

**Notes by Dr Ram Lochan Mishra**

**Associate professor**

**Head of Commerce department**

**J k college Biraul Darbhanga**

**B. Com part-2. Hons paper-3 Business and Regulatory Framework**

**Unit-2 THE SALE OF GOODS ACT, 1930**

**An Act to define and amend the law relating to the sale of goods.**

**WHEREAS it is expedient to define and amend the law relating to the sale of goods; It is hereby enacted as follows:—**

**PRELIMINARY**

**1. Short title, extent and commencement. —(1) This Act may be called the Sale of Goods Act, 1930.**

**[(2) It extends to the whole of India 4 [except the State of Jammu and Kashmir].]**

**(3) It shall come into force on the 1st day of July, 1930.**

**2. Definitions.—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, 5 [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 moveable 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***

***(9 of 1872), have the meaning assigned to them in that Act.***

***3. Application of provisions of Act 9 of 1872.—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.***

## **FORMATION OF THE CONTRACT**

### **Contract of sale**

***4. Sale and agreement to sell.—(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.***

### ***Formalities of the contract***

#### ***5. Contract of sale how made.***

***(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.***

## ***Subject-matter of contract***

***6. Existing or future goods. —(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.***

***7. Goods perishing before making of contract. — 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.***

***8. Goods perishing before sale but after agreement to sell. —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.***