

HOLY CROSS HOME SCIENCE COLLEGE THOOTHUKUDI

BUSINESS LAW

UNIT- IV :SALE OF GOODS ACT 1930

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Unit II SALE OF GOODS ACT, 1930

Chapter- 14

Sale of Goods Act, 1930 Nature and formation of contract of sale

Introduction of this Act

- This act came into force on 1st July, 1930
- Applicable to all India except Jammu & Kashmir
- It deals only with movable goods and its sale
- It does not deal with services

Meaning Of Some Common Terms Which Will Be Used In This Chapter:

Seller- A person who either sells or agree to sell.

Buyer- A person who buys or agrees to buy.

Movable Goods- Any property which can be moved from one location to another. Example: Vehicles, books, gold etc.

Delivery- Voluntary transfer of possession from one person to another.

Monetary consideration (Price)- In this buyer must agree to pay some price (monetary consideration) to the seller.

Contract of Sale of Goods

It is a contract whereby the seller transfers or agrees to transfer the property in movable goods to the buyer for a price.

Hence, it can be concluded that it includes:

1. Sale

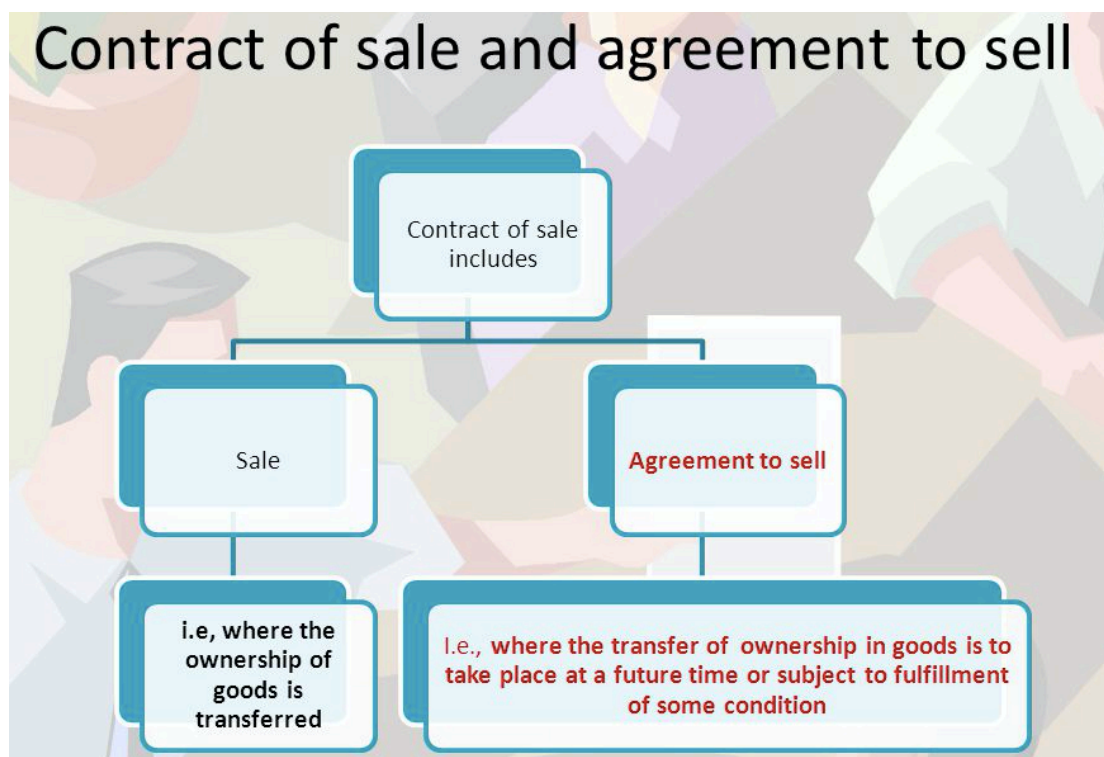
Transfer of ownership takes place immediately

Example: A sold movable goods to B @ Rs 10,000 and given the goods to buyer immediately.

2. An agreement to sell

Transfer of ownership takes place at some other time in future and not today or immediately.

Example: A sold movable goods to B @ Rs 10,000 on 31/03/2020 and agreed to give goods to the buyer on 15th April, 2020.



Essentials of a Valid Contract of Sale

1. Atleast two parties
2. Transfer or agreement to transfer the ownership of movable goods
3. Covers movable goods only
4. Consideration should be price only
5. Contract may be express/ implied
6. Essentials of a valid contract

Difference between sale and agreement to sell

Sale	Agreement to Sell
1.Ownership passes to the buyer immediately	1.Ownership remains with the seller till the time goods are delivered to the buyer
2.Executed contract (contract which is fully performed)	2.Executed contract (contract that is not been fully performed yet)
3.Risk of loss falls on buyer	3.Risk of loss falls on seller
4.Contract is called complete	4.Contract is to be completed
5.Buyer becomes owner immediately	5.Buyer becomes owner at some other time in future not immediately
6.Seller can't resell goods as after the sale owner is the buyer	6.Seller can resell the goods to another buyer before the time ownership is transferred. But in this case first buyer has the right to sue the seller for damages caused to him
7.In case buyer refuses to pay or there is breach of contract by buyer then seller can sue the buyer for the price of the goods	7.In case of breach of contract, seller can only sue for damages not for the price