

# **Contract of Bailment**

**Subject : Business Regulatory Framework**

**B.Com-I**

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# Definition of Bailment

As per **Sec.148** of Indian Contract Act, “ A bailment is the delivery of goods by one person to another for some purpose upon a contract that they shall, when the purpose is accomplished, be returned or otherwise disposed of according to the direction of the person delivering them.”

So, the person who delivers goods is called ‘**Bailor**’ and the person to whom delivery is made called ‘**Bailee**’.

e.g. ‘**A**’ has given his book to ‘**B**’ for preparation of examination. Here **A** is ‘**bailor**’ and **B** is ‘**bailee**’.

# Characteristics of Contract of Bailment:-

- Transfer of possession of goods
- Goods is delivered of temporary purpose
- Goods be returned or otherwise disposed of according to the direction
- Ownership is not transferred to bailee
- Change in the shape of goods may be possible
- Bailment of movable property only
- Bailment of existing goods only

# Kinds of Bailment

- Bailment for safe deposit
- Gratuitous bailment (Goods is delivered free for uses )
- Non Gratuitous Bailment
- Bailment for Repairs
- Bailment for Carrier
- Bailment on Hire

# Duties and Liabilities of Bailor :

- To disclose faults in goods bailed
- To deliver goods to bailee
- Payment of necessary expenses to bailee
- Responsibility to indemnify bailee
- Restoration of Goods lent gratuitously

# Duties and Liabilities of Bailee :

- To take care of goods bailed
- Not to act inconsistent with condition of Bailment
- Not to make unauthorised use of goods bailed
- Not to mix bailor's goods with his own goods
- To return goods bailed
- To return goods with increase or profit
- Not to setup adverse title

# Rights of Bailor :

- Right to get compensation for the loss of goods due to carelessness
- Right to terminate Bailment
- Right to claim damages for unauthorised use of goods
- Right against mixture of goods bailed
- To terminate gratuitous Bailment
- Right of return of goods
- Right to get increase or Profit from goods bailed

# Rights of Bailee :

- Right of Compensation
- Right to get necessary expenses
- Right to get compensation for premature termination of Bailment
- Right to get compensation for defective title of Bailor
- Right to return one of joint owners
- Not responsible to Bailor without title
- Right of Lien
- Not to deliver goods to other person
- Right to file suit against third party



# Termination of Bailment :

- If, Bailee act against the conditions of bailment.
- If, objective of bailment is accomplished.
- If, the time limit of bailment is expired.
- If, 'Bailor' or 'Bailee' dies (only in case of gratuitous bailment)

Thank You