CHAPTER I PRELIMINARY

1. Short title, extent and commencement:

2. Definitions:

3. Application of provisions of Act 9 of 1872:

1. Short title, extent and commencement

This Act shall be called the Sale of Goods Act, 1930, shall apply throughout India, and shall take effect from 1 July 1930.

(1) This Act may be called the Sale of Goods Act, 1930.

(2) It extends to the whole of India.

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

Section 1 is a preliminary provision that does three things. First, sub-section (1) gives the Act its short title, the name by which it is cited in courts, pleadings, contracts and other laws. Second, sub-section (2) sets its territorial extent, meaning the area where it has force. It now covers the whole of India. Originally the Act did not extend to the State of Jammu and Kashmir, which had its own law on the subject. That exception was removed when the Jammu and Kashmir Reorganisation Act, 2019 made central laws applicable there. Third, sub-section (3) fixes the date of commencement, which is the day the Act became operative. From 1 July 1930, sale of goods in India has been governed by this Act. It replaced Chapter VII (ss. 76 to 123) of the Indian Contract Act, 1872, which had governed such sales until then. The general principles of the Contract Act still apply to sale of goods wherever they are not inconsistent with this Act (s. 3). For example, suppose a trader in Patna contracts to sell 100 bags of rice to a buyer in Srinagar today. The Act governs the contract wherever in India either party is, so questions such as when ownership passed or what remedies are available are decided under it. By contrast, a contract for the sale of goods made in, say, May 1930 was decided under the earlier provisions of the Indian Contract Act, 1872, because the Sale of Goods Act was not yet in force.

2. Definitions

Opening word — Every word defined in Section 2 shall carry its defined meaning throughout the Act, unless the subject or context requires otherwise.

In this Act, unless there is anything repugnant in the subject or context,--

Section 2 of the Sale of Goods Act, 1930 gives fixed meanings to key terms used in the Act, such as “buyer”, “seller”, “goods”, “delivery”, “property”, “specific goods” and “document of title to goods”. Its opening words, “unless there is anything repugnant in the subject or context”, decide how those definitions apply. As a rule, wherever a defined term appears in the Act it must be read in its defined sense rather than its ordinary or popular sense, which keeps the language of the Act uniform and certain. The definitions are not absolute, however. If applying a definition in a particular provision would be inconsistent with the subject matter or surrounding context, or would produce an absurd result, the court may give the word its ordinary or a context-appropriate meaning in that provision. The Supreme Court explained this approach in *Vanguard Fire & General Insurance Co. Ltd. v. Fraser & Ross* (AIR 1960 SC 971). It held that a definition clause opening with words like “unless the context otherwise requires” ordinarily governs, but may be displaced where the context in which the word is used makes the definition inapplicable. Whoever argues that the definition should not apply must show that the context requires this. For example, s. 2(11) defines “property” as the general property in goods, meaning ownership, and not merely a special property. If A pledges his gold watch with B as security for a loan, B gets only a special property as pledgee. When s. 19 speaks of “property” passing to the buyer, the word must be read in its defined sense. B therefore cannot claim that property has passed to him as a buyer, and the pledge is not a sale. Similarly, s. 2(7) defines “goods” as every kind of movable property other than actionable claims and money, so a contract to transfer a debt owed to A is not a sale of goods under the Act, even though a debt is “property” in everyday speech. A definition would be departed from only if the context of a specific section clearly showed that the legislature meant the word in a different sense.

2.1 Buyer — A person who buys or agrees to buy goods shall be treated as a buyer.

(1) "buyer" means a person who buys or agrees to buy goods;

Section 2(1) of the Sale of Goods Act, 1930 defines “buyer” so that it covers two kinds of person. The first is someone who has actually bought goods, meaning ownership has already passed to them under a completed sale. The second is someone who has only agreed to buy goods, where ownership will pass at a future time or once a condition is fulfilled, as in an agreement to sell under s. 4(3). Both count as buyers, so a person can become a buyer from the moment the contract is made, before paying the price, before taking delivery and before becoming owner. This matters because the Act gives rights and duties to a “buyer” at every stage of the transaction. Examples are the duty to accept delivery and pay the price (s. 31), the right to reject goods that do not match the contract (ss. 37 and 41), and remedies for breach such as damages for non-delivery (s. 57). The definition also separates the buyer from the “seller”, defined in s. 2(13) as a person who sells or agrees to sell goods, and the Act concerns goods only, not immovable property. For example, A agrees with B on 1 October to buy 100 bags of cement, with delivery and payment due on 15 October. On 1 October A has not paid, taken delivery or become owner, because the cement is still unascertained (s. 18). A is nonetheless a “buyer” under s. 2(1) because A has agreed to buy goods. If B refuses to deliver on 15 October, A can sue B for non-delivery as a buyer. If instead A buys a specific bicycle from B’s shop and pays for it on the spot, A is equally a buyer, but here because A has actually bought the goods.

2.2 “Delivery” shall mean only a voluntary transfer of possession from one person to another.

> (2) "delivery" means voluntary transfer of possession from one person to another;

Section 2(2) of the Sale of Goods Act, 1930 defines delivery, and the definition has two elements. First, delivery is a transfer of possession, not of ownership. Possession and property in goods are separate under the Act: ownership may pass without delivery (for example, under s. 20 the buyer may become owner of specific goods while they are still with the seller), and possession may be handed over without ownership passing (as in a hire-purchase or a sale where the seller keeps title until payment). Second, the transfer must be voluntary, meaning it is made with the consent of the person giving up possession. If goods leave a person’s hands without their

consent, such as by theft, fraud-free seizure by a third party, or the buyer taking them forcibly, there is no delivery in law. Delivery need not mean physically handing the goods over. Under s. 33 it may be made by anything the parties agree to treat as delivery, or anything that puts the goods in the possession of the buyer or a person the buyer authorises. Delivery therefore takes three recognised forms. Actual delivery is the physical handing over of the goods. Symbolic delivery is handing over the means of control, such as the keys of a godown or a railway receipt. Constructive delivery (attornment) happens where a third person who holds the goods, or the seller, acknowledges that they now hold them on the buyer's behalf, with no change in physical custody. The concept matters because the seller's duty is to deliver (s. 31), and the seller's lien and right of stoppage in transit depend on whether possession has been parted with (ss. 47 to 50). For example, A sells 100 bags of wheat lying in his godown to B. If A loads the bags onto B's truck, that is actual delivery. If A gives B the godown keys so that B may remove the wheat when he likes, that is symbolic delivery. If the wheat is stored in a warehouse run by C, and C, on A's instruction, acknowledges to B that he now holds the bags for B, that is constructive delivery, even though the bags never move. In each case possession passes voluntarily, so there is delivery. But if B, without A's consent, breaks into the godown at night and carries the bags away, there is no delivery, because A did not voluntarily give up possession, and A keeps his rights as an unpaid seller, including his lien over the goods.

2.3 Deliverable state — Goods shall be treated as in a deliverable state when the buyer is bound under the contract to take delivery of them.

> (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;

Section 2(3) of the Sale of Goods Act, 1930 defines "deliverable state" by reference to the buyer's obligation under the contract, not by any fixed physical standard. Goods are in a deliverable state when they are in the condition the contract requires, so that the buyer cannot lawfully refuse to take them. They are not in a deliverable state if the seller still has to do something to them before the buyer must accept delivery, such as repairing, finishing, packing, separating or dismantling them. The test therefore turns on what the parties agreed: the same goods may be deliverable under one

contract and not under another. The definition matters because several rules on the passing of property depend on it. Under s. 20, property in specific goods passes when the contract is made only if the goods are already in a deliverable state. Under s. 21, if the seller must do something to put specific goods into a deliverable state, property passes only when that is done and the buyer has notice of it. Under s. 23, property in unascertained goods passes on appropriation only of goods in a deliverable state. Since risk ordinarily follows property (s. 26), the definition also decides who bears loss of the goods. For example, J agrees to buy a particular second-hand machine standing in K's factory, and the contract requires K to repair its motor and fix it on a wooden base before delivery. Until K completes the repair and fixing, J is not bound to take delivery, so the machine is not in a deliverable state, and under s. 21 ownership does not pass to J. If the factory catches fire before the work is done, the loss falls on K. But if the contract had been for the machine "as it stands", it would already be in a deliverable state when the contract was made, and under s. 20 ownership, and with it the risk, would have passed to J at once, even before payment or delivery.

2.4 Document of title to goods — A document used in the ordinary course of business as proof of possession or control of goods, or that enables its holder to transfer or receive those goods by endorsement or delivery, shall be a document of title to goods.

> (4) "document of title to goods" includes a bill of lading, dock-warrant, warehouse keeper's certificate, wharfingers' certificate, railway receipt, multimode 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;

Section 2(4) of the Sale of Goods Act, 1930 defines "document of title to goods". It first lists common examples: a bill of lading (issued by a shipowner for goods shipped), a dock-warrant, a warehouse keeper's certificate, a wharfinger's certificate, a railway receipt, a multimodal transport document, and a warrant or order for the delivery of goods. The definition is inclusive, so the list is not closed. Any other document qualifies if it meets the functional test: in the ordinary course of business it is used either (a) as proof that the holder possesses or controls the goods, or (b) to

authorise, or appear to authorise, the holder to transfer or receive the goods it represents by endorsing or delivering it. What counts is how the document is used in trade, not what it is called. A document of title stands in for the goods themselves. Transferring the document can transfer the right to possession of the goods, and in the right circumstances ownership too, without the goods being physically handed over. This lets goods be sold or pledged while they are in transit or in storage. The Act gives such documents specific legal effects. For example, a mercantile agent or a seller or buyer left in possession of the goods or documents can pass good title to a buyer acting in good faith (ss. 27, 30). The seller's lien and right of stoppage in transit are defeated when the document is lawfully transferred to a buyer in good faith for value (s. 53). For example, T, a cotton merchant in Mumbai, books 100 bales with the railways for delivery to U in Kolkata and receives a railway receipt. While the goods are in transit, T endorses and delivers the railway receipt to U against payment. U can then take delivery of the bales at Kolkata by presenting the receipt, even though T never physically handed the goods over. U may also endorse the receipt to V, a sub-buyer, who then becomes entitled to collect the goods. By contrast, a simple invoice or a cash memo only records the sale. It is not used in trade to transfer or receive the goods, so it is not a document of title.

2.5 "Fault" shall mean a wrongful act or default.

(5) "fault" means wrongful act or default;

Section 2(5) of the Sale of Goods Act, 1930 defines "fault" wherever the word is used in the Act. It covers two kinds of conduct. A wrongful act is something a party actively does that it should not do, such as damaging the goods or dealing with them in breach of the contract. A default is a failure to do something the party is bound to do, such as not delivering on time, not taking delivery when asked, or not taking reasonable care of the goods. The definition matters mainly where the Act decides who bears a loss. Under s. 26, risk ordinarily passes with property, but if delivery is delayed through the fault of either party, the goods are at that party's risk for any loss that would not otherwise have happened. Under s. 8, an agreement to sell specific goods is avoided if the goods perish or become damaged without any fault on the part of the seller or buyer before risk passes. Where a loss is caused by one party's fault, that party cannot shelter behind the ordinary

rules on risk. For example, S agrees to sell 100 bags of wheat to B, and property and risk are to pass on delivery on 1 March. B asks S to keep the wheat a few more days, then fails to collect it on the agreed date. Heavy rain floods S's godown on 10 March and ruins the wheat. B's failure to take delivery is a default, and so a "fault" under s. 2(5). Since the loss would not have happened if B had collected the wheat on time, s. 26 places the loss on B, even though property had not yet passed to him. If instead S had damaged the wheat by storing it carelessly in a leaking shed, that wrongful act or default would be S's fault, and S would bear the loss.

2.6 Future Goods — Goods that the seller is to manufacture, produce or acquire after the contract of sale is made shall be treated as future goods.

> (6) "future goods" means goods to be manufactured or produced or acquired by the seller after the making of the contract of sale;

Section 2(6) of the Sale of Goods Act, 1930 defines future goods by when the seller comes to have them. At the time of the contract, the seller either does not yet own or possess them, or they do not yet exist at all. Goods may be future goods because the seller still has to manufacture them, such as furniture yet to be built; because they are still to be produced, such as a crop yet to be harvested; or because they already exist but the seller still has to acquire them from someone else. Future goods are thus distinguished from existing goods, which the seller already owns or possesses when the contract is made (s. 6(1)). The main consequence of the definition is that a contract for future goods can never be a sale at the moment it is made. Under s. 6(3), where a seller purports to effect a present sale of future goods, the contract operates only as an agreement to sell. Ownership passes later, once the goods come into existence or into the seller's hands and are appropriated to the contract (s. 23), and until then the buyer has no property in them and bears no risk of their loss (s. 26). For example, on 1 March a farmer, F, agrees to sell to G the entire wheat crop he expects to harvest from his field in April. Because the crop does not yet exist, the wheat is future goods, and even if G pays in advance, the contract is only an agreement to sell. G becomes owner only after the wheat is harvested and appropriated to the contract, so if floods destroy the standing crop before harvest, G owns nothing and the loss is F's. Similarly, if a dealer, D, agrees

to sell B a particular car that D will first buy from the manufacturer, the car is future goods in D's hands until D acquires it.

2.7 Goods — Every kind of movable property, except actionable claims and money, shall be treated as goods.

> (7) "goods" means every kind of movable 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;

Section 2(7) of the Sale of Goods Act, 1930 defines what can be sold under the Act. The basic rule is that all movable property is goods, with two exclusions. The first is actionable claims: claims to an unsecured debt, or to a beneficial interest in movable property not in the claimant's possession, which can be enforced only through a court (s. 3, Transfer of Property Act, 1882). A book debt is an example. These are transferred by assignment under the Transfer of Property Act, not sold under this Act. The second is money, meaning current legal tender, although old or rare coins bought and sold as collectors' items are treated as goods. The definition expressly includes stock and shares, even though they are not physical things, and growing crops and grass. It also includes things attached to or forming part of the land, such as standing timber or fruit on trees, if the parties agree they will be cut or removed before the sale or under the contract of sale. That agreement to sever is the test: if the trees or crops are sold together with the land, the transaction is a sale of immovable property and falls outside the Act. Courts have also treated some intangible things as goods because they can be transferred, delivered, stored and possessed. Electricity is one example (*Commissioner of Sales Tax, M.P. v. M.P. Electricity Board*, AIR 1970 SC 732). For example, if A agrees to sell B all the mangoes on the trees in A's orchard, to be picked by B next month, it is a sale of goods, because the fruit is to be severed from the land under the contract. If A instead sells B the orchard itself with the trees standing, it is a sale of immovable property governed by the Transfer of Property Act. Likewise, if C sells D 500 shares of a company, it is a sale of goods, but if C transfers to D the right to recover ₹1 lakh owed to C by E, it is the assignment of an actionable claim and not a sale of goods.

2.8 Insolvent — A person shall be deemed insolvent if he has ceased to pay his debts in the ordinary course of business, or cannot pay his debts as they become due, whether or not he has committed an act of insolvency.

> (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;

Section 2(8) of the Sale of Goods Act, 1930 defines “insolvent” for the purposes of the Act. It sets out two alternative tests, and either one is enough. The first is that the person has ceased to pay his debts in the ordinary course of business, meaning he has in fact stopped making the regular payments a business owes. The second is that he cannot pay his debts as they become due, meaning he is unable to meet his liabilities when they fall due, even if he has not formally stopped paying. Both are commercial tests based on whether the person can actually pay. They do not ask whether his total assets exceed his liabilities, and a court need not have declared him insolvent. The closing words, “whether he has committed an act of insolvency or not”, make clear that this definition does not depend on the technical “acts of insolvency” under insolvency law, such as fraudulent transfers or absconding to avoid creditors. The definition matters because several rights of an unpaid seller depend on the buyer being insolvent. The seller may keep the goods even after granting credit (lien, s. 47(1)(c)). The seller may stop goods that are in transit to the buyer (stoppage in transit, s. 50). The seller may also refuse to deliver until paid, even where delivery of part of the goods has already been made (ss. 47 and 49). For example, S sells 100 cartons of soap to B on one month’s credit and keeps them in his warehouse for B to collect. Before collection, S learns that B has stopped paying his other suppliers and has been returning cheques unpaid. Even though no court has declared B insolvent and B has committed no act of insolvency, B “has ceased to pay his debts in the ordinary course of business” and is therefore insolvent under s. 2(8). S may exercise his lien under s. 47(1)(c) and refuse to hand over the soap until paid, despite the credit period. Likewise, if S had already dispatched the goods by truck, he could order the carrier to stop them in transit under s. 50.

2.9 Mercantile agent — A person shall be treated as a mercantile agent only if, in the customary course of his business as such agent, he has authority to sell goods, to consign goods for sale, to buy goods, or to raise money on the security of goods.

> (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;

Section 2(9) of the Sale of Goods Act, 1930 defines a mercantile agent by what he does in the ordinary course of his trade. Three things are required. First, he must be an agent acting for a principal, not selling or buying on his own account and not a mere servant. Second, he must act in the customary course of business as such agent, so a person who handles goods for another only once, or as a favour, does not qualify. Third, his business authority must cover at least one of four activities: selling goods, consigning goods to others for sale, buying goods, or raising money on the security of goods, for example by pledging them. Brokers, factors, auctioneers, commission agents and motor dealers who sell on behalf of owners are common examples. The definition matters because the Act gives special protection to people who deal honestly with such agents. Under the proviso to s. 27, where a mercantile agent is in possession of goods, or of documents of title to goods, with the owner's consent, a sale by him in the ordinary course of business passes good title to a buyer who acts in good faith and has no notice that the agent lacked authority. Section 178 of the Indian Contract Act, 1872 gives the same protection to a pledge made by him. The law places the risk on the owner, because the owner chose to trust the agent with the goods. For example, R leaves his car with S, a used-car dealer who regularly sells vehicles for owners on commission, and tells S not to sell it below ₹4 lakh. S sells it to T for ₹3.5 lakh in the ordinary course of his business, and T is unaware of R's instruction. Because S is a mercantile agent in possession of the car with R's consent, T gets good title, and R's remedy lies only against S. If R had instead left the car with a neighbour who has no such business and the neighbour sold it, the buyer would get no title, because the neighbour is not a mercantile agent.

2.10 Price — The consideration for a sale of goods shall be money.

(10) "price" means the money consideration for a sale of goods;

Section 2(10) of the Sale of Goods Act, 1930 defines “price” as the money consideration for a sale of goods. The definition matters because s. 4(1) defines a contract of sale as one where the seller transfers property in goods to the buyer “for a price”, so money consideration is an essential element of a sale. If goods are exchanged only for other goods, the transaction is a barter, not a sale, and the Act does not apply to it. If goods are given for no consideration at all, the transaction is a gift. Courts have also accepted that a transaction is still a sale where the consideration is partly money and partly goods, because some part of it is paid in money. How the price is fixed is dealt with separately in s. 9. It may be fixed by the contract, left to be fixed in a manner the contract agrees on, or worked out from the course of dealing between the parties, and where none of these applies, the buyer must pay a reasonable price. For example, if A transfers his scooter to B for ₹40,000, this is a sale and the ₹40,000 is the price. If A instead gives the scooter to B in exchange for B’s laptop, with no money changing hands, this is a barter, because there is no money consideration. If A gives the scooter to B in exchange for B’s laptop plus ₹10,000 in cash, the transaction is generally treated as a sale, since part of the consideration is money.

2.11 "Property" in the Sale of Goods Act shall mean the general property in goods, that is, full ownership, and not a mere special or limited interest in them.

(11) "property" means the general property in goods, and not merely a special property;

Section 2(11) of the Sale of Goods Act, 1930 defines “property” as the *general property* in goods. General property means full ownership: the complete bundle of rights a person holds over goods, including the right to possess, use, enjoy and dispose of them. A *special property* is a limited interest in goods held by someone who is not the owner, such as a pledgee (pawnee) who holds goods as security for a loan, or a bailee who holds goods for repair or safekeeping. Whenever the Act speaks of “property” passing, it means ownership. So a contract of sale under s. 4 is one by which the seller transfers, or agrees to transfer, ownership of goods to the buyer for

a price, and the rules in ss. 18 to 24 on when “property” passes are rules on when *ownership* passes. A transaction that transfers only possession or a limited interest, such as a pledge or a bailment, is therefore not a sale. Because risk ordinarily follows property (s. 26), this definition also matters for deciding who bears the loss of the goods. For example, A pledges his gold necklace with B, a moneylender, as security for a loan of ₹50,000. B gets possession and a special property in the necklace, which lets him keep it until the loan is repaid and, on default, sell it after giving reasonable notice (Indian Contract Act, 1872, s. 176). A keeps the general property and is still the owner, so the pledge is not a sale. If A later sells the necklace to C for ₹1 lakh, what passes to C is the general property, meaning ownership, and that transaction is a sale under the Act. C takes it subject to B’s existing rights as pledgee.

2.12 “Quality of goods” shall include their state or condition.

(12) "quality of goods" includes their state or condition;

Section 2(12) of the Sale of Goods Act, 1930 is an inclusive definition. It widens the meaning of “quality” beyond the grade, kind or variety of the goods, so that it also covers their actual physical state or condition. This includes whether they are fresh or stale, sound or damaged, new or used, and working or defective. Because the definition uses the word “includes”, it adds to the ordinary meaning of quality and does not narrow it. The definition matters mainly for the implied conditions about quality in s. 16. These are fitness for a particular purpose made known to the seller (s. 16(1)), merchantable quality in sales by description (s. 16(2)), and conditions annexed by trade usage (s. 16(4)). As a result, a seller may break these conditions even when the goods are of the correct type, if their state or condition is unsatisfactory. For example, a buyer orders 100 cartons of “Grade A Alphonso mangoes” from a wholesaler for resale. The mangoes delivered are genuinely Grade A Alphonso, but many are rotten because they were badly stored. Their kind and grade match the contract, but their condition does not, and under s. 2(12) condition is part of quality. The mangoes are therefore not of merchantable quality under s. 16(2), and the buyer may reject them or claim damages. In the same way, a new washing machine with a dented body and a faulty motor is of defective quality even though it is the exact model ordered.

2.13 Seller — A person who sells or agrees to sell goods shall be treated as the seller.

(13) "seller" means a person who sells or agrees to sell goods;

Section 2(13) of the Sale of Goods Act, 1930 defines the seller as one of the two parties to a contract of sale, and it covers two situations. One is a person who sells, where ownership of the goods passes to the buyer immediately. The other is a person who agrees to sell, where ownership is to pass at a future time or once a condition is fulfilled (s. 4(3)). A person is therefore a seller from the moment the contract is made, whether or not ownership has passed. The definition depends on the person's role in the transaction, not on ownership, so a person can be a seller of future goods they have yet to make or buy (s. 6). Being a seller carries duties and rights under the Act. The duties include the implied conditions as to title, description and quality (ss. 14–16) and the duty to deliver (s. 31). The rights include suing for the price (s. 55), and an unpaid seller can also exercise a lien or stop goods in transit (ss. 45–46). For example, if T, a furniture maker, agrees to make and sell a dining table to U for ₹30,000, to be delivered next month, T is a seller even though the table does not yet exist and no ownership has passed, because T has agreed to sell it. T is bound to deliver a table matching the agreed description. Likewise, if W sells a ready-made chair to V across the counter, so that ownership passes at once, W is a seller because W has sold the goods.

2.14 Specific goods — Goods identified and agreed upon at the time the contract of sale is made shall be treated as specific goods.

(14) "specific goods" means goods identified and agreed upon at the time a contract of sale is made;

Section 2(14) of the Sale of Goods Act, 1930 defines specific goods by two conditions, and both must be met. The goods must be identified, meaning the particular items to be sold are singled out, and those same items must be agreed upon by both parties as the subject of the sale. Both conditions must exist when the contract is made. If the goods are described only by kind or quantity, so that the seller could deliver any goods matching the description, they are unascertained, not specific. Goods that are identified only after the contract is made, for example by being separated from a larger stock,

become ascertained goods, but they are not specific goods. The distinction matters because the Act treats the two kinds differently. Property in specific goods can pass when the contract is made (s. 20), whereas property in unascertained goods cannot pass until they are ascertained (s. 18). Specific goods are also the subject of the rules on goods that perish before the contract is made (s. 7) or after an agreement to sell but before risk passes (s. 8). For example, if B visits A's showroom, chooses a particular car by its chassis number and agrees to buy that car, the car is specific goods: A cannot substitute another car of the same model. If B instead agrees to buy "one white car of this model" from A's stock, the goods are unascertained. They become ascertained only when A sets aside a particular car for B, and even then they do not become specific goods, because they were not identified when the contract was made.

2.15 Closing word — Expressions used but not defined in the Sale of Goods Act and defined in the Indian Contract Act, 1872 shall bear the meanings given to them in that Act.

> (15) expressions used but not defined in this Act and defined in the Indian Contract Act, 1872 (9 of 1872), have the meanings assigned to them in that Act.

Section 2(15) of the Sale of Goods Act, 1930 links the Act's vocabulary to the Indian Contract Act, 1872. The Sale of Goods Act was originally Chapter VII of the Contract Act and was separated from it in 1930, so it defines only terms peculiar to the sale of goods, such as "goods", "buyer", "seller", "delivery" and "mercantile agent". It uses many general contract terms without defining them, including "contract", "agreement", "proposal", "acceptance", "consideration", "void", "voidable", "fraud", "misrepresentation", "coercion" and "free consent". For each of these, s. 2(15) directs that the definition in the Contract Act applies. This keeps the two Acts consistent and avoids repeating definitions. It works together with s. 3, which applies the unrepealed provisions of the Contract Act to contracts for the sale of goods, except where they are inconsistent with the express provisions of the Sale of Goods Act. The rule does not reach terms the Sale of Goods Act defines for itself, since those take their meaning from s. 2. For example, s. 4 of the Sale of Goods Act defines a "contract of sale" but does not say what a "contract" is. Under s. 2(15), the meaning comes

from s. 2(h) of the Contract Act: an agreement enforceable by law. A contract of sale must therefore have free consent, competent parties, lawful consideration and a lawful object (s. 10 of the Contract Act). Similarly, s. 29 of the Sale of Goods Act protects a buyer who purchases goods in good faith from a seller who obtained them under a "voidable contract", provided that contract had not been rescinded at the time of the sale. Because "voidable contract" is not defined in the Sale of Goods Act, s. 2(i) of the Contract Act supplies the meaning: an agreement enforceable at the option of one party but not the other. So, if A obtains a car from B by fraud and resells it to C, who is unaware of the fraud, before B rescinds, A's contract with B is voidable within the Contract Act's meaning, and C gets good title.

3. Application of provisions of Act 9 of 1872

The unrepealed provisions of the Indian Contract Act, 1872 shall apply to contracts for the sale of goods, except where they are inconsistent with the express provisions of the Sale of Goods Act, 1930.

> 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.

Section 3 of the Sale of Goods Act, 1930 sets out how the Act relates to the Indian Contract Act, 1872. Sale of goods was originally governed by Chapter VII (ss. 76 to 123) of the Contract Act. When the Sale of Goods Act was passed, that chapter was repealed and replaced by the new Act. The Sale of Goods Act deals only with the rules peculiar to sales, such as the transfer of property, conditions and warranties, delivery, and the rights of an unpaid seller. A contract of sale is still a contract, though, so the general principles of contract law continue to govern it. These include offer and acceptance, capacity of parties, free consent, lawful consideration and object, void agreements, discharge of contracts, quasi-contracts, and damages for breach. Section 3 therefore treats the Sale of Goods Act as a special law built on the Contract Act as the general law. Where the Sale of Goods Act has its own express rule on a point and that rule conflicts with the Contract Act, the Sale of Goods Act prevails, which reflects the principle that a special law overrides a general one. Where the Sale of Goods Act is silent, or its rule is consistent with the Contract Act, the Contract Act applies. Section 2(15) supports this arrangement: words used

but not defined in the Sale of Goods Act and defined in the Contract Act carry their Contract Act meanings. For example, a 16-year-old agrees to buy a laptop from a shop. The Sale of Goods Act says nothing about a minor's capacity to contract. Through Section 3, the Contract Act applies: a minor is not competent to contract (s. 11), and the agreement is void (*Mohori Bibee v. Dharmodas Ghose*, (1903) 30 IA 114). Similarly, if a seller gets a buyer to agree by fraud, the buyer may avoid the contract under ss. 17 and 19 of the Contract Act, because the Sale of Goods Act has no separate rule on free consent. By contrast, the Contract Act's general rule (s. 27, and s. 29 of the Sale of Goods Act itself) and the special rules of the Sale of Goods Act can differ. For instance, s. 27 of the Sale of Goods Act provides that a non-owner generally cannot pass a better title than he has, and its own exceptions in ss. 28 to 30 govern sales of goods. Where such an express provision exists, it applies in place of any inconsistent general rule of contract law.