has expired. B has neither paid the price of goods nor taken the possession of the goods. That means the goods are still physically in the possession of A, the seller. In the meantime B, the buyer has become insolvent. In this case, A is entitled to exercise the right of lien on the goods because the buyer has become insolvent and the term of credit has expired without any payment of price by the buyer</p>

Practical Question

47. J sold a machine to K. K gave a cheque for the payment. The cheque was dishonoured. But J handed over a delivery order to K. K sold the goods to R on the basis of the delivery order. J wanted to exercise his right of lien on the goods. Can he do so under the provisions of the Sale of Goods Act, 1930? **(ICAI MODULE)**

Law	<p>The right of lien and stoppage in transit are meant to protect the seller. These will not be affected even when the buyer has made a transaction of his own goods which were with the seller under lien. But under two exceptional cases these rights of the seller are affected:-</p> <ol style="list-style-type: none"> When the buyer has made the transaction with the consent of the seller When the buyer has made the transaction on the basis of documents of title such as bill of lading, railway receipt or a delivery order etc.
Conclusion	<p>In the given case, J has sold the machine to K and K gave a cheque for the payment. But the cheque was dishonoured that means J, the seller is an unpaid seller. So, he is entitled to exercise the right of lien, but according to section 53(1) his right of lien is defeated because he has given the document of title to the buyer and the buyer has made a transaction of sale on the basis of this document. So, R who has purchased the machine from K can demand the delivery of the machine</p>

Practical Question

48. Mr. Shankar sold 1000 Kgs wheat to Mr. Ganesh on credit of 3 months. Wheat was to be delivered after 10 days of contract. After 5 days of contract, a friend of Mr. Shankar secretly informed him that Mr. Ganesh may default in payment. On the information of friend, Mr. Shankar applied the right to lien and withheld the delivery. With referring to the provisions of the Sale of Goods Act, 1930: **(RTP June 2024)**

(i) State, whether Mr. Shankar was right in his decision?

(ii) What would be your answer if Mr. Ganesh became insolvent within five days of contract?

Law	<p>According to Section 45(1) of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when-</p> <ul style="list-style-type: none"> (a) The whole of the price has not been paid or tendered. (b) A bill of exchange or other negotiable instrument was given as payment, but the same has been dishonoured, unless this payment was an absolute, and not a conditional payment. <p>Further, Section 47 provides about an unpaid seller's right of lien. Accordingly, an unpaid seller can retain the possession of the goods and refusal to deliver them to the buyer until the price due in respect of them is paid or tendered. This right can be exercised by him in the following cases only:</p> <ul style="list-style-type: none"> (a) where goods have been sold without any stipulation of credit; (i.e., on cash sale) (b) where goods have been sold on credit, but the term of credit has expired; or (c) (c) where the buyer becomes insolvent.
Conclusion	<p>In the instant case, Mr. Ganesh purchased 1000 Kg wheat from Mr. Shankar on 3 month's credit which was to be delivered after 10 days of contract. But, after 5 days of contract, one friend of Mr. Shankar secretly informed him that Mr. Ganesh may default in payment. On the belief of friend, Mr. Shankar applied the right to lien and withheld the delivery.</p> <ul style="list-style-type: none"> (i) On the basis of above provisions and facts, it can be said that even Mr. Ganesh was an unpaid seller until the term of credit i.e. has expired, Mr. Shankar had to perform his promise of supplying 1000 Kg of wheat. (ii) In case Mr. Ganesh became insolvent before the delivery of wheat, Mr. Shankar had the right to apply the lien and he could withhold the delivery

Practical Question

49. Ram sells 200 bales of cloth to Shyam and sends 100 bales by lorry and 100 bales by Railway. Shyam receives delivery of 100 bales sent by lorry, but before he receives the delivery of the bales sent by railway, he becomes bankrupt. Can Ram exercise right of stopping the goods in transit? **(ICAI MODULE) (MTP Apr. 24) (3 Marks) .(MTP May 24) (4 Marks)**

Law	<p>Right of stoppage of goods in transit: The problem is based on Section 50 of the Sale of Goods Act, 1930 dealing with the right of stoppage of the goods in transit available to an unpaid seller. The section states that the right is exercisable by the seller only if the following conditions are fulfilled.</p> <ul style="list-style-type: none"> (i) The seller must be unpaid (ii) He must have parted with the possession of goods (iii) The goods must be in transit (iv) The buyer must have become insolvent (v) The right is subject to the provisions of the Act
Conclusion	<p>Applying the provisions to the given case, Ram being still unpaid, can stop the 100 bales of cloth sent by railway as these goods are still in transit. He may recover the price of other 100 bales sent by lorry by using his rights against the buyer</p>

Practical Question

50. A, who is an agent of a buyer, had obtained the goods from the Railway Authorities and loaded the goods on his truck. In the meantime, the Railway Authorities received a notice from B, the seller for stopping the goods in transit as the buyer has become insolvent. Referring to the provisions of Sale of Goods Act, 1930, decide whether the Railway Authorities can stop the goods in transit as instructed by the seller? **(ICAI MODULE)**

Law	<p>The right of stoppage of goods in transit means the right of stopping the goods after the seller has parted with the goods. Thereafter the seller regains the possession of the goods.</p> <p>This right can be exercised by an unpaid seller when he has lost his right of lien over the goods because the goods are delivered to a carrier for the purpose of taking the goods to the buyer. This right is available to the unpaid seller only when the buyer has become insolvent. The conditions necessary for exercising</p>
------------	--

	<p>this right are:-</p> <ul style="list-style-type: none"> (i) The buyer has not paid the total price to the seller (ii) The seller has delivered the goods to a carrier thereby losing his right of lien (iii) The buyer has become insolvent (iv) The goods have not reached the buyer, they are in the course of transit. (Section 50, 51 and 52)
Conclusion	<p>In the given case A, who is an agent of the buyer, had obtained the goods from the railway authorities and loaded the goods on his truck. After this the railway authorities received a notice from the seller B to stop the goods as the buyer had become insolvent.</p> <p>According to the Sale of Goods Act, 1930, the railway authorities cannot stop the goods because the goods are not in transit. A who has loaded the goods on his truck is the agent of the buyer. That means railway authorities have given the possession of the goods to the buyer. The transit comes to an end when the buyer or his agent takes the possession of the goods</p>

Practical Question

51. Ravi sold 500 bags of wheat to Tushar. Each bag contains 50 Kilograms of wheat. Ravi sent 450 bags by road transport and Tushar himself took remaining 50 bags. Before Tushar receives delivery of 450 bags sent by road transport, he becomes bankrupt. Ravi being still unpaid, stops the bags in transit. The official receiver, on Tushar's insolvency claims the bags. Decide the case with reference to the provisions of the Sale of Goods Act, 1930. [RTP Dec 2023, Jan 25]



Law	<p>Right of stoppage in transit (Section 50 of the Sale of Goods Act, 1930):</p> <ul style="list-style-type: none"> (a) Subject to the provisions of this Act, when the buyer of goods becomes insolvent, the unpaid seller who has parted with the possession of the goods has the right of stopping them in transit, that is to say, he may resume possession of the goods as long as they are in the course of transit and may retain them until paid or tendered price of the goods. (b) When the unpaid seller has parted with the goods to a carrier and the buyer has become insolvent, he can exercise this right of asking the carrier to return the goods back, or not to deliver the goods to the buyer
------------	---

Conclusion	In the instant case, Tushar, the buyer becomes insolvent, and 450 bags are in transit. Ravi, the seller, can stop the goods in transit by giving a notice of it to Tushar. The official receiver, on Tushar's insolvency cannot claim the bags.
-------------------	---



Practical Question

52. Suraj sold his car to Sohan for ₹ 75,000. After inspection and satisfaction, Sohan paid ₹ 25,000 and took possession of the car and promised to pay the remaining amount within a month. Later on, Sohan refuses to give the remaining amount on the ground that the car was not in a good condition. Advise Suraj as to what remedy is available to him against Sohan. (ICAI MODULE)

Law	<p>As per the section 55 of the Sale of Goods Act, 1930 an unpaid seller has a right to institute a suit for price against the buyer personally. The said Section lays down that</p> <ol style="list-style-type: none"> Where under a contract of sale the property in the goods has passed to buyer and the buyer wrongfully neglects or refuses to pay for the goods, the seller may sue him for the price of the goods [Section 55(1)]. Where under a contract of sale the price is payable on a certain day irrespective of delivery and the buyer wrongfully neglects or refuses to pay such price, the seller may sue him for the price. It makes no difference even if the property in the goods has not passed and the goods have not been appropriated to the contract [Section 55(2)]
Conclusion	<p>This problem is based on above provisions. Hence, Suraj will succeed against Sohan for recovery of the remaining amount. Apart from this, Suraj is also entitled to:-</p> <ol style="list-style-type: none"> Interest on the remaining amount Interest during the pendency of the suit. Costs of the proceedings

	53. Describe in brief the rights of the buyer against the seller in case of breach of contract of Sale under the Sale of Goods Act, 1930. (7 Marks) (MTP July 24)
	<p>b. If the seller commits a breach of contract, the buyer gets the following rights against the seller:</p> <ol style="list-style-type: none"> Damages for non-delivery [Section 57 of the Sale of Goods Act, 1930]: Where the seller wrongfully neglects or refuses to deliver the goods to the buyer, the buyer may sue the seller for damages for non-delivery. Suit for specific performance (Section 58): Where the seller commits breach of the contract of sale, the buyer can appeal to the court for specific performance. The court can order for specific performance only when the goods are ascertained or specific and where damages would not be an adequate remedy. Suit for breach of warranty (Section 59): Where there is breach of warranty on the part of the seller, or where the buyer elects to or is forced to treat breach of condition as breach of warranty, the buyer is not by reason only of such breach of warranty entitled to reject the goods on the basis of such breach of warranty; but the buyer may – <ul style="list-style-type: none"> i. set up against the seller the breach of warranty in diminution or extinction of the price; or ii. sue the seller for damages for breach of warranty. Repudiation of contract before due date (Section 60): Where either party to a contract of sale repudiates the contract before the date of delivery, the other may either treat the contract as: <ul style="list-style-type: none"> • subsisting and wait till the date of delivery, or • he may treat the contract as rescinded and sue for damages for the breach. Suit for interest: <ol style="list-style-type: none"> The buyer is entitled to recover interest or special damages, or to recover the money paid where the consideration for the payment of it has failed.

	<p>2. In the absence of a contract to the contrary, the court may award interest at such rate as it thinks fit on the amount of the price to the buyer in a suit by him for the refund of the price in a case of a breach of the contract on the part of the seller from the date on which the payment was made.</p>
--	--

	<p>54. Explain the legal rules of auction sale relating to the following points as per provisions of the Sale of Goods Act, 1930 (RTP May 25)</p> <p>(A) Bid by seller with or without notification</p> <p>(B) Bidder to retract from his bid</p> <p>(C) Effect of pretending bidding</p>
	<p>Section 64 of the Sale of Goods Act, 1930 provides the following rules to regulate the sale by auction:</p> <p>(A) Bid with notification: Right to bid may be reserved expressly by or on behalf of the seller and where such a right is expressly reserved, but not otherwise, the seller or any one person on his behalf may bid at the auction.</p> <p>Bid by seller without notification: Where the sale is not notified to be subject to a right to bid on behalf of the seller, it shall not be lawful for the seller to bid himself or to employ any person to bid at such sale, or for the auctioneer knowingly to take any bid from the seller or any such person; and any sale contravening this rule may be treated as fraudulent by the buyer.</p> <p>(B) Bidder to retract from his bid: The sale is complete when the auctioneer announces its completion by the fall of hammer or in any other customary manner. Until such announcement is made, any bidder may retract from his bid.</p> <p>(C) Effect of pretending bidding: If the seller makes use of pretended bidding to raise the price, the sale is voidable at the option of the buyer.</p>

PRACTICAL QUESTION	
Question 55	<i>Raghav arranges an auction to sale an antic wall clock. Deepa, being one of the bidders, gives the highest bid. For announcing the completion of sale, the auctioneer falls the hammer on table but suddenly hammer brakes and damages the clock. Deepa wants to avoid the contract. Can she do so under the provisions of the Sale of Goods Act, 1930?(RTP Sep 24)</i>
Provision	By virtue of provisions of Section 64 of the Sale of Goods Act, 1930, in case of auction sale, the sale is complete when the auctioneer announces its completion by the fall of the hammer or in some other customary manner.
Analysis and Conclusion:	In the instant case, Deepa gives the highest bid in the auction for the sale of an antic wall clock arranged by Raghav. While announcing the completion of sale by fall of hammer on the table, hammer brakes and damages the clock. On the basis of the above provisions, it can be concluded that the sale by auction cannot be completed until the hammer comes in its normal position after falling onto the table. Hence, in the given problem, sale is not completed. Deepa will not be liable for loss and can avoid the contract.