

Sale of Goods Act

The law relating to sale of movable goods is contained in the sales of goods act, 1930. This Act extends to the whole of India except the State of Jammu and Kashmir. It was originally known as the Indian Sale of Goods Act, but the word 'Indian' was dropped in 1963 by amending the Act properly.

The sale of Goods is the most common of all commercial contracts. The knowledge of the main principles and provisions of the Sale of Goods Act is very essential to the people of all classes of the society and therefore, let us study very important provisions of this Act.

CONTRACT OF SALE OF GOODS

A contract of sale of goods is a contract whereby the seller transfers or agrees by transfer the property in goods to the buyer for a price. There may be a contract of sale between one part-owner and another

[Section 4(1)]. A contract of sale may be absolute or conditional [Section 4(2)]. Here property means the means the general property in goods and not merely a special (ii) property [Section 2].

One thing must be remembered that this Act is applicable only to the sale of movable goods and not immovable properties

The term 'Contract of Sale' is a generic term and it includes both (i) a sale and also (ii) 'an agreement to sell'.

Under a contract of sale, the property in goods is immediately transferred from the seller to the buyer. Suppose that

today X has sold 100 bags of wheat to Y in consideration of price of Rs 700/- per bag of 100kg, it is a contract of sale since the ownership of 100 bags of wheat has been transferred from X to Y for Rs. 70,000,

Sale and Agreement of sell

when under a contract of sale, the property in goods is transferred from the seller to the buyer (at once) 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 condition thereafter to be fulfilled, the contract is called an agreement to sell [section 4(3)]. An agreement to sell becomes a sale when the time elapses or the conditions are fulfilled subject to which the property in goods is to be transferred [section 4(4)]. Thus, where the transfer of any property the (movable) in goods is to take place at a

future time or subject to certain conditions thereafter to be fulfilled is nothing but an agreement to sell the goods or property. For example, suppose X agrees today with B that he will sell to B his 10 bags of rice on 21st June of Rs 2,000/- on the condition that B should pay 50% of the amount immediately and rest on the 21st June. This is the agreement to sell.

ESSENTIALS OF A CONTRACT OF SALE

The following essential elements are necessary to constitute a valid contract of sale.

(A) TWO PARTIES

There should be two parties to the contract of sale of goods and obviously these two parties are a seller and a buyer. Of course the seller and the buyer must be two different persons because a person cannot buy his own goods. A buyer is a