



SNS College of Technology

(An Autonomous Institution)

Coimbatore - 35



Department of Management Studies

19BAT604 – Legal Aspects of Business

Unit – II – The Sale of Goods Act 1930

Two Mark Question and Answer

1. What is Contract of Sale?

Section 4 defines a contract of sales as “a contract whereby the seller transfer or agrees to transfer the property in goods to the buyer for a price”.

The term ‘Contract of Sale’ includes an actual sale as an agreement to sell. It may be absolute or conditional. It may be between one part-owner and another.

2. What are the different types of goods described in Sale of Goods Act?



3. What are the essentials of contract of sale?

- There must be two distinct parties i.e., a seller and a buyer.
- They must be competent to contract.
- The subject matter of the sale must be a movable property.
- The consideration for the sale must be money. However, it may be partly in money and partly in goods. But it should not be wholly goods.

- It must fulfill all the essentials of a valid contract.
- No particular form is necessary to effect a sale. It may be express or implied.

4. What are the distinctions between sale and agreement to sell?

Sale	Agreement to Sell
It is the transfer of ownership of goods in consideration for a price paid or promised, or part paid and part promised.	It is a contract whereby the seller agrees to transfer the property to the buyer for a price.
It is an executed contract.	It is an executory contract.
The property in goods passes to the buyer immediately.	The property in goods does not pass to the buyer. It remains with the seller till sale is effected.
It creates rights in rem.	It creates rights in personam.
If the buyer commits breach i.e., fails to pay for the goods, the seller may sue for the prices.	If such ceases the seller is only entitled to sue for damage.

5. **Define Agreement to sell.**

It is a contract whereby the seller agrees to transfer the property to the buyer for a price. The property in goods does not pass to the buyer. It remains with the seller till sale is effected. It creates rights in personam.

6. **Write notes on – Specific goods and Unascertained goods**

Specific goods are goods which can be clearly identified and recognized as separate things e.g., a particular picture by a painter; a ring with distinctive features, etc.

Unascertained goods or Generic goods are goods indicated by description and not separately identified. If a merchant agrees to supply one bag of wheat from his godown to a buyer, it is a sale of unascertained goods because it is not known which bag will be delivered.

7. Define the term “Sale of Goods”

Section 4(1) of the Sale of Goods Act 1930 defines “A contract of sale of goods is contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price”

8. Distinguish between ‘Condition’ and ‘Warranty’.

Condition	Warranty
A condition is a stipulation essential to the main purpose of the contract.	A warranty is a stipulation collateral to the main purpose of the contract.
In the case of breach of conditions, the aggrieved party may repudiate the contract, refuse to perform his own obligations, bring an action for breach of contract and can reject the goods which do not correspond to the stipulated condition.	In the case of breach of a warranty the aggrieved party can claim only damages. But has no right to repudiate the contract.
In some cases a breach of a condition may be treated as a breach of warranty.	A breach of a warranty may not be treated as a breach of condition.

9. State the implied condition in a contract of sale.

- Condition as to Title.
- Sale by Description.
- Sale by Description as well as Sample.
- Condition as Quality or Fitness.
- Condition as to Merchantability.
- Condition Implied by usage of Trade
- Sale by Sample

10. What is the Doctrine of Caveat Emptor

Caveat Emptor means 'Let the purchaser beware'. That is to say, the buyer shall verify and satisfy himself whether the goods are suitable for the purpose for which he buys. There will be no implied condition in regard to the patent defects that can be disclosed when the buyer has examined the goods.

11. What is sale by description?

Where there is a contract for the sale of goods by description that is, they are described in terms of their features, quality, etc., there is an implied condition that the goods shall correspond with the description.

12. What are the duties of the seller and buyer in sales contract?

- The seller shall be ready and willing to give possession of the goods to the buyer in exchange of the price.
- The buyer must pay the price of the goods according to the terms of the contract.
- If the buyer wrongfully refuses to accept delivery must pay compensation to the seller.
- Under certain circumstances the buyer is liable to pay interest on the unpaid seller.

13. Who is an unpaid seller?

A seller of goods is an unpaid seller when (i) the whole of the price has not been paid or tendered (ii) a bill of exchange or other negotiable instruments has been received as conditional payment and the condition on which it was received has not been fulfilled by reason of the dishonor of the instrument or otherwise.

14. What are the rights of buyer?

A buyer enjoys the following rights under a sales contract.

- To have delivery of goods as per contract.
- To reject the goods if the seller sends a quantity other than the one ordered.

- To reject the delivery of goods in installments if the contract does not stipulate.
- To examine the goods.
- To enforce his rights against the seller for breach of contract as per the sale of Goods Act.

15. What are the duties of buyer?

- To accept the goods and pay for them.
- To apply from delivery.
- To demand delivery at a reasonable hour.
- To accept delivery in installments if stipulated in the contract.
- To assume risk of deterioration in course of transit.
- To inform the seller about rejection of goods.
- To accept delivery within reasonable time of its tender.
- To pay for goods bought.
- To pay damages for non-acceptance of goods

16. What are the rights of buyer against seller for breach of contract?

- Damages for non-acceptance
- Damage for non-delivery
- Specific Performance
- Remedy for Breach of Warranty
- Repudiation of Contract
- Interest and special Damages

17. What is an Auction of Sale?

An auction of sale is a public sale where people will compete in purchasing the property by offering advancing prices and the property is given to the highest bidder.

IMPORTANT TERMS

1. **Sale of goods-** Seller transfer or agree to transfer the goods
2. **Agreement to sell** - Future sale
3. **Bailment-** Transfer of possession not of ownership from the bailor to bailee
4. **Mortgage-** ownership of the goods vested in the mortgagor
5. **Bill of lading-** Acknowledgement of receipt of goods and a document of title to goods
6. **Conditions-** stipulation is essential to the main purpose of the contract
7. **Warranties** – Stipulation collateral to the main purpose of the contract
8. **Doctrine of caveat emptor-** Buyer be aware
9. **Unpaid seller-** payment has not been paid by the buyer
10. **Lien** – Right against the goods
11. **Stoppage in transit-** Right of stopping the transfer of goods
12. **Bailment-** The delivery of goods by one to another person for some purpose, upon a contract that they shall , when the purpose is accomplished, be returned or disposed according to the directions of the person delivering them.
13. **Pledge-** Bailment of goods as security for payment of debt or performance of a promise. Conditions -Stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated.
14. **Warranty-** Collateral stipulation to the main purpose of the contract, the breach of which gives rise to a claim for damages but not to a right to reject the goods and treat the contract as repudiated.
15. **Doctrine of Caveat emptor** -Let the buyer beware- It is not a part of seller's duty to point out defects of his own goods. The buyer must inspect the goods to find out if they will suit his purpose.
16. **Who are an unpaid seller--**Buyer refuse to pay, the seller, as an unpaid seller shall have certain rights
17. **Rights of an unpaid seller**—Right against the goods, Right against the buyer

- 18. Void agreement:** A void agreement is one which is not enforceable a law and does not give rise to any legal consequence
- 19. Wagering agreement:** All wagering agreement are void wagering is equal to gambling. as a matter of fact, though a wagering agreement is void and enforceable but is not forbidden by law.
- 20. Contingent contract:** A contingent contract is a contract to do on not to do something if some event, collateral to such contract does on does not happen.

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