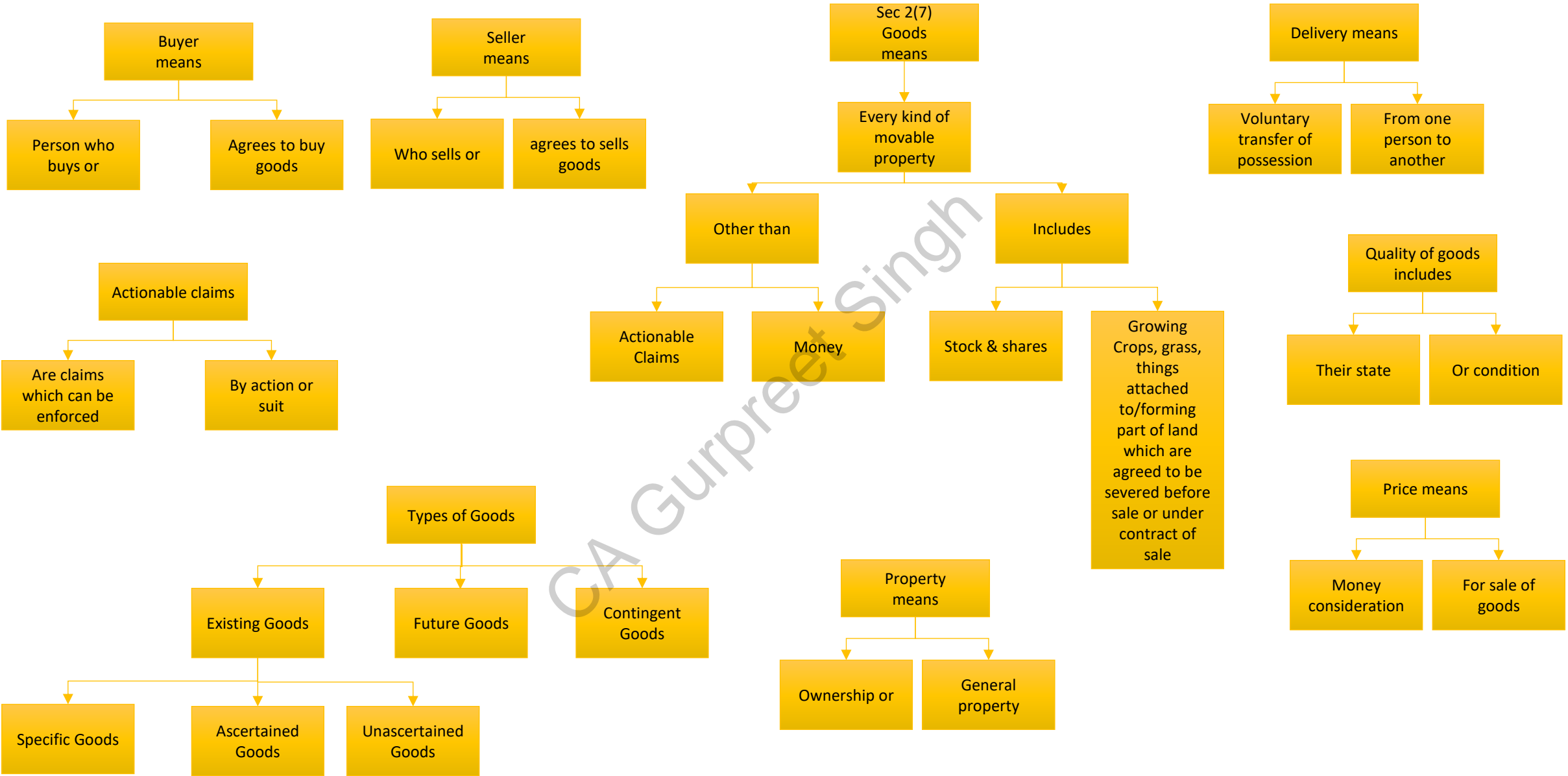


THE SALE OF GOODS ACT, 1930

CA Gurpreet Singh

UNIT – 1

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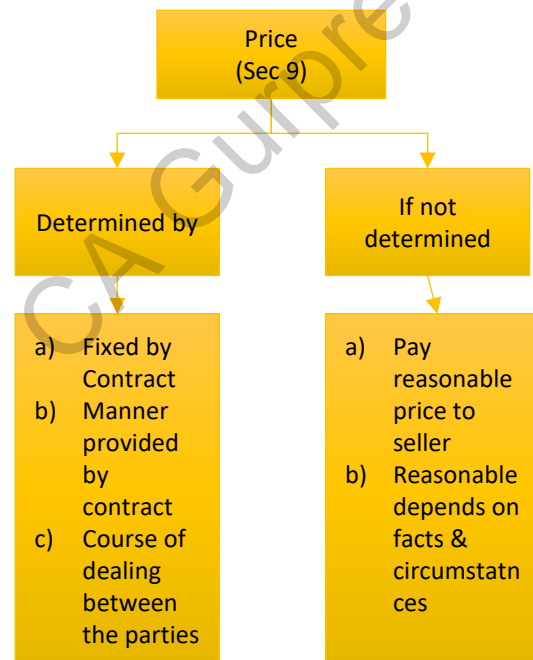
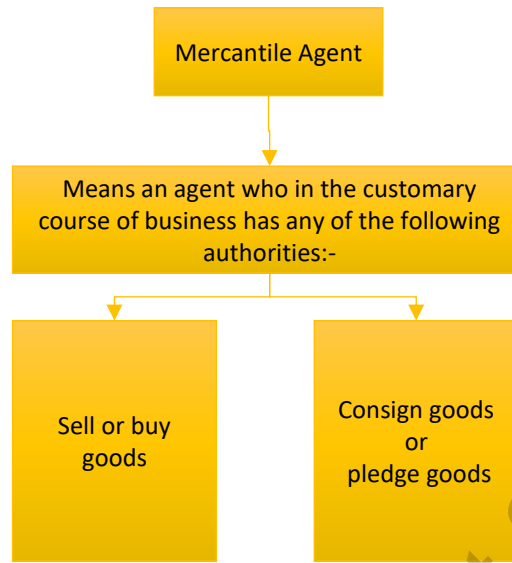
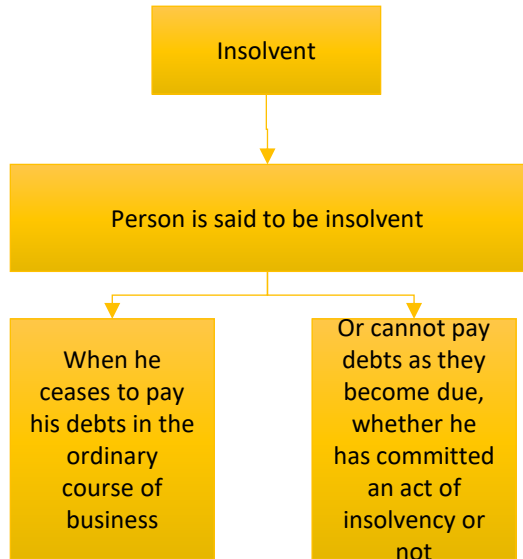
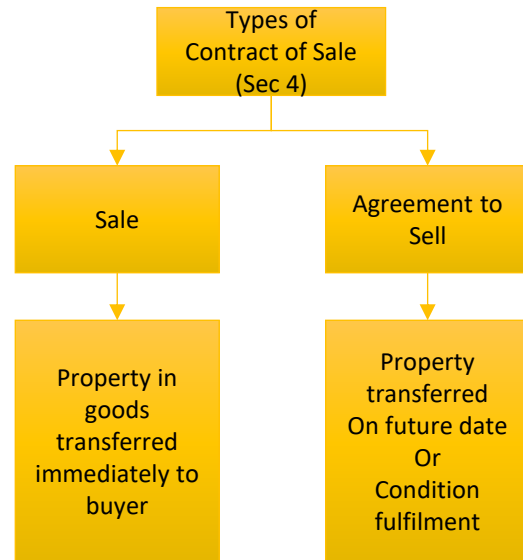


Types of Goods

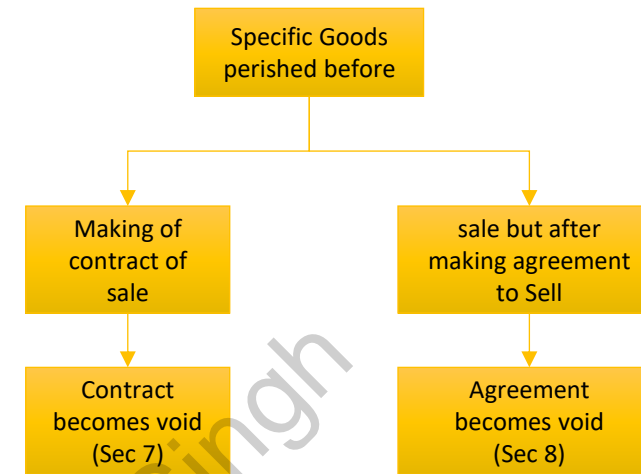
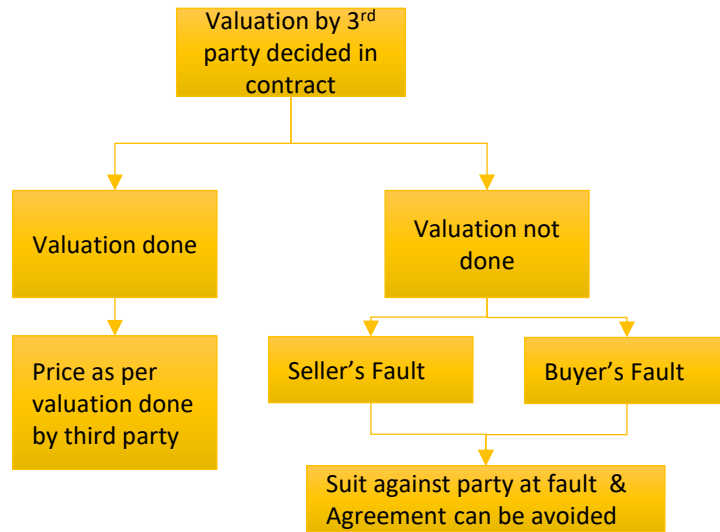
Existing Goods Sec 6	Specific Goods Sec 2(14)	Ascertained Goods	Unascertained Goods	Future Goods Sec 2(6)	Contingent Goods Sec 6(2)
Goods are in existence at the time of making contract	Goods identified & agreed	Goods which are identified	Goods which are not specifically identified	Goods to be manufactured/ produced/ acquired	Acquisition of goods which by the seller
Owned/possessed/acquired by the seller	upon at the time a contract of sale is made	In accordance with agreement	At the time of making of contract of sale	By seller after making contract of sale	depends upon an uncertain contingency (event)
At the time of contract of sale	Ex:- Samsung GaLaxy S7 edge	After contract of sale is made	Indicated or defined only by description or sample	Contract for sale of future goods is always agreement to sell	Contingent goods also operates as an agreement to sell

Types of Delivery

Actual Delivery	Constructive Delivery	Symbolic Delivery
Goods are physically delivered	Delivery effected without any change in the custody	delivery of a thing in token of a transfer of something else
Seller transfer the physical possession of the goods	Or actual possession of the thing	Like handing over of documents of title
Most common method of delivery	As in the case of delivery by attornment	Like bill of lading, railway receipt, delivery order



- Essential elements of Contract of Sale**
1. Minimum 2 parties (Buyer and seller)
 2. Subject Matter of Contract – Goods (Movable property)
 3. Price – Wholly in Money or Partly in Money and Partly in kind
 4. Transfer of property (ownership) of Goods – Immediately or future
 5. May be Absolute or Conditional
 6. All other essentials of a valid contract (Covered under ICA, 1872)



Sec 5 Contract of Sale how made :-

1. Immediate Delivery & Immediate Payment

2. Immediate Delivery & payment in future

3. Immediate payment & delivery in future

4. Payment & Delivery both in future

5. Delivery/payment / both in instalments

OWNERSHIP JISKI RISK USKA

PROPERTY JISKI RISK USKA

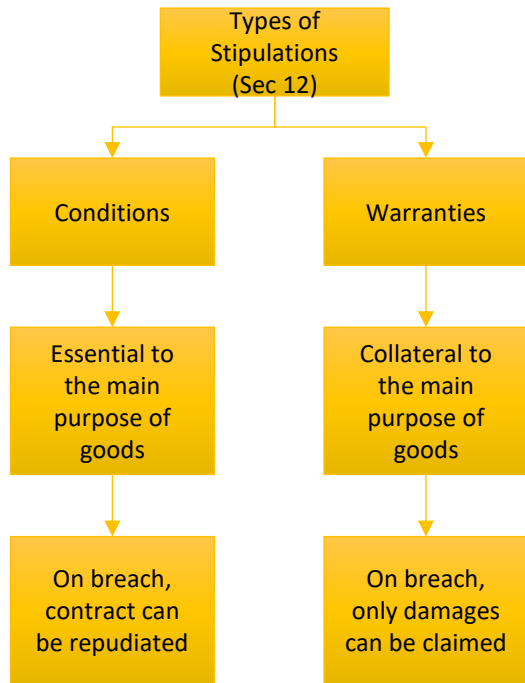
Risk passes with the property

Exception to risk follows ownership :-

If delivery has been delayed by the fault of the seller or the buyer, the goods shall be at the risk of the party in default, as regards loss which might not have arisen but for the default.

UNIT – 2

CA Gurpreet Singh



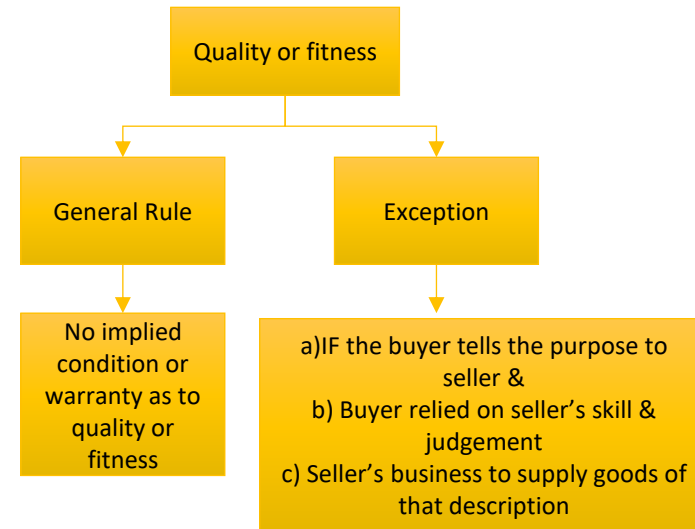
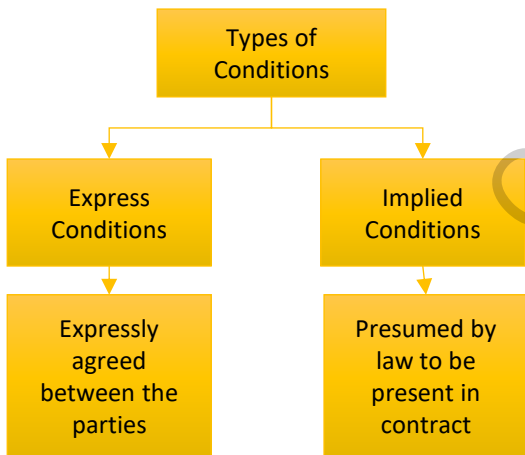
4 Cases where Condition can be treated as Warranty

Buyer altogether waives the performance of the condition

Buyer elects to treat the breach of the conditions, as one of a warranty

Contract is non-severable and the buyer has accepted either the whole goods or part of it

Where the fulfilment of any condition or warranty is excused by law by reason of impossibility or otherwise.



7 Implied Conditions

Condition as to title

Sale by sample

Condition as to quality or fitness

Condition as to wholesomeness

Condition as to description

Sale by sample as well as by description

Condition as to merchantability

4 Implied Warranties

Warranty as to undisturbed possession

warranty as to quality or fitness by usage of trade

Warranty as to non- existence of encumbrances

disclosure of dangerous nature of goods

Caveat Emptor/Duties of Buyer

Let the Buyer beware

Seller is not bound to disclose the defects in the goods

Buyer cannot hold seller responsible for his bad selection of goods

Rule is laid down in section 16

Exceptions to Caveat Emptor/ Duties of Seller

Goods Sold by Description

Sale by sample

Fitness as to quality or use except brand or patent name

Goods by sample as well as description

Trade usage

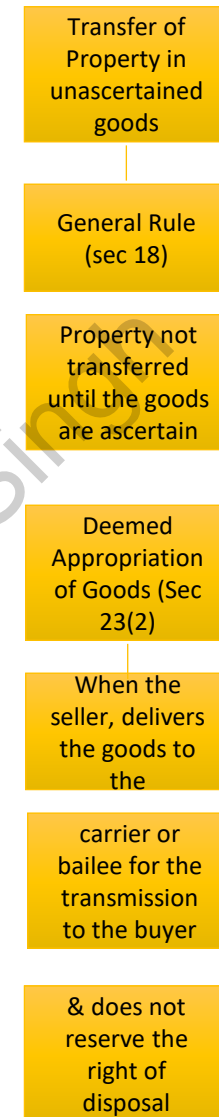
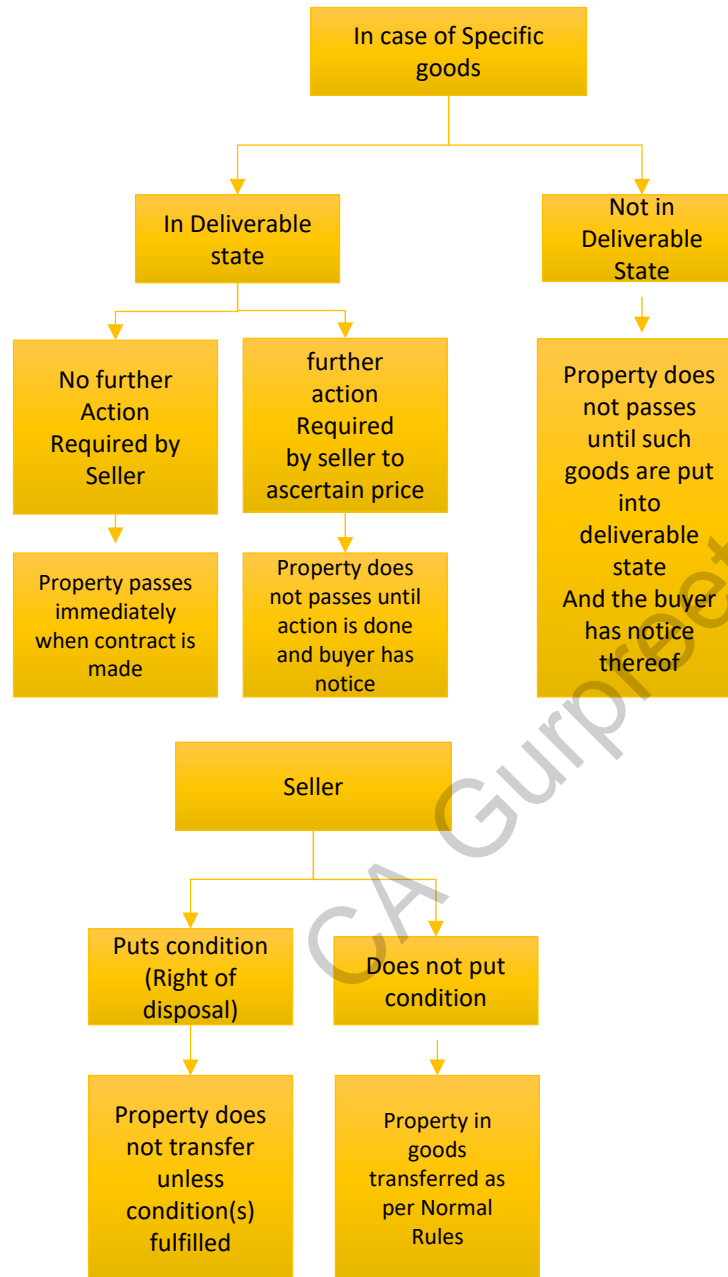
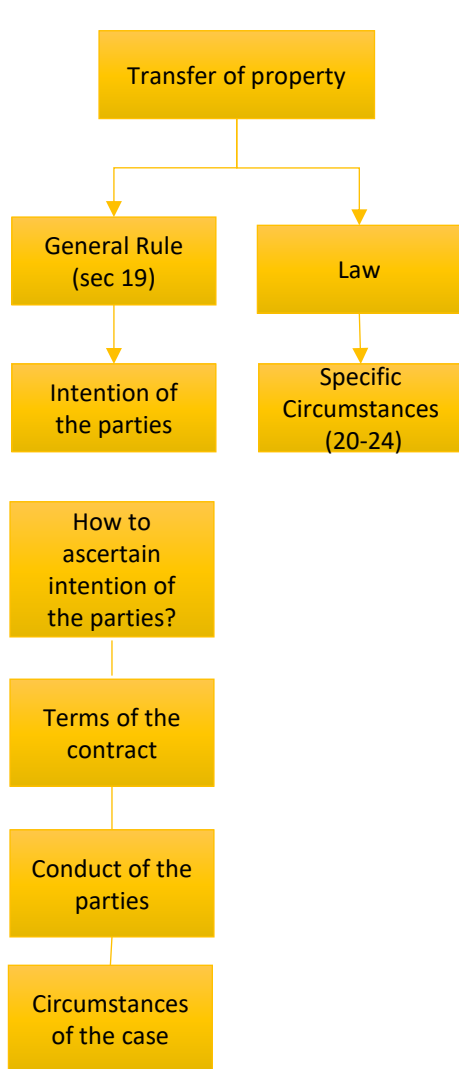
Seller actively conceal defect or guilty of fraud

Condition as to merchantability

Goods of Merchantable quality

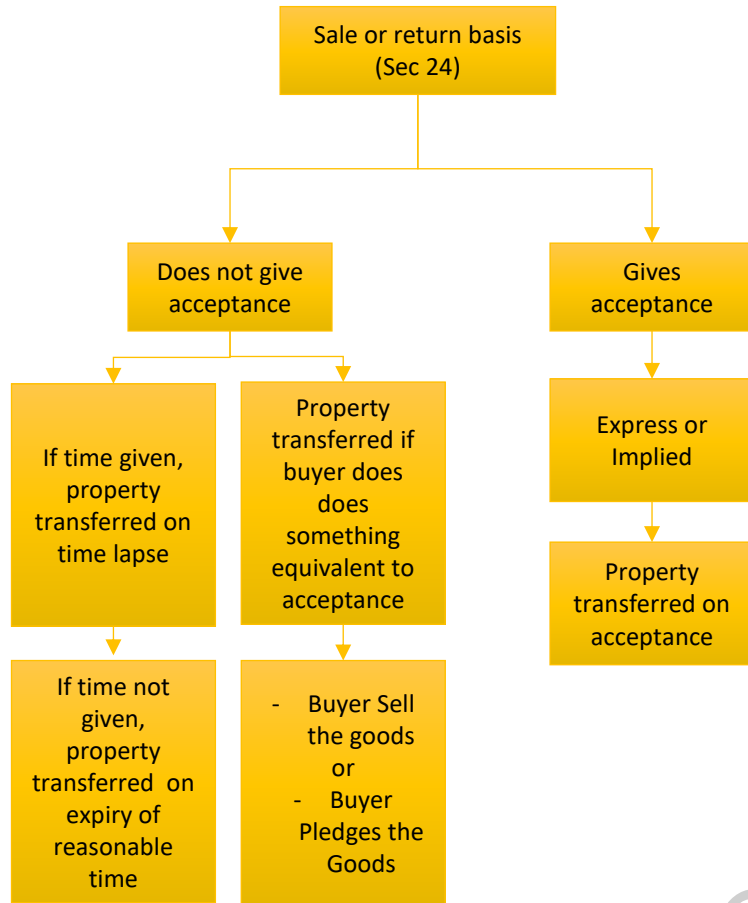
UNIT – 3

CA Gurpreet Singh

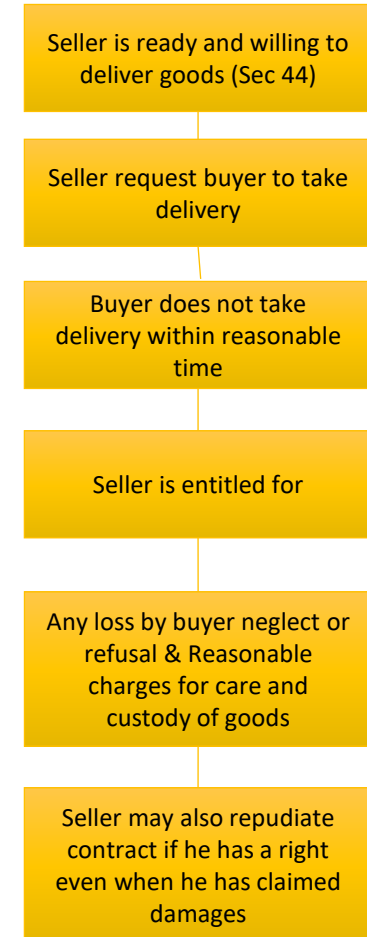
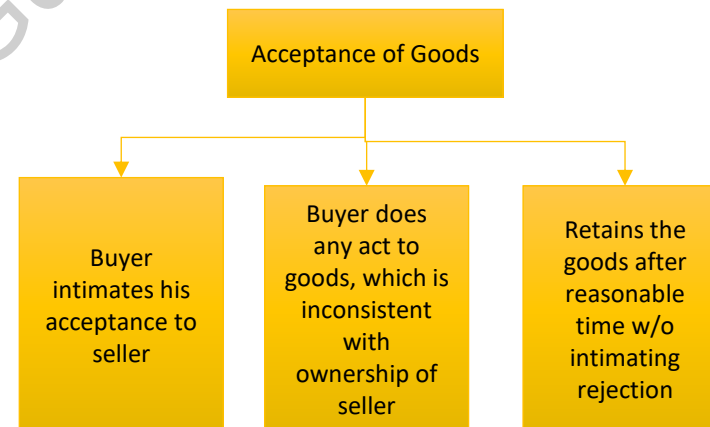


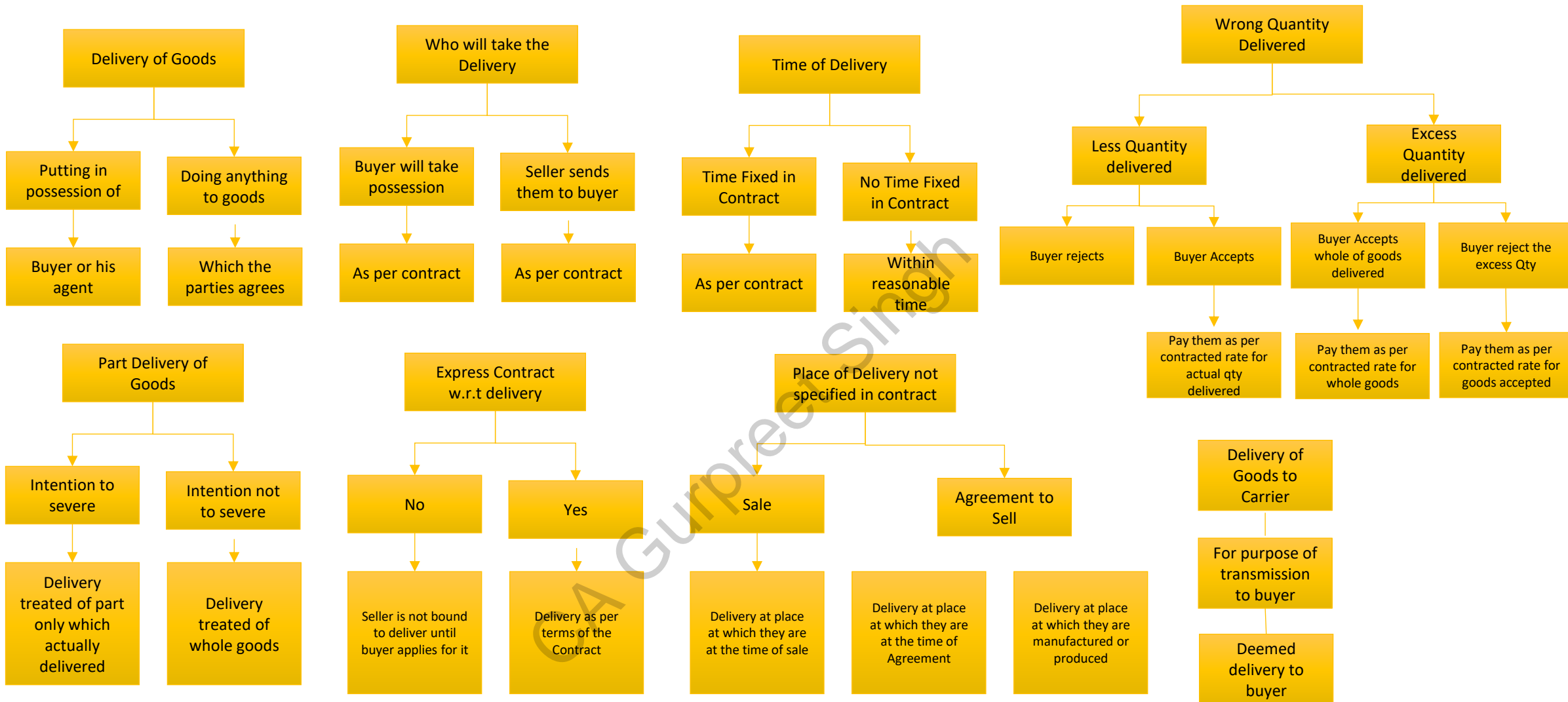
Essentials of Appropriation of goods (Sec 23(1))

1. Sale of Unascertained or future goods
2. Goods should conform to the description & quality stated in the contract
3. Goods must be in a deliverable state
4. Goods must be unconditionally appropriated
5. Assent may be express or implied
6. Assent may be given either before or after appropriation.
7. Appropriation must be made by :-
 - a) Buyer with the assent of seller or
 - b) Seller with the assent of buyer



Sale for cash only or Return :- where the goods have been delivered by a person on “sale or return” on the terms that the goods were to remain the property of the seller till they are paid for, the property therein does not pass to the buyer until the terms are complied with, i.e., cash is paid for.





Note :- Expenses of and incidental to putting goods into deliverable state must be borne by seller in absence of contract to contrary

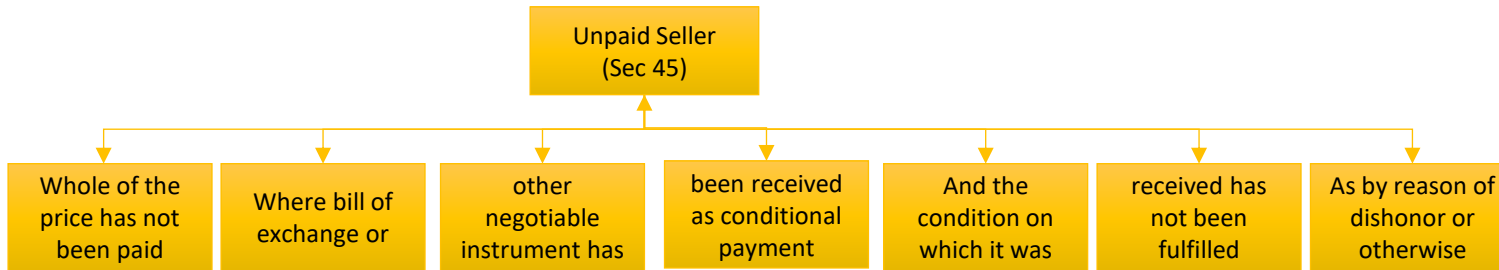
Note :- Buyer must have a reasonable opportunity to examine the goods on delivery if not previously examined

Exceptions to
Nemo Dat Quod
non habet

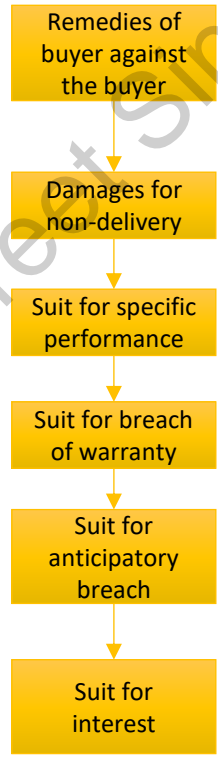
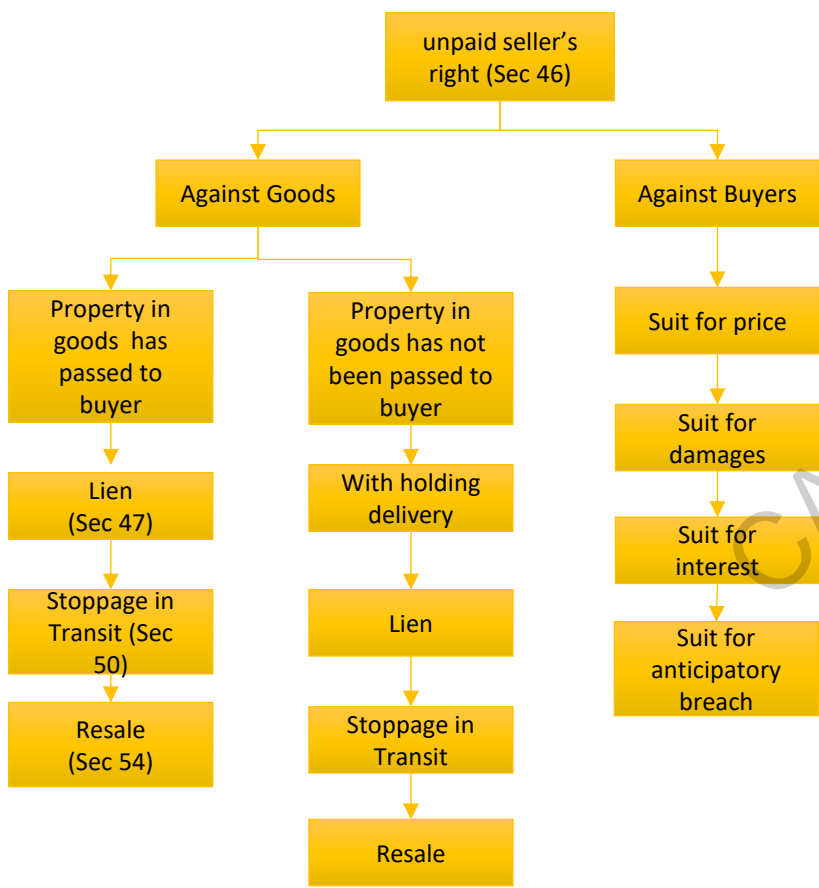
Sale by Mercantile Agent	Sale by One of the Joint Owners (Sec 28)	Sale in case of voidable contract (Sec 29)	Sale by person who has already sold the goods (Sec 30)	Sale by buyer obtaining possession before property is transferred to buyer (Sec 30)	Sale by unpaid seller (Sec 54)	Sale under the provisions of other act	Effect of Estoppel
Agent has Possession of Goods/document with consent of owner	One joint owner has sole possession of goods	Buyer acquire a good title to the goods sold by seller	Sale by person who has already sold the goods but continues with the possession	Sale by buyer obtaining possession before property is transferred to buyer	Sale by unpaid seller who had exercised his right of lien or stoppage in transit	Sale by official receiver/ Liquidator of company will give valid title	Where the owner is estopped by the conduct from denying the seller's authority
Sale made by agent in ordinary course of business as agent	Possession is with the consent of other joint owners	Who obtained possession of goods under voidable contract	Of goods or documents of title, he may sell them to third person	He may sell, pledge or otherwise dispose of the goods to a third person	who resells the goods to other person	Purchase of goods from a finder of goods under certain circumstances	The transferee will get a good title against the true owner
Buyer acted in good faith, no notice of fact that seller has not authority to sell	Buyer acted in good faith, no notice of fact that seller has not authority to sell	Contract has not been rescinded until the time of the seller	Buyer acted in good faith, without notice of previous sale	Buyer acted in good faith, without notice of lien or other right that	Buyer acquires a valid title against the original buyer	A Sale by Pawnee can convey a good title to the buyer	Proof that true owner has actively suffered /held out other person as owner

UNIT – 4

CA Gurpreet Singh



Unpaid seller includes any person who is in the position of seller for instance – agent of seller



Auction Rules (Sec 64)

1. Separate contract of sale for each lot
2. Contract completed on fall of hammer
3. Right to bid may be reserved expressly
4. Fraud if right to bid not notified
5. Reserved or upset price may be notified
6. Sale voidable if seller use pretending bidding to raise price

Sec 64A
 When tax on goods (like excise/custom/GST) increase or decrease after entering into contract of sale but before performance, then buyer would have to pay the revised price considering the revised tax rates.
 The effect of above provision can be excluded by an agreement to contrary