

NOTES

Sale of Goods Act, 1930: Quick Revision Notes (CLAT PG)

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Sale of Goods Act, 1930: Quick Revision Notes cover the law that governs contracts for the sale of movable goods in India. Originally part of the Indian Contract Act, 1872, the Act was enacted separately in 1930 and **the Contract Act still applies to matters SOGA does not cover (Section 3)**.

These notes walk through the essentials in one place: the contract of sale, conditions and warranties, transfer of property and title, the rights of the unpaid seller, and the remedies of the buyer. *They are written for CLAT PG aspirants who want to revise the key sections and leading cases quickly.*

Contract of Sale (Section 4 of Sale of Goods Act, 1930)

A contract of sale is one where the seller transfers or agrees to transfer the property in goods to the buyer for a price. It may be absolute or conditional. It requires two parties (seller and buyer), goods, a price in money, and transfer of property.

Under Section 4(3), where property passes at once, **it is a sale**. Where transfer is at a future time or on a condition, it is an **agreement to sell**, which becomes a sale when the time elapses or the condition is fulfilled (Section 4(4)).

Basis	Sale	Agreement to Sell
Nature	Executed contract	Executory contract
Property	Passes to buyer	Passes later
Right created	Right in rem	Right in personam
Risk	Falls on buyer	Stays with seller

Seller's remedy on non-payment	Suit for price	Suit for damages only
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Goods and Their Classification (Sections 2(7), 6 of Sale of Goods Act, 1930)

Goods mean every kind of movable property other than actionable claims and money. They include stock, shares, growing crops, grass, and things attached to the land that are agreed to be severed before sale.

Goods may be existing, future or contingent. Section 6(3) says an agreement to sell future goods operates as an agreement to sell, not a sale.

Perishing of Goods (Sections 7 and 8 of Sale of Goods Act, 1930)

Under Section 7, a **contract for specific goods that, unknown to the seller, have already perished at the time of contract is void**. Under Section 8, if **specific goods perish after the agreement to sell but before the risk passes to the buyer, without fault of either party, the agreement is avoided**.

Price (Sections 9 and 10 of Sale of Goods Act, 1930)

Price may be fixed by the contract, left to be fixed in a manner agreed, or determined by the course of dealings. Otherwise the buyer must pay a reasonable price. Under Section 11, time of payment is not ordinarily of the essence unless a contrary intention appears.

Conditions and Warranties (Sections 11-17 of Sale of Goods Act, 1930)

A condition is essential to the main purpose of the contract, and its breach gives the right to repudiate. A warranty is collateral to the main purpose, and its breach gives only a right to damages (Section 12).

Under Section 13, a breach of condition may be treated as a breach of warranty if the buyer waives the condition or accepts the goods. This applies to non-severable contracts once the buyer has accepted the goods.

Implied Terms as to Title (Section 14 of Sale of Goods Act, 1930)

Section 14 implies a condition that the seller has the right to sell. It also implies two warranties: that the buyer will enjoy quiet possession, and that the goods are free from any undisclosed charge or encumbrance.

In Rowland v. Divall (1923), the buyer recovered the full price because the seller had no title. The buyer had received none of what he bargained for, so there was a total failure of consideration.

Sale by Description and Quality (Sections 15, 16 of Sale of Goods Act, 1930)

Under Section 15, **goods sold by description must correspond with it**. Under Section 16(1), **the rule is caveat emptor, subject to exceptions**. Where the buyer discloses the purpose and relies on the seller's skill or judgment, there is an implied condition of fitness.

Section 16(2) implies **merchantable quality where goods are bought by description from a seller who deals in such goods**. This does not extend to defects that a reasonable examination by the buyer would have revealed. Grant v. Australian Knitting Mills (1936) is the leading case.

Sale by Sample (Section 17 of Sale of Goods Act, 1930)

In a sale by sample, the bulk must correspond with the sample, and the buyer must have a reasonable opportunity to compare them. The goods must also be free from any defect not apparent on reasonable examination. Drummond v. Van Ingen (1887) is the standard authority.

Transfer of Property (Sections 18-26 of Sale of Goods Act, 1930)

Section 18 provides that **where goods are unascertained, no property passes until they are ascertained**. In Re Wait (1927), the buyer of 500 tons from a larger cargo got no property because the goods were never separated.

Under Section 19, property passes when the parties intend it to pass. **For specific goods in a deliverable state, Section 20 says property passes when the contract is made, irrespective of when payment or delivery occurs**. Section 23 deals with unascertained goods, where property passes on unconditional appropriation with the assent of the other party.

Goods on Approval and Risk (Sections 24-26 of Sale of Goods Act, 1930)

Under Section 24, **goods sent on approval pass to the buyer when he signifies approval or does an act adopting the transaction**. They also pass if he keeps them beyond the agreed or a reasonable time without rejecting them.

Under Section 26, risk follows property unless otherwise agreed (*res perit domino*). If delivery is delayed by the fault of either party, that party bears any loss that would not have occurred but for the fault.

Transfer of Title: Nemo Dat (Sections 27-30 of Sale of Goods Act, 1930)

Section 27 states the general rule that no one can give a better title than he has (*nemo dat quod non habet*). *The exceptions rest on protecting innocent buyers.*

These are **sale by a mercantile agent with the owner's consent** (Section 27 proviso), **sale by one of several joint owners in sole possession** (Section 28), and **sale by a person holding goods under a voidable contract that has not been avoided** (Section 29).

They also include **a seller or buyer remaining in possession after sale** (Section 30), and **sale by estoppel**.

Delivery and Payment (Sections 31-44 of Sale of Goods Act, 1930)

The seller must deliver and the buyer must accept and pay, and delivery and payment are concurrent conditions (Section [32](#)). *Delivery may be actual, constructive or symbolic* (Section [33](#)). If the seller delivers more or less than contracted, the buyer may accept or reject under Section [37](#).

Under Section [38](#), where goods are to be delivered by instalments, the buyer is not bound to accept delivery in instalments unless the contract so provides. Section [39](#) makes delivery to a carrier prima facie delivery to the buyer.

Unpaid Seller (Sections [45-54 of Sale of Goods Act, 1930](#))

A seller is unpaid when the whole price has not been paid or tendered, or when a bill of exchange given for it has been dishonoured (Section [45](#)). He has rights against the goods and against the buyer personally.

Rights against the goods are lien (Section [47](#)), stoppage in transit when the buyer becomes insolvent (Section [50](#)), and resale (Section [54](#)). Lien ends if the seller delivers the goods to a carrier without reserving the right of disposal, if the buyer lawfully obtains possession, or on waiver (Section [49](#)).

Resale and Personal Remedies of Seller

A seller may resell perishable goods, or other goods after giving notice to the buyer and waiting a reasonable time. He can recover any loss from the original buyer. A buyer on resale acquires a good title as against the original buyer (Section [54](#)).

Personal remedies include a suit for price under Section [55](#), where property has passed or where price is payable on a fixed day. They also include damages for non-acceptance (Section [56](#)).

Remedies of the Buyer (Sections [57-61 of Sale of Goods Act, 1930](#))

The buyer may sue for damages for non-delivery (Section [57](#)) and for specific performance of a contract for specific or ascertained goods (Section [58](#)). For breach of warranty, he may set up the breach against the price or sue for damages (Section [59](#)).

Section [60](#) covers anticipatory repudiation by either party. Section [61](#) preserves the right to interest and special damages.

Auction Sales and Other Points

In an auction sale, the sale is complete on the fall of the hammer, and any bidder may retract before that (Section [64](#)). A pledge, a gift and a hire-purchase agreement are not contracts of sale, because the property is not transferred for a price at once.

To test your knowledge for CLAT PG attempt these following tests on SOGA

- [MCQ TEST PART I](#)
- [MCQ TEST PART II](#)
- [SECTIONAL TEST](#)

All the best !

Sale of Goods Act, 1930

Quick Revision Notes

Governs contracts for the sale of movable goods in India.
(Originally part of the Contract Act, 1872. Contract Act still applies to matters not covered by SOGA – Section 3)



1 Contract of Sale (Section 4)



- Seller transfers or agrees to transfer property in goods to buyer for a price.
- May be absolute or conditional.
- Requires 2 parties, goods, price and transfer of property.

Sale vs Agreement to Sell

Basis	Sale	Agreement to Sell
Nature	Executed contract	Executory contract
Property	Passes to buyer	Passes later
Right created	Right in rem	Right in personam
Risk	Falls on buyer	Stays with seller
Remedy on non-payment	Suit for price	Suit for damages only

2 Goods and Their Classification (Sections 2(7), 6)



- Movable property (excludes actionable claims & money).
- Includes stock, shares, growing crops, grass, etc.
- May be existing, future or contingent.
- Agreement to sell future goods = agreement to sell (not a sale).

3 Perishing of Goods (Sections 7 & 8)



- **Section 7:** Contract for specific goods (unknown to seller) already perished → void.
- **Section 8:** Goods perish after agreement but before risk passes (to buyer) → agreement avoided.

4 Price (Sections 9 & 10)



- May be fixed, left to be fixed, or determined by course of dealings.
- Otherwise, buyer must pay a reasonable price.
- Time of payment not essential unless agreed (Section 11).

5 Conditions & Warranties (Sections 11–17)



- **Condition:** essential; breach → right to repudiate.
- **Warranty:** collateral; breach → damages only.
- **Breach of condition** may be treated as warranty if buyer waives or accepts goods (Section 13).

6 Implied Terms (Sections 14)



- Seller has right to sell.
- Buyer to enjoy quiet possession.
- Goods free from undisclosed charges.

7 Sale by Description & Quality (Sections 15, 16)



- Goods must match description (Section 15).
- **Caveat emptor**, with exceptions (Section 16).
- Implied condition of fitness when purpose disclosed.
- Implied merchantable quality (Section 16(2)).

8 Sale by Sample (Section 17)



- Bulk must match sample.
- Buyer must get reasonable opportunity to compare.
- Goods must be free from hidden defects (Drummond v. Van Ingen).

9 Transfer of Property (Sections 18–26)



- Unascertained goods → no property until ascertained (Re Wait).
- Property passes when parties intend.
- Specific goods: passes on contract (if deliverable) (Section 20).
- Other rules for unascertained goods (S.23).

10 Goods on Approval & Risk (Sections 24–26)



- Passes on approval/ adoption or keeping beyond time (S.24).
- Risk follows property (res perit domino) (S.26).

11 Transfer of Title: Nemo Dat (Sections 27–30)



- No one can give a better title than he has (S.27).
- Exceptions: mercantile agent, joint owners, voidable contract, possession, estoppel.

12 Delivery and Payment (Sections 31–44)



- Delivery + payment = concurrent (S.32).
- Actual, constructive or symbolic (S.33).
- For lesser/greater quantity → buyer may accept or reject (S.37).
- Instalments not binding unless agreed (S.38).
- Delivery to carrier = delivery to buyer (S.39).

13 Unpaid Seller (Sections 45–54)



- Rights: lien, stoppage in transit, resale (S.47, 50, 54).
- Lien ends on delivery to carrier, buyer's possession or waiver (S.49).
- Personal remedies: suit for price (S.55), damages (S.56).

14 Buyer's Remedies (Sections 57–61)



- Damages for non-delivery (S.57).
- Specific performance (S.58).
- Breach of warranty → set off or damages (S.59).
- Anticipatory repudiation (S.60).
- Interest & special damages (S.61).

15 Auction Sales & Others



- Sale complete on fall of hammer (S.64).
- Can retract before that.
- Pledge, gift, hire-purchase ≠ contract of sale (no immediate transfer of property for price).



Key Takeaway

✓ Contract of sale ≠ agreement to sell. (S.2d).

✓ Property, risk and payment have specific rules.

✓ Careful with exemptions, warranties and transfer of title.

✓ Everything is built on clear statutory terms.

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