

Sale of Goods Act, 1930



Contract of Sale



Conditions and Warranties



Property



Unpaid Seller

CONTRACT OF SALE

Concept

Essential Elements

Distinction between Sale and Agreement to Sell

Sale and Hire Purchase Agreement

Types of Goods

Effect of Destruction of Goods

Concept

- **What is Contract of Sale of goods S. 4(1)**

Contract of sale of goods is a contract, whereby, the seller transfers or agrees to transfer the property in goods to the buyer for a price.

There can be a contract of sale between one part-owner and another.

Essential Elements

- **Number of parties** – In a contract of sale, minimum two parties are necessary, namely the buyer and the seller.
- **Goods** – The subject matter of a contract of sale must be goods (refer to classification of goods)
- **Transfer of property**- In a contract of sale, there must be transfer of property from the seller to the buyer. Transfer of property means transfer of ownership.

- **Price** – The consideration for a contract of sale is price. Price means money consideration. If it is anything other than money, it will not be sale.
- **Absolute or conditional** – A contract of sale may be absolute, when the seller transfers or agree to transfer the property without being dependent on any condition.

Whereas a conditional sale is where the transfer of property in goods or payment is dependent on the fulfillment of certain conditions.

- **Forms** – There is no particular form in which the sale has to take place. A contract of sale is also a contract , it can be express or implied.
- **Essentials of contract** – A contract of sale being a contract must fulfill all the conditions of contract.
 - E.g *Kasab agreed to buy Hero Honda Bike from Mustaq, a dealer, for Rs. 65000/-. Kasab paid the price and Mustaq got the bike registered in Kasab's name. This amount to a contract of sale.*

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**Goods perishing
before making
the contract**

**Goods perishing
before sale but after
agreement to sell**

- **Goods perishing before making the contract :**

the contract of sale shall be void on the perishing of the goods.

The following conditions must be satisfied:

- a. It must be a contract of sale of specific goods*
- b. The goods must have perished before making the contract*
- c. The seller must not be aware of the perishing or damaging*

E.G Rajaram agreed to sell to Ramarao two bags of sugar lying in the godown. Unknown to both the parties, the sugar became syrup, due to water seeping into the godown. The contract is void.

- **Goods perishing before sale but after agreement to sell**

An agreement to sell specific goods becomes void if subsequently the goods, without any fault on the part of the seller or the buyer, perish or become so damaged as no longer to answer to their description in the agreement before the risk passes to the buyer.

‘Fault’ means wrongful act or default.

- Thus agreement to sell becomes void if the following conditions are satisfied:
 1. **The contract of sale must be an ‘agreement to sell’ and not actual ‘sale’**
 2. **The goods must perish or become damaged before the ‘agreement to sell’ becomes ‘sale’ i.e before the buyer becomes the owner of the goods**
 3. **The goods get perished or damaged, without any wrongful act or default on the part of the seller or the buyer.**