

Introduction

- The law relating to sale and purchase of goods, prior to 1930 were dealt by the Indian Contract Act, 1872.
- In 1930, Sections 76 to 123 of the Contract Act was repealed and a separate Act known as the Sale of Goods Act, 1930 was passed.
- The Act came into force on 1 July, 1930
- It extends to the whole of India, except Jammu & Kashmir.
- This act covers only moveable property only.

Definition

- 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.
- Contract of sale is made when there is an offer to buy or sell goods for a price and the acceptance of such offer is also there.
- It can be made in writing or by word of mouth, or partly in writing and partly by mouth.
- The term contract of sale is a generic term, which includes:
 - (a) Sale and
 - (b) Agreement to sell

SALE AND AGREEMENT TO SELL

Sale

Page | 2

Where under a contract of sale, the property (ownership) in the goods is transferred from the seller to the buyer, it is called a sale.

Thus, sale takes place when there is a transfer of ownership in goods from the seller to the buyer.

A sale is an executed contract.

Agreement to sell means a contract of sale under which the transfer of property in goods is to take place at a future date or subject to some conditions thereafter to be fulfilled Difference Sale

A sale is an executed contract

Since the ownership has passed to the buyer, the seller can sue the buyer for the price of the goods, if the latter makes a default in payment

In case of loss of goods, the loss will fall on the buyer, even though the goods are in the possession of the seller. It is because the risk is associated with ownership

In case the buyer pays the price and the seller thereafter becomes insolvent, the buyer can claim the goods from the official receiver or assignee as the case may be

Agreement to Sell

• It is an executory contract.

• In case of breach, the seller can only sue for damages, unless the price was payable at a stated date.

• The loss in this case shall be borne by the seller, even though the goods are in the possession of the buyer.

• In this case, the buyer cannot claim the goods, but only a ratable dividend for the money paid.

