



# **TRINITY COLLEGE FOR WOMEN NAMAKKAL**

**Department of Commerce**

**BUSINESS LAW**

**19UCM05-ODD Semester**

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# CONTRACT OF INDEMNITY

- **Contract of indemnity**

Contract of indemnity as “a contract by which one party promises to save the other from loss caused to him by the conduct of the promisor himself or by the conduct of any other person.”

- **INDEMNIFIER**

The person who promises or make good the loss and.

- **INDEMNITY HOLDER**

The person whose loss is to be made good

- **CONTRACT OF GUARANTEE – [SEC 126]**

“ A contract to perform the promise or discharge the liability of a third person in case of his defaults.”

**EXAMPLE:**

A advance a loan of Rs 10,000 to B and C promises A that if B does no repay the loan, I will repay it. This is a contract of guarantee.

- It involves three parties.
- **Surety** : The person who gives the guarantee
- **Principal debtor** : The person in respect of whose default the guarantee is given
- **Creditor** : The person to whom guarantee is given.

- **ESSENTIALS OF A CONTRACT OF GUARANTEE**

- Concurrence of all the parties
  - Liability
  - Existence of a debt
  - Consideration
  - Writing not necessary
  - No concealment of facts
- \* Essentials of a valid contract

## DISTINCTION BETWEEN CONTRACTS OF INDEMNITY AND GUARENTEE

- Number of parties
- Number of contracts
- Purpose
- Consideration
- Nature of liability
- Rights of indemnifier and surety

## DISCHARGE OF SURETY

- By notice of revocation by the surety: sec 130
- By death of surety: sec 131
- By variance in terms of contract : sec. 133
- By release or discharge of principal debtors : sec 134
- By making arrangement with principal debtor: sec 135
- By giving more time to the principal debtor: sec 135
- By novation : sec 62

# BAILMENT AND PLEDGE

## **BAILMENT [SEC. 148]**

The term “Bailment” takes its roots from the French word “barter” which means “to deliver”?

“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 directions of the person delivering them.”

### **BAILOR:**

The person who is delivering the goods is called the “Bailor”.

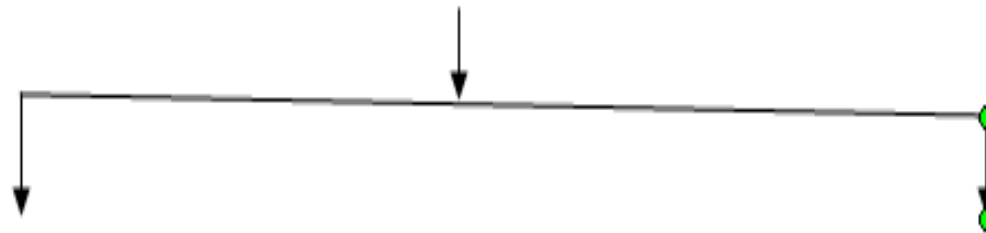
### **BAILEE:**

The person to whom the goods are delivered is called the “Bailee”.

Example: A gave his washing machine to B, a mechanic for repair. This is a contract of bailment between A and B.

## CLASSIFICATION OF BAILMENT

### CLASSIFICATION OF BAILMENT



#### On the basis of reward

- i. Gratuitous bailment
- ii. Non- gratuitous bailment

#### On the basis of benefits

- i. For the exclusive benefits of the Bailor
- ii. For the exclusive benefit of the Bailee
- iii. For the mutual benefit of both the Bailor and Bailee

# DUTIES OF BAILOR AND BAILEE

## DUTIES OF BAILOR

- To disclose faults in the goods bailed [sec.150]
- To bear extra ordinary expenses
- To indemnify Bailee
- Receive back the goods

## DUTIES OF BAILEE

- To take reasonable care of the goods bailed
- Not to make any unauthorized use of goods
- Not to mix the goods bailed with his own goods
- Not to set up an adverse title.
- To return the goods
- To return any accretion to the goods bailed.



# RIGHTS OF BAILOR AND BAILEE

## RIGHTS OF BAILOR

- Rights to enforce
- Rights to avoid the contract
- Rights to return the goods lent gratuitously
- Right to get compensation.

## RIGHTS OF BAILEE

- Right to deliver the goods to any one of the joint bailors
- Right to deliver the goods to Bailor without title
- Right to deliver the goods to any one of the joint Bailor
- Right to apply to court to decide the title of the goods
- Right of lien.



## TERMINATION OF BAILMENT

- A contract of bailment is terminated in the following cases.
- On the expiry of the time
- On the fulfillment of the object
- On inconsistent act
- Gratuitous bailment
- On the death of the Bailor or the Bailee

# THANK YOU

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