SOG-C02 - 14 PROVISIONS

Formation, Price, Conditions and Warranties

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 formation, price, conditions and warranties 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.4	Sale and agreement to sell	operative	commercial rights and obligations
s.5	Contract of sale how made	operative	commercial rights and obligations
s.6	Existing or future goods	operative	commercial rights and obligations
s.7	Goods perishing before making of contract	operative	commercial rights and obligations

s.8	Goods perishing before sale but after agreement to sell	operative	commercial rights and obligations
s.9	Ascertainment of price	operative	price, payment and financial consequence
s.10	Agreement to sell at valuation	operative	commercial rights and obligations
s.11	Stipulations as to time	operative	commercial rights and obligations
s.12	Condition and warranty	operative	conformity and implied terms
s.13	When condition to be treated as warranty	operative	conformity and implied terms
s.14	Implied undertaking as to title, etc	operative	title, property and risk
s.15	Sale by description	operative	conformity and implied terms
s.16	Implied conditions as to quality or fitness	operative	conformity and implied terms
s.17	Sale by sample	operative	conformity and implied terms

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 4 - Sale and agreement to sell

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) A contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price. There may be a contract of sale between one part-owner and another.
(2) A contract of sale may be absolute or conditional.
(3) Where under a contract of sale the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to be fulfilled, the contract is called an agreement to sell.
(4) An agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	A contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the property in goods to the buyer for a price. There may be a contract of sale between one part-owner and another.	Test this (1) within the commercial rights and obligations framework. Operational focus: a contract of sale of goods is a contract whereby the seller transfers or agrees to transfer the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	A contract of sale may be absolute or conditional.	Test this (2) within the commercial rights and obligations framework. Operational focus: a contract of sale may be absolute or conditional.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	Where under a contract of sale the property in the goods is transferred from the seller to the buyer, the contract is called a sale, but where the transfer of the property in the goods is to take place at a future time or subject to some condition thereafter to	Test this (3) within the commercial rights and obligations framework. Operational focus: where under a contract of sale the property in the goods	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

	be fulfilled, the contract is called an agreement to sell.	is transferred from the seller to the.	
(4)	An agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in the goods is to be transferred.	Test this (4) within the commercial rights and obligations framework. Operational focus: an agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 4 is a commercial rights and obligations provision dealing with sale and agreement to sell. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

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 5 - Contract of sale how made

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) A contract of sale is made by an offer to buy or sell goods for a price and the acceptance of such offer. The contract may provide for the immediate delivery of the goods or immediate payment of the price or both, or for the delivery or payment by instalments, or that the delivery or payment or both shall be postponed.
(2) Subject to the provisions of any law for the time being in force, a contract of sale may be made in writing or by word of mouth, or partly in writing and partly by word of mouth or may be implied from the conduct of the parties.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	A contract of sale is made by an offer to buy or sell goods for a price and the acceptance of such offer. The contract may provide for the immediate delivery of the goods or immediate payment of the price or both, or for the delivery or payment by instalments, or that the delivery or payment or both shall be postponed.	Test this (1) within the commercial rights and obligations framework. Operational focus: a contract of sale is made by an offer to buy or sell goods for a price and.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	Subject to the provisions of any law for the time being in force, a contract of sale may be made in writing or by word of mouth, or partly in writing and partly by word of mouth or may be implied from the conduct of the parties.	Test this (2) within the commercial rights and obligations framework. Operational focus: subject to the provisions of any law for the time being in force, a contract of sale may.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 5 is a commercial rights and obligations provision dealing with contract of sale how made. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

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 6 - Existing or future goods

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) The goods which form the subject of a contract of sale may be either existing goods, owned or possessed by the seller, or future goods.
(2) There may be a contract for the sale of goods the acquisition of which by the seller depends upon a contingency which may or may not happen.
(3) 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.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	The goods which form the subject of a contract of sale may be either existing goods, owned or possessed by the seller, or future goods.	Test this (1) within the commercial rights and obligations framework. Operational focus: the goods which form the subject of a contract of sale may be either existing goods, owned or.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	There may be a contract for the sale of goods the acquisition of which by the seller depends upon a contingency which may or may not happen.	Test this (2) within the commercial rights and obligations framework. Operational focus: there may be a contract for the sale of goods the acquisition of which by the seller depends.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	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.	Test this (3) within the commercial rights and obligations framework. Operational focus: where by a contract of sale the seller purports to effect a present sale of future goods, the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 6 is a commercial rights and obligations provision dealing with existing or future goods. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

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 7 - Goods perishing before making of contract

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

Current statutory text

Where there is a contract for the sale of specific goods, the contract is void if the goods without the knowledge of the seller have, at the time when the contract was made, perished or become so damaged as no longer to answer to their description in the contract.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	Where there is a contract for the sale of specific goods, the contract is void if the goods without the knowledge of the seller have, at the time when the contract was made, perished or become so damaged as no longer to answer to their description in the contract.	Test this main limb within the commercial rights and obligations framework. Operational focus: where there is a contract for the sale of specific goods, the contract is void if the goods.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 7 is a commercial rights and obligations provision dealing with goods perishing before making of contract. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

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 8 - Goods perishing before sale but after agreement to sell

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

Current statutory text

Where there is an agreement to sell specific goods, and subsequently the goods without any fault on the part of the seller or buyer perish or become so damaged as no longer to answer to their description in the agreement before the risk passes to the buyer, the agreement is thereby avoided.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	Where there is an agreement to sell specific goods, and subsequently the goods without any fault on the part of the seller or buyer perish or become so damaged as no longer to answer to their description in the agreement before the risk passes to the buyer, the agreement is thereby avoided.	Test this main limb within the commercial rights and obligations framework. Operational focus: where there is an agreement to sell specific goods, and subsequently the goods without any fault on the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 8 is a commercial rights and obligations provision dealing with goods perishing before sale but after agreement to sell. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

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 9 - Ascertainment of price

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) The price in a contract of sale may be fixed by the contract or may be left to be fixed in manner thereby agreed or may be determined by the course of dealing between the parties.
(2) Where the price is not determined in accordance with the foregoing provisions, the buyer shall pay the seller a reasonable price. What is a reasonable price is a question of fact dependent on the circumstances of each particular case.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	The price in a contract of sale may be fixed by the contract or may be left to be fixed in manner thereby agreed or may be determined by the course of dealing between the parties.	Test this (1) within the price, payment and financial consequence framework. Operational focus: the price in a contract of sale may be fixed by the contract or may be left to.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	Where the price is not determined in accordance with the foregoing provisions, the buyer shall pay the seller a reasonable price. What is a reasonable price is a question of fact dependent on the circumstances of each particular case.	Test this (2) within the price, payment and financial consequence framework. Operational focus: where the price is not determined in accordance with the foregoing provisions, the buyer shall pay the seller.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 9 is a price, payment and financial consequence provision dealing with ascertainment of price. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Reconcile base price, taxes, credits, deductions, interest, due dates and payment proof. Link every adjustment to the contract and statute.

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 10 - Agreement to sell at valuation

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) Where there is an agreement to sell goods on the terms that the price is to be fixed by the valuation of a third party and such third party cannot or does not make such valuation, the agreement is thereby avoided:
Provided that, if the goods or any part thereof have been delivered to, and appropriated by, the buyer, he shall pay a reasonable price therefor.
(2) Where such third party is prevented from making the valuation by the fault of the seller or buyer, the party not in fault may maintain a suit for damages against the party in fault.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	Where there is an agreement to sell goods on the terms that the price is to be fixed by the valuation of a third party and such third party cannot or does not make such valuation, the agreement is thereby avoided:	Test this (1) within the commercial rights and obligations framework. Operational focus: where there is an agreement to sell goods on the terms that the price is to be fixed.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
Provided that	, if the goods or any part thereof have been delivered to, and appropriated by, the buyer, he shall pay a reasonable price therefor.	Test this provided that within the commercial rights and obligations framework. Operational focus: , if the goods or any part thereof have been delivered to, and appropriated by, the buyer, he.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	Where such third party is prevented from making the valuation by the fault of the seller or buyer, the party not in fault may maintain a suit for damages against the party in fault.	Test this (2) within the commercial rights and obligations framework. Operational focus: where such third party is prevented from making the valuation by the fault of the seller or buyer.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 10 is a commercial rights and obligations provision dealing with agreement to sell at valuation. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

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 11 - Stipulations as to time

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

Current statutory text

Unless a different intention appears from the terms of the contract, stipulations as to time of payment are not deemed to be of the essence of a contract of sale. Whether any other stipulation as to time is of the essence of the contract or not depends on the terms of the contract.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	Unless a different intention appears from the terms of the contract, stipulations as to time of payment are not deemed to be of the essence of a contract of sale. Whether any other stipulation as to time is of the essence of the contract or not depends on the terms of the contract.	Test this main limb within the commercial rights and obligations framework. Operational focus: unless a different intention appears from the terms of the contract, stipulations as to time of payment are.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 11 is a commercial rights and obligations provision dealing with stipulations as to time. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Translate the provision into an owner, trigger, approval, evidence, deadline, exception and remedy control, then test connected law and State variation.

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 12 - Condition and warranty

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) A stipulation in a contract of sale with reference to goods which are the subject thereof may be a condition or a warranty.
(2) A condition is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated.
(3) A warranty is a stipulation collateral 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.
(4) Whether a stipulation in a contract of sale is a condition or a warranty depends in each case on the construction of the contract. A stipulation may be a condition, though called a warranty in the contract.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	A stipulation in a contract of sale with reference to goods which are the subject thereof may be a condition or a warranty.	Test this (1) within the conformity and implied terms framework. Operational focus: a stipulation in a contract of sale with reference to goods which are the subject thereof may be.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	A condition is a stipulation essential to the main purpose of the contract, the breach of which gives rise to a right to treat the contract as repudiated.	Test this (2) within the conformity and implied terms framework. Operational focus: a condition is a stipulation essential to the main purpose of the contract, the breach of which gives.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	A warranty is a stipulation collateral 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.	Test this (3) within the conformity and implied terms framework. Operational focus: a warranty is a stipulation collateral to the main purpose of the contract, the breach of which gives.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

(4)	Whether a stipulation in a contract of sale is a condition or a warranty depends in each case on the construction of the contract. A stipulation may be a condition, though called a warranty in the contract.	Test this (4) within the conformity and implied terms framework. Operational focus: whether a stipulation in a contract of sale is a condition or a warranty depends in each case.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 12 is a conformity and implied terms provision dealing with condition and warranty. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Convert description, sample, specification, purpose and inspection rights into an acceptance checklist. Record disclosed defects and any valid exclusion or usage.

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 13 - When condition to be treated as warranty

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) Where a contract of sale is subject to any condition to be fulfilled by the seller, the buyer may waive the condition or elect to treat the breach of the condition as a breach of warranty and not as a ground for treating the contract as repudiated.
(2) Where a contract of sale is not severable and the buyer has accepted the goods or part thereof, the breach of any condition to be fulfilled by the seller can only be treated as a breach of warranty and not as a ground for rejecting the goods and treating the contract as repudiated, unless there is a term of the contract, express or implied, to that effect.
(3) Nothing in this section shall affect the case of any condition or warranty fulfilment of which is excused by law by reason of impossibility or otherwise.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	Where a contract of sale is subject to any condition to be fulfilled by the seller, the buyer may waive the condition or elect to treat the breach of the condition as a breach of warranty and not as a ground for treating the contract as repudiated.	Test this (1) within the conformity and implied terms framework. Operational focus: where a contract of sale is subject to any condition to be fulfilled by the seller, the buyer.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	Where a contract of sale is not severable and the buyer has accepted the goods or part thereof, the breach of any condition to be fulfilled by the seller can only be treated as a breach of warranty and not as a ground for rejecting the goods and treating the contract as repudiated, unless there is a term of the contract, express or implied, to that effect.	Test this (2) within the conformity and implied terms framework. Operational focus: where a contract of sale is not severable and the buyer has accepted the goods or part thereof.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	Nothing in this section shall affect the case of any condition or warranty fulfilment of which is excused by law by reason of impossibility or otherwise.	Test this (3) within the conformity and implied terms framework. Operational focus:	Contract/deed, authority, chronology, notices,

		nothing in this section shall affect the case of any condition or warranty fulfilment of which is excused.	performance and payment records tied to this limb.

Finin2min implementation explanation

Section 13 is a conformity and implied terms provision dealing with when condition to be treated as warranty. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Convert description, sample, specification, purpose and inspection rights into an acceptance checklist. Record disclosed defects and any valid exclusion or usage.

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 14 - Implied undertaking as to title, etc

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 a contract of sale, unless the circumstances of the contract are such as to show a different intention, there is-
(a) an implied condition on the part of the seller that, in the case of a sale, he has a right to sell the goods and that, in the case of an agreement to sell, he will have a right to sell the goods at the time when the property is to pass;
(b) an implied warranty that the buyer shall have and enjoy quiet possession of the goods;
(c) an implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party not declared or known to the buyer before or at the time when the contract is made.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	In a contract of sale, unless the circumstances of the contract are such as to show a different intention, there is-	Test this main limb within the title, property and risk framework. Operational focus: in a contract of sale, unless the circumstances of the contract are such as to show a different.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(a)	an implied condition on the part of the seller that, in the case of a sale, he has a right to sell the goods and that, in the case of an agreement to sell, he will have a right to sell the goods at the time when the property is to pass	Test this (a) within the title, property and risk framework. Operational focus: an implied condition on the part of the seller that, in the case of a sale, he has.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(b)	an implied warranty that the buyer shall have and enjoy quiet possession of the goods	Test this (b) within the title, property and risk framework. Operational focus: an implied warranty that the buyer shall have and enjoy quiet possession of the goods.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(c)	an implied warranty that the goods shall be free from any charge or	Test this (c) within the title, property and risk framework.	Contract/deed, authority,

	encumbrance in favour of any third party not declared or known to the buyer before or at the time when the contract is made.	Operational focus: an implied warranty that the goods shall be free from any charge or encumbrance in favour of any.	chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 14 is a title, property and risk provision dealing with implied undertaking as to title, etc. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Prepare a title-risk timeline covering identification, appropriation, notice, delivery, documents of title, reservation of disposal and good-faith third-party rights.

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 15 - Sale by description

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

Current statutory text

Where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description; and, if the sale is by sample as well as by description, it is not sufficient that the bulk of the goods correspond with the sample if the goods do not also correspond with the description.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	Where there is a contract for the sale of goods by description, there is an implied condition that the goods shall correspond with the description; and, if the sale is by sample as well as by description, it is not sufficient that the bulk of the goods correspond with the sample if the goods do not also correspond with the description.	Test this main limb within the conformity and implied terms framework. Operational focus: where there is a contract for the sale of goods by description, there is an implied condition that.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 15 is a conformity and implied terms provision dealing with sale by description. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Convert description, sample, specification, purpose and inspection rights into an acceptance checklist. Record disclosed defects and any valid exclusion or usage.

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 16 - Implied conditions as to quality or fitness

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

Current statutory text

Subject to the provisions of this Act and of any other law for the time being in force, there is no implied warranty or condition as to the quality or fitness for any particular purpose of goods supplied under a contract of sale, except as follows:-
(1) Where the buyer, expressly or by implication, makes known to the seller the particular purpose for which the goods are required, so as to show that the buyer relies on the seller's skill or judgment, and the goods are of a description which it is in the course of the seller's business to supply, there is an implied condition that the goods shall be reasonably fit for such purpose:
Provided that, in the case of a contract for the sale of a specified article under its patent or other trade name, there is no implied condition as to its fitness for any particular purpose.
(2) Where goods are bought by description from a seller who deals in goods of that description, there is an implied condition that the goods shall be of merchantable quality:
Provided that, if the buyer has examined the goods, there shall be no implied condition as regards defects which such examination ought to have revealed.
(3) An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade.
(4) An express warranty or condition does not negative a warranty or condition implied by this Act unless inconsistent therewith.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
Main rule	Subject to the provisions of this Act and of any other law for the time being in force, there is no implied warranty or condition as to the quality or fitness for any particular purpose of goods supplied under a contract of sale, except as follows:-	Test this main limb within the conformity and implied terms framework. Operational focus: subject to the provisions of this act and of any other law for the time being in force.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(1)	Where the buyer, expressly or by implication, makes known to the seller the particular purpose for which the goods are required, so as to show that the buyer relies on the seller's skill or judgment, and the goods are of a description which it is in the course of the seller's business to supply, there is an implied condition that the goods	Test this (1) within the conformity and implied terms framework. Operational focus: where the buyer, expressly or by implication, makes known to the seller the particular purpose for which the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

	shall be reasonably fit for such purpose:		
Provided that	, in the case of a contract for the sale of a specified article under its patent or other trade name, there is no implied condition as to its fitness for any particular purpose.	Test this provided that within the conformity and implied terms framework. Operational focus: , in the case of a contract for the sale of a specified article under its patent or.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	Where goods are bought by description from a seller who deals in goods of that description, there is an implied condition that the goods shall be of merchantable quality:	Test this (2) within the conformity and implied terms framework. Operational focus: where goods are bought by description from a seller who deals in goods of that description, there is.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
Provided that	, if the buyer has examined the goods, there shall be no implied condition as regards defects which such examination ought to have revealed.	Test this provided that within the conformity and implied terms framework. Operational focus: , if the buyer has examined the goods, there shall be no implied condition as regards defects which.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(3)	An implied warranty or condition as to quality or fitness for a particular purpose may be annexed by the usage of trade.	Test this (3) within the conformity and implied terms framework. Operational focus: an implied warranty or condition as to quality or fitness for a particular purpose may be annexed by.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(4)	An express warranty or condition does not negative a warranty or condition implied by this Act unless inconsistent therewith.	Test this (4) within the conformity and implied terms framework. Operational focus: an express warranty or condition does not negative a warranty or	Contract/deed, authority, chronology, notices, performance and

		condition implied by this act unless inconsistent.	payment records tied to this limb.

Finin2min implementation explanation

Section 16 is a conformity and implied terms provision dealing with implied conditions as to quality or fitness. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Convert description, sample, specification, purpose and inspection rights into an acceptance checklist. Record disclosed defects and any valid exclusion or usage.

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 17 - Sale by sample

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) A contract of sale is a contract for sale by sample where there is a term in the contract, express or implied, to that effect.
(2) In the case of a contract for sale by sample there is an implied condition-
(a) that the bulk shall correspond with the sample in quality;
(b) that the buyer shall have a reasonable opportunity of comparing the bulk with the sample;
(c) that the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.

Finin2min clause-by-clause decode

Clause	Statutory requirement	Finin2min meaning	Evidence/control
(1)	A contract of sale is a contract for sale by sample where there is a term in the contract, express or implied, to that effect.	Test this (1) within the conformity and implied terms framework. Operational focus: a contract of sale is a contract for sale by sample where there is a term in the.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(2)	In the case of a contract for sale by sample there is an implied condition-	Test this (2) within the conformity and implied terms framework. Operational focus: in the case of a contract for sale by sample there is an implied condition-.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(a)	that the bulk shall correspond with the sample in quality	Test this (a) within the conformity and implied terms framework. Operational focus: that the bulk shall correspond with the sample in quality.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.
(b)	that the buyer shall have a reasonable opportunity of comparing the bulk with the sample	Test this (b) within the conformity and implied terms framework. Operational focus: that the buyer shall have a reasonable	Contract/deed, authority, chronology, notices, performance and

		opportunity of comparing the bulk with the sample.	payment records tied to this limb.
(c)	that the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on reasonable examination of the sample.	Test this (c) within the conformity and implied terms framework. Operational focus: that the goods shall be free from any defect, rendering them unmerchantable, which would not be apparent on.	Contract/deed, authority, chronology, notices, performance and payment records tied to this limb.

Finin2min implementation explanation

Section 17 is a conformity and implied terms provision dealing with sale by sample. Identify the actor, trigger, cumulative or alternative conditions, provisos, exceptions and legal consequence before reaching a conclusion.

Implementation control: Convert description, sample, specification, purpose and inspection rights into an acceptance checklist. Record disclosed defects and any valid exclusion or usage.

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 restaurant buys a refrigeration unit after disclosing a continuous-operation requirement. Test fitness, description, inspection, sample, merchantable quality and any exclusion together.

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.

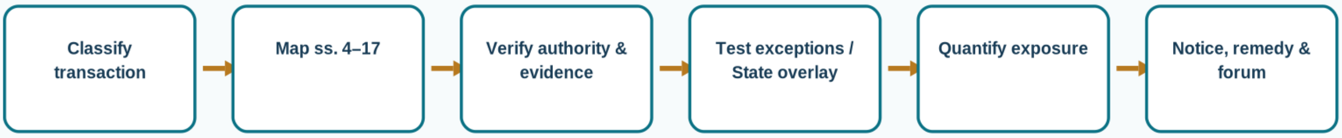
Central and State/UT variation alerts

> 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-C02 · Finin2min decision path



Sale versus agreement to sell, goods, price, conditions, warranties, description, fitness and sample. Verify the current official source before professional reliance.

Finin2min Q&A

What decision does SOG-C02 help a business make?

It determines how formation, price, conditions and warranties should be classified, documented, performed and enforced under sections 4-17 of the Sale of Goods Act, 1930.

Which provision should be read first in SOG-C02?

Begin with section 4 (Sale and agreement to sell) and then read the connected definitions, exceptions and remedy provisions in sequence.

What is the principal implementation risk in SOG-C02?

Applying a commercial label without proving the statutory conditions for formation, price, conditions and warranties, or acting without authority, notice, performance and payment evidence.

Which execution checks are specific to SOG-C02?

Confirm the correct entities, signatory authority, consent, complete annexures, stamp and registration treatment, digital audit trail and approvals relevant to formation, price, conditions and warranties.

How should evidence be indexed for SOG-C02?

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-C02?

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-C02?

Classify the precise cause of action associated with formation, price, conditions and warranties, record accrual, refusal, notice, acknowledgment and exclusion dates, and apply the correct Limitation Act article.

Can arbitration resolve every dispute arising under SOG-C02?

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-C02?

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-C02?

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

Why is section 17 important to SOG-C02?

Section 17 (Sale by sample) 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.