

What is the distinction between 'Sale' and Agreement to Sell under the Sales of Goods Act, 1930'? Explain.

MBA Previous Years Questions

The Sale of Goods Act, 1930 makes a distinction between 'sale' and 'agreement to sell'. Both of these terms refer to transactions involving the transfer of ownership of goods from the seller to the buyer, but they differ in their legal effect.

Sale:

A sale is a contract in which the seller transfers the ownership of goods to the buyer for a price. In a sale, the ownership of goods is immediately transferred from the seller to the buyer. In other words, the buyer becomes the owner of the goods as soon as the sale is concluded.

For example, if A sells a laptop to B for Rs. 50,000, it is a sale. The ownership of the laptop is immediately transferred from A to B, and B becomes the owner of the laptop.

Agreement to Sell:

An agreement to sell is a contract in which the seller agrees to transfer the ownership of goods to the buyer at a future date or on the occurrence of a certain event, or subject to certain conditions being fulfilled. In an agreement to sell, the ownership of goods is not immediately transferred to the buyer, but it will be transferred at a later stage.

For example, if A agrees to sell a laptop to B for Rs. 50,000, but the laptop will be delivered to B after two weeks, it is an agreement to sell. The ownership of the laptop is not immediately transferred to B, but it will be transferred to him after two weeks when the laptop is delivered.

What is the distinction between 'Sale' and Agreement to Sell under the Sales of Goods Act, 1930'? Explain.

Distinction between Sale and Agreement to Sell:

The key difference between sale and agreement to sell is the transfer of ownership. In a sale, the ownership of goods is immediately transferred from the seller to the buyer, while in an agreement to sell, the ownership will be transferred at a later stage. In a sale, the seller has an immediate right to payment, while in an agreement to sell, the seller has a right to payment only after the ownership is transferred. Additionally, the risk of loss of goods also passes to the buyer in case of a sale, while it remains with the seller in case of an agreement to sell.

Basis for Comparison	Sale	Agreement to Sell
Transfer of ownership	Immediate	At a future date or on certain event
Payment	Immediate	After transfer of ownership
Right to sell	Transfer of ownership	Transfer of ownership pending
Risk of loss	Transfers to buyer	Remains with seller until ownership transfer
Legal status of contract	Executed contract	Executory contract