

Sale of Goods Act, 1930

Section 4 of the Sales of Goods Act, 1930 defines a sale of goods as a “contract of sale whereby the seller transfers or agrees to transfer the property in goods to the buyer for price”. The term ‘contract of sale’ includes both a sale and an agreement to sell.

A contract of sale is made by an offer to buy or sell goods for a price and the acceptance of such offer by the other party. The contract may be oral or in writing. A contract of sale may be absolute or conditional.

Essentials

The five essential features of a contract of sale are as discussed below:

- 1) Two parties
- 2) Subject matter to be goods
- 3) Transfer of ownership of goods
- 4) Consideration is price.
- 5) Essential elements of a valid contract

SALE & AGREEMENT TO SELL

A contract of sale is a generic term and includes both an actual sale and an agreement to sell. *Section 4* provides that if the property in goods is transferred from the seller to the buyer under a contract, the contract is called a sale. Where the transfer of the property in the goods will take place at a future time or is subject to some condition which has to be fulfilled, the contract is called an agreement to sell. Such an agreement to sell becomes a sale when the prescribed time lapses or the conditions are fulfilled.

Warranty And Conditions

In a contract of sale, parties may make certain statements about the stipulation or the course of trade. These stipulations in the contract of sale are made with reference to the subject matter of the sale. These stipulations may either be a condition or in the form of a warranty.

The provisions of the conditions and warranty are provided in the sections 11 to 17 of the Act. The stipulations are the essence of the contract of sale and a breach of these stipulations provides a remedy to the grieved party.

Conditions

A condition is a stipulation essential to the main purpose of the contract, the breach of which gives the right to repudiate the contract and to claim damages. (Sec 12 (2)).

Warranty

A warranty is a stipulation collateral to the main purpose of the said contract. The breach of warranty gives rise to a claim for damages. However, it does give a right to reject the goods or treat the contract as repudiated. (Sec 12(3)).