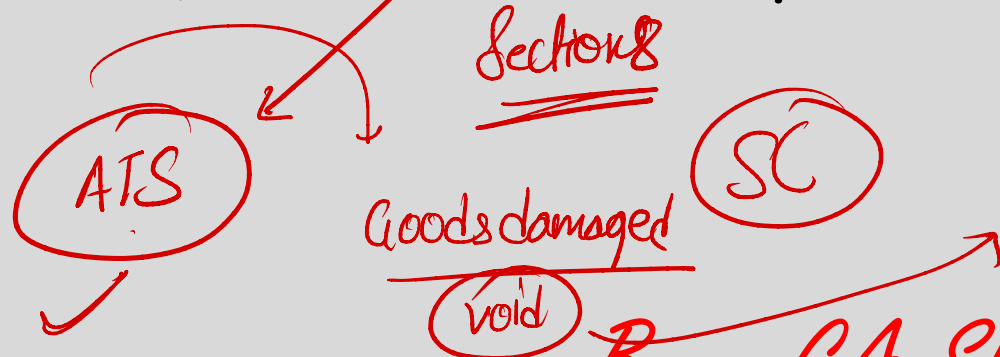


Question 10

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 @ Rs1000/- 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 is 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 to the provisions of the Sale of Goods Act, 1930, whether Anna Chips Company recover amount from Ram Bilas Yadav?

Future Goods



64 voidable
65 void

(6 Marks)

By - CA Shantam Gupta

Q10

Law

According to Section 8 of the Sales of Goods Act 1930 where goods are destroyed after the agreement to sale but prior to sale contract, where such goods involving future goods which are of a specific nature are destroyed without the fault of the buyer or the seller, then the agreement is void due to impossibility of performance.

(YT)

CA Shantam Gupta

Fact

Due to flood the potato supply promised by Ram Bilas for which payment was already made was destroyed and the contract could not be completed.

Conclusion

Since the sale has become void due to supervening impossibility the farmer Ram Bilas shall be required to return back the amount accepted as an advance from Anna Chups Company.

Question 11 ^{H/W}

CA - Shaan - Gupta

Seema was running a boutique in New Delhi. She was to deliver some cloth to her friend Kiran who was putting up an exhibition at Mumbai. Seema delivered the sewing machine and some cloth to a railway company to be delivered at a place where the exhibition was to be held. Seema expected to earn an exceptional profit from the sales made at this exhibition however she did not bring this fact to the notice of the railway's authorities. The goods were delivered at the place after the conclusion of the exhibition. On account of such breach of contract by railways authorities, can Seema recover the loss of profits?

NO

Indian Contract Act

72

(6 Marks)
Special damages
~~Ordinary~~

By - CA Shantam Gupta

Question 12

Ashwin goes to super market to buy a Air Conditioner. He selects a branded Air Conditioner having a price tag of Rs.40,000 after a discount of Rs.3000. Ashwin reaches at cash counter for making the payment, but cashier says, "Sorry sir, the discount was upto yesterday. There is no discount from today. Hence you have to pay Rs.43,000." Ashwin got angry and insists for Rs.40,000. State with reasons whether under Indian Contract Act, 1872, Ashwin can enforce the cashier to sell at discounted price i.e. ` Rs. 40,000.

(4 Marks)

By - CA Shantam Gupta

Q.12

Law

According to the Indian Contract 1872, an invitation to offer is not an offer, it is invite i.e. an invite to negotiate terms on which offer can be made. An invite can be withdrawn at any point of time and acceptance of an invite does not result in an agreement. A mere statement of price is an invite and not an offer.

fact

The Cashier has denied Ashwin from accepting the offer to sell the air conditioner at 40,000 stating the discount has already expired.

Conclusion

Ashwin cannot force the cashier to sell the air conditioner at a discounted price of 40,000 as it was an invite and the same has been withdrawn.

Question 13

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? Explain the basic law on sale by sample under Sale of Goods Act 1930? 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?

(6 Marks)

By - CA Shantam Gupta

Question 13

Law

According to Section 17 subject to Section 16 of the SGA 1930 where goods are sold by sample there is an implied condition

that:

- the bulk of the goods shall comply with sample.
- the seller has provided a reasonable opportunity to the buyer in order to compare the goods with the sample.
- the goods shall be free from any defect that makes them unmerchantable i.e. hidden defect (latent defect)

Provided that, where the buyer has failed to identify the adequacy of the sample, the doctrine of Caveat Emptor shall apply and the buyer shall be at fault of negligence.

fact

Geeta has seen the sample but failed to identify that sample did not suit the needs of the dish to be prepared as per her cook, and is of the opinion that the Shopkeeper shall refund the amount or exchange the rice.

Conclusion

- Geeta shall not be successful in her claim
- Since Geeta was at fault due to her negligent behaviour

to identify that the sample had a mix of long grain and short grain, there is no redressal for her available under the act.

- Where Geeta has described the length of the rice condition as to sample as well as description shall prevail and Mrs.

Geeta will be eligible for a refund of price by repudiation of sale contract (Section 15)

Question 14

②

H/W

Ram consults Shyam, a motor-car dealer for a car suitable for touring purposes to promote the sale of his product. Shyam suggests 'Maruti' and Ram accordingly buys it from Shyam. The car turns out to be unfit for touring purposes. What remedy Ram is having now under the Sale of Goods Act, 1930?

Law Condition → 1 line 12(2)
Q&F → 16(1)

Conclusion

— Contract Cancel

By - CA Shantam Gupta

Question 15

Examine the validity of the following contracts as per the Indian Contract Act, 1872 giving reasons.

(i) X aged 16 years borrowed a loan of Rs.50,000 for his personal purposes. Few months later he had become major and could not pay back the amount borrowed, on due date. The lender wants to file a suit against X.

(ii) J contracts to take in cargo for K at a foreign port. J's government afterwards declares war against the country in which the port is situated and therefore the contract could not be fulfilled. K wants to file a suit against J.

(6 Marks)

6 Marks

By - CA Shantam Gupta

Question 15

(i) Contract is Void ab initio.

- Any Agreement with a minor is void from the beginning there is no ratification of minor's Agreement on attaining majority
- The Lender cannot recover any amount from Mx X since at the time of borrowing such amount the minor did not have any legal capacity.

(ii) Contract is void

- Dealing with an Alien Enemy is considered against public interest when a country is at war with another, any agreement, unless approved by Government, shall become void.
- K cannot sue J as the agreement is void, due to supervening impossibility as stated under section 56 of Contract Act-1872.

Question 16

P sells by auction to Q a horse which P knows to be unsound. The horse appears to be sound but P knows about the unsoundness of the horse. Is this contract valid in the following circumstances under the Indian Contract Act, 1872:

- (a) If P says nothing about the unsoundness of the horse to Q.
- (b) If P says nothing about it to Q who is P's daughter who has just come of age.
- (c) If Q says to P "If you do not deny it, I shall assume that the horse is sound." P says nothing.

(3 Marks)

By - CA Shantam Gupta

Question 17

Mr. M is one of the four partners in M/s XY Enterprises. He owes a sum of ₹6 crore to his friend Mr. Z which he is unable to pay on due time. So, he wants to sell his share in the firm to Mr. Z for settling the amount. In the light of the provisions of the Indian Partnership Act, 1932, discuss each of the following:

- (i) Can Mr. M validly transfer his interest in the firm by way of sale? **NO**
- (ii) What would be the rights of the transferee (Mr. Z) in case Mr. M wants to retire from the firm after a period of 6 months from the date of transfer?

(6 Marks)

24

By - CA Shantam Gupta

2 One Shots

1:00pm — IPA

10:00pm — Negotiable Instrument
