

The Sales of Goods Act, 1930

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Definition

- According to Section 4-
A 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.

Essentials of a Contract of Sale

- It is a contract
- Two parties involved
- Subject matter of the sale must be GOODS
- Transfer of property in the goods
- Price
- It includes both a SALE and AN AGREEMENT TO SALE
- It may be oral or written
- No special formalities are required

Subject matter- GOODS

Goods means every kind of movable property other than actionable claims and money and includes:

- (a) stock and shares
- (b) growing crops, grass, trees and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale.

Goods do not includes...

- Actionable Claims
- Money
- Immoveable Property

Classification of Goods

- Existing goods
 - (a) specific goods
 - (b) ascertained goods
 - (c) unascertained goods
- Future goods
- Contingent goods

Consequences of destruction

- Goods perishing before making contract

If the contract is for specific goods and the goods have perished without the knowledge of Seller then the contract of sale becomes VOID.

- Goods perishing after the 'Agreement to sell'

If the contract is for specific goods and the goods have perished without the knowledge of Seller or Buyer then the contract of sale becomes VOID.

Price- an essential element

- Modes of fixation of Price
 1. It may be fixed by the contract itself
 2. It may be determined by the parties involved
 3. It may be determined by the course of dealings between the parties
 4. Reasonable Price
 5. By the Government
 6. Agreement to sell at valuation made by the third party

Conditions and Warranties

Various terms and stipulations in the contract of sale may be called a condition or warranty.

Condition

A condition is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated.

Consequences of breach of condition

- The aggrieved party may cancel the contract.
- The aggrieved party may claim damages.
- The aggrieved party may treat the breach of condition as breach of warranty, but in this case the aggrieved party can only recover damages and can not cancel the contract.
- No remedy will be available when the breach is due to some impossibility.

Warranty

A warranty is a stipulation collateral to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to repudiate the contract.

Consequences of breach of warranty

- The aggrieved party can claim damages only.
- The aggrieved party can not repudiate the contract.
- No remedy will be available when the breach is due to some impossibility.

Statement



Representation
Made by the seller
at the time of
entering into
contact.



Becomes
STIPULATION

If it is essential,
its a
CONDITION

If collateral, its a
WARRANTY

When a Condition may be treated as a Warranty

- In case of Voluntary waiver.
- Compulsory treatment of breach of condition as a breach of warranty.
- Impossible circumstances.

Kinds of Conditions and Warranties

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graph TD; A([Kinds of Conditions and Warranties]) --> B[Express Conditions & Warranties]; A --> C[Implied Conditions & Warranties];
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Express Conditions &
Warranties

Implied Conditions &
Warranties



Express Conditions & Warranties

These are expressly agreed upon by
the parties to contract.

Implied Conditions & Warranties

The implied conditions and warranties are those which are implied by law or imposed by law on the seller.

Implied Conditions

- Condition as to Title
- Condition in case of sale by description
- Condition in case of sale by sample
- Condition in case of sale by sample as well as by description

Implied Conditions

- Condition as to quality of fitness
- Condition as to merchantability
- Condition as to wholesomeness
- Condition applied by custom or trade

Implied Warranties

- Warranty as to quiet possession
- Warranty as to freedom from encumbrance
- Warranty to owner by custom or usage
- warranty as to disclosuer of dangerous nature of goods

Doctrine of Caveat Emptor

- It is Latin expression.
- It means ‘ let the buyer beware’.
- In other words , it is not a part of the seller’s duty in a contract of sale to give to the buyer an article suitable for a particular purpose unless such purpose is made known to the seller.
- So, when a person buys some goods he or she must examine them thoroughly.

Implication of Doctrine of Caveat Emptor

- Buyer should be careful in selection of goods
- He should select the goods that suit for his purpose,.
- If goods are not found suitable afterwards then the seller can not be blamed for this.

Exception to the Doctrine of Caveat Emptor

- Fitness of buyer's purposes
- Sale of an article under its patent or other trade name
- Goods purchase by description
- Condition as to merchantable quality

Exception to the Doctrine of Caveat Emptor

- Goods purchased by sample
- Goods purchased by sample and description
- Usage of trade
- Consent by fraud

Thank you