SOG-C05 - 10 PROVISIONS

Unpaid Seller, Lien, Stoppage and Resale

Sale of Goods Act, 1930

Full local statutory text **Finin2min implementation edition** **CA Nikhil Gupta and Kajri Singh**

Finin2min Summary - Chapter in 2 Minutes

Purpose

This unit converts unpaid seller, lien, stoppage and resale into statutory, transaction, evidence and remedy decisions.

Who is covered

Businesses, contracting parties, partners, buyers, sellers, principals, agents and litigants affected by this chapter.

Main obligations

Read the transaction documents and actual conduct against every statutory limb, exception and connected law.

Key timelines

Record event, breach, refusal, notice, acknowledgment and filing dates; apply the correct Limitation Act article.

Forms and evidence

Use the chapter evidence checklist and State/UT forms where registration or public notice applies.

Top risk

Wrong classification, missing authority, weak evidence, ineffective notice, unverified State process or wrong remedy.

Remedy

Preserve rights, mitigate loss, quantify exposure and confirm forum, arbitration, limitation and interim relief.

Finin2min takeaway

Classify - map law - verify authority - prove performance - quantify consequence - select remedy and forum.

Section-by-section provision map

Provision	Title	Status	Decision theme
s.45	Unpaid seller defined	operative	unpaid-seller security and recovery
s.46	Unpaid seller’s rights	operative	unpaid-seller security and recovery
s.47	Seller’s lien	operative	

			unpaid-seller security and recovery
s.48	Part delivery	operative	delivery, inspection and acceptance
s.49	Termination of lien	operative	unpaid-seller security and recovery
s.50	Right of stoppage in transit	operative	delivery, inspection and acceptance
s.51	Duration of transit	operative	delivery, inspection and acceptance
s.52	How stoppage in transit is effected	operative	delivery, inspection and acceptance
s.53	Effect of sub-sale or pledge by buyer	operative	commercial rights and obligations
s.54	Sale not generally rescinded by lien or stoppage in transit	operative	delivery, inspection and acceptance

Legal status, amendments and source protocol

Act: Sale of Goods Act, 1930; Act 3 of 1930; commencement 1 July 1930.

Source protocol: Complete central provision text is reproduced locally. Local public-domain central Act transcription reconciled to India Code structure. Official India Code and Gazette instruments prevail if any discrepancy is identified.

Full statutory text and Finin2min decode

Section 45 - Unpaid seller defined

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) The seller of goods is deemed to be an "unpaid seller" within the meaning of this Act-
(a) when the whole of the price has not been paid or tendered;
(b) when a bill of exchange or other negotiable instrument has been received as conditional payment, and the condition on which it was received has not been fulfilled by reason of the dishonour of the instrument or otherwise.
(2) In this Chapter, the term "seller" includes any person who is in the position of a seller, as, for instance, an agent of the seller to whom the bill of lading has been endorsed, or a consignor or agent who has himself paid, or is directly responsible for, the price.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	The seller of goods is deemed to be an "unpaid seller" within the meaning of this Act-	Test this (1) within the unpaid-seller security and recovery framework. Operational focus: the seller of goods is deemed to be an "unpaid seller" within the meaning of this act-.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(a)	when the whole of the price has not been paid or tendered	Test this (a) within the unpaid-seller security and recovery framework. Operational focus: when the whole of the price has not been paid or tendered.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(b)	when a bill of exchange or other negotiable instrument has been received as conditional payment, and the condition on which it was received has not been fulfilled by reason of the dishonour of the instrument or otherwise.	Test this (b) within the unpaid-seller security and recovery framework. Operational focus: when a bill of exchange or other negotiable instrument has been received as conditional payment, and the condition.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

(2)	In this Chapter, the term "seller" includes any person who is in the position of a seller, as, for instance, an agent of the seller to whom the bill of lading has been endorsed, or a consignor or agent who has himself paid, or is directly responsible for, the price.	Test this (2) within the unpaid-seller security and recovery framework. Operational focus: in this chapter, the term "seller" includes any person who is in the position of a seller, as.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 45 is a unpaid-seller security and recovery provision dealing with unpaid seller defined. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Confirm unpaid-seller status, possession or transit, insolvency, notice to carrier, lien waiver, sub-sale or pledge and resale procedure before acting.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 46 - Unpaid seller's rights

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) Subject to the provisions of this Act and of any law for the time being in force, notwithstanding that the property in the goods may have passed to the buyer, the unpaid seller of goods 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.
(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.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	Subject to the provisions of this Act and of any law for the time being in force, notwithstanding that the property in the goods may have passed to the buyer, the unpaid seller of goods has by implication of law-	Test this (1) within the unpaid-seller security and recovery framework. Operational focus: subject to the provisions of this act and of any law for the time being in force, notwithstanding.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(a)	a lien on the goods for the price while he is in possession of them	Test this (a) within the unpaid-seller security and recovery framework. Operational focus: a lien on the goods for the price while he is in possession of them.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(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	Test this (b) within the unpaid-seller security and recovery framework. Operational focus: in case of the insolvency of the buyer, a right of stopping the goods in transit after he.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

(c)	a right of re-sale as limited by this Act.	Test this (c) within the unpaid-seller security and recovery framework. Operational focus: a right of re-sale as limited by this act.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(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.	Test this (2) within the unpaid-seller security and recovery framework. Operational focus: where the property in goods has not passed to the buyer, the unpaid seller has, in addition to.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 46 is a unpaid-seller security and recovery provision dealing with unpaid seller's rights. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Confirm unpaid-seller status, possession or transit, insolvency, notice to carrier, lien waiver, sub-sale or pledge and resale procedure before acting.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 47 - Seller's lien

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. [Official India Code source] prevails.

Current statutory text

(1) Subject to the provisions of this Act, the unpaid seller of goods who is in possession of them is entitled to retain possession until payment or tender of the price in the following cases, namely:-
(a) where the goods have been sold without any stipulation as to credit;
(b) where the goods have been sold on credit, but the term of credit has expired;
(c) where the buyer becomes insolvent.
(2) The seller may exercise his right of lien notwithstanding that he is in possession of the goods as agent or bailee for the buyer.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	Subject to the provisions of this Act, the unpaid seller of goods who is in possession of them is entitled to retain possession until payment or tender of the price in the following cases, namely:-	Test this (1) within the unpaid-seller security and recovery framework. Operational focus: subject to the provisions of this act, the unpaid seller of goods who is in possession of them.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(a)	where the goods have been sold without any stipulation as to credit	Test this (a) within the unpaid-seller security and recovery framework. Operational focus: where the goods have been sold without any stipulation as to credit.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(b)	where the goods have been sold on credit, but the term of credit has expired	Test this (b) within the unpaid-seller security and recovery framework. Operational focus: where the goods have been sold on credit, but the term of credit has expired.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(c)	where the buyer becomes insolvent.	Test this (c) within the unpaid-seller security and recovery framework. Operational focus:	Contract/deed, authority, chronology, notices,

		where the buyer becomes insolvent.	performance and payment records tied to this limb.
(2)	The seller may exercise his right of lien notwithstanding that he is in possession of the goods as agent or bailee for the buyer.	Test this (2) within the unpaid-seller security and recovery framework. Operational focus: the seller may exercise his right of lien notwithstanding that he is in possession of the goods as.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 47 is a unpaid-seller security and recovery provision dealing with seller’s lien. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Confirm unpaid-seller status, possession or transit, insolvency, notice to carrier, lien waiver, sub-sale or pledge and resale procedure before acting.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 48 - Part delivery

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

Where an unpaid seller has made part delivery of the goods, he may exercise his right of lien on the remainder, unless such part delivery has been made under such circumstances as to show an agreement to waive the lien.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	Where an unpaid seller has made part delivery of the goods, he may exercise his right of lien on the remainder, unless such part delivery has made under such circumstances as to show an agreement to waive the lien.	Test this main limb within the delivery, inspection and acceptance framework. Operational focus: where an unpaid seller has made part delivery of the goods, he may exercise his right of lien.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 48 is a delivery, inspection and acceptance provision dealing with part delivery. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Use dispatch, carrier, goods receipt, inspection, rejection and storage records to establish delivery, acceptance and transit risk.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 49 - Termination of lien

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) The unpaid seller of goods loses his lien thereon-
(a) 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;
(b) when the buyer or his agent lawfully obtains possession of the goods;
(c) by waiver thereof.
(2) The unpaid seller of goods, having a lien thereon, does not lose his lien by reason only that he has obtained a decree for the price of the goods.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	The unpaid seller of goods loses his lien thereon-	Test this (1) within the unpaid-seller security and recovery framework. Operational focus: the unpaid seller of goods loses his lien thereon-.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(a)	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	Test this (a) within the unpaid-seller security and recovery framework. Operational focus: when he delivers the goods to a carrier or other bailee for the purpose of transmission to the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(b)	when the buyer or his agent lawfully obtains possession of the goods	Test this (b) within the unpaid-seller security and recovery framework. Operational focus: when the buyer or his agent lawfully obtains possession of the goods.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(c)	by waiver thereof.	Test this (c) within the unpaid-seller security and recovery framework. Operational focus: by waiver thereof.	Contract/deed, authority, chronology, notices, performance

			and payment records tied to this limb.
(2)	The unpaid seller of goods, having a lien thereon, does not lose his lien by reason only that he has obtained a decree for the price of the goods.	Test this (2) within the unpaid-seller security and recovery framework. Operational focus: the unpaid seller of goods, having a lien thereon, does not lose his lien by reason only that.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 49 is a unpaid-seller security and recovery provision dealing with termination of lien. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Confirm unpaid-seller status, possession or transit, insolvency, notice to carrier, lien waiver, sub-sale or pledge and resale procedure before acting.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 50 - Right of stoppage in transit

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. [Official India Code source] prevails.

Current statutory text

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 payment or tender of the price.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	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 payment or tender of the price.	Test this main limb within the delivery, inspection and acceptance framework. Operational focus: subject to the provisions of this act, when the buyer of goods becomes insolvent, the unpaid seller who.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 50 is a delivery, inspection and acceptance provision dealing with right of stoppage in transit. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Use dispatch, carrier, goods receipt, inspection, rejection and storage records to establish delivery, acceptance and transit risk.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 51 - Duration of transit

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. [Official India Code source] prevails.

Current statutory text

(1) Goods are deemed to be in course of transit from the time when they are delivered to a carrier or other bailee for transmission to the buyer until the buyer or his agent takes delivery of them from such carrier or other bailee.
(2) If the buyer or his agent obtains delivery of the goods before their arrival at the appointed destination, the transit is at an end.
(3) If, after arrival of the goods at the appointed destination, the carrier or other bailee acknowledges to the buyer or his agent that he holds the goods on his behalf and continues in possession of them as bailee for the buyer or his agent, the transit is at an end, and it is immaterial that a further destination for the goods may have been indicated by the buyer.
(4) If the goods are rejected by the buyer and the carrier or other bailee continues in possession of them, the transit is not deemed to be at an end, even if the seller has refused to receive them back.
(5) When goods are delivered to a ship chartered by the buyer, it is a question depending on the circumstances whether they are in the possession of the master as a carrier or as agent of the buyer.
(6) Where the carrier or other bailee wrongfully refuses to deliver the goods to the buyer or his agent, the transit is deemed to be at an end.
(7) Where part delivery of the goods has been made to the buyer or his agent, the remainder may be stopped in transit unless the part delivery has been given under such circumstances as to show an agreement to give up possession of the whole of the goods.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	Goods are deemed to be in course of transit from the time when they are delivered to a carrier or other bailee for transmission to the buyer until the buyer or his agent takes delivery of them from such carrier or other bailee.	Test this (1) within the delivery, inspection and acceptance framework. Operational focus: goods are deemed to be in course of transit from the time when they are delivered to a.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	If the buyer or his agent obtains delivery of the goods before their arrival at the appointed destination, the transit is at an end.	Test this (2) within the delivery, inspection and acceptance framework. Operational focus: if the buyer or his agent obtains delivery of the goods before their arrival at the appointed destination.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

(3)	If, after arrival of the goods at the appointed destination, the carrier or other bailee acknowledges to the buyer or his agent that he holds the goods on his behalf and continues in possession of them as bailee for the buyer or his agent, the transit is at an end, and it is immaterial that a further destination for the goods may have been indicated by the buyer.	Test this (3) within the delivery, inspection and acceptance framework. Operational focus: if, after arrival of the goods at the appointed destination, the carrier or other bailee acknowledges to the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(4)	If the goods are rejected by the buyer and the carrier or other bailee continues in possession of them, the transit is not deemed to be at an end, even if the seller has refused to receive them back.	Test this (4) within the delivery, inspection and acceptance framework. Operational focus: if the goods are rejected by the buyer and the carrier or other bailee continues in possession of.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(5)	When goods are delivered to a ship chartered by the buyer, it is a question depending on the circumstances whether they are in the possession of the master as a carrier or as agent of the buyer.	Test this (5) within the delivery, inspection and acceptance framework. Operational focus: when goods are delivered to a ship chartered by the buyer, it is a question depending on the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(6)	Where the carrier or other bailee wrongfully refuses to deliver the goods to the buyer or his agent, the transit is deemed to be at an end.	Test this (6) within the delivery, inspection and acceptance framework. Operational focus: where the carrier or other bailee wrongfully refuses to deliver the goods to the buyer or his agent.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(7)	Where part delivery of the goods has been made to the buyer or his agent, the remainder may be stopped in transit unless the part delivery has been given under such circumstances as to show an agreement to give up possession of the whole of the goods.	Test this (7) within the delivery, inspection and acceptance framework. Operational focus: where part delivery of the goods has been made to the	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

		buyer or his agent, the remainder may.	

Finin2min implementation explanation

Section 51 is a delivery, inspection and acceptance provision dealing with duration of transit. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Use dispatch, carrier, goods receipt, inspection, rejection and storage records to establish delivery, acceptance and transit risk.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 52 - How stoppage in transit is effected

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) The unpaid seller may exercise his right of stoppage in transit either by taking actual possession of the goods, or by giving notice of his claim to the carrier or other bailee in whose possession the goods are. Such notice may be given either to the person in actual possession of the goods or to his principal. In the latter case, to be effectual, the notice shall be given at such time and in such circumstances that the principal, by the exercise of reasonable diligence, may communicate it to his servant or agent in time to prevent delivery to the buyer.
(2) When notice of stoppage in transit is given by the seller to the carrier or other bailee in possession of the goods, he shall re-deliver the goods to, or according to the directions of, the seller. The expenses of such re-delivery shall be borne by the seller.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/ control
(1)	The unpaid seller may exercise his right of stoppage in transit either by taking actual possession of the goods, or by giving notice of his claim to the carrier or other bailee in whose possession the goods are. Such notice may be given either to the person in actual possession of the goods or to his principal. In the latter case, to be effectual, the notice shall be given at such time and in such circumstances that the principal, by the exercise of reasonable diligence, may communicate it to his servant or agent in time to prevent delivery to the buyer.	Test this (1) within the delivery, inspection and acceptance framework. Operational focus: the unpaid seller may exercise his right of stoppage in transit either by taking actual possession of the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	When notice of stoppage in transit is given by the seller to the carrier or other bailee in possession of the goods, he shall re-deliver the goods to, or according to the directions of, the seller. The expenses of such re-delivery shall be borne by the seller.	Test this (2) within the delivery, inspection and acceptance framework. Operational focus: when notice of stoppage in transit is given by the seller to	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

		the carrier or other bailee in.	

Finin2min implementation explanation

> Section 52 is a delivery, inspection and acceptance provision dealing with how stoppage in transit is effected. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.
>
> **Implementation control:** Use dispatch, carrier, goods receipt, inspection, rejection and storage records to establish delivery, acceptance and transit risk.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 53 - Effect of sub-sale or pledge by buyer

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) Subject to the provisions of this Act, the unpaid seller's right of lien or stoppage in transit is not affected by any sale or other disposition of the goods which the buyer may have made, unless the seller has assented thereto:
Provided that where a document of title to goods has been issued or lawfully transferred to any person as buyer or owner of the goods and that person transfers the document to a person who takes it in good faith and for consideration, then, if the last-mentioned transfer was by way of sale, the unpaid seller's right of lien or stoppage in transit is defeated, and, if the transfer was by way of pledge or other disposition for value, the unpaid seller's right can only be exercised subject to the rights of the transferee.
(2) Where the transfer is by way of pledge, the unpaid seller may require the pledgee to have the amount secured by the pledge satisfied in the first instance, as far as possible, out of any other goods or securities of the buyer in the hands of the pledgee and available against the buyer.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/ control
(1)	Subject to the provisions of this Act, the unpaid seller's right of lien or stoppage in transit is not affected by any sale or other disposition of the goods which the buyer may have made, unless the seller has assented thereto:	Test this (1) within the commercial rights and obligations framework. Operational focus: subject to the provisions of this act, the unpaid seller's right of lien or stoppage in transit is.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
Provided that	where a document of title to goods has been issued or lawfully transferred to any person as buyer or owner of the goods and that person transfers the document to a person who takes it in good faith and for consideration, then, if the last-mentioned transfer was by way of sale, the unpaid seller's right of lien or stoppage in transit is defeated, and, if the transfer was by way of pledge or other disposition for value, the	Test this provided that within the commercial rights and obligations framework. Operational focus: where a document of title to goods has been issued or lawfully transferred to any person as buyer.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

	unpaid seller's right can only be exercised subject to the rights of the transferee.		
(2)	Where the transfer is by way of pledge, the unpaid seller may require the pledgee to have the amount secured by the pledge satisfied in the first instance, as far as possible, out of any other goods or securities of the buyer in the hands of the pledgee and available against the buyer.	Test this (2) within the commercial rights and obligations framework. Operational focus: where the transfer is by way of pledge, the unpaid seller may require the pledgee to have the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 53 is a commercial rights and obligations provision dealing with effect of sub-sale or pledge by buyer. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 54 - Sale not generally rescinded by lien or stoppage in transit

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) Subject to the provisions of this section, a contract of sale is not rescinded by the mere exercise by an unpaid seller of his right of lien or stoppage in transit.
(2) Where the goods are of a perishable nature, or where the unpaid seller who has exercised his right of lien or stoppage in transit gives notice to the buyer of his intention to re-sell, the unpaid seller may, if the buyer does not within a reasonable time pay or tender the price, re-sell the goods within a reasonable time and recover from the original buyer damages for any loss occasioned by his breach of contract, but the buyer is not entitled to any profit which may occur on the re-sale. If such notice is not given, the unpaid seller is not entitled to recover such damages and the buyer is entitled to the profit, if any, on the re-sale.
(3) Where an unpaid seller who has exercised his right of lien or stoppage in transit re-sells the goods, the buyer acquires a good title thereto as against the original buyer, notwithstanding that no notice of the re-sale has been given to the original buyer.
(4) Where the seller expressly reserves a right of re-sale in case the buyer should make default and, on the buyer making default, re-sells the goods, the original contract of sale is thereby rescinded, but without prejudice to any claim the seller may have for damages.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/ control
(1)	Subject to the provisions of this section, a contract of sale is not rescinded by the mere exercise by an unpaid seller of his right of lien or stoppage in transit.	Test this (1) within the delivery, inspection and acceptance framework. Operational focus: subject to the provisions of this section, a contract of sale is not rescinded by the mere exercise.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	Where the goods are of a perishable nature, or where the unpaid seller who has exercised his right of lien or stoppage in transit gives notice to the buyer of his intention to re-sell, the unpaid seller may, if the buyer does not within a reasonable time pay or tender the price, re-	Test this (2) within the delivery, inspection and acceptance framework. Operational focus:	Contract/deed, authority, chronology, notices, performance and

	sell the goods within a reasonable time and recover from the original buyer damages for any loss occasioned by his breach of contract, but the buyer is not entitled to any profit which may occur on the re-sale. If such notice is not given, the unpaid seller is not entitled to recover such damages and the buyer is entitled to the profit, if any, on the...	where the goods are of a perishable nature, or where the unpaid seller who has exercised his right.	payment records tied to this limb.
(3)	Where an unpaid seller who has exercised his right of lien or stoppage in transit re-sells the goods, the buyer acquires a good title thereto as against the original buyer, notwithstanding that no notice of the re-sale has been given to the original buyer.	Test this (3) within the delivery, inspection and acceptance framework. Operational focus: where an unpaid seller who has exercised his right of lien or stoppage in transit re-sells the goods.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(4)	Where the seller expressly reserves a right of re-sale in case the buyer should make default and, on the buyer making default, re-sells the goods, the original contract of sale is thereby rescinded, but without prejudice to any claim the seller may have for damages.	Test this (4) within the delivery, inspection and acceptance framework. Operational focus: where the seller expressly reserves a right of re-sale in case the buyer should make default and, on.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 54 is a delivery, inspection and acceptance provision dealing with sale not generally rescinded by lien or stoppage in transit. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Use dispatch, carrier, goods receipt, inspection, rejection and storage records to establish delivery, acceptance and transit risk.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Practical examples and calculations

Chapter scenario

A credit seller learns the buyer is insolvent while the carrier still holds the consignment. Establish transit status, documents of title, notice and resale conditions immediately.

Calculation	Method	Evidence
Price / consideration	Reconcile base amount, GST/tax, credits, retention, deductions and payment terms.	Contract, invoice, ledger, tax documents and bank proof.
Loss / compensation	Separate direct loss, consequential loss, avoided cost, mitigation, restitution, interest and stipulated sum.	Loss model, market evidence and mitigation log.
Partner settlement	Reconcile capital, current accounts, loans, drawings, profit share, assets, liabilities and goodwill.	Deed, ledgers, bank records and valuation.
Limitation	Record accrual, breach/refusal, notice, acknowledgment, exclusion and filing date.	Chronology and limitation memorandum.

Practical transaction application

1. Identify the transaction, relationship, parties and event date.
2. Map every provision to the contract/deed and actual conduct.
3. Record conditions satisfied, disputed, waived, excused or prevented.
4. Reconcile authority, delivery/performance, acceptance, payment and notices.
5. Quantify exposure and choose cure, termination, recovery, settlement or litigation strategy.

Authority, consent and execution controls

Authority

- Correct legal entities and counterparties.
- Board, partner, power-of-attorney or delegated authority.
- Ordinary-course and implied-authority limits.
- Third-party knowledge of restrictions.

Consent

- Offer, acceptance and agreed version.
- Capacity, free consent and disclosures.
- Conditions precedent and approvals.
- No unauthorised post-execution alteration.

Execution

- Complete schedules and annexures.
- Witnessing, attestation and e-sign audit trail.
- Counterparts, date and place.
- Original and certified-copy custody.

Stamp duty and registration alerts

> Stamp duty is State/UT-specific. Classify the true instrument, place of execution or receipt, consideration and property. Registration is a separate enquiry. Insufficient stamping may require impounding; non-registration may affect property and third-party enforceability.

Instrument	Alert
Commercial agreement	Do not default to a generic article if the substance is indemnity, guarantee, security, transfer, lease or another specifically charged instrument.
Partnership deed/ reconstitution	Check capital contribution, immovable property, retirement/dissolution and Registrar filing separately.
Sale of movable goods	Coordinate contract, invoice, GST/e-invoice, transport and sectoral records.
Property-related relief	Check compulsory registration, title, court fee and decree-registration effects.

Evidence and document-retention checklist

Core file

- Purchase order and accepted terms
- Specification, description and sample
- Title and document-of-title record
- Dispatch, carrier and delivery proof
- Inspection, rejection and acceptance record
- Invoice, GST and payment evidence
- Lien or stoppage notice
- Resale and loss working

Electronic evidence

- Native email/message and metadata.
- Version history and e-sign certificate.
- System logs and acknowledgements.
- Legal hold and defensible export.

Retention

- Executed originals and amendments.
- Authority and entity records.
- Tax, payment and accounting records.
- Claims and litigation records through final disposal.

Forms, registers and operational records

Record/form	Control
No universal statutory form	Commercial documents and sectoral/GST forms govern the operational record.
Goods receipt and inspection record	Capture quantity, quality, defects, sample comparison and acceptance/rejection date.
Unpaid-seller action file	Record possession, transit status, buyer insolvency, lien/stoppage notice and resale steps.

Performance, delivery and payment controls

Stage	Control	Proof
Obligation matrix	List each reciprocal obligation, owner, due date, dependency and consequence.	Signed matrix tied to contract sections.
Delivery/ performance	Record dispatch, carrier, title/risk point, milestones, inspection and acceptance/rejection.	Delivery documents, certificates and correspondence.
Payment	Reconcile invoice, tax, credit, retention, set-off, due date and bank receipt.	Invoice, e-invoice, ledger and bank proof.
Change/cure	Use authorised variation and cure procedures; avoid informal waiver.	Change order, approval and cure closure.

Breach, loss, mitigation and remedy framework

1. Identify the exact obligation and legally material breach.
2. Confirm causation, remoteness, foreseeability and proof of loss.
3. Record mitigation, avoided cost and substitute performance.
4. Test damages, price, restitution, lien, stoppage, accounts, dissolution, specific performance, injunction, rescission, rectification, cancellation or declaration.
5. Check remedy election, double recovery, caps/exclusions and public policy.

Limitation and forum controls

Control	Analysis
Accrual	Classify cause of action and record breach, refusal, knowledge, demand and continuing-obligation dates.
Limitation	Apply the correct article; test acknowledgment, part-payment, exclusion and disability.
Jurisdiction	Check territorial/pecuniary rules, Commercial Courts threshold, exclusive forum and special court.
Interim relief	Assess preservation, injunction, receiver, security and evidence protection.
Appeal/ enforcement	Map decree/award challenge, execution, interest and cross-border enforcement.

Arbitration and mediation interface

- Validate agreement, signatories, scope, seat, rules and appointment mechanism.
- Separate substantive rights from forum selection and identify non-arbitrable issues.
- Check interim measures, consolidation, joinder and multi-contract issues.
- Preserve limitation during negotiation or mediation.
- Record settlement authority, confidentiality, tax, stamp and enforceability.

Company, partnership, GST and tax overlays

Overlay	Questions
Companies Act	Authority, objects, approvals, related-party, loan/guarantee/security and disclosure requirements.
Partnership/LLP	Deed/LLP authority, current constitution and public records.
GST	Supply, time/place/value, invoice/e-invoice, ITC, credit note, advance, damages and settlement treatment.
Income tax/TDS	Withholding, partner remuneration/interest, capital/revenue, bad debt, settlement and transfer consequences.
IBC/FEMA/ consumer	Moratorium and avoidance, cross-border payment/governing law, consumer and e-commerce protection.

Binding and foundational judicial principles

Authority	Principle	Verification
State of Madras v. Gannon Dunkerley & Co.	A sale traditionally requires an agreement, transfer of property in goods and price; composite transactions require statutory overlay analysis.	Verify official judgment and later treatment.
J.P. Coats Ltd. v. National Sewing Thread Co.	Description, conformity and commercial identity are assessed from the contract and transaction context.	Verify official judgment and later treatment.
Commissioner of Sales Tax v. Purshottam Premji	The substance of transfer and property in goods matters when classifying a transaction as sale.	Verify official judgment and later treatment.

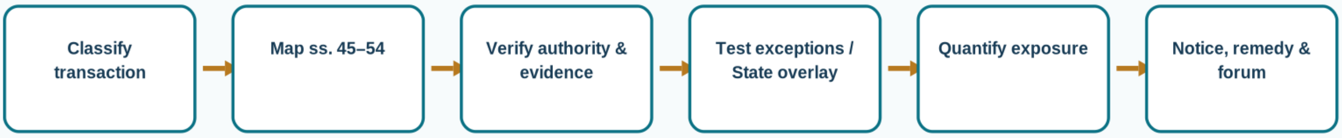
Central and State/UT variation alerts

> GST, consumer, e-commerce, legal metrology, transport and State trade overlays may affect implementation.

Use the State/UT variation register in the data folder for the live source checklist.

Chapter-specific decision flowchart

SOG-C05 · Finin2min decision path



Unpaid seller status, lien, transit, sub-sale and resale. Verify the current official source before professional reliance.

Finin2min Q&A

What decision does SOG-C05 help a business make?

It determines how unpaid seller, lien, stoppage and resale should be classified, documented, performed and enforced under sections 45-54 of the Sale of Goods Act, 1930.

Which provision should be read first in SOG-C05?

Begin with section 45 (Unpaid seller defined) and then read the connected definitions, exceptions and remedy provisions in sequence.

What is the principal implementation risk in SOG-C05?

Applying a commercial label without proving the statutory conditions for unpaid seller, lien, stoppage and resale, or acting without authority, notice, performance and payment evidence.

Which execution checks are specific to SOG-C05?

Confirm the correct entities, signatory authority, consent, complete annexures, stamp and registration treatment, digital audit trail and approvals relevant to unpaid seller, lien, stoppage and resale.

How should evidence be indexed for SOG-C05?

Link every section in the chapter with the contract or deed, authority, chronology, notices, performance, delivery, payment, loss and remedy evidence supporting it.

What calculation should be retained for SOG-C05?

Retain the relevant price, tax, interest, partner-account, loss, mitigation, restitution or relief working with sources and assumptions, not only the final number.

How does limitation affect SOG-C05?

Classify the precise cause of action associated with unpaid seller, lien, stoppage and resale, record accrual, refusal, notice, acknowledgment and exclusion dates, and apply the correct Limitation Act article.

Can arbitration resolve every dispute arising under SOG-C05?

Arbitration may govern the forum, but it does not validate illegality, remove mandatory rules or make a non-arbitrable subject arbitrable. Check scope, seat and interim relief.

Which tax and entity overlays should be checked for SOG-C05?

Check Companies Act authority and related-party controls, partnership constitution, GST supply and invoice consequences, withholding, accounting and insolvency effects.

What is the final professional sign-off for SOG-C05?

Confirm the current statutory source, section conclusions, State variation, authority, calculation, limitation, remedy, forum and complete evidence trail.

Why is section 54 important to SOG-C05?

Section 54 (Sale not generally rescinded by lien or stoppage in transit) completes the chapter control and must be tested independently.

Official sources and verification status

- Sale of Goods Act, 1930 - India Code
- Official Gazette and applicable State/UT Gazette, Registrar and court portals.
- Review date: 2026-07-18.