

B. Com. Semt II

Sub. Business Law

Contract of Sale of Goods

Part III

Definition - According to contract of sale of goods Act section 4 (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." According to section 4(2), contract of sale of goods may be absolute or conditional.

Definition of Sale - When ^{under} any sale contract, ownership of goods become transfer from seller to buyer is called as sale.

Agreement to Sell - According to section 4 (3), when the seller transfers the property in the goods immediately to the buyer there is a sale. But when the time 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.

When an agreement to sell become a Contract of Sale - According to section 4, an agreement to sell becomes a sale when the time expires or the conditions are fulfilled subject to which the property in the goods is to be transferred.

Characteristics or Elements or Essentials of Contract of Sale

Following are the characteristics of Contract of Sale -

1. Buyer and Seller - To constitute a contract there must be two parties, Hence in a contract of sale of goods also there must be two parties i.e., a buyer and seller.
2. Goods - The subject matter of sale must be the goods. Goods of any kind except immovable goods may be subject matter. Sale of immovable property is not covered under the Act.
3. Price - To form a contract of sale consideration must be in 'money', i.e., the legal tender. ~~with money~~ with money, this will be sale. ~~this is called as~~
4. Transfer of Property - Under contract of sale, when ~~transfer~~ ^{there is} transfer of ownership of goods from seller to buyer is called as sale, but where ownership of goods become transfer in future or after fulfilment of ^{any} conditions in future is called as agreement to sale.