

Part II: - The Sale of Goods

Act 1930

13 Nature and formation of contract of sale

13.1: INTRODUCTON AND DEFINITION OF CONTRACT OF SALE

1. The legal provisions relating to the sale of movable goods are contained in
 - a) The sale of goods act, 1930
 - b) The Indian sale of goods act, 1930
 - c) The sale of goods act, 1932
 - d) The Indian sale of goods act, 1932
2. The sale of goods act, 1930 extends to
 - a) Whole of India
 - b) Whole of India except Jammu and Kashmir
 - c) Northern India
 - d) States notified from time to time
3. the sale of goods act came into force on
 - a) 1st March, 1930
 - b) 1st July, 1930
 - c) 31st March, 1930
 - d) 31st July, 1930
4. Prior to the passing of the Sale of Goods Act, 1930, the provisions relating to sale of movable goods were contained in
 - a) The transfer of property act, 1882
 - b) Sections 1 to 75 of the Indian Contract Act, 1872
 - c) Sections 76 to 123 of the Indian Contract Act, 1872
 - d) None of these.
5. The sale of Goods Act, 1930 deals with the
 - a) Movable goods only
 - b) Immovable goods only
 - c) Both movable and immovable goods
 - d) All goods except ornaments.
6. The term 'contract of sale' is defined in which section the sale of goods act?
 - a) Section 2(1)
 - b) Section 3(1)
 - c) Section 4(1)
 - d) None of these.
7. A contract of sale of goods is a contract whereby the seller transfer or agrees to transfer to the buyer, for a price the
 - a) Possession of the goods
 - b) Property in the goods
 - c) Boxes of the goods
 - d) Both (a) and (b)
8. The term 'property' as used in the Sale of Good Act means
 - a) Possession
 - b) Possession and ownership
 - c) Ownership
 - d) Subject-matter of sale
9. Legally, the contract of sale includes
 - a) Sale b) Agreement to sell
 - c) Barter d) Both a and b
10. Legally, the term 'sale' is defined in
 - a) Section 4(1)
 - b) Section 4(2)
 - c) Section 4(3)
 - d) Section 4(4)

11. Legally, the term 'agreement to sell' is defined in

- a) Section 4(1)
- b) Section 4(2)
- c) Section 4(3)
- d) Section 4(4)

12. In sale, the property in the goods is transferred to the buyer

- a) At the time of contract
- b) At some future time
- c) At the desire of seller
- d) On the payment of price

13. In agreement to sell, the property in the goods is transferred to the buyer

- a) At the time of contract
- b) At some future time
- c) At the desire of seller
- d) On the payment of price.

14. Where property in the goods (i.e., legal ownership of the goods) is immediately transferred from the seller to the buyer, it is legally known as

- a) Barter
- b) Agreement to sell
- c) Sale
- d) Exchange of goods.

15. Where under a contract of sale, the property in the goods is to be transferred to the buyer on the fulfillment of certain condition, it is legally known as

- a) Barter
- b) Conditional sale
- c) Sale

d) Agreement to sell

16. Where the property in the goods is to be transferred to the buyer at some future date, the contract of sale is known as

- a) Barter
- b) Conditional sale
- c) Sale
- d) None of these.

17. In an agreement to sell, the property in the goods is transferred to the buyer at some future time and legally it is included in

- a) Sale
- b) Conditional sale
- c) Contract of sale
- d) Executed agreement

18. Legally, the 'sale' is included in

- a) Agreement to sell
- b) Hire purchase agreement
- c) Contract of sale
- d) Executed contract

19. Where an agreement to sell provides that the ownership of the goods shall be transferred at some future date, it becomes sale

- a) When that date arrives
- b) After 30 days that date
- c) After 60 days that date
- d) None of these.

20. Where in an agreement to sell, the ownership of the goods is to be transferred on the fulfillment of some condition, the agreement to sell become sales

- a) On the fulfillment of the conditions

- b) On the expiry of 30 days after conditions are fulfilled.
- c) On the expiry of 60 days after the conditions are fulfilled
- d) None of these, as such a conditional agreement never becomes sale.

21. A contract for the sale of "future goods" is

- a) Sale
- b) Agreement to sell
- c) Sale on approval
- d) Hire-purchase agreement

22. A contract for sale of goods which provided that the property would pass to the buyer on full payment of price and execution of the title documents, is known as

- a) Sale
- b) Sale on approval
- c) Agreement to sell
- d) Hire-purchase agreement

13.2: ESSENTIAL ELEMENTS OF A VALID CONTRACT OF SALE

1. Which of the following is not the essential element of a contract of sale?
 - a) There must be some goods as subject matter.
 - b) There must be some price for the goods
 - c) There must be transfer of possession of goods
 - d) There must be transfer of property in the good.
2. Which of the following is the essential requirement of a contract of sale?
 - a) All the requirements of a valid contract must be fulfilled.

- b) There must be two parties to the contract of sale
- c) Both of these
- d) None of these

3. A contract of sale made without consideration, is _____

- a) Void b) Voidable
- c) Valid d) None of these

4. A contract of sale by a party not competent to contract, is _____

- a) Void b) Voidable
- c) Valid d) None of these

5. A contract of sale in which consent of the buyer is obtained by fraud or misrepresentative is _____

- a) Void b) Voidable
- c) Valid d) Unlawful

6. A contract of sale is a contract for the sale of

- a) Movable goods
- b) Immovable goods
- c) Both a and b
- d) None of these

7. The subject-matter of the contract of sale, other must be transfer of

- a) Possession of goods to the buyer
- b) Custody of goods to the buyer
- c) Property in the goods to the buyer
- d) Possession and custody of goods to the buyer

8. For the validity of a contract of sale, there must be transfer of

- a) Possession of goods to the buyer.

- b) Custody of goods to the buyer.
c) Property in the goods to the buyer
d) Possession and custody of goods to the buyer.
9. The expression 'property in goods' means the physical possession of goods.
a) True, as without physical possession there cannot be the ownership of goods.
b) False, as it means the ownership of goods which can be there without the physical possession.
10. A contract to sell new currency notes at premium to a person is _____
a) Void b) Voidable
c) Valid d) None of these
11. Money consideration for the sale of goods is known as _____
a) Consideration
b) Cash sale
c) Price
d) None of these
12. The consideration for a contract of sale is _____
a) Price
b) Buyer's promise
c) Seller's promise
d) Exchange of promises.
13. The consideration for a contract of sale
a) Must be in terms of money of sale
b) Must be in terms of valued up goods only
c) May be partly in cash and partly in terms of valued up goods
d) May be in any form as these are no specific requirement in this regard.
14. A delivered to B, 52 bullocks valued at Rs.1,000 per bullock. In exchange of it, B delivered to A, 100 quintals of barley valued at Rs.300 per quintal and paid the difference in cash. This is
a) An exchange
b) A barter
c) Contract of sale
d) Exchange cum sale.
15. A agrees to deliver his old car valued at Rs.80,000 to B, a car dealer, in exchange for a new car, and agrees to pay the difference in cash, it is
a) Contract of sale
b) Barter
c) Exchange
d) None of these
16. Which of the following are not the essential elements of contract of sale?
i. Movable goods and price
ii. Transfer of property in the goods.
iii. Transfer of possession of goods.
iv. Three distinct parties i.e., buyer, seller and guarantor.
a) i, ii
b) ii, iii
c) iii, iv
d) i, iv

13.3: FORMATION AND MODES OF CONTRACT OF SALE

1. A contract of sale is made by an
a) Offer to buy only
b) Offer to sell only

- c) Offer to buy or sell
d) None of these.
2. A contract of sale is made by an offer to buy or sell by one person and its acceptance by another person.
a) True b) False
3. A modes of making a contract of sale are provided in which of the following section of the Sale of Goods Act, 1930?
a) Section 4 (1)
b) Section 5 (1)
c) Section 6 (1)
d) Section 7 (1).
4. A contract of sale which provides for the immediate delivery of goods, but the payment of price at some future date, is a
a) Valid contract of sale
b) Void contract of sale
c) Voidable contract of sale
d) Forbidden contract of sale
5. A contract of sale which provides for the immediate payment of price, buy delivery to be made at some future date, is a
a) Valid contract of sale
b) Void contract of sale
c) Voidable contract of sale
d) Forbidden contract of sale
6. A contract of sale which provides for the immediate payment of price and immediately delivery of goods, is a
a) Valid contract of sale
b) Void contract of sale
c) Voidable contract of sale
d) Forbidden contract of sale
- d) Forbidden contract of sale
7. A contract of sale which provides for the postponement of both the payment of price and delivery of goods, is a
a) Void contract of sale
b) Voidable contract of sale
c) Valid contract of sale
d) Invalid contract of sale
8. A contract of sale which provides for the payment of price and the delivery of goods in installment is not a valid contract of sale.
a) True b) False
9. As per Section 5(1) of the Sale of Goods Act, 1930, which of the following is a recognized mode of a contract of sale?
a) The price and delivery of the goods may be postponed
b) The price and delivery of the goods may be agreed to be made in installments
c) The price and delivery of the goods may be agreed to be immediately
d) All of these
10. In which of the following modes, contract of sale can be validly made?
a) There may be immediate delivery of goods, but the price to be paid at some future date.
b) The may be immediate payment of price, but the delivery of the goods to be made at some future date.
c) Both a and b
d) None of these

11. A contract of sale may be made in writing or by words of mouth.
- a) True b) False
12. A contract of sale may be made partly in writing and partly by words of mouth.
- a) True b) False
13. Which of the following statement is incorrect regarding contract of sale?
- a) A contract of sale may be implied from the conduct of the parties.
- b) A contract of sale must be made in a particular mode if any such mode is prescribed by any law.
- c) A contract of sale cannot be partly in writing and partly by words of mouth.
- d) A contract of sale may be made in writing or by words of mouth.
14. A agreed to sell 100 coolers to B at Rs.2,000 per cooler after six months from date. And B also agreed to pay the price after six months i.e., on delivery. This contract of sale is
- a) Void b) Voidable
- c) Valid d) Contingent.
15. A agreed to supply 1,000 bags of rice at Rs.500 per bag in 10 installments of 100 bags each. B also agreed to pay the price in 10 equal monthly installments. This is a
- a) Contract of sale
- b) Sale on approval
- c) Hire-purchase agreement
- d) Conditional sale.

13.4: GOODS: THE SUBJECT MATTER OF CONTRACT OF SALE

1. In which section of the sale of goods act, 1930, the definition of goods is given?
- a) Section 2 (4)
- b) Section 2(5)
- c) Section 2 (6)
- d) Section 2 (7)
2. The term 'goods' means every kind of movable property and includes
- a) Stock and shares
- b) Growing crops, grass
- c) The things attached to or forming a part of the land which can be severed from land
- d) All of these.
3. Which of the following is not included in the term goods?
- a) Money
- b) Actionable claim
- c) Stock and shares
- d) Both a and b
4. A agreed to sell to B certain standing trees grown in A's field. They agreed that upon payment of price, B may cut the trees and take them away. It is a
- a) Valid contract of sale as the trees can be severed from land
- b) Void contract of sale as the trees are not included in growing crop
- c) Voidable at B's option as he may enforce the contract if he so wishes.
- d) Contingent contract of sale dependent on B's act of cutting of trees.

5. A agreed to sell 100 old rare silver coins to B at Rs.500 per coin. It is a
- Void contract of sale as money cannot be the subject-matter of a contract of sale.
 - Valid contract of sale as old rare coins are not included in money
 - Voidable contract enforceable at B's option.
 - None of these.
6. The term 'goods' for the purposes of Sales of Goods Act, 1930, does not include
- Money
 - Actionable claims
 - Immovable property
 - Growing crops, grass
- i, ii, iii
 - ii, iii, iv
 - i, ii, iv
 - i, iii, iv
7. Which of the following type of goods can form the subject-matter of contract of sale?
- Existing goods
 - Future goods
 - Contingent goods
 - All of these.
8. The goods which have been identified by the parties at the time of contract of sale, are known as
- Ascertained goods
 - Specific goods
 - Unascertained goods
 - None of these
9. The goods which are identified after the contract of sale, are known as
- Ascertained goods
 - Specific goods
 - Unascertained goods
 - None of these
10. The specific goods are those which are identified
- At the time of contract of sale
 - After the formation of contract of sale
 - During the performance of contract of sale
 - At the time of enforcement of contract of sale
11. A had ten horses. He agreed to sell one horse to B. this is a contract for the sale of
- Specific goods
 - Ascertained goods
 - Future goods
 - Contingent goods
12. The goods which are to be produced or manufactured by the seller after the contract of sale is made, are known as
- Contingent goods
 - Unascertained goods
 - Future goods
 - None of these
13. A contract for the sale of 'future goods', is
- Void
 - Voidable
 - Sale
 - Agreement to sell

14. A agreed to sell to B certain goods which are to be arrived by ship, it is a contract for the sale of?

- a) Contingent goods
- b) Future goods
- c) Unascertained goods
- d) None of these

15. The contingent goods are those which, at the time of contract of sale, are

- a) In existence
- b) Not in existence
- c) Specified
- d) Unascertained.

16. A contract for the sale of 'unascertained goods', is

- a) Void b) voidable
- c) Contract of sale
- d) Agreement to sell

13.5: EFFECT OF DESTRUCTION OF GOODS

1. Where before making the contract of sale, the goods had perished without the knowledge of the seller, the contract of sale is void if the contract is for the sale of

- a) Specific goods
- b) Future goods
- c) Contingent goods
- d) Unascertained goods

2. A agreed to sell to B 100 bags of cement lying in his godown. But unknown to the seller, the cement had already been destroyed by leakage of water in godown. This contract of sale is

- a) Valid b) Void
- c) Voidable d) Contingent

3. Where after an agreement to sell for the sale of specific goods, the goods perish without any fault of the seller or buyer, the contract of sale becomes void if the goods perish

- a) Without any knowledge of the seller
- b) Without any knowledge of the buyer
- c) Before the risk passes to the buyer
- d) After the risk passes to the buyer.

4. In a contract of sale for unascertained goods, the goods perish after an agreement to sell but before the risk passes to the buyer (i.e. before the agreement to sell becomes the sale), the

- a) Contract of sale becomes void
- b) Contract of sale does not becomes void
- c) Seller becomes liable to pay damages for breach of contract
- d) Both b and c

5. The legal provision which provides that a contract for sale of specific goods become void where the goods had already perished before the contract of sale, is contained in which section of the Sale of goods act, 1930?

- a) Section 5 b) Section 6
- c) Section 7 d) Section 8

6. The legal provision which provides that a contract for sale of specific goods become void where the goods perish, without any party's fault, after an agreement to sell but before sale is completed, is contained in which section of the Sale of Goods Act, 1930?

- a) Section 7 b) Section 8
c) Section 9 d) Section 10
7. A agreed to sell to B 10 bales of Egyptian cotton out of 100 bales lying in his godown. But unknown to both the parties, the cotton had already destroyed by the fire. In this case, the contract of sale is
- a) Void as the goods had already destroyed before the making of the contract of sale
b) Not void as the contract of sale is for the sale of undertrained goods
c) A would be liable to pay damages to B for breach of contract on his failure to supply the contracted goods.
d) Both b and c
8. A agreed to sell to B all the 100 bales of long staple cotton lying in his godown. Unknown to both the parties, the cotton had already destroyed in an accidental fire. In this case, the contract of sale is
- a) Void as the contract of sale is for specific goods
b) Not void as the contract of sale is for unascertained goods
c) Voidable at the option of the buyer
d) Voidable at the option of the seller
9. A agreed to sell the delivered a horse to B for trial for eight days. It was agreed that the sale would be completed if the horse was found suitable for B's purposes. The horse died on the third day without any fault of either party. Here the contract of sale is
- a) Void b) not void
c) Voidable d) none of these

10. A contract of sale for the sale of 'future goods' is _____

- a) Sale b) agreement to sell
c) Void d) voidable

11. In a sale, if the goods are destroyed, the loss falls on the _____

- a) Buyer b) Seller
c) Both buyer and seller
d) None of these.

12. In an agreement to sell, if the goods are destroyed, the loss falls on the ____

- a) Buyer b) seller
c) Jointly on buyer and seller
d) None of these.

13.6: PRICE AND MODES OF FIXING THE PRICE

1. There can be no valid sale without the price
- a) True b) False.
2. The term 'price' is defined in which of the following section of the Sale of Goods Act, 1930?
- a) Section 2(7)b) Section 2(8)
c) Section 2(9)d) Section2(10)
3. Price means
- a) Exchange value for sale of goods.
b) Money consideration for sale of goods
c) Value of the goods agreed to be sold
d) Cost of goods agreed to be sold.
4. Price is the money consideration for sale of goods, and the money here means
- a) Currency in circulation
b) Old silver and gold coins

- c) Cheques of nationalized banks
d) Both b and c
5. The modes of fixation of price of goods are provided in
a) Section 7 b) Section 8
b) Section 9 d) none of these
6. The price of goods may be fixed by
a) Contract of sale
b) Manner provided in the contract of sale
c) Course of dealing between the parties
d) All of these
7. Which of the following statements about the modes of fixation of price is correct?
a) The price may expressly be fixed by the contract of sale i.e, by the parties themselves.
b) The price may be fixed in the manner, provided in the contract of the sale, for determination of price.
c) Both of these.
d) None of these.
8. Where the customs or usages of trade provide certain principles for determination of the price, then the price may be determined from the
a) Conduct of the buyer
b) Conduct of the seller
c) Notification issued by the appropriate government.
d) Course of dealing between the parties.
9. If the price of goods is not determined by the parties in any manner, the contract of sale is
a) Void b) voidable
c) Valid d) unlawful
10. If the price of goods is not determined by the parties in any manner, then the buyer shall pay the
a) Price fixed by buyer
b) Price fixed by seller
c) Price fixed by third party
d) Reasonable price
11. A contract of sale which provides that the buyer shall pay the price fixed by some third party, is
a) Void b) Valid
c) Uncertain d) Voidable
12. A agrees to sell to B his Maruti 800 car at a price fixed by C, a car dealer. This contract of sale is
a) Void b) valid
c) Uncertain d) voidable
13. A agreed to sell his 100 bags of rice to B at a price to be fixed by C. But C failed to fix the price. Here the contract of sale becomes
a) Void b) voidable
c) Enforceable d) none of these
14. Where the price is to be fixed by the third party, but such third party is prevented by the seller or the buyer from fixing the price, and then the innocent party may recover damages from the defaulting party.
a) True b) False

15. Where the third party fails to fix the price, but the buyer has received and appropriated the goods, then the buyer is liable to pay?
- Penalty
 - Damages
 - Reasonable price
 - According to seller's demand.

16. Which of the following statement is incorrect?
- 'earnest money' is liable to be forfeited
 - 'part payment' cannot be forfeited
 - Both of these
 - None of these

13.7: CONTRACT OF SALE COMPARED WITH OTHER TRANSACTIONS

- In a hire-purchase agreement, the hirer
 - Must buy the goods
 - Must return the goods.
 - Has an option to buy the goods
 - Is not given the possession of the goods
- Until all the installments are paid by the hirer in a hire-purchase agreement, the position of hirer is that of a
 - Buyer
 - Bailee
 - Part-owner
 - None of these.
- A delivered a block of marble to B for the purpose of carving it into a statue. B agreed to do so for Rs.50, 000. This is a
 - Contract of sale
 - Agreement to sell

- Contract for work and skill
 - Completed sale
- The sale of goods act, 1930 does not apply to contracts for work and skill
 - True
 - False
 - Where in a contract, goods are exchanged by one person for some goods of another person, the transaction is known as
 - Limited sale
 - Exchanged sale
 - Exchange
 - Barter
 - Where in a contract, goods are exchanged by one person for some goods of another person, the transaction is known as
 - Barter
 - exchange
 - Money sale
 - noneofthese.
 - Gift of goods is not a sale as the following essential elements of sale is missing
 - Subject-matter
 - Requirements of contract
 - Price
 - all of these
 - Though the price element is missing in gifts, but for all other purposes gifts are governed by the provisions of the sale of goods act, 1930
 - True
 - False
 - Bailment of goods is not a sale as the following essential element of sale is missing.
 - Transfer of ownership
 - Requirement of two parties

- c) Subject-matter i.e. goods
- d) All of above

10. Bailment is adequately governed by the provisions of the sale of goods act, 1930.
- a) True
 - b) False

ANSWERS

13.1: INTRODUCTION AND DEFINITION OF CONTRACT OF SALE

1 a	2 b	3 b	4 c
5 a	6 c	7 b	8 c
9 d	10 c	11 c	12 a
13 b	14 c	15 d	16 d
17 c	18 c	19 a	20 a
21 b	22 c		

13.2: ESSENTIAL ELEMENTS OF A VALID CONTRACT OF SALE

1 c	2 c	3 a	4 a
5 a	6 a	7 d	8 c
9 b	10 a	11 c	12 a
13 c	14 c	15 a	16 c

13.3: FORMATION AND MODES OF A CONTRACT OF SALE

1 c	2 a	3 b	4 a
5 a	6 a	7 c	8 b
9 d	10 c	11 a	12 a
13 c	14 c	15 a	

13.4: GOODS: THE SUBJECT MATTER OF CONTRACT OF SALE

1 d	2 d	3 d	4 a
5 b	6 a	7 d	8 b
9 a	10 a	11 c	12 c
13 d	14 a	15 b	16 d

13.5: EFFECT OF DESTRUCTION OF GOODS

1 a	2 b	3 c	4 c
5 c	6 b	7 d	8 a
9 a	10 b	11 a	12 b

13.6: PRICE AND MODES OF FIXING THE PRICE

1 a	2 d	3 b	4 a
5 c	6 d	7 c	8 d
9 c	10 d	11 b	12 b
13 a	14 a	15 c	16 d

13.7: CONTRACT OF SALE COMPARED WITH OTHER TRANSACTIONS

1 c	2 b	3 c	4 a
5 d	6 b	7 c	8 b
9 a	10 b		

FILL IN THE BLANKS AND PAIR MATCHING QUESTIONS

Choose the appropriate option to fill in the blanks in question 1 to 5:

1. _____ are the subject-matter of contract of sale under the sale of goods act, 1930.
 - a) Movable goods only
 - b) Both movable and immovable goods
 - c) Immovable goods only
 - d) All goods except ornaments

2. The term 'property' in goods means _____ of goods.
- Possession
 - Ownership
 - Custody
 - Subject-matter.
3. In _____ property in the goods is transferred to the buyer at the time of contract.
- Contract of sell
 - Agreement to sell
 - Sale
 - Hire-purchase agreement
4. _____ is legally included in contract of sale.
- Agreement to sell
 - Hire-purchase agreement
 - Sale
 - Both a and c
5. A contract of sale is _____ if it provides that buyer shall pay the price fixed by some third party.
- Valid
 - void
 - Voidable
 - illegal

6. Match the following:

Future goods	a) Exchange not specifically identified
Existing goods	b) Goods acquisition of which depends upon contingencies
Contingent goods	c) Goods in existence at the time of contract

Hire-purchase	Goods not in existence at the time of contract.
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7. Match the following:

Pledge	Exchange for money
Barter	Delivery of goods as security for loans
Bailment	Delivery of goods on hire with an option to buy
Hire-purchase	Delivery of goods for some specific purpose e.g. safe custody.

8. Match the following:

Sale	Exchange of money for money
Agreement to sell	Transfer of ownership without price
Exchange	Proper transfer at the time of contract
gift	property transfer at some future date.

OBJECTIVE TYPE QUESTIONS

(with correct/incorrect options and hints)

1. The contract of sale includes both 'sale' as well as an 'agreement to sell'.
a) Correct b) incorrect
2. The term 'goods' means every kind of movable property other than actionable claims and money.
a) Correct b) incorrect
3. Actionable claim is a subject-matter of contract of sale.
a) Correct b) incorrect
4. Exchange of goods for goods between two parties amounts to sale under the sale of goods act, 1930
a) Correct b) incorrect
5. Consideration in a contract of sale of goods can also be paid partly in money and party in goods.
a) Correct b) incorrect
6. In an agreement to sell, the ownership of the goods passes to the buyer immediately.
a) Correct b) incorrect
7. A contract for the sale of future goods is always an agreement to sell.
a) Correct b) incorrect
8. A contract for the sale of specific goods is voidable if at the time of contract, the goods have, without the knowledge of the seller, already perished.
a) Correct b) incorrect
9. The parties to a contract of sale can get the price of goods fixed by a third party
a) Correct b) incorrect
10. A hire-purchase agreement has two aspects namely, bailment and an agreement to sell
a) Correct b) incorrect
11. A railway receipt is not a document of title.
a) Correct b) incorrect

CHAPTER 14: CONDITIONS AND WARRANTIES

14.1: DEFINITION OF A CONDITION AND IMPLIED CONDITIONS

1. Condition is a stipulation which is
 - a) Collateral to the main purpose of contract of sale
 - b) Essential to the main purpose of contract of sale
 - c) Not essential to the main purpose of contract of sale
 - d) None of these.

2. The term condition is defined in which of the following section of the Sale of Goods Act, 1930?
 - a) Section 12 (1)
 - b) Section 12 (2)
 - c) Section 12 (3)
 - d) Section 12 (4)

3. A stipulation which is essential to the main purpose of the contract and if proved false, gives the buyer a right to terminate the contract, is legally known as
 - a) Condition b) warrant
 - c) Guarantee d) none of these

4. A told B, a car dealer that he wanted to purchase a car 'suitable for touring purposes'. B suggested that an 'I - 10' car would be fit for the purpose. Relying upon this statement, A bought an 'I - 10' car which turned out to be unfit for touring purposes. Here A
 - a) Can reject the car and have the refund of the price
 - b) Cannot reject the car, he can claim damages only
 - c) Can neither reject the car nor claim any damages.
 - d) Can reject the car and have half refund of price.

5. In case of breach of condition, the buyer
 - a) Has no remedy
 - b) Can reject the goods
 - c) Cannot reject the goods
 - d) Can get the seller arrested.

6. Which of the following types of conditions and warranties are covered by the sale of goods act, 1930?
 - a) Express b) implied
 - c) both a and b d) only b

7. An implied condition is that which
 - a) Is expressly included in the contract of sale
 - b) The law presumes to have been incorporated in the contract of sale
 - c) Entitles the buyer to get the relief without going to court of law
 - d) The seller himself undertakes to fulfill to the satisfaction of buyer.

8. Unless the implied conditions are expressly excluded by parties, they are
 - a) Read into every contract of sale
 - b) Treated with great caution
 - c) Not enforceable in court of law
 - d) None of these

9. In case of conflict between the express conditions and the implied conditions, which one of them shall prevail
- Implied terms
 - Express terms
 - Neither of them
 - New terms imposed by court
10. In case of every sale, there is an implied condition that the seller has the right to
- Acquire the goods
 - Recover the price
 - Sell the goods
 - Refuse to sell the goods
11. Which of the following is not an implied condition in a contract of sale?
- Condition as to title
 - Condition as to description
 - Condition as to sample
 - Condition as to free from encumbrance
12. In case of every agreement to sell, there is an implied condition that the seller
- has a right to sell the goods
 - has the goods in his possession
 - will have the right to sell the goods
 - will acquire the goods in future.
13. According to implied condition as to title, it is presumed that the seller has the
- Right to sell the goods
 - Possession of the goods
 - Right to recover damages
 - Enough stock of the goods
14. A sold a stolen car to B which was subsequently recovered by the police from B's possession and he (B) was forced to return the same to the true owner. Here, there is breach of implied condition as to
- Merchantability
 - Fitness for buyer's purpose
 - Title
 - None of these.
15. When a person sells the goods by infringing the copyright or trademark of the other, there is breach of an implied
- Condition as to title
 - Condition as to description
 - Condition as to merchantability
 - None of these.
16. Where the goods are sold by description, there is an implied condition that the goods shall
- Be fit for buyer's particular purpose
 - Free from any defect
 - Correspond with the description
 - Free from any encumbrance.
17. In case of sale by description if the goods do not correspond with the description, but serve buyer's purpose, the buyer
- Can reject the goods.
 - Cannot reject the goods
 - Can claim damages only
 - None of these
18. In case of sale by description, where the goods correspond with description but are defective, the buyer
- Can reject the goods
 - Cannot reject the goods

- c) Can claim damages only
d) None of these
19. In case of sale by sample, there is an implied condition that the goods shall
- Correspond with the sample
 - Be free from latent defects
 - Both a and b
 - Either a or b
20. In case of sale by sample as well as description, there is an implied condition that the goods shall correspond with
- Sample
 - Description
 - Both a and b
 - either a or b
21. In case of sale by sample as well as description, where the goods correspond with sample only, then the
- Buyer can reject the goods.
 - Buyer cannot reject the goods
 - Contract is automatically terminated
 - Seller is liable for punishment.
22. The implied condition that the goods shall be fit for buyer's specific purpose is applicable only where the buyer tells his purpose to the seller and relies upon seller's skill and judgment.
- True, as it is the requirement of law
 - False, as it is buyer's duty to select goods which server his purpose.
23. In those cases, where the buyer buys the goods under a patent or trade name, which of the following statements is correct?
- Generally, the condition as to fitness of goods for buyer's particular purpose does not apply
 - The condition as to fitness for buyer's purpose is applicable if the buyer relies upon seller's skill and judgment for his particular purpose.
 - Both a and b
 - None of them is correct.
24. The term 'merchantable' is defined in Section 14 (2) of the
- Sale of Goods Act
 - Indian Contract Act
 - English Sale of Goods Act
 - None of these.
25. In case of sale by description, there is an implied condition that the goods shall
- Correspond with description
 - Be of merchantable quality
 - Both a and b
 - Either a or b
26. Where the goods are purchased for self use, the merchantability of the goods means that they should be reasonably fit for the purpose for which they are generally used.
- True
 - False
27. Which of the following are implied conditions under the Sale of Goods Act 1930?
- Condition as to description
 - Condition as to quiet possession
 - Condition as to free from encumbrance
 - Condition as to sample as well as description.
- (i), (ii)
 - (ii), (iii)
 - (iii), (iv)
 - (i), (iv)

14.2: DEFINITION OF A WARRANTY AND IMPLIED WARRANTIES

1. A warranty is a stipulation which is
 - a) Essential to the main purpose of contract of sale
 - b) Essential for buyer's specific purpose
 - c) Collateral to the main purpose of contract of sale
 - d) None of these.
2. The term 'warranty' is defined in which of the following section of the sale of goods act, 1930?
 - a) Section 12 (1)
 - b) Section 12 (2)
 - c) Section 12 (3)
 - d) Section 12 (4)
3. A stipulation which is collateral to the main purpose of the contract, and if proved false, gives the buyer only a right to claim damages, is known as
 - a) Condition
 - b) warranty
 - c) Guarantee
 - d) none of these
4. In case of breach of warranty, the buyer can
 - a) Claim damages only
 - b) Reject goods only
 - c) Either a or b
 - d) Both a and b
5. An implied condition is that which
 - a) Is expressly included in a contract of sale
 - b) The law presumes to have been incorporated in every contract of sale.
 - c) Entitles the buyer to get relief without going to court of law
 - d) The seller himself undertakes to fulfill to the satisfaction of the buyer.
6. In case of conflict between express warranties and the implied warranties, which one of the following shall prevail
 - a) Express terms
 - b) Implied terms
 - c) Neither of them
 - d) New terms imposed by court
7. In case of every contract of sale, there is an implied warranty that the
 - a) Buyer shall have quiet possession of goods
 - b) Goods shall be free from any charge or encumbrance
 - c) Both of these
 - d) None of these
8. According to implied 'warranty as to quiet possession' it is presumed that the buyer shall have the
 - a) Peaceful possession of the goods.
 - b) Right to use the goods as an owner
 - c) Both of these
 - d) None of these
9. According to implied warranty as to free from encumbrance, it is presumed that the
 - a) Goods shall be free from any charge on the goods in favour of any third person
 - b) Buyer shall be free to create charge in favour of any third person
 - c) Seller shall create charge only in favour of the buyer

- d) Third person's charge is secured
10. In those cases, where a condition is changed to the status of warranty, which of the following statement is correct?
- a) Buyer loses the right to reject the goods
 - b) Buyer retains the right to claim damages
 - c) Both a and b are correct
 - d) None of these statements is correct
11. Which of the following statement is incorrect?
- a) The buyer may at his option treat the breach of condition as a breach of warranty
 - b) Once the buyer exercises this option, he loses his right to reject the goods as well as the right to claim damages.
 - c) Where the contract is indivisible and the buyer accepts the goods, he cannot later on reject the goods on the ground of breach of warranty
 - d) The breach of warranty cannot be treated as the breach of condition at the option of the buyer
12. The liability for implied condition and warranties may be excluded by
- a) An express agreement between the parties
 - b) The course of dealings between the parties
 - c) The customs or usages of a particular trade
 - d) All of these

13. Which of the following are implied warranties under the sale of goods act, 1930?
- i. Warranty as to merchantability
 - ii. Warranty as to wholesomeness.
 - iii. Warranty as to quiet possession
 - iv. Warranty as to free from encumbrance.
- a) (i), (ii)
 - b) (ii), (iii)
 - c) (iii), (iv)
 - d) (i), (iv)

14.3: DOCTRINE OF CAVEAT EMPTOR

1. The doctrine of caveat emptor implies
- a) Let the buyer beware
 - b) Let the seller beware
 - c) Let the seller take care of buyer's interest
 - d) Both b and c
2. The doctrine of caveat emptor is incorporated in which of the following section of the sale of goods act, 1930?
- a) Section 15
 - b) Section 16
 - c) Section 17
 - d) Section 18
3. As per the doctrine of caveat emptor incorporated in section 16, there is no implied condition or warranty in a contract of sale as to the
- a) Merchantability
 - b) Wholesomeness
 - c) Quality or fitness for buyer's purpose
 - d) None of these
4. The doctrine of caveat emptor is strictly followed in every contract of sale and there is no exception to it.
- a) True
 - b) False

5. The seller is required to supply the goods which shall be fit for buyer's purpose where the
 - a) Seller is the sole distributor of goods sold
 - b) Seller knows the particular purpose of buyer
 - c) Buyer makes his purpose clear and relies upon seller's skill and judgment
 - d) Buyer is uneducated and the person of rural background

6. In case of goods by description, the goods sold should be
 - a) Fit for buyer's purpose
 - b) Of merchantable quality
 - c) None of these
 - d) Both of these

7. Ordinarily, the seller is not under an obligation to supply goods to suit buyer's particular purpose, but in the following cases the goods sold must be fit for buyer's particular purpose
 - a) Where there is an express condition as to fitness for buyer's purpose.
 - b) Where an implied condition as to fitness for buyer's purpose is attached by some custom or usage of trade.
 - c) Where the buyer tells his purpose and relies upon seller's skill and judgment
 - d) All of these

8. The implied condition as to fitness of goods for buyer's purpose cannot be attached by a custom or usage of trade.
 - a) True, as in case of specific provisions in the sale of goods act, customs or usages of trade are irrelevant
 - b) False, as Section 16(3) specifically provides that such an implied condition is

there where it is attached by some custom or usage of trade.

FILL IN THE BLANKS AND PAIR MATCHING QUESTIONS

Choose the appropriate option to fill in the blanks in question 1 to 4:

1. A _____ is a stipulation which is essential to the main purpose of contract and if proved false, gives the buyer a right to terminate the contract.
 - a) Condition b) warranty
 - c) Guarantee d) Security

2. In every contract of sale there is _____ that the seller has the right to sell the goods.
 - a) Implied warranty
 - b) Implied condition
 - c) Implied guarantee
 - d) Customary provision.

3. A _____ is a stipulation which is collateral to main purpose of contract and violation of which gives the buyer a right to claim damages.
 - a) Condition b) guarantee
 - c) Warranty d) attached term

4. _____ incorporates the doctrine of caveat emptor
 - a) Section 13 b) Section 14
 - c) Section 15 d) section 16

5. Match the following:

i)Condition	a)Goods shall correspond with sample
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ii)Warranty	b)Seller has the right to sell the goods
iii)Condition as to title	c)Stipulation collateral to main purpose
iv)Condition as to sample	d)Stipulation collateral to main purpose

6. Match the following:

i)Warranty free from encumbrance	a)Let the buyer beware
ii)Warranty by custom	b)Fitness of goods for consumption
iii)Condition as to wholesomenes s	c)Warranties attached by usage of trade
iv)Caveat emptor	d)Goods free from charge in favour of third parties.

**OBJECTIVE TYPE QUESTIONS
(WITH CORRECT/INCORRECT OPTION AND HINTS)**

1. A stipulation essential to the main purpose of the contract, the breach of which gives

rise to treat the contract as repudiated, is known as a warranty.

- a) Correct b) Incorrect

2. In case of conflict between the express and implied conditions, the implied terms shall prevail over the express ones.

- a) Correct b) Incorrect

3. In every contract of sale, there is an implied condition that the seller has the right to sell the goods.

- a) Correct b) Incorrect

4. Where in case of sale by description the goods do not correspond with the description, the buyer is not entitled to reject the goods if the goods serve his purpose.

- a) Correct b) Incorrect

5. In a contract of sale by sample as well as description, the bulk of the goods must correspond either to sample or to description.

- a) Correct b) Incorrect

6. In case of sale of goods under a patent or trade name, there is no implied condition as to the fitness of goods for any particular purpose.

- a) Correct b) Incorrect.

7. A stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages only, is known as a condition.

- a) Correct b) Incorrect

8. In certain circumstances, a warranty may be treated as a condition.
a) Correct b) Incorrect
9. Where the buyer elects to treat the breach of condition as one of warranty, he may repudiate the contract.
a) Correct b) Incorrect
10. The doctrine of 'caveat emptor' implies that the seller is under a duty to supply the goods suitable for buyer's purpose.
a) Correct b) Incorrect