



# **SNS COLLEGE OF ENGINEERING**

**Kurumbapalayam (Po), Coimbatore – 641 107**

**An Autonomous Institution**

**Accredited by NBA – AICTE and Accredited by NAAC – UGC with 'A' Grade**

**Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**



## **DEPARTMENT OF MANAGEMENT STUDIES**

**COURSE NAME : 19BA104- LEGAL ASPECTS OF BUSINESS**

**I YEAR / I SEMESTER**

**Unit 2 – THE SALE OF GOODS ACT 1930**

**Meaning and Definitions of sale ,Types of Goods under SGA Difference b/w sale and  
agreement to sell**



Sl. No.	Particulars	Sale	Agreement to Sell
1.	Ownership Transference	The property (ownership or title) in the goods passes from the seller to the buyer immediately so that the seller is no more owner.	The property (ownership or title) in the goods has to pass at a future time or after the fulfilment of certain conditions specified in the contract.
2.	Risk of Loss	Where the goods sold under the contract of sale are destroyed, the loss falls squarely on the buyer as the ownership in the goods has already passed on to the latter. Even though the goods are in the possession of seller.	Where the goods under the agreement to sell are destroyed, the loss falls squarely on the seller as the ownership is still vested with the seller even though the possession of the goods is with the buyer.
3.	Consequences of violating the contract	Where the buyer fails to pay the price, the seller cannot seize the goods. The seller can only file a case against the buyer for violating the contract.	Where the buyer violates the contract, the seller can repossess the goods from the former. He can sue for damages for violation of the contract.
4.	Nature of contract	It is an executed contract i.e. completed contract	It is an executory contract, i.e. contract yet to be performed by the party to the contract.



5.	Insolvency of the Buyer	In a sale, if a buyer becomes insolvent before he pays for the goods even though the goods sold are under the possession of the seller, the latter has to return them to the Official Receiver or Assignee as the ownership of goods has already been transferred to the buyer. The seller can claim only rateable dividend. The seller has to inevitably part with the possession of the goods under his custody.	If the buyer becomes insolvent before the payment of the price, the seller can retain the goods if they are under his possession or even he can repossess the goods even if the possession of the goods is transferred to the buyer. In other words, the seller is not bound to lose possession of the goods.
6.	Insolvency of the Seller	If the seller become insolvent before delivering the goods to the buyer, the buyer can claim the delivery of the goods from the Official Receiver or Assignee as the ownership is already passed on to the buyer.	The buyer cannot do so. Further if the buyer has already paid the price of the goods or made any advance, he can claim only rateable dividend and not the goods because the ownership in the goods is not yet passed to him.



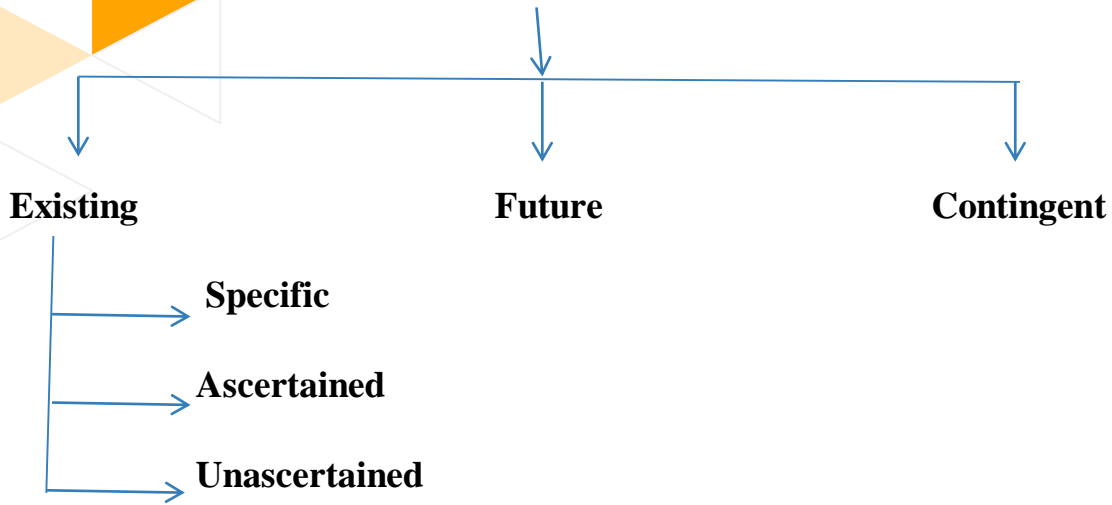
## Difference between Sale and Hire Purchase



Matter	Sale	HirePurchase
Meaning	Property in goods is transferred from seller to buyer immediately	Agreement where hirer uses goods by paying regular installment and having option to purchase goods on payment of last installment
Applicable Act Parties	Sale of goods Act, 1930 Buyer and seller	Hire Purchase Act, 1972 Hirer and Hire vendor
How it made?	Orally or in writing	Only in writing – Valid
Transfer of ownership	Immediately buyer becomes owner of goods	When hirer paid last installment
Risk of loss	Risk of loss passes to buyer	Ownership not transferred hire vendor is liable
Return of goods	Buyer can't return goods	Anytime terminate agreement and return
Legal effect of Installment	Buyer remain liable to pay unpaid installment only	Each installment paid is treated as hire charges
Sale Tax	Payable immediately	When all installment is paid



## CLASSIFICATION OF GOODS



**Existing goods :** Existing goods are the goods, which are owned and possessed by the seller at the time of sale.

### **A) Specific Goods:**

The goods, which are identified and agreed upon by the parties at the time of contract of sale. It should be noted that the goods must be both identified and agreed upon.

### **B) Ascertained Goods:•**

There are the goods, which are identified after the formation of contract of sale. When the unascertained goods are identified and agreed upon by the parties, the goods are known as ascertained goods.



### **C ) Unascertained Goods:•**

These are the goods, are not identified and agreed upon at the time of the contract of sale.

#### **Future Goods**

Future goods are those goods, which do not exist at the time of the contract of sale.

These goods are to be manufactured or acquired by the seller after the making of the contract of sale.

Future goods cannot be sold, but there can only be an agreement to sell.

#### **Example:**

**A, a manufacturer agrees to sell 5 tables and 50 chairs to B at Rs.10,000. B agrees to purchase it. However, tables and chairs are yet to manufactured by A.**

#### **Contingent goods**

It is a kind of future goods.

It is goods, the acquisition of which is contingent upon the happening or non –happening of an uncertain event.

#### **Example:**

**A agrees to sell the goods loaded on the ship “Titanic”, which is coming from London to Bombay. The ship may or may not arrive. So, these goods will be called as contingent goods.**



Basis	Future Goods	Contingent Goods
Meaning	Goods that are yet to be manufactured produced or acquired by the Seller after making contract of sale.	Goods, the acquisition of which by the Seller depends upon a contingency, which may or may not happen.
Element of uncertainty	Acquisition of Future Goods does not depend upon and uncertainty.	The procurement of Contingent Goods is dependent upon an uncertain event.
Scope	Future Goods do not include contingent Goods because of the element of certainty.	They are wider in scope, it includes future Goods.
Effect of Contract	Where by a contract of Sale, the Seller purports to effect a present sale of future Goods, the contract operates as an “agreement to sell” the Goods[Sec.6(3)]	There may be a “Contract for Sale” of Goods, the acquisition of which by the Seller depends upon a contingency which may or may not happen [Sec.6 (2)]
Example	B agrees to buy the entire crop of wheat that would yield in S’s farm, at the rate of Rs.1000 per quintal.	A agrees to sell to B a certain painting only if C, its present owner, sells it to him. The sale is contingent upon the sale by C.



**RECAP**

**QUESTIONS???**

**THANK YOU**