

SALE
OF
GOODS ACT

LL.B. II Sem

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How the contract of sale is made:-

Ans
Sec-4 of the Sale of Goods Act provides that, "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."

Following elements are necessary to make a sale —

1) Two Parties → A seller and a buyer → The seller and buyer must be two different persons. This is based on the principle that a person cannot be the buyer of his own goods. case M/s. Khedut Shakari Ginning and Pressing Society v/s The State of Gujarat AIR 1972

A person may buy his own goods → A general rule is this, that a person can't be the buyer of his own goods but in the following exceptions of this general rule a person may buy his own goods —

- (a) Auction sale, (b) Execution of a decree
- (c) Co-owner or between part-owners

2) Goods - The subject-matter of the contract The

Subject matter of the contract of sale must always be "goods" as defined in Sec-2(7) of the Act. The goods may either be the existing or future goods. (Sec - 6(1))

3) Transfer of Property → The transfer of property in goods is, in fact the essence of a contract of sale. But "a mere transfer of goods by owner from one place to another cannot amount to sale."

Case - S.T.O. Naygaon v/s Timber and Fuel Corporation, Tikamgarh AIR 1973

4) Price in money paid or promised → It is a general rule that an agreement without consideration is void. In a contract of sale, the consideration is in terms of money. This consideration of money in a contract of sale distinguishes it from barter.

In addition to the above mentioned essentials to constitute a valid sale, the parties must be competent to contract & there must be mutual assent between them.

It is not necessary that a contract should always be absolute. It may either be absolute or conditional. Sec-4(2)