



Essentials	Meaning	IMP Point
① Contract	Bailment is based upon a contract. The contract may be express or implied.	No consideration is necessary to create a valid contract of bailment
② Delivery of Goods Actual and Constructive	It involves the delivery of goods from one person to another for some purposes	ONLY for moveable goods and NEVER for immovable goods or money.
③ Purpose	The goods are delivered for some purpose.	The purpose may be express or implied
④ Possession	Change of possession does not mean change of ownership. Bailor is still the owner	Custody and Possession is different. If someone has the custody without the possession does not become a bailee

⑤ Return of goods | Same form or same goods | No exchange, even with goods of higher value

CUSTODY

Vs

POSSESSION

Only physical availability but NO CONTROL

NOT BAILMENT



Physical + CONTROL

BAILMENT

money deposit

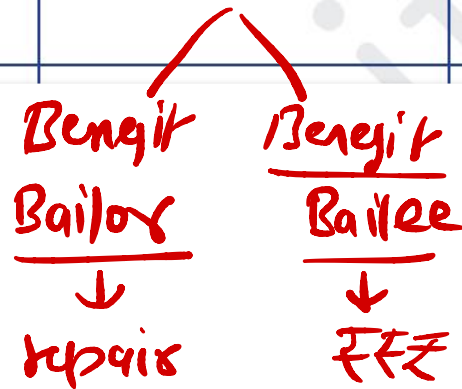


lockey ← Gold
Physical ✓
control ✗

Deposit of money in a bank is not bailment since the money returned by the bank would not be identical currency notes.

TYPES OF BAILMENT

Type of Bailment	Definition	Benefit	Example
<p><i>only one party</i> ↑ Gratuitous Bailment <i>Benefits.</i></p>	<p>Bailment where the service is provided free of charge, i.e., no payment or reward is involved.</p>	<p>Benefit is either for bailor or bailee (not both).</p>	<p>A friend lends his car to another friend for personal use without expecting any payment. In this case, the benefit is solely for the bailee (the friend borrowing the car).</p>
<p>Non-Gratuitous Bailment</p>	<p>Bailment where both the bailor and bailee gain some benefit.</p>	<p>Benefit is for both bailor and bailee.</p>	<p>A person gives their car to a mechanic for repairs. The bailor (car owner) benefits by getting the car fixed, and the bailee (mechanic) gets paid for the service.</p>



★ UNIT-8 :- CONTRACT OF Bailment & Pledge

★ SEC. 148 :- Bailment :- Bailment means delivery

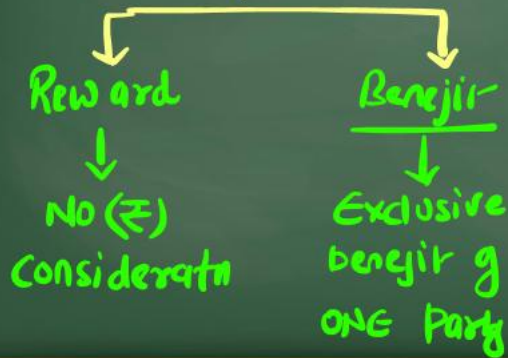
★ of Goods by one person to another for
some purpose & when the purpose is
accomplished it should be returned or
disposed according to the direction of
the bailor.

For essentials & imp points refer the table
★ ★ ★ sheet.

★ Types of Bailment :- Refer the ★ Table also

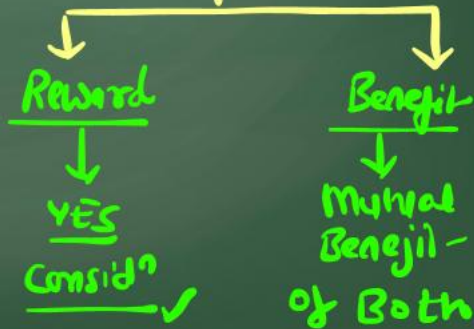
★ GRATUITOUS

★ on the basis of



Non-Gratuitous

on the basis of



★ Termination of Contract of Bailment :-

★ E-P = Expiry of period :- when stipulated period comes to an end, the COB shall terminate

★ F-P = Fulfilment of purpose :- when the specific purpose is accomplished, COB shall terminate

Death = on the death of Bailor / Bailee.

I-Use = By Notice :- on inconsistent usage by bailee, bailor can give notice & terminate

= Notice in case of gratuitous bailment

Bailor can terminate any time but if



Because of such termination the bailee suffers any loss the bailor must compensate the bailee.

D-M = Destruction of Subject matter :- Bailment
SM is terminated if SM is destroyed or there is change in the nature of goods then such termination will take place.

Expire hone ke pahale, purpose at Juyill, death system (X) Isilye I-Use, Dim sums — stress buster.

2 MINUTES - MAGGI TABLE

DUTIES OF A BAILOR

Section	Duty	Description
Section 150 ✓	Duty to disclose faults in goods bailed	Bailor must inform the bailee of <u>known faults</u> in the goods; failure to do so makes him liable. ✓ Knowledge ✓
Section 158 ✓	Duty to pay necessary expenses	Bailor is responsible for reimbursing reasonable expenses incurred by the bailee for maintenance.
Section 159	Duty to indemnify for premature termination	If the bailor <u>terminates the bailment early</u> , he <u>must compensate the bailee for any loss caused</u> . ✓
Section 164	Bailor's responsibility to bailee TITLE Defective	Bailor must compensate bailee for any loss caused by defective title of the goods bailed and duty to take delivery of the good when returned NOT Taking Return

F

N

P

T



R

DISCLOSE FAULTS



GRATUITOUS Bailment

एक तो निःशुल्क काम करो ऊपर से जान भी रखो - ना

ONLY IF KNOWLEDGE



BAILOR IS LiabIe IF AWARE and did not disclose

NON -GRATUITOUS Bailment

₹ Bailee

Hired the Vehicle

Whether or NOT KNOWLEDGE



BAILOR IS LIABLE

eg: Bailor = ZOOM CAR.

NECESSARY EXPENSES

$Q = YES$
 $NG = NO$

GRATUITOUS Bailment

LEFT THE CAR AT FRIEND'S PLACE



EXTRAORDINARY CHARGES
EX - PARKING CHARGES

NECESSARY CHARGES
EX - CLEANING/FUEL SALARY



NON-GRATUITOUS Bailment

✓ 10,000 = ₹ 10000 x 10

LEFT THE CAR AT PAY AND PARK



EXTRAORDINARY CHARGES
EX - SPECIAL SHELTER

NOT NECESSARY CHARGES
EX - GUARD SALARY



watchman

2 MINUTES - MAGGI TABLE

DUTIES OF A BAILEE

Section	Duty	Description
Section 151 & 152	Take reasonable care of the goods	Bailee must take care of the goods as a reasonable person would. ☆ //
Section 153 & 154	Not to make inconsistent use of goods	Bailee should use the goods as agreed upon; any misuse will make him liable for damages.
Section 155, 156, 157	Not to mix goods	Bailee must not mix the bailor's goods with his own; if mixed, they should be separated at bailee's expense. // ✓
Section 160 & 161	Return the goods	Bailee must return the goods when the bailment term ends, failing which, he is liable for any loss.
Section 163	(+) Return accretion from the goods	Any increase or profit from the bailed goods must be returned along with the goods.
Common Law	X Not to set up adverse title	Bailee should not deny the bailor's ownership of the goods during the bailment period.

R

I

M

R

A+

T





With Consent



50L

Bailor's Groundnut oil - 50L



100L

Bailee's Sunflower oil - 100L

Consent MA

Without Consent

Separable - YES ✓

Expense of Separation or damage etc.

To be borne by Bailee ✓

Separable - NO ✗

Bailee will compensate Bailor for the LOSS

50L + 100L = 150L (-) 5L = 145L sell
loss Normal
₹ 50/150
₹ 100/150

2 MINUTES - MAGGI TABLE

RIGHTS OF A BAILOR

Section	RIGHTS	Description
Section 153	Right to terminate the bailment ✓	Bailor can terminate the bailment if the bailee misuses the goods. <i>Goa</i>
Section 159	Right to demand back the goods	Bailor has the right to demand the goods back at any time unless it's a gratuitous bailment.
Section 180 & 181	Right to file a suit against a wrongdoer	If a third party wrongfully takes the goods, the bailor can sue them directly.
Common Law	Right to sue the bailee ✓	Bailor can sue the bailee if the bailee violates the terms of bailment or fails in their duty. <i>Bee</i>
Common Law	Right to compensation	Bailor can claim compensation for any loss caused by the bailee's negligence or breach of duty.

SSDT



2 MINUTES - MAGGI TABLE

RIGHTS OF A BAILEE

Section	RIGHTS	Description
Section 165	Right to deliver to any one of joint bailors	Bailee can deliver the goods to any of the joint bailors unless otherwise instructed.
Section 166	Right to indemnity	Bailee is entitled to compensation for losses suffered due to bailor's defective title.
Section 150	Right to claim compensation for faulty goods	Bailee can seek damages if the goods were faulty and not disclosed by the bailor.
Section 158	Right to claim necessary expenses	Bailee can recover expenses incurred in preserving or maintaining the goods.
Section 167	Right to apply to court for title decision	Bailee can approach the court to determine the rightful owner of the goods if there's a dispute.
Section 170	Right of particular lien	Bailee can retain goods until the payment for services related to those goods is made.
Section 171	Right of general lien	Bailee can retain any goods until all claims (unpaid debts or services) are satisfied.

Joint
H
C
N
T
L





DUTIES OF A BAILOR

150, 158, 159 and 164

No Time Pass For Bailor R

N – Necessary expense

T – TITLE Defective

P – Premature Termination

F – Fault

R – Return (Denied)

DUTIES OF A BAILEE

151 to 157, 160 to 163

MITRRA+ EE

M – Mix

I – Inconsistent Usage

T – Title (ADVERSE)

R – Reasonable Care

R – Return

A+ – Accretion (Addition)

RIGHTS OF A BAILOR

153, 159, 180 & 181

SSTD Call for Bailor R

C – Compensation

T – Terminate

S – Suit – Ill

S – Sue the Bailee

D – Demand Back (RETURN)

RIGHTS OF A BAILEE

165, 166, 167, 170 & 171

CNTL – Joint – I EE

C – Compensation (Fault)

N – Necessary expenses

T – Title (Apply to court)

L – Lien (General & Particular)

J – Deliver anyone (JOINT Bailor)

I – Indemnity (If Defective Title)



BASIS

171

GENERAL

Rights of Bailee

PARTICULAR

170



Defⁿ

It is against the general balance of goods

Against a particular good which is bailed.



SKILL

labour

There is no condition of involvement of skill / labour

It happens ONLY when skill & labour has taken place.

Rights

It is not automatic, ONLY if agreement mentions it.

It is automatic, not dependent on the agreement

Example →

But Bankers / Wharfingers / Brokers etc. = Automatic
For others = Agreement is Req.

Finder of lost goods / Bailee unpaid seller etc.

★ 168: concept building:-

★ FOLG = Goods preserve = ordinary prod.
= owner search = True owner's Return

★ Bailee

DRIVER
Taxi = wallet

QC

what-if CJ Reward (individual)
Reward = 10,000

Then Bailee can SUE

CJ

Bailor should pay.

Voluntary services

- ① owner expenses
- ② Goods Preserve exp.

1200/-

X

= Goods Retain YES
until compensation.

But bailee cannot SUE. Case 1

Finder of the Lost Goods -

168



1. He is a bailee
2. Take proper care as a man of ordinary prudence
3. Put efforts to find the owner
4. He has right to retain the goods until he receives the compensation



CASE

①

NO RIGHT TO SUE THE OWNER FOR COMPENSATION for trouble and expense voluntarily incurred by him in finding
SUE (X) the owner and preserving the goods found.

②

BUT RIGHT TO SUE THE OWNER FOR REWARD AND RETAIN THE
Sue (✓) GOODS AS WELL

★ CONTROL SHEET :- job Duties / Rights of P^{OR} / P^{ee}.

★ RIGHTS :-
→ Pawnor :- All rights of B^{OR} SSTD Call. (+) Right to Redeem 177.

★ → Pawnee :- 173 / 174 / 175 / 176

DUTIES :-

→ Pawnor :- Same as Bailor No Time Pass For bailor + P = Perform the Promise
+ D = deficit - mt Pay. ✓

→ Pawnee :- Same as Bailee MITRRA + ee (+) unauthorised access
(-) Title. काम नहीं है



RIGHTS OF A PAWNEE / PLEDGEE

Sec.	RIGHTS	Description	Example
173	Right to Retain Pledged Goods	<p>The pawnee can retain the goods for -</p> <ul style="list-style-type: none">- Payment of the debt,- Performance of the promise- Interest, and- Necessary expenses <u>Q. Exp.</u> <p>incurred for possession or preservation of the goods.</p>	Bank retains pledged stock for loan + interest.
174	Right to Retain for Subsequent Debts	<p>Pawnee can retain goods for debts other than the original one only if there's a contract allowing this.</p>	Retention allowed if a contract permits it.

General Lien



175	Right to <u>Extraordinary Expenses</u>	Pawnee can claim reimbursement for extraordinary expenses (e.g., preservation of goods), <u>but can't retain</u> goods for these expenses— <u>can sue instead.</u> X ✓	Pawnee sues for repair or preservation costs.						
176	Right in Case of Pawner's <u>Default</u>	If the pawner defaults, the pawnee may: 1. <u>Retain</u> the goods as collateral security and sue the pawner, 2. <u>Sell</u> the goods after giving notice. 3. <u>Proceeds</u> from such sale - <u>Less</u> then pawner liable for the balance and <u>if More then</u> pay <u>surplus</u> to the <u>pawner</u> .	Bank sells pledged stock if loan isn't repaid. <table border="1" style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: center;">10L</td> <td style="text-align: center;">10L</td> </tr> <tr> <td style="text-align: center;">6L</td> <td style="text-align: center;">12L</td> </tr> <tr> <td style="text-align: center;">4L deficit</td> <td style="text-align: center;">2L surplus</td> </tr> </table>	10L	10L	6L	12L	4L deficit	2L surplus
10L	10L								
6L	12L								
4L deficit	2L surplus								

Recovery Return.

★ RIGHTS OF PLEDGEE/Pawnee :-

★ SEC. 173 :- Right to Retain Goods.

Debt = 10L

Int = 1L

Loan charges = .50L

11.50,000

← not just for the debt

} But also for Int. \$

necessary charges.

eg: Preservation Exp. of Goods.

SEC. 175 :- Extra-ordinary Expenses

eg:- EV Tesla → Bank
pledge

Battery change

Bank - CT Recover = YES

- CT (Sue) = YES

pee - (Retain for Extra-ord.) = NO

★ SEC. 174 :- Subsequent debt

= General Lien = Bank

Loan 10L + 2.5L
✓ x

Full Gold Jewellery
Bank can detain

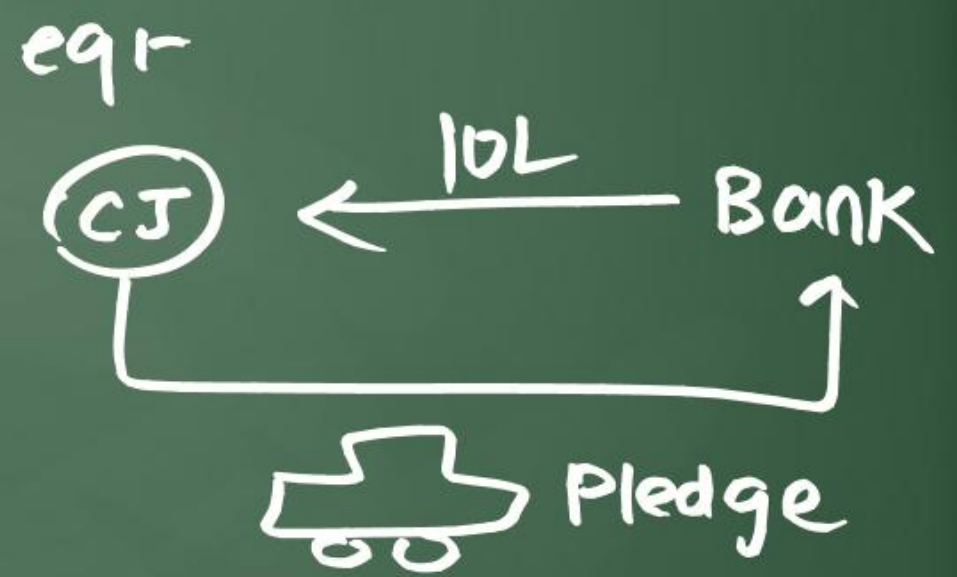
SEC. 176 :- POR defaults/pee = sells

Deficit	Surplus	Return to POR
Loan Amt = 10L Car sell = 6L deficit <u>4L</u>	10L 12L <u>2L</u>	

★ SECTION 177 :- Redemption of Pledged Goods

★ Pledged goods by performing the promise

वापस / रखी करना
 Recover / To get back



At any subsequent time before the actual sale

But pOR must pay extra expenses incurred by the pee





<p>Liabile to pay the <u>debt</u> or <u>perform the promise</u></p> <p>(P)</p>	<p><u>Compensate the pawnee for any extraordinary expenses</u></p>	<p><u>Disclose all the faults which may put the pawnee under extraordinary risks.</u></p>
<p>Pawnor must <u>indemnify</u> the pawnee. (LOSS DUE TO DEFECT IN THE PAWNOR'S TITLE)</p>	<p><u>Due to default by the pawnor's DEFAULT - If Pawnee sells the goods - Pawnor must pay the deficit</u> → 176 section</p>	

Perform promise
dejective title (T)

extra-ordinary = ✓
Necessary = ?



(N)

General Rule Non-Owner can't Pledge

Exceptions ↓ Actual owner

1. Mercantile Agent
2. Voidable contract
3. Limited int (sp. prop.)
4. Co-owners (Joint)
5. Pledge $\begin{cases} \text{Seller} \\ \text{Buyer} \end{cases}$



Pawnee - GOOD FAITH

Conditions

Pawnee - KNOWS





Section	Situations	Key Conditions	Validity Factors
178	Pledge by Mercantile Agent	Agent in possession of goods or document of Title can pledge the goods with owner's consent.	Pledge made in ordinary course of business. Pawnee acts in good faith without notice of defect.
178A	Pledge under Voidable Contract	Pawnor obtained goods under a voidable contract (Fraud, coercion, etc.).	Contract not rescinded at the time of pledge. Pawnee acts in good faith without notice.
179	Pledge by Limited Interest Holder	Pawnor holds limited interest in goods (Not absolute owner).	Valid up to the extent of the pawnor's interest.
✓	Pledge by Co-Owner in Possession	Goods owned by multiple persons. Possession with one of them with the consent of others.	Pledge by co-owner in possession is valid.
✓	Pledge by Seller or Buyer in Possession	Seller retains goods post-sale or buyer obtains possession pre-sale with seller's consent.	Pawnee acts in good faith without notice of pawnor's defective title.



PSUC

CUPS



Basis of Distinction	Bailment	Pledge
Meaning <i>dejn.</i>	Transfer of goods by one person to another for <u>some</u> specific <u>purpose</u> is known as bailment.	Transfer of goods from one person to another as <u>security</u> for repayment of debt is known as the pledge.
Parties	The person delivering the goods under a contract of bailment is called as <u>"Bailor"</u> The person to whom the goods are delivered under a contract of bailment is called as <u>"Bailee"</u>	The person who delivers the good as security is called the <u>"Pawnor"</u> . The person to whom the goods are delivered as security is called the <u>"pawnee"</u> .
Purpose P	Bailment may be made for any purpose (as specified in the contract of bailment. eg: for safe <u>custody</u> , for <u>repairs</u> , for processing of goods).	Pledge is made for the purpose of delivering the goods as <u>security</u> for <u>payment of a debt</u> , or <u>performance of a promise</u> .
Consideration C	The bailment may be made for consideration or <u>without</u> consideration. X	Pledge is <u>always</u> made for a <u>consideration</u> . ✓
Right to sell the goods S X	The bailee has <u>no right to sell</u> the goods even if the charges of bailment are not paid to him. The bailee's rights are limited to <u>suing the bailor</u> for his dues or to exercise <u>lien</u> on the goods bailed.	The <u>pawnee</u> has right to sell the goods if the pawnor fails to redeem the goods. ✓✓ <i>Sell.</i>
Right to use of goods U ✓	Bailee can use the goods only for a purpose specified in the contract of bailment and not otherwise.	Pledgee or Pawnee cannot use the goods pledged. X

