SOG-C01 - 3 PROVISIONS

Sale of Goods Act, 1930 - Preliminary and Contract Act Interface

Sale of Goods Act, 1930

Full local statutory text | Finin2min implementation edition | CA Nikhil Gupta and Kajri Singh

Finin2min Summary - Chapter in 2 Minutes

Purpose

This unit converts preliminary and contract act interface into statutory, transaction, evidence and remedy decisions.

Who is covered

Businesses, contracting parties, partners, buyers, sellers, principals, agents and litigants affected by this chapter.

Main obligations

Read the transaction documents and actual conduct against every statutory limb, exception and connected law.

Key timelines

Record event, breach, refusal, notice, acknowledgment and filing dates; apply the correct Limitation Act article.

Forms and evidence

Use the chapter evidence checklist and State/UT forms where registration or public notice applies.

Top risk

Wrong classification, missing authority, weak evidence, ineffective notice, unverified State process or wrong remedy.

Remedy

Preserve rights, mitigate loss, quantify exposure and confirm forum, arbitration, limitation and interim relief.

Finin2min takeaway

Classify - map law - verify authority - prove performance - quantify consequence - select remedy and forum.

Section-by-section provision map

Provision	Title	Status	Decision theme
s.1	Short title, extent and commencement	operative	scope and classification
s.2	Definitions	operative	scope and classification
s.3	Application of provisions of Act 9 of 1872	operative	scope and classification

Legal status, amendments and source protocol

Act: Sale of Goods Act, 1930; Act 3 of 1930; commencement 1 July 1930.

Source protocol: Complete central provision text is reproduced locally. Local public-domain central Act transcription reconciled to India Code structure. Official India Code and Gazette instruments prevail if any discrepancy is identified.

Full statutory text and Finin2min decode

Section 1 - Short title, extent and commencement

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. Official India Code source prevails.

Current statutory text

(1) This Act may be called the Sale of Goods Act, 1930.
(2) It extends to the whole of India.
(3) It shall come into force on the 1st day of July, 1930.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	This Act may be called the Sale of Goods Act, 1930.	Test this (1) within the scope and classification framework. Operational focus: this act may be called the sale of goods act, 1930.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	It extends to the whole of India.	Test this (2) within the scope and classification framework. Operational focus: it extends to the whole of india.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	It shall come into force on the 1st day of July, 1930.	Test this (3) within the scope and classification framework. Operational focus: it shall come into force on the 1st day of july, 1930.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 1 is a scope and classification provision dealing with short title, extent and commencement. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Freeze the event date and statutory definitions before applying the remaining provisions. Record why each party, asset, instrument and transaction falls inside or outside the defined class.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 2 - Definitions

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. [Official India Code source] prevails.

Current statutory text

In this Act, unless there is anything repugnant in the subject or context,-
(1) "buyer" means a person who buys or agrees to buy goods;
(2) "delivery" means voluntary transfer of possession from one person to another;
(3) goods are said to be in a "deliverable state" when they are in such state that the buyer would under the contract be bound to take delivery of them;
(4) "document of title to goods" includes a bill of lading, dock-warrant, warehouse keeper's certificate, wharfingers' certificate, railway receipt, multimodal transport document, warrant or order for the delivery of goods and any other document used in the ordinary course of business as proof of the possession or control of goods, or authorising or purporting to authorise, either by endorsement or by delivery, the possessor of the document to transfer or receive goods thereby represented;
(5) "fault" means wrongful act or default;
(6) "future goods" means goods to be manufactured or produced or acquired by the seller after the making of the contract of sale;
(7) "goods" means every kind of movable property other than actionable claims and money; and includes stock and shares, growing crops, grass, and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale;
(8) a person is said to be "insolvent" who has ceased to pay his debts in the ordinary course of business, or cannot pay his debts as they become due, whether he has committed an act of insolvency or not;
(9) "mercantile agent" means a mercantile agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods;
(10) "price" means the money consideration for a sale of goods;
(11) "property" means the general property in goods, and not merely a special property;
(12) "quality of goods" includes their state or condition;
(13) "seller" means a person who sells or agrees to sell goods;
(14) "specific goods" means goods identified and agreed upon at the time a contract of sale is made; and
(15) expressions used but not defined in this Act and defined in the Indian Contract Act, 1872, have the meanings assigned to them in that Act.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/ control
Main rule	In this Act, unless there is anything repugnant in the subject or context,-	Test this main limb within the scope and classification framework. Operational focus: in this act, unless there is anything repugnant in the subject or context,-.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

(1)	"buyer" means a person who buys or agrees to buy goods	Test this (1) within the scope and classification framework. Operational focus: "buyer" means a person who buys or agrees to buy goods.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	"delivery" means voluntary transfer of possession from one person to another	Test this (2) within the scope and classification framework. Operational focus: "delivery" means voluntary transfer of possession from one person to another.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	goods are said to be in a "deliverable state" when they are in such state that the buyer would under the contract be bound to take delivery of them	Test this (3) within the scope and classification framework. Operational focus: goods are said to be in a "deliverable state" when they are in such state that the buyer.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(4)	"document of title to goods" includes a bill of lading, dock-warrant, warehouse keeper's certificate, wharfingers' certificate, railway receipt, multimodal transport document, warrant or order for the delivery of goods and any other document used in the ordinary course of business as proof of the possession or control of goods, or authorising or purporting to authorise, either by endorsement or by delivery, the possessor of the document to transfer or receive goods thereby represented	Test this (4) within the scope and classification framework. Operational focus: "document of title to goods" includes a bill of lading, dock-warrant, warehouse keeper's certificate, wharfingers' certificate, railway receipt.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(5)	"fault" means wrongful act or default	Test this (5) within the scope and classification framework. Operational focus: "fault" means wrongful act or default.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

(6)	"future goods" means goods to be manufactured or produced or acquired by the seller after the making of the contract of sale	Test this (6) within the scope and classification framework. Operational focus: "future goods" means goods to be manufactured or produced or acquired by the seller after the making of.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(7)	"goods" means every kind of movable property other than actionable claims and money; and includes stock and shares, growing crops, grass, and things attached to or forming part of the land which are agreed to be severed before sale or under the contract of sale	Test this (7) within the scope and classification framework. Operational focus: "goods" means every kind of movable property other than actionable claims and money; and includes stock and shares.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(8)	a person is said to be "insolvent" who has ceased to pay his debts in the ordinary course of business, or cannot pay his debts as they become due, whether he has committed an act of insolvency or not	Test this (8) within the scope and classification framework. Operational focus: a person is said to be "insolvent" who has ceased to pay his debts in the ordinary course.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(9)	"mercantile agent" means a mercantile agent having in the customary course of business as such agent authority either to sell goods, or to consign goods for the purposes of sale, or to buy goods, or to raise money on the security of goods	Test this (9) within the scope and classification framework. Operational focus: "mercantile agent" means a mercantile agent having in the customary course of business as such agent authority either.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(10)	"price" means the money consideration for a sale of goods	Test this (10) within the scope and classification framework. Operational focus: "price" means the money consideration for a sale of goods.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

(11)	"property" means the general property in goods, and not merely a special property	Test this (11) within the scope and classification framework. Operational focus: "property" means the general property in goods, and not merely a special property.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(12)	"quality of goods" includes their state or condition	Test this (12) within the scope and classification framework. Operational focus: "quality of goods" includes their state or condition.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(13)	"seller" means a person who sells or agrees to sell goods	Test this (13) within the scope and classification framework. Operational focus: "seller" means a person who sells or agrees to sell goods.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(14)	"specific goods" means goods identified and agreed upon at the time a contract of sale is made; and	Test this (14) within the scope and classification framework. Operational focus: "specific goods" means goods identified and agreed upon at the time a contract of sale is made; and.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(15)	expressions used but not defined in this Act and defined in the Indian Contract Act, 1872, have the meanings assigned to them in that Act.	Test this (15) within the scope and classification framework. Operational focus: expressions used but not defined in this act and defined in the indian contract act, 1872, have the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 2 is a scope and classification provision dealing with definitions. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Freeze the event date and statutory definitions before applying the remaining provisions. Record why each party, asset, instrument and transaction falls inside or outside the defined class.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Section 3 - Application of provisions of Act 9 of 1872

Local statutory-text source control: Local public-domain central Act transcription reconciled to India Code structure. [Official India Code source] prevails.

Current statutory text

The unrepealed provisions of the Indian Contract Act, 1872, save in so far as they are inconsistent with the express provisions of this Act, shall continue to apply to contracts for the sale of goods.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	The unrepealed provisions of the Indian Contract Act, 1872, save in so far as they are inconsistent with the express provisions of this Act, shall continue to apply to contracts for the sale of goods.	Test this main limb within the scope and classification framework. Operational focus: the unrepealed provisions of the indian contract act, 1872, save in so far as they are inconsistent with.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 3 is a scope and classification provision dealing with application of provisions of act 9 of 1872. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Freeze the event date and statutory definitions before applying the remaining provisions. Record why each party, asset, instrument and transaction falls inside or outside the defined class.

Section-level practical application

Transaction test

Apply this provision to the event-date facts and record every satisfied, disputed or inapplicable limb.

Consequence and remedy

Identify how it changes validity, title, authority, liability, payment, rejection, recovery, registration, evidence or relief.

Practical examples and calculations

Chapter scenario

A live transaction raises issues concerning preliminary and contract act interface. Freeze the event date, map each statutory condition, preserve authority and performance evidence, quantify exposure and choose remedy only after limitation and forum review.

Calculation	Method	Evidence
Price / consideration	Reconcile base amount, GST/tax, credits, retention, deductions and payment terms.	Contract, invoice, ledger, tax documents and bank proof.
Loss / compensation	Separate direct loss, consequential loss, avoided cost, mitigation, restitution, interest and stipulated sum.	Loss model, market evidence and mitigation log.
Partner settlement	Reconcile capital, current accounts, loans, drawings, profit share, assets, liabilities and goodwill.	Deed, ledgers, bank records and valuation.
Limitation	Record accrual, breach/refusal, notice, acknowledgment, exclusion and filing date.	Chronology and limitation memorandum.

Practical transaction application

1. Identify the transaction, relationship, parties and event date.
2. Map every provision to the contract/deed and actual conduct.
3. Record conditions satisfied, disputed, waived, excused or prevented.
4. Reconcile authority, delivery/performance, acceptance, payment and notices.
5. Quantify exposure and choose cure, termination, recovery, settlement or litigation strategy.

Authority, consent and execution controls

Authority

- Correct legal entities and counterparties.
- Board, partner, power-of-attorney or delegated authority.
- Ordinary-course and implied-authority limits.
- Third-party knowledge of restrictions.

Consent

- Offer, acceptance and agreed version.
- Capacity, free consent and disclosures.
- Conditions precedent and approvals.
- No unauthorised post-execution alteration.

Execution

- Complete schedules and annexures.
- Witnessing, attestation and e-sign audit trail.
- Counterparts, date and place.
- Original and certified-copy custody.

Stamp duty and registration alerts

Stamp duty is State/UT-specific. Classify the true instrument, place of execution or receipt, consideration and property. Registration is a separate enquiry. Insufficient stamping may require impounding; non-registration may affect property and third-party enforceability.

Instrument	Alert
Commercial agreement	Do not default to a generic article if the substance is indemnity, guarantee, security, transfer, lease or another specifically charged instrument.
Partnership deed/ reconstitution	Check capital contribution, immovable property, retirement/dissolution and Registrar filing separately.
Sale of movable goods	Coordinate contract, invoice, GST/e-invoice, transport and sectoral records.
Property-related relief	Check compulsory registration, title, court fee and decree-registration effects.

Evidence and document-retention checklist

Core file

- Purchase order and accepted terms
- Specification, description and sample
- Title and document-of-title record
- Dispatch, carrier and delivery proof
- Inspection, rejection and acceptance record
- Invoice, GST and payment evidence
- Lien or stoppage notice
- Resale and loss working

Electronic evidence

- Native email/message and metadata.
- Version history and e-sign certificate.
- System logs and acknowledgements.
- Legal hold and defensible export.

Retention

- Executed originals and amendments.
- Authority and entity records.
- Tax, payment and accounting records.
- Claims and litigation records through final disposal.

Forms, registers and operational records

Record/form	Control
No universal statutory form	Commercial documents and sectoral/GST forms govern the operational record.
Goods receipt and inspection record	Capture quantity, quality, defects, sample comparison and acceptance/rejection date.
Unpaid-seller action file	Record possession, transit status, buyer insolvency, lien/stoppage notice and resale steps.

Performance, delivery and payment controls

Stage	Control	Proof
Obligation matrix	List each reciprocal obligation, owner, due date, dependency and consequence.	Signed matrix tied to contract sections.
Delivery/ performance	Record dispatch, carrier, title/risk point, milestones, inspection and acceptance/rejection.	Delivery documents, certificates and correspondence.
Payment	Reconcile invoice, tax, credit, retention, set-off, due date and bank receipt.	Invoice, e-invoice, ledger and bank proof.
Change/cure	Use authorised variation and cure procedures; avoid informal waiver.	Change order, approval and cure closure.

Breach, loss, mitigation and remedy framework

1. Identify the exact obligation and legally material breach.
2. Confirm causation, remoteness, foreseeability and proof of loss.
3. Record mitigation, avoided cost and substitute performance.
4. Test damages, price, restitution, lien, stoppage, accounts, dissolution, specific performance, injunction, rescission, rectification, cancellation or declaration.
5. Check remedy election, double recovery, caps/exclusions and public policy.

Limitation and forum controls

Control	Analysis
Accrual	Classify cause of action and record breach, refusal, knowledge, demand and continuing-obligation dates.
Limitation	Apply the correct article; test acknowledgment, part-payment, exclusion and disability.
Jurisdiction	Check territorial/pecuniary rules, Commercial Courts threshold, exclusive forum and special court.
Interim relief	Assess preservation, injunction, receiver, security and evidence protection.
Appeal/ enforcement	Map decree/award challenge, execution, interest and cross-border enforcement.

Arbitration and mediation interface

- Validate agreement, signatories, scope, seat, rules and appointment mechanism.
- Separate substantive rights from forum selection and identify non-arbitrable issues.
- Check interim measures, consolidation, joinder and multi-contract issues.
- Preserve limitation during negotiation or mediation.
- Record settlement authority, confidentiality, tax, stamp and enforceability.

Company, partnership, GST and tax overlays

Overlay	Questions
Companies Act	Authority, objects, approvals, related-party, loan/guarantee/security and disclosure requirements.
Partnership/LLP	Deed/LLP authority, current constitution and public records.
GST	Supply, time/place/value, invoice/e-invoice, ITC, credit note, advance, damages and settlement treatment.
Income tax/TDS	Withholding, partner remuneration/interest, capital/revenue, bad debt, settlement and transfer consequences.
IBC/FEMA/ consumer	Moratorium and avoidance, cross-border payment/governing law, consumer and e-commerce protection.

Binding and foundational judicial principles

Authority	Principle	Verification
State of Madras v. Gannon Dunkerley & Co.	A sale traditionally requires an agreement, transfer of property in goods and price; composite transactions require statutory overlay analysis.	Verify official judgment and later treatment.
J.P. Coats Ltd. v. National Sewing Thread Co.	Description, conformity and commercial identity are assessed from the contract and transaction context.	Verify official judgment and later treatment.
Commissioner of Sales Tax v. Purshottam Premji	The substance of transfer and property in goods matters when classifying a transaction as sale.	Verify official judgment and later treatment.

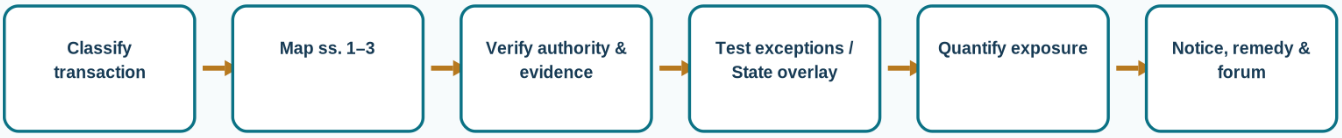
Central and State/UT variation alerts

> GST, consumer, e-commerce, legal metrology, transport and State trade overlays may affect implementation.

Use the State/UT variation register in the data folder for the live source checklist.

Chapter-specific decision flowchart

SOG-C01 · Finin2min decision path



Scope, definitions and continuing contract act principles. Verify the current official source before professional reliance.

Finin2min Q&A

What decision does SOG-C01 help a business make?

It determines how preliminary and contract act interface should be classified, documented, performed and enforced under sections 1-3 of the Sale of Goods Act, 1930.

Which provision should be read first in SOG-C01?

Begin with section 1 (Short title, extent and commencement) and then read the connected definitions, exceptions and remedy provisions in sequence.

What is the principal implementation risk in SOG-C01?

Applying a commercial label without proving the statutory conditions for preliminary and contract act interface, or acting without authority, notice, performance and payment evidence.

Which execution checks are specific to SOG-C01?

Confirm the correct entities, signatory authority, consent, complete annexures, stamp and registration treatment, digital audit trail and approvals relevant to preliminary and contract act interface.

How should evidence be indexed for SOG-C01?

Link every section in the chapter with the contract or deed, authority, chronology, notices, performance, delivery, payment, loss and remedy evidence supporting it.

What calculation should be retained for SOG-C01?

Retain the relevant price, tax, interest, partner-account, loss, mitigation, restitution or relief working with sources and assumptions, not only the final number.

How does limitation affect SOG-C01?

Classify the precise cause of action associated with preliminary and contract act interface, record accrual, refusal, notice, acknowledgment and exclusion dates, and apply the correct Limitation Act article.

Can arbitration resolve every dispute arising under SOG-C01?

Arbitration may govern the forum, but it does not validate illegality, remove mandatory rules or make a non-arbitrable subject arbitrable. Check scope, seat and interim relief.

Which tax and entity overlays should be checked for SOG-C01?

Check Companies Act authority and related-party controls, partnership constitution, GST supply and invoice consequences, withholding, accounting and insolvency effects.

What is the final professional sign-off for SOG-C01?

Confirm the current statutory source, section conclusions, State variation, authority, calculation, limitation, remedy, forum and complete evidence trail.

Why is section 3 important to SOG-C01?

Section 3 (Application of provisions of Act 9 of 1872) completes the chapter control and must be tested independently.

Official sources and verification status

- Sale of Goods Act, 1930 - India Code
- Official Gazette and applicable State/UT Gazette, Registrar and court portals.
- Review date: 2026-07-18.