



BUDDHA SERIES

(Unit Wise Solved Question & Answers)

Course – MBA

COLLEGE – BUDDHA INSTITUTE OF MANAGEMENT

(AKTU Code-1212)

Department: Business Administration (PG)

Subject: BUSINESS ENV. & LEGAL ASPECT OF BUSINESS

Sub. Code: BMB 201

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Company Law & Sales of Goods Act

Question - Difference between sale and agreement to sell?

Answer - In the context of the Sale of Goods Act 1930 the distinction between a sale (often referred to as a "call" in phonetic shorthand) and an agreement to sell hinges primarily on when the ownership of the property transfers from the seller to the buyer.

| <u>Feature</u> | <u>Sale</u> | <u>Agreement to sell</u> |
|------------------------|---|--|
| • Transfer of Property | ownership passes immediately to the buyer. | ownership passes at a future date or upon fulfillment of conditions. |
| • Nature of contract | It is an executed contract (already performed) | It is an executory contract (yet to be performed) |
| • Risk of Loss | Risk lies with the buyer as they are the owner. | Risk remains with the seller until ownership transfers |
| • Breach of contract | The seller can sue for the price of the goods. | The seller can generally only sue for damages not the full price. |

Key Summary

• Sale :- Think of this as a "done deal" you pay for a shirt at a shop and walk out with it. you own it instantly.

• Agreement to sell :- Think of this as a "promise to deal" you agree to buy a custom-made suit that will be delivered next month you don't own it until it is finished and handed over.

2 question :- Difference between condition and warranties?

answer :- The difference between condition and warranties is an important concept in contract law especially in the sale of goods.

① Meaning

- condition :- A condition is a fundamental term of a contract. It is essential to the main purpose of the agreement.
- warranty :- A warranty is a subsidiary or secondary term. It is not central to the main purpose.

② Importance :-

- condition :- Goes to the root of the contract.
- warranty :- Is ancillary (supporting) to the contract.

③ Effect on contract :-

- condition -> Breach may make the contract voidable at the option of the injured party.

Warranty → contract remains valid only compensation is given.

⑤ Examples

• condition example → if you buy a car specifically for racing and it cannot run properly the main purpose fails → condition breached.

• warranty example → if the car works fine but the stereo system is faulty → warranty breached.

⑥ Summary Table

| Basis | condition | warranty |
|-----------------|--------------------|----------------------|
| • Nature | • Essential term | • Secondary term |
| • importance | • core of contract | • Supporting term |
| • Breach remedy | • cancel + damages | • Damages only |
| • Effect | • contract may end | • contract continues |

Q-3 Explain the indemnity and guarantee.

Ans Indemnity

A contract of indemnity is a promise to save someone from loss caused by another person

ex- If A promises to compensate B for any loss due to C's actions, it is indemnity

Guarantee

Guarantee is a promise to pay the debt or perform duty if another person fails.

ex- If A says to B that he will pay if C doesn't if is guarantee

Conclusion.

Indemnity protects from loss while guarantee ensures payment if someone fails

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Q1 Explain the rights of unpaid seller?

Ans → A seller is called unpaid seller when

- The full price of goods has not been paid
- A cheque/bill given for payment has failed. (dishonoured)

Rights of an unpaid seller.

1. Right Against the Goods

The seller can keep possession of goods until payment is made.

Applicable when

- Goods are sold without credit
- Credit period is over
- Buyer becomes insolvent

2. Right of Stoppage in Transit

- If goods are in transit and buyer becomes insolvent, seller can stop delivery and take back goods

| | |
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2. Rights Against the Buyer Personally

- Seller can file a case to recover the price of goods
- If buyer refuses to accept goods seller can claim compensation.
- Seller can demand interest on delayed payment

conclusion

An unpaid seller has the right to protect his goods and recover his money.

Ques - Explain the Free Consent

Ans - Definition

According to Section 13 of the Indian Contract Act 1872, consent is said to be Free when two or more persons agree upon the same things in the same sense.

Under the Section 14 consent is considered Free when it is not caused by:

coercion.

- ① Undue Influence
- ② Fraud
- ③ Misrepresentation
- ④ Mistake.

If consent is affected by any of these factors the agreement becomes void or voidable.

- Importance of Free Consent

- ① ensures valid contracts - A contract without Free consent is not legally enforceable.
- ② Protect parties from exploitation & prevents unfair practices.

Q. Explain the Quasi Contract

Ans. Quasi Contract :-

A Quasi Contract is a legal obligation imposed by law to prevent one person from being unjustly enriched at the expense of another, even though no formal agreement exists between them.

Definition:-

Under Section 68 to 72 of the Indian Contract Act 1872 Quasi Contracts are recognized as obligations resembling those created by actual contracts.

In Simple Words:-

A Quasi contract is not a real contract but is treated as one by law to ensure fairness and justice.

Q.N.7 → Feature of a Quasi Contract:- Discuss

Ans. N. 7

1) No Mutual Agreement:-

It arises without the consent of the parties.

2:- Imposed by Law:-

Created by courts to
Prevent unjust enrichment.

3:- Based on equity and justice:-

Ensures that
No one benefits unfairly.

4:- Legal Obligation:-

The benefiting Party
must compensate that other.

5:- Not a true contract:-

It lacks offer
and acceptance.