
BAILMENT CONTRACTS UNDER INDIAN CONTRACT ACT OF 1872

Amit Singh

Department of Law

Teerthanker Mahaveer University, Moradabad, Uttar Pradesh, India

ABSTRACT: *Two special arrangements, Bailment and Promise, are sometimes misunderstood. Each pledge is a bail, but each bail is not a pledge.¹ Bailment means that one form of person on non-permanent basis goes into the hands of the other. There exist various circumstances under which this eventuates. Providing a cycle, watch or some other repair piece, supplying gold to a goldsmith to make ornaments, delivering clothes to a dry cleaner, supplying goods for transport, etc. falls under circumstances that establish the 'Bailment' arrangement.² Bailment agreements are a particular category of contract. The researcher address in this piece of research, the essence of bailment, bailee responsibilities, bailment description, bailee rights and liabilities, moral dimensions of the bailee, and ultimately made concluding observations.*

KEYWORDS: *Bailment Contracts, Contract Act, Essential and Duties of Bailment.*

INTRODUCTION

Other form of contract bearing special significance is bailment. Because it is a contractual agreement, all provisions applicable to basic contract are inherently applicable to aforementioned contracts. Bailment implies a process of supplying goods for a defined trustworthy intention. After the target is over, the items must be retrieved. Good's possession is transferred during bailing, but ownership still remains with the actual owner and is not transferred. Bailment specifically deals with the contract legislation in situations, in which it emerges by virtue of a contract, therefore it is never right to claim bailment where an enforceable contract is absent and there cannot be a bailment.

Underneath the legislation of contract, the regulation of bail is really an important topic. The expression "bailment" draws its reference to the expression "bailleur" in French, which indicates "to deliver or handover." Essentially, there are two aspects. One of them is the bailor and other is the bailee. Thus, bailing is a deal. The "Bailor" is the individual who supplies the products to another party on the basis of a contract or for any other purposes, and the "Bailee" is the individual that supplies the products.

The goods must be delivered for a certain purpose and under a contract that, whenever the reason of such transfer is accomplished, the goods must be delivered back to or discarded of by the bailor. There really is no bail if that goods of an individual go to some other individual without some reason or with the intent of not restoring the goods.

¹ Key Differences, Difference between Bailment and Pledge, by Surbhi S, April 14, 2015.

<https://keydifferences.com/difference-between-bailment-and-pledge.html>

² <http://www.legalservicesindia.com/article/964/Contract--II:-Bailment.html>

DISCUSSION

Meaning of Bailment

A bailment is a unique contract specified inside the Indian Contract Act, 1872, precisely section 148. “This is originated from the expression "bailer" in French language, which indicates "to deliver”. “Transfer” or “shift” of custody of goods is the traditional sense of bailment. By bailment, we denote the transportation of goods from one individual to another for a particular purpose under the contract that the goods are to be reimbursed or disposed of in compliance with the bailor's direction upon fulfillment of the objective. The individual who supplies the products is recognized as a Bailor. Further a person is identified as Bailee who receives the goods. The bailed property is referred to as Bailed Assets.

Essentials of Bailment³

1. The existence of a legitimate agreement:

The presence of a substantial agreement is a principal condition in bailment which suggests that assigned goods are required to be given back when the reason for such transfer is accomplished. The one who receives the goods is labeled with the term bailee in spite of the fact that there may not be any current agreement among him and the real proprietor.

2. Temporary delivery of goods:

The entire interpretation of bailment focuses throughout the premise that the products are provided for a limited duration and the bailee cannot have everlasting ownership. Goods could be delivered by genuine delivery or by positive delivery, which implies performing anything that has the impact of placing the commodities in the hands of the bailee or any other person allowed by him per se.

3. Return of particular goods:-

The bailee is obliged to transfer back the commodities to bailor soon when the objective to acquire such good is fulfilled or over. If the individual does not retrieve the goods, so there will be no bailout.

Duties of a Bailor

Section 150 of the Indian Contract Act, 1872 required the bailor to reveal the unexpressed details directly related to defects in products with certain obligations. The obligation of transparency of the bailor is:

1. Gratuitous Bailment:

³ <https://blog.ipleaders.in/what-is-the-contract-of-bailment/>

It is the obligation of the bailor to reveal to the Bailee all faults in the supplied goods he is conscious of which may intervene the utilization of the goods or may pose exceptional risks to him. And the bailor will be responsible for default if he fails to do the same.

2. Non Gratuitous Bailment (Bailment for Reward):

In particular, this role deals with the products provided on lease. According to this clause, in such a case, even though the bailor is informed about defect in the goods or otherwise, when the goods are given for hire purpose, he would be held responsible for the damage incurred by the presence of that fault.

The plaintiff obtained a hire wagon from the defendant in *Hyman v Nye & Sons*.⁴ However the wagon had some default resulting as inappropriate for the journey and consequently the plaintiff sustained wounds. The judge determined that he should be responsible even if the default was brought into light before plaintiff was aware of such a defect or unaware.

Duties of Bailee

1. Duty to take reasonable care of the goods bailed:

In consideration of goods bailed to him, Section 151 of the Indian Contract Act sets out the standard of care that a bailee must undertake. Under identical conditions, the bailee is required to maintain quite enough protection of the bailed goods to him as a person possessing ordinary prudence might take as if it's his own goods of the same volume, value and quality same as the goods bailed.

2. Not to make any unauthorized use of goods:

No inappropriate exploitation of the goods should be made by the bailee. If the bailee performs any improper use of the goods, then, at the discretion of the bailor, the bailment stands voidable and the bailee is considered liable for any damage or harm, even if that loss is triggered by an act of God or for other inevitable purposes.

3. Duty not to set up adverse title:

The bailee is obliged not to perform those act that is conflicting with the bailor's goodwill. On the things bailed to him, he also shouldn't create his own identity or the identity of a third party.

*Rights of Bailee*⁵

1. Right to claim damages in case of negligence [section 152]: If the bailee (in the absence of any special arrangement or special treatment) has taken no due care, the bailor acquires the power to seek damages as a result of such loss, degradation, or worsening of the goods bailed.
2. Right to terminate the contract in case of unauthorized use of goods [section 153]: If the bailee utilizes the products in an unauthorised capacity the bailor may revoke the bailment agreement

⁴ (1881) 6 Q.B.D 685

⁵ Dr Sunita Srivastava, *Contract of Bailment And Pledge*

even before bailment is completed. In such a situation where the bailee could not sue the bailor for a contract breach, a bailment contract is deemed to be a voidable contract.

3. Right of claim compensation in case of unauthorized use of goods[section 154]: If the bailee fails to undertake the utilisation of goods bailed as per the terms and conditions of the bailment agreement, the bailor shall be entitled to seek the bailee's reimbursement for any harm resulting from or in the course of any use of goods.

CONCLUSION

Bailment is the transfer of goods from one individual to other for some reason, provided that the goods are delivered back to the bailor or any person other than him, as directed by the bailor, when the object is attained. Now, after studying the bailment in depth, it has been noticed that the notion of bailment includes passing over the goods to someone for a particular intention.⁶

Bailment is divided, into several groups i.e., for bailor's specific benefit, for bailee's specific benefit, and for bailor's and bailee's shared advantage. A bailment can be graded as gratuitous or non-gratuitous bailment on the principle of benefit.⁷

On the completion of the specified time frame on the fulfilment of the purpose of bailment, it draws to an end if some act that is inaccurate as per the terms of bailment, with regard to the goods that are bailed and the devastation of the subject material. Well before the expiration of the bailment period, a gratuitous bailment can be discontinued but then the bailor is responsible for compensating the bailee for the damages he sustained.

⁶ <https://blog.ipleaders.in/what-is-the-contract-of-bailment/>

⁷ Supra Note 6