

**Business Law**  
**Lecture-17**

**Chapter The Sale of Goods Act, 1930**

**Mr. D sold some goods to Mr. E for Rs 5,00,000 on 15 days credit. Mr. D delivered the goods. On due date Mr. E refused to pay for it. State the position and rights of Mr. D as per the Sale of Goods Act, 1930**

**Answer:** [The Sale of Goods Act, 1930]

Position of Mr. D: Mr. D sold some goods to Mr. E for Rs 5,00,000 on 15 days credit. Mr. D delivered the goods. On due date Mr. E refused to pay for it. So, Mr. D is an unpaid seller as according to section 45(1) of the Sale of Goods Act, 1930 the seller of goods is deemed to be an 'Unpaid Seller' when the whole of the price has not been paid or tendered and the seller had an immediate right of action for the price.

Rights of Mr. D: As the goods have parted away from Mr. D, therefore, Mr. D cannot exercise the right against the goods, he can only exercise his rights against the buyer i.e. Mr. E which are as under:

- a) Suit for price (Section 55) In the mentioned contract of sale, the price is payable after 15 days and Mr. E refuses to pay such price, Mr. D may sue Mr. E for the price.
- b) Suit for damages for non-acceptance (Section 56): Mr. D may sue Mr. E for damages for non-acceptance if Mr. E wrongfully neglects or refuses to accept and pay for the goods. As regards measure of damages, Section 73 of the Indian Contract Act, 1872 applies.
- c) Suit for interest [Section 61]: If there is no specific agreement between the Mr. D and Mr. E as to interest on the price of the goods from the date on which payment becomes due, Mr. D may charge interest on the price when it becomes due from such day as he may notify to Mr. E.

**What are the rights of an unpaid seller against goods under the Sale of Goods Act, 1930?**

**Provision:** [The Sale of Goods Act, 1930]

1. As per the provisions of Section 46 of the Sale of Goods Act, 1930, notwithstanding that the property in the goods may have passed to the buyer, the unpaid seller of goods, as such, has by implication of law-
  - a) a lien on the goods for the price while he is in possession of them;
  - b) in case of the insolvency of the buyer, a right of stopping the goods in transit after he has parted with the possession of them;
  - c) a right of re-sale as limited by this Act. [Sub-section (1)]
2. Where the property in goods has not passed to the buyer, the unpaid seller has, in addition to his other remedies, a right of withholding delivery similar to and co-extensive with his rights of lien and stoppage in transit where the property has passed to the buyer. [Sub-section (2)]
3. These rights can be exercised by the unpaid seller in the following circumstances:
  - a) Right of lien (Section 47): According to sub-section (1), the unpaid seller of goods who is in possession of them is entitled to retain possession of them until payment or tender of the price in the following cases, namely:-

- 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 expired;
  - iii. where the buyer becomes insolvent.
- b) Right of stoppage in transit (Section 50):** 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