



The Indian Journal for Research in Law and Management

Open Access Law Journal – Copyright © 2025

Editor-in-Chief – Dr. Muktai Deb Chavan; Publisher – Alden Vas; ISSN: 2583-9896

This is an Open Access article distributed under the terms of the Creative Commons Attribution-Non-Commercial-Share Alike 4.0 International (CC-BY-NC-SA 4.0) License, which permits unrestricted non-commercial use, distribution, and reproduction in any medium provided the original work is properly cited.

Analysis of the Indian Sale of Goods Act

~ *Shelly Vyas*

Contracts which are associated with sale and purchase of goods, are governed by Sale of Goods Act, 1930. It is an essential element of Indian commercial law. The Act, which was passed in order to codify obligations and rights of both- buyers and sellers, is essential to ensuring justice and clarity in business dealings. Indian statute, which was adapted to nation's jurisprudence and commercial realities, was initially relied on English Sale of Goods Act, 1893.

1. Background and Scope

The Indian Contract Act, 1872, governed contracts associated with sale of goods prior to Sale of Goods Act's execution.

The legislature enacted this Act, which went into effect on July 1st, 1930, after realizing the need for a clear framework to control the transfer of movable property. Initially a chapter of the Contract Act, it was later divided to focus on business transactions individually.

Relevant Definitions:

Goods: All movable property, alongside the exception of money and actionable claims.

The parties to a sale agreement are the **seller and the buyer**.

A contract of sale is an agreement in which the seller agrees to give the buyer ownership of the goods in exchange for a fee.

2. Key Elements of the Act i.e. Sale Contract

The Act makes a distinction between -

Sale: Ownership passes on straight away.

Agreement to Sell: Transfer of ownership at a later time or after specific requirements are met.

This distinction is important because an agreement to sell creates future enforceable claims,

whereas a sale confers immediate rights.

ii. Conditions and Warranties

The Act presents the idea of warranties (subsidiary terms) and conditions (essential terms of the contract). Buyer has right to repudiate the agreement if a condition is broken. Although buyer cannot renounce the agreement, they may seek damages if a warranty is broken.

iii. Property Transfer

Determining when ownership shifts from the seller to the buyer is one of the most important factors because it affects risk, liability, and remedies. Sections 18–25 detail different scenarios for specific goods, unascertained goods, and goods sent on approval.

iv. Doctrine of Caveat Emptor

The principle of "let the buyer beware" applies, placing the onus on the buyer to examine goods before purchase. However, the Act introduces exceptions—such as implied conditions as to quality and fitness—protecting buyers in cases of fraud or reliance on seller expertise.

3. Duties and Rights of Buyers and Sellers

Seller's Duties:

- Deliver goods as agreed.
- Ensure the title is clear and unencumbered.
- Conform to description or sample, if applicable.

Buyer's Duties:

- Accept and pay for the goods.
- Take delivery as agreed.
- Examine the goods if provided an opportunity.

Rights of Unpaid Sellers:

This Act's crucial section addresses unpaid seller and grants them rights like:

- a lien on the merchandise.
- Transit-related halt.
- Right to resell in certain situations.

4. Remedies for breach

Both parties have following options in event of a contract breach:

Buyer's remedies include non-delivery, defective goods and conditional violations.

Seller's Remedies: For buyer breaches, non-payment, or refusal to accept delivery.

Additionally, lawsuits for damages, specific performance and contract repudiation are recognized by the law.

5. Judicial Interpretations and their Relevance

This Act has been read consistently by Indian courts to maintain fairness, commercial efficacy. Supreme Court highlighted major difference between a sale and an agreement to sell in case of *Raghunath Prasad v. Hanuman Das*.

In a similar vein, courts have modified caveat emptor doctrine to conform to principles of consumer protection. But strict execution of this Act is coming under more and more pressure as e-commerce, digital goods and consumer rights laws grow in popularity.

For example, there is a gray area for contemporary online transactions because the Act does not specifically identify intangible digital goods.

6. Comparative Perspectives and need for Reform

India has not updated its sales law as quickly as nations like USA or UK. The Uniform Commercial Code (UCC) in USA and Sale of Goods Act of 1979 in UK, both have adjusted to realities of contemporary trade, such as- electronic commerce and cross-border transactions.

India should think about changing Act to:

- Add digital products and services.
- Comply with the 2019 Consumer Protection Act.
- Make clauses pertaining to AI-based transactions, electronic contracts, and international digital trade clearer.

In conclusion

A pillar of Indian business law, Sale of Goods Act, 1930, offers a strong foundation for controlling sales transactions. Although this Act's fundamental ideas are still valid- modernization and change are necessary, due to evolving nature of trade, particularly in this digital age.

In India in 21st century, a flexible legal system that incorporates business and technology advancements is necessary to guarantee both consumer protection and market efficiency.