

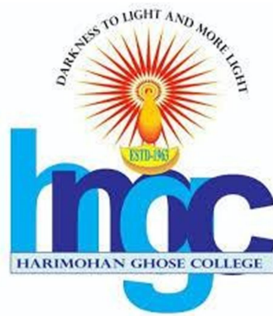


E-Resources on the topic of
“Sales of Goods Act”

For Students of 1st Semester,
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by,

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Study Material on Sales of Goods Act

Introduction to Sales of Goods Act

The **Sale of Goods Act** is a statute that governs the sale and purchase of goods in a commercial setting. It lays down the legal framework for the contracts of sale, defining the rights and duties of the buyer and the seller. The Sale of Goods Act is essential for regulating transactions related to goods, ensuring fairness and protection for both parties involved in the trade.

In India, the **Sale of Goods Act, 1930** governs the sale of goods, although some provisions have been amended over time. It primarily covers aspects related to the formation of contracts, the transfer of ownership, delivery of goods, warranties, conditions, and breach of contract.

Definition of Sale and Goods

- **Sale of Goods:**
According to the Sale of Goods Act, a sale is defined as a contract where the seller transfers or agrees to transfer the ownership of goods to the buyer for a price. The key components of a sale are:
 - Transfer of ownership (title) of goods.
 - The transaction is done for a price.
 - It is a binding agreement.
 - **Goods:**
Goods are defined as movable property. It includes every kind of movable property, except money and actionable claims. Goods can be either tangible (physical items) or intangible (such as stocks and shares).
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Key Features of the Sale of Goods Act

1. **Contract of Sale:**
 - A contract of sale involves the transfer of ownership of goods from the seller to the buyer for a monetary consideration (price).

- It can either be a **sale** or an **agreement to sell**. A sale is when the transfer of ownership occurs immediately, while an agreement to sell is a contract where ownership will be transferred in the future or under certain conditions.
2. **Essentials of a Contract of Sale:**
- **Parties:** There must be at least two parties involved—the seller (the one who transfers the goods) and the buyer (the one who receives the goods in exchange for payment).
 - **Goods:** The subject matter of the contract must be **goods**. These must be movable and can be identified and agreed upon.
 - **Price:** The agreement must be for a price, i.e., a monetary consideration.
 - **Transfer of Ownership:** The agreement must specify the transfer of ownership of goods from the seller to the buyer.
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Conditions and Warranties

Conditions and warranties are terms of a contract, which help define the buyer's and seller's rights and obligations.

- **Condition:**
A condition is a vital term of the contract. If a condition is breached, the buyer or seller may terminate the contract and claim damages. For example, if the seller fails to deliver the goods as per the contract, it is a breach of condition.
- **Warranty:**
A warranty is a less important term of the contract. Breach of warranty does not allow the buyer to rescind the contract but gives them the right to claim damages. For example, if the goods delivered do not meet the required standard but the buyer still accepts the goods, it is a breach of warranty.

Example of Conditions:

- Goods must correspond to the description.
- Goods must be fit for the purpose they are bought for.

Example of Warranties:

- Goods will be free from defects or faults.
 - Goods will be delivered in good working condition.
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Rights of the Seller and Buyer

1. **Rights of the Seller:**
 - **Right to Receive Payment:** The seller has the right to receive payment for the goods sold.
 - **Right to Retain Title:** If the buyer has not paid for the goods, the seller retains the ownership of the goods and has the right to reclaim them.
 - **Right to Delivery of Goods:** The seller has the right to demand that the buyer take delivery of the goods as per the contract.
 2. **Rights of the Buyer:**
 - **Right to Demand Delivery of Goods:** The buyer has the right to receive the goods as per the agreed terms.
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- **Right to Reject Goods:** If the goods do not conform to the contract (i.e., defective or incorrect), the buyer has the right to reject them.
- **Right to Claim Damages:** If the goods delivered are defective or the seller breaches the terms of the contract, the buyer has the right to claim damages.

Transfer of Ownership and Risk

1. **Transfer of Ownership:** Ownership or title of the goods passes from the seller to the buyer when the following conditions are met:
 - There is an agreement between the parties on the transfer.
 - The goods are identified and agreed upon.
 - The price is paid or agreed upon.
2. **Risk:**

Risk follows ownership. This means that once the goods are transferred to the buyer, the risk of loss or damage to the goods shifts from the seller to the buyer. However, the risk can pass before the ownership in cases where goods are sent on approval or are in transit.

Delivery of Goods

- **Definition:**

Delivery is the voluntary transfer of possession of goods from the seller to the buyer. It can happen in various ways:

 - **Actual Delivery:** Physical transfer of goods from the seller to the buyer.
 - **Constructive Delivery:** Where the goods are in the possession of a third party, but the buyer takes possession.
 - **Symbolic Delivery:** In cases where physical delivery is not possible (e.g., transferring ownership through documentation).
- **Time and Place of Delivery:**

The time and place of delivery should be agreed upon in the contract. If not specified, the goods should be delivered within a reasonable time and at the seller's place of business or residence.

Breach of Contract and Remedies

- **Breach of Contract:**

A breach occurs when one party does not perform their obligations as per the agreement. In the case of a sale of goods, the breach can be:

 - Non-delivery of goods.
 - Delivery of defective goods.
 - Failure to pay the price.
- **Remedies for Breach of Contract:**
 - **Rescission of Contract:** The contract can be cancelled if the condition of the goods is not met.
 - **Damages:** A party can claim compensation for losses suffered due to the breach of contract.

- **Specific Performance:** In some cases, the buyer or seller can seek a court order to perform the contract as agreed.

Exceptions to the Sale of Goods Act

There are certain transactions that the Sale of Goods Act does not cover. These include:

1. **Sale of Real Property:** The Act only governs the sale of movable goods, not immovable property (like land or buildings).
2. **Sale of Services:** The Act focuses on the sale of goods and does not cover services.
3. **Contracts involving Sale of Shares or Stocks** as they are governed by different legal provisions.

Conclusion

The **Sale of Goods Act, 1930** provides a comprehensive framework for regulating the sale and purchase of goods in India. It defines the rights and duties of buyers and sellers, sets out the provisions for contracts of sale, and provides remedies in case of breach. Understanding the Sale of Goods Act is essential for anyone involved in commercial transactions as it ensures that both parties are protected and the contract is legally enforceable.

Key Takeaways:

- The **Sale of Goods Act** regulates contracts related to the sale of goods in India.
- A **sale** involves the transfer of ownership of goods in exchange for a price.
- **Conditions** and **warranties** define the terms and obligations of a contract.
- **Rights of the seller** include receiving payment and retaining title, while the **rights of the buyer** include demanding delivery and rejecting goods.
- **Risk and ownership** transfer when goods are delivered to the buyer.
- Breach of contract can result in remedies such as rescission, damages, or specific performance.