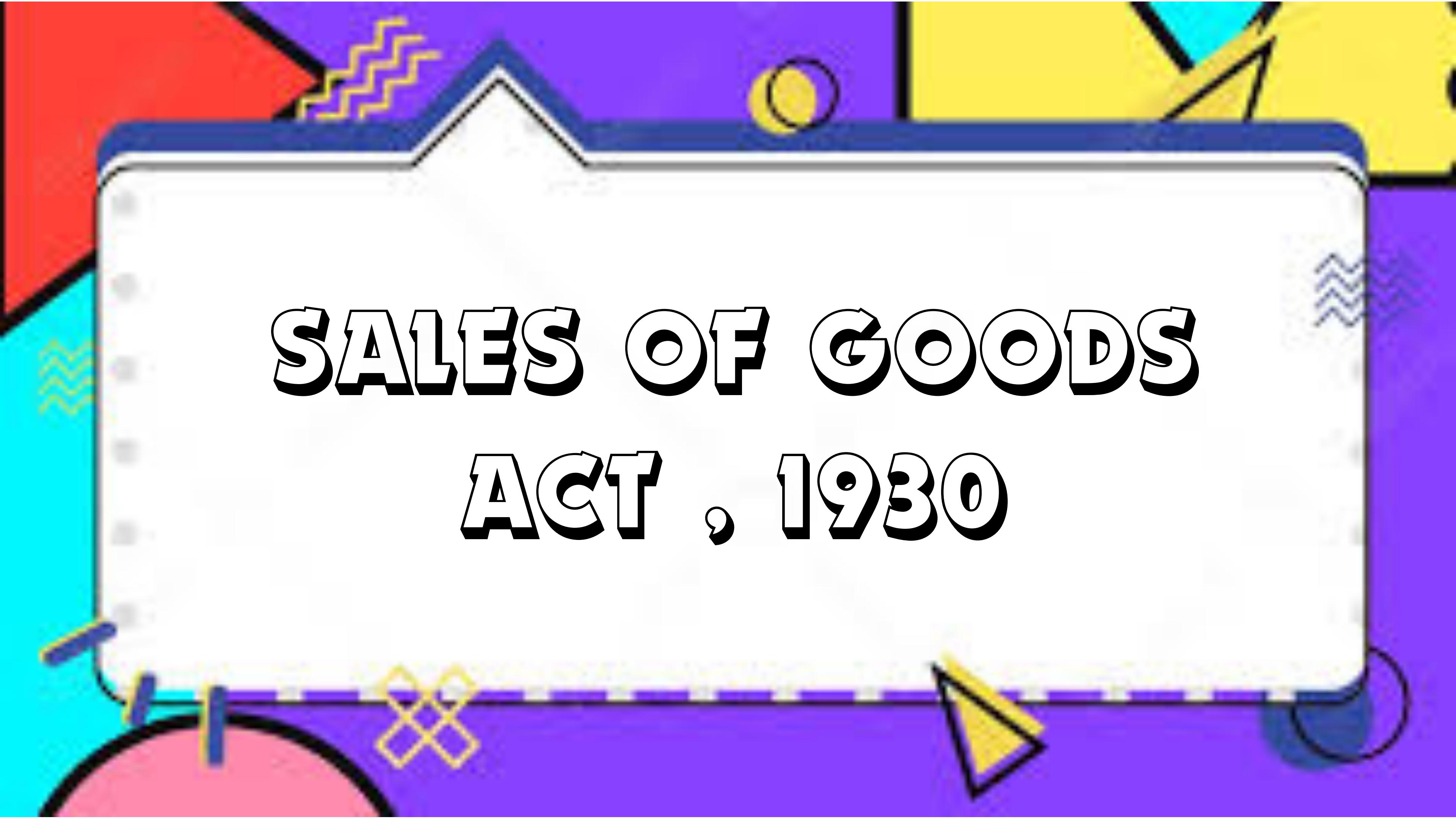




# **DIFFERENCE BETWEEN**





# **SALES OF GOODS**

## **ACT , 1930**



## SALE VS. AGREEMENT TO SELL

~~Property  
Parties~~

ACRONYM :-  
**PNR** hai NRI ke Rights

## BASIS

## SALE

## AGREEMENT TO SELL

Transfer of property

Nature of contract

Remedies for breach

Liability of parties

Nature of rights

The property in the goods passes to the buyer **immediately**

It is an **executed contract** i.e. contract for which consideration has been paid.

The seller can sue the **buyer** for the price of the goods because of the **passing of the property** **therein to the buyer**.

A **subsequent loss or destruction** of the goods is the **liability of the buyer**.

Creates **jus in rem**

Property in the goods passes to the buyer on **future date** or on **fulfilment of some condition**.

It is an **executory contract** i.e. contract for which consideration is to be paid at a future date.

The **aggrieved party** can sue for **damages** only and not for the price, unless the price was payable at a stated date.

Such loss or destruction is the **liability of the seller**.

Creates **jus in personam**

Right of resale

*Seller*

In case of insolvency of seller

In case of insolvency of buyer

The seller cannot resell the goods.

Sale O-B ✓

The official assignee will not be able to take over the goods but will recover the price from the buyer.

*goods*

The official assignee will have control over the goods.

OA - Good ✓

The seller may sell the goods since ownership is with the seller.

O-S  
OA — Good ✓

The official assignee will acquire control over the goods but the price will not be recoverable.

OA → × Good



## CONDITION VS. WARRANTY

BASIS	CONDITION	WARRANTY
Meaning	<p>A condition is a stipulation <u>essential to the main purpose</u> of the contract.</p>	<p>A warranty is a stipulation <u>collateral to the main purpose</u> of the contract.</p>
Right in case of breach	<p>The aggrieved party can repudiate the contract or claim <u>damages</u> or both in the case of breach of condition.</p>	<p>The aggrieved party can claim only <u>damages</u> in case of breach of warranty.</p>
Conversion of stipulations	<p>A breach of condition may be treated as a breach of warranty.</p>	<p>A breach of warranty cannot be treated as a <u>breach of condition</u>.</p>

M&B



# SALE VS. HIRE PURCHASE

**ACRONYM :-**  
**PPT mein paper from RTI**

## BASIS

Time of passing property

Position of the party

Termination of contract

Burden of risk of insolvency of buyer

## SALE

Property in goods is transferred to the buyer immediately at the time of contract.

The position of the buyer is that of the owner of the goods.

The buyer cannot terminate the contract & is bound to pay the price of the goods.

The seller takes the risk of any loss resulting from the insolvency of the buyer.

## HIRE - PURCHASE

The property in goods passes to the hirer upon payment of the last installment.

The position of the hirer is that of a bailee till he pays the last installment.

The hirer may, if he so likes, terminate the contract by returning the goods to its owner without any liability to pay the remaining installments.

The owner takes no such risk, if the hirer fails to pay an installment, the owner has right to take back the goods.

Transfer of title

Resale

The buyer can pass a **good title** to a **bonafide purchaser** from him.

→ *honest*

The buyer in sales can **resell** the goods.

The hirer ~~cannot pass any title even to a bonafide purchaser.~~

The hire purchaser ~~cannot resell~~ unless he has paid all the installment.



## SALE VS. BAILEMENT

## BASIS

## ~~CONDITION~~

*Sale*

## ~~WARRANTY~~

*Bailment*

Transfer of property

The property in goods is transferred from the seller to the buyer. So, it is transfer of general property.

Return of goods

The return of goods in contract of sale is not possible.

Consideration

The consideration is the price in terms of money.

*CPR denz*

There is only transfer of possession of goods from the bailor to the bailee for any of the reasons like safe custody, carriage, etc. So, it is transfer of special property.

The bailee must return the goods to the bailor on the accomplishment of the purpose for which the bailment was made

The consideration may be gratuitous or non gratuitous.

*free*



# **INDIAN PARTNERSHIP ACT, 1930**

3 5  
6 6  
6 8



## PATNERSHIP VS. JOINT STOCK COMPANY

~~MD PPL of LA eats WoRMS~~

**ACRONYM :-**  
**MD of LA PPL eats WoRMS**

<b>BASIS</b>	<b>PARTNERSHIP</b>	<b>JOINT STOCK COMPANY</b>
Legal status	<p>A firm is not legal entity i.e. it has no legal personality distinct from the personalities of its constituent members.</p>	<p>A company is a separate legal entity distinct from its members (<i>Salomon v. Salomon</i>).</p>
Agency	<p>In a firm, every partner is an agent of the other partners as well as of the firm.</p>	<p>In a company, a member is not an agent of the other members or of the company, his actions do not bind either.</p>
Distribution of profit	<p>The profits of the firm must be distributed among the partners according to the terms of the partnership deed.</p>	<p>There is no such compulsion to distribute its profits among its members. Some portion of the profits, but generally not the entire profit become distributable among the shareholders only when dividends are declared.</p>

## Extent of liability

In a partnership, the liability of the partners is unlimited. This means that each partner is liable for debts of a firm incurred in the course of the business of the firm and these debts can be recovered from his private property, if the joint estate is insufficient to meet them wholly.

## Property

The firm's property is that which is the "joint estate" of all the partners as distinguished from the 'separate' estate of any of them and it does not belong to a body distinct in law from its members.

In a company limited by shares, the liability of a shareholder is limited to the amount, if any, unpaid on his shares, but in the case of a guarantee company, the liability is limited to the amount for which he has agreed to be liable. However, there may be companies where the liability of members is unlimited.

In a company, its property is separate from that of its members who can receive it back only in the form of dividends or refund of capital.

## Transfer of shares

A share in a partnership cannot be transferred without the consent of all the partners.

## Management

In the absence of an express agreement to the contrary, all the partners are entitled to participate in the management.

In a company a shareholder may transfer his shares, subject to the provisions contained in its Articles. In the case of public limited companies whose shares are quoted on the stock exchange, the transfer is usually unrestricted.

Members of a company are not entitled to take part in the management unless they are appointed as directors, in which case they may participate. Members, however, enjoy the right of attending general meeting and voting where they can decide certain questions such as election of directors, appointment of auditors, etc.

## Registration

Registration is not compulsory in the case of partnership.

## Winding up

A partnership firm can be dissolved at any time if all the partners agree.

## Number of membership

According to section 464 of the Companies Act, 2013, the number of partners in any association shall not exceed 100. However, the Rule given under the Companies (Miscellaneous) Rules, 2014 restrict the present limit to 50.

A company cannot come into existence unless it is registered under the Companies Act, 2013.

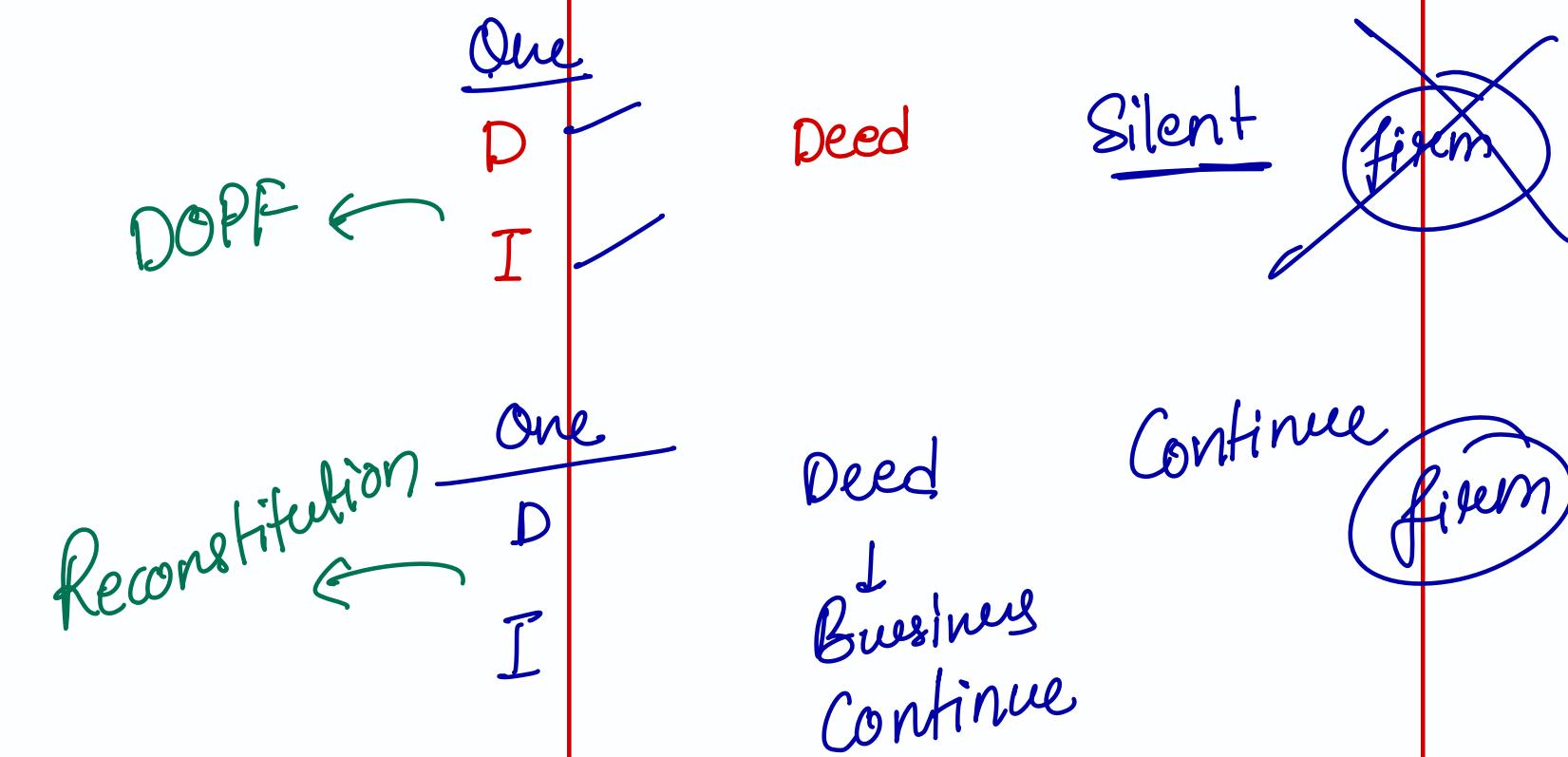
A company, being a legal person is either wind up by the National Company Law Tribunal or its name is struck off by the Registrar of Companies.

A private company may have as many as 200 members but not less than two and a public company may have any number of members but not less than seven. A private Company can also be formed by one person known as one person Company.

## Duration of existence

Unless there is a contract to the contrary, death, ~~retirement~~ or insolvency of a partner results in the dissolution of the firm.

A company enjoys a perpetual succession.



Most Excepted

End



## PATNERSHIP VS. CLUB

ACRONYM :-  
DRIeD

## BASIS

## PARTNERSHIP

## JOINT HINDU FAMILY

Mode of creation

Partnership is created necessarily by an agreement.

The right in the joint family is created by status means its creation by birth in the family.

Death of a member

Death of a partner ordinarily leads to the dissolution of partnership.

The death of a member in the Hindu undivided family does not give rise to dissolution of the family business.

Management

All the partners are equally entitled to take part in the partnership business.

The right of management of joint family business generally vests in the Karta, the governing male member or female member of the family.

Authority to bind

Every partner can, by his act, bind the firm.

The Karta or the manager, has the authority to contract for the family business and the other members in the family.

## Liability

In a partnership, the liability of a partner is unlimited.

## Calling for accounts on closure

A partner can bring a suit against the firm for accounts, provided he also seeks the dissolution of the firm.

## Governing Law

A partnership is governed by the Indian Partnership Act, 1932.

## Continuity

A firm subject to a contract between the partners gets dissolved by death or insolvency of a partner.

In a Hindu undivided family, only the liability of the Karta is unlimited, and the other coparcener are liable only to the extent of their share in the profits of the family business.

On the separation of the joint family, a member is not entitled to ask for account of the family business.

A Joint Hindu Family business is governed by the Hindu Law.

A Joint Hindu family has the continuity till it is divided. The status of Joint Hindu family is not thereby affected by the death of a member.

## Minor's capacity

Profit

In a partnership, a minor cannot become a partner, though he can be admitted to the benefits of partnership, only with the consent of all the partners.

## Share in the business

In a partnership, each partner has a defined share by virtue of an agreement between the partners.

In Hindu undivided family business, a minor becomes a member of the ancestral business by the incidence of birth. He does not have to wait for attaining majority.

In a HUF, no coparceners has a definite share. His interest is a fluctuating one. It is capable of being enlarged by deaths in the family diminished by births in the family.

Diagram illustrating a fluctuating share in a HUF:

Initial share: 1

Decrease: 9

Final share: 5

Calculation:  $\frac{100}{6}$

Remaining share: 5 + 1

Expected



## PATNERSH1P VS. CO- OWNERSH1P

ACRONYM :-  
FLINT ~~FLINT~~ STONE

## BASIS

## PARTNERSHIP

## CO - OWNERSHIP

Formation

Partnership always, arises out of a contract express or implied.

Implied agency

A partner is the agent of the other partners.

Nature of interest

There is community of interest which means that profits and losses must have to be shared.

Transfer of interest

A share in the partnership is transferred only by the consent of other partners.

Co-ownership may arise either from agreement or by the operation of law, such as by inheritance.

A co-owner is not the agent of other co-owners.

Co-ownership does not necessarily involve sharing of profits and losses.

A Co - owner may transfer his interest or rights in the property without the consent of other co-owners.



Dissolution

## of **PATNERSHIP VS. FIRM**

~~Partnership~~

Dissolution  
of  
Partnership  
firm

**ACRONYM :-**  
**COW banayegi FSt**

BASIS	DISSOLUTION OF FIRM	DISSOLUTION OF PARTNERSHIP
	Partnership	
Continuation of business	It involves discontinuation of business in partnership.	It does not affect continuation of business. It involves only reconstitution of the firm.
Winding up	It involves winding up of the firm and requires realization of assets and settlement of liabilities.	It involves only reconstitution & requires only revaluation of assets and liabilities of the firm.
Order of court	A firm may be dissolved by the order of the court.	Dissolution of partnership is not ordered by the court.
Scope	It necessarily involves dissolution of partnership.	It may or may not involve dissolution of firm.
Final closure of books	It involves final closure of books of the firm.	It does not involve final closure of the books of the firm.

**LIMITED LIABILITY**

**PARTNERSHIP**

**ACT, 2008**



## LLP VS. LLC

ACRONYM :-

**Manoj jo hai MD has been Named ~~on~~ MRI ke Liye**

## BASIS

## LLP

## LLC

Regulating act

The LLP Act, 2008.

The Companies Act, 2013.

Members/Partners

The persons who contribute to LLP are known as partners of the LLP.

The persons who invest the money in the shares are known as members of the company.

Internal governance. Structure.

The internal governance structure of LLP is governed by contract agreement between the partners.

The internal governance structure of a company is regulated by statute.

Name

Name of the LLP to contain the word "Limited Liability partnership" or "LLP" as suffix.

Name of the public company to contain the word "limited" and Pvt. Co. to contain the word "Private limited" as suffix.

Minimum number directors/designated partners of

Minimum 2 designated partners

Pvt. Co. - 2 directors  
Public co. - 3 directors

## BASIS

## LLP

## LLC

No. of members /  
partners

Minimum - 2 members  
Maximum - No such limit on the  
members in the Act. The  
members of the LLP can be  
individuals/or body corporate  
through the nominees.

Management

The business of the company  
managed by the partners  
including the designated partners  
authorized in the agreement.

Private company:

Minimum - 2 members

Maximum 200 members

Public company:

Minimum - 7 members

Maximum - No such limit on the  
members.

Members can be organizations,  
trusts, another business form or  
individuals.

The affairs of the company are  
managed by board of directors  
elected by the shareholders.



# LLP VS. PARTNERSHIP FIRM

## BASIS

## LLP

## PARTNERSHIP FIRM

Regulating act

The LLP Act, 2008.

The Indian Partnership Act, 1932.

Body corporate

It is a body corporate.

It is not a body corporate.

Separate legal entity

It is a legal entity separate from its members.

It is a group of persons with no separate legal entity.

Creation

It is created by a legal process called registration under the LLP Act, 2008.

It is created by an agreement between the partners.

Registration

Registration is mandatory. LLP can sue and be sued in its own name.

Registration is voluntary. Only the registered partnership firm can sue the third parties.

Name

Name of the LLP to contain the word limited liability partners (LLP) as suffix.

No guidelines. The partners can have any name as per their choice.

## BASIS

## LLP

## PARTNERSHIP FIRM

### Perpetual succession

The death, insanity, retirement or insolvency of the partner(s) does not affect its existence of LLP. Members may join or leave but its existence continues forever.

Liability of each partner limited to the extent to agreed contribution except in case of willful fraud.

At least two designated partners and atleast one of them shall be resident in India.

It may have its common seal as official signatures.

The death, insanity, ~~retirement~~ or insolvency of the partner(s) may affect its existence. It has no perpetual succession.

### Liability

Liability of each partner is unlimited. It can be extended upto the personal assets of the partners.

### Designated partners

There is no provision for such partners under the Partnership Act, 1932.

### Common seal

There is no such concept in partnership

## BASIS

## LLP

## PARTNERSHIP FIRM

Legal compliances

Only designated partners are responsible for all the compliances and penalties under the act.

Annual filing of documents

LLP is required to file:  
(i) Annual statement of accounts <sup>SOA</sup>  
(ii) Statement of solvency <sup>SOS</sup>  
(iii) Annual return with the registration of LLP every year.

Minor as partner

Minor cannot be admitted to the benefits of LLP.

Foreign partnership

Foreign nationals can become a partner in a LLP.

All partners are responsible for all the compliances and penalties under the Act.

Partnership firm is not required to file any annual document with the registrar of firms.

Minor can be admitted to the benefits of the partnership with the prior consent of the existing partners.

Foreign nationals cannot become a partner in a partnership firm.

PL PC

24 35

~~Partner~~ Benefit

# **NEGOTIABLE INSTRUMENTS**

**ACT, 1881**



# PROMISSORY VS. BILL OF EXCHANGE

NOTE

ACRONYM :-

**Do Not Panic, Act Peacefully**

## BASIS

### PROMISSORY NOTE

#### Definition

"A Promissory Note" is an instrument in writing (not being a banknote or a currency currency-note) containing an unconditional undertaking signed by the maker, to pay a certain sum of money only to, or to the order of, a certain person, or to the bearer of the instrument.

#### Nature of Instrument

✓

In a promissory note, there is a promise to pay money.

#### Parties

In a promissory note, there are 2 parties namely :-

- i. the maker and
- ii. the payee

## BILLS OF EXCHANGE

"A bill of exchange" is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money to, or to the order of a certain person or to the bearer of the instruments.

In a bill of exchange, there is an promise to pay payment.

*order*

In a bill of exchange, there are 3 parties which are as under :-

- i. the drawer
- ii. the drawee
- iii. the payee

SS

RKH

CSG

## BASIS

## PROMISSORY NOTE

## BILLS OF EXCHANGE

Acceptance

Payable to bearer

A promissory note does not require any acceptance, as it is signed by the person who is liable to pay.

A promissory note cannot be made payable to bearer.

A bills of exchange needs acceptance from the drawee

*Cek*

On the other hand, a bill of exchange can be drawn payable to bearer. However, it cannot be payable to bearer on demand.



# **INDIAN CONTRACT**

ACT, 1872



## AGREEMENT VS. CONTRACT

**ACRONYM :-**  
**Nakul teaches SLM**

## BASIS

## AGREEMENT

## CONTRACT

	AGREEMENT	CONTRACT
Meaning	Every promise and every set of promises forming the consideration for each other. (Offer + Acceptance)	Agreement enforceable by law. (Agreement + Legal enforceability)
Scope	It's a wider term including both <b>legal</b> and <b>social</b> agreement.	It is used in a narrow sense with the specification that contract is only legally enforceable agreement.
Legal obligation	It may not create legal obligation An agreement does not always grant rights to the parties	Necessarily creates a legal obligation. A contract always grants certain rights to every party.
Nature	All agreements are <u>not contracts</u> .	All contracts are <u>agreements</u> .



## VOID VS. VOIDABLE

ACRONYM :-  
ME is giving CPR ✓

## BASIS

## VOID

## VOIDABLE

Meaning

A Contract ceases to be enforceable by law becomes void when it ceases to be enforceable.

Enforceability

A void contract cannot be enforced at all.

Cause ✓

A contract becomes void due to change in law or change in circumstances beyond the contemplation of parties.

Control

An agreement which is enforceable by law at the option of one or more of the parties thereto, but not at the option of the other or others, is a voidable contract.

It is enforceable only at the option of aggrieved party and not at the option of other party.

hurt for by

A contract becomes a voidable contract if the consent of a party was not free.

Unit 3

F/c/m/m/4

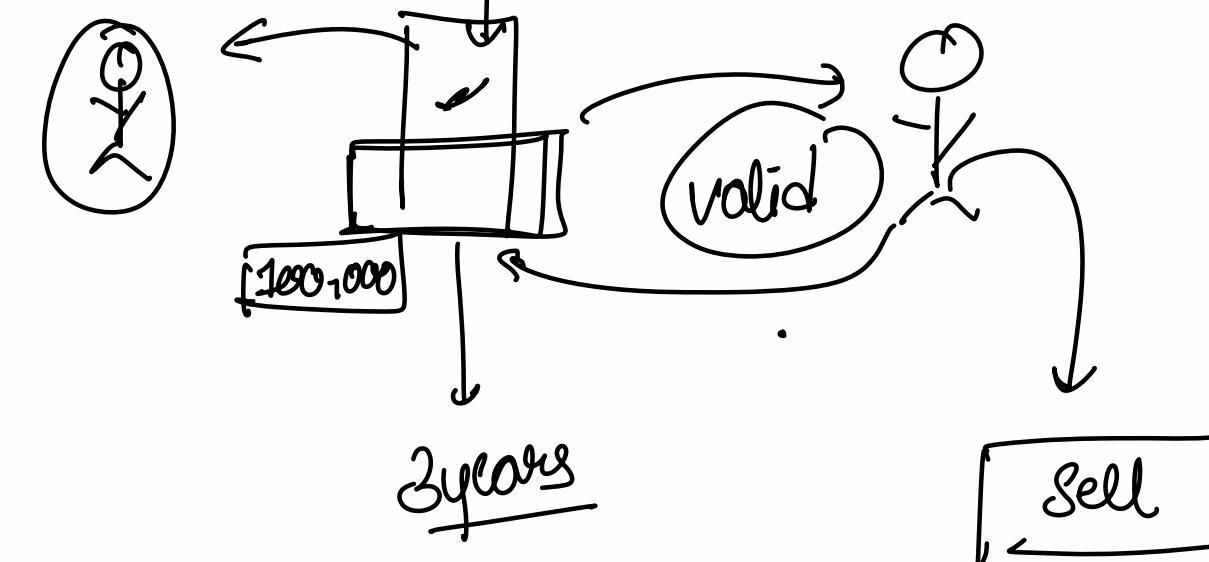
## Performance of contract

A void contract cannot be performed

If the aggrieved party does not, within reasonable time, exercise his right to avoid the contract, any party can sue the other for claiming the performance of the the contract.

## Rights

A void contract does not grant any legal remedy to any party.



The party whose consent was not free has the right to rescind the contract within a reasonable time. If so rescinded it becomes a void contract. If it is not rescinded it becomes a valid contract.



## VOID VS. ILLEGAL

**ACRONYM :-**  
**SAPNa**

## BASIS

Scope  
2

Nature

Punishment

Collateral Agreement

## VOID

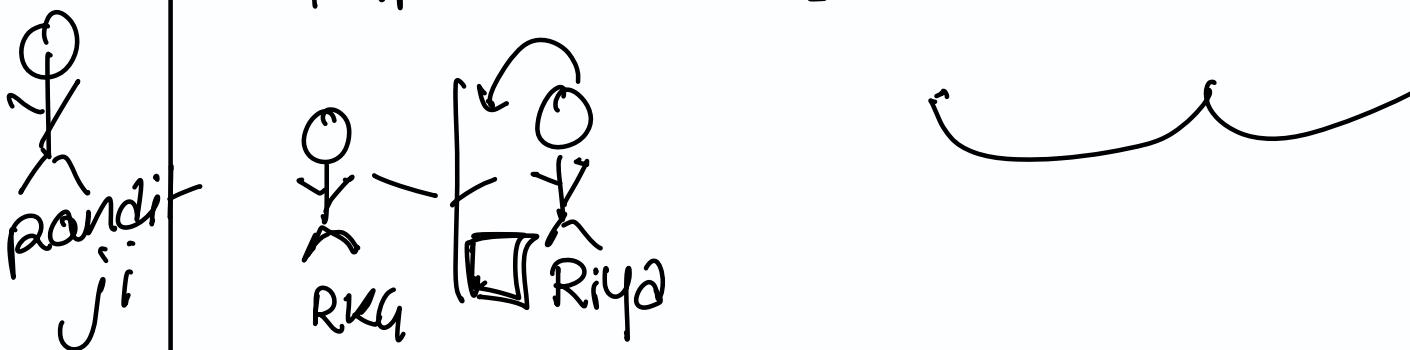
A void agreement is not necessarily illegal.

Not forbidden under law.

Parties are not liable for any punishment under the law.

It's not necessary that agreements collateral to void agreements may also be void. It may be valid also.

impossible → void



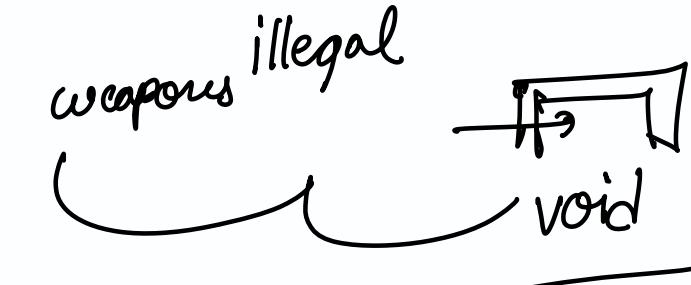
## ILLEGAL

An illegal agreement is always void.

Are forbidden under law.

Parties to illegal agreements are liable for punishment

6306 26  
Agreements collateral to illegal agreements are always void.





## OFFER VS. INVITATION TO OFFER

ACRONYM :-  
**SIM**

## BASIS

## OFFER

## INVITATION TO OFFER

### Meaning

Section 2(a) of the Act, an offer is the final expression of willingness by the offeror to be bound by the offer should the other party chooses to accept it.

### Intention of the parties

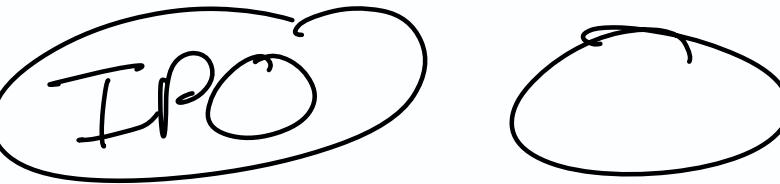
If a person who makes the statement has the intention to be bound by it as soon as the other accepts, he is making an offer.

### Sequence

An offer cannot be an act precedent to invitation to offer.

Where a party without expressing his final willingness proposes certain terms on which he IS willing to negotiate he does not make an offer, but only invites the other party to make an offer on those terms.

If a person has the intention of negotiating on terms it is called invitation to offer.



An invitation to offer is always an act precedent to offer.



## COERCION VS. UNDUE INFLUENCE

ACRONYM :-

England aur West indies se ane wale NRI ko milta hai benefit

## BASIS

## COERCION

## UNDUE INFLUENCE

Nature of action

It involves the physical force or threat. The aggrieved party is compelled to make the contract against its will.

Involvement of criminal action

It involves committing or threatening to commit and act forbidden by Indian Penal Code or detaining or threatening to detain property unlawfully.

Relationship between

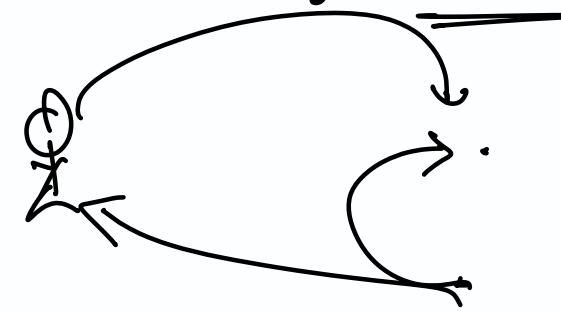
It is not necessary that there must be some sort of relationship between the parties.

It involves moral or mental pressure

No such illegal act is committed or a threat is given.

Some sort of relationship between the parties is absolutely necessary.

Exercised by whom



Enforceability

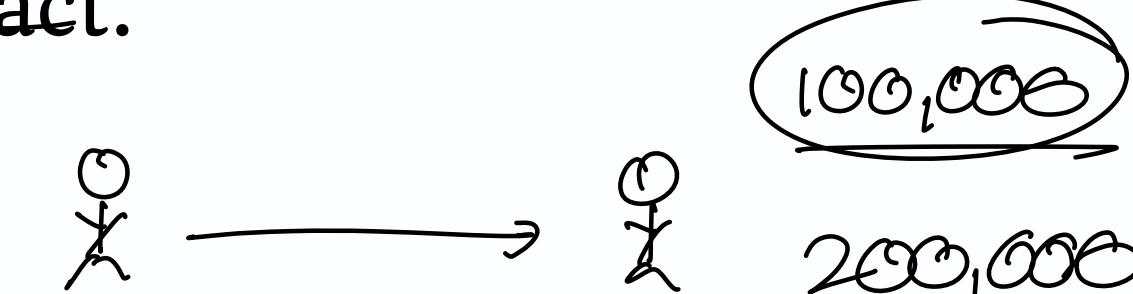
Position of benefits received

Coercion need not proceed from the promisor nor need it be directed against the promisor. It can be used even by a stranger to the contract.

The contract is voidable at the option of the party whose consent has been obtained by the coercion

In case of coercion where the contract is rescinded by the aggrieved party, as per Section 64, any benefit received has to be restored back to the other party.

Undue influence is always exercised between parties to the contract.



Where the consent is induced by undue influence, the contract is either voidable or the court may set it aside or enforce it in a modified form.

64.

The court has the discretion to direct the aggrieved party to return the benefit in whole or in part or not to give any such directions.



## **FRAUD VS. MISREPRESENTATION**

**ACRONYM :-**  
**KaRIM**

## BASIS

Intention

Knowledge of truth

Rescission of the contract and claim for damages

Means to discover the truth

## FRAUD

To deceive the other party by hiding the truth.

The person making the suggestion believes that the statement as untrue.

The injured party can repudiate the contract and claim damages.

R + D

The party using the fraudulent act cannot secure or protect himself by saying that the injured party had means to discover the truth.

## MISREPRESENTATION

There is no such intention to deceive the other party.  
*Falsity X*

The person making the statement believes it to be true, although it is not true.

The injured party is entitled to repudiate the contract or sue for restitution but cannot claim the damages.

R

Party can always plead that the injured party had the means to discover the truth.



# CONTRACTS OF INSURANCE

# WAGERING VS. AGREEMENT

ACRONYM :-  
**MC<sup>2</sup> ko Public ne di PItaE**

## BASIS

## CONTRACTS OF INSURANCE

## WAGERING AGREEMENT

Meaning

It is a contract to indemnify the loss.

Kind

Consideration

The crux of insurance contract is the mutual consideration (premium and compensation amount).

Insurable Interest

Insured party has insurable interest in the life or property sought to be insured.

Enforceability

It is valid and enforceable

It is a promise to pay money or money's worth on the happening or non- happening of an uncertain event.

There is no consideration between the two parties. There is just gambling for money.

There is no property in case of wagering agreement. There is betting on other's life and properties.

It is void and unenforceable agreement.

Contract of indemnity

Except life insurance, the contract of insurance indemnifies the insured person against loss.

Loser has to pay the fixed amount on the happening of uncertain event

Premium

Calculation of premium is based on scientific and actuarial calculation of risks

No such logical calculations are required in case of wagering agreement.

Public Welfare

They are beneficial to the society

They have been regarded as against the public welfare.



## CONTINGENT VS. WAGERING CONTRACT AGREEMENT

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**ACRONYM :-**  
**RUN in DIM light Effects**

## BASIS

## CONINGENT CONTRACT

## WAGERING AGREEMENT

Meaning

A contingent contract is a contract to do or not to do something with reference to a collateral event happening or not happening.

Reciprocal promises

Contingent contract may not contain reciprocal promises

Uncertain event

In a contingent contract, the event is collateral.

Nature of contract

Contingent contract may not be wagering in nature.

Effect of contract

Contingent contract is valid.

It is a promise to pay money or money's worth on the happening or non- happening of an uncertain event.

A wagering agreement consists of reciprocal promises.

In a wagering contract, the uncertain event is the core factor.

A wagering agreement is essentially contingent in nature.

A wagering agreement is void

Doctrine of mutuality  
of lose and gain

Contingent contract is not based  
on doctrine of mutuality of lose  
and gain.

A wagering contract is a game,  
losing and gaining alone matters.



## INDEMNITY VS. GUARANTEE

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ACRONYM :-

**The Real Artists Create Perfect Thoughtful Note**

## BASIS

## INDEMNITY

## GUARANTEE

Number of party /  
parties to the  
contract

There are only two parties  
namely the indemnifier  
[promisor] and the indemnified  
[promisee]

Nature of liability

The liability of the indemnifier  
is primary and unconditional.

Time of liability

The liability of the indemnifier  
arises only on the happening of  
a contingency.

Purpose

Reimbursement of loss

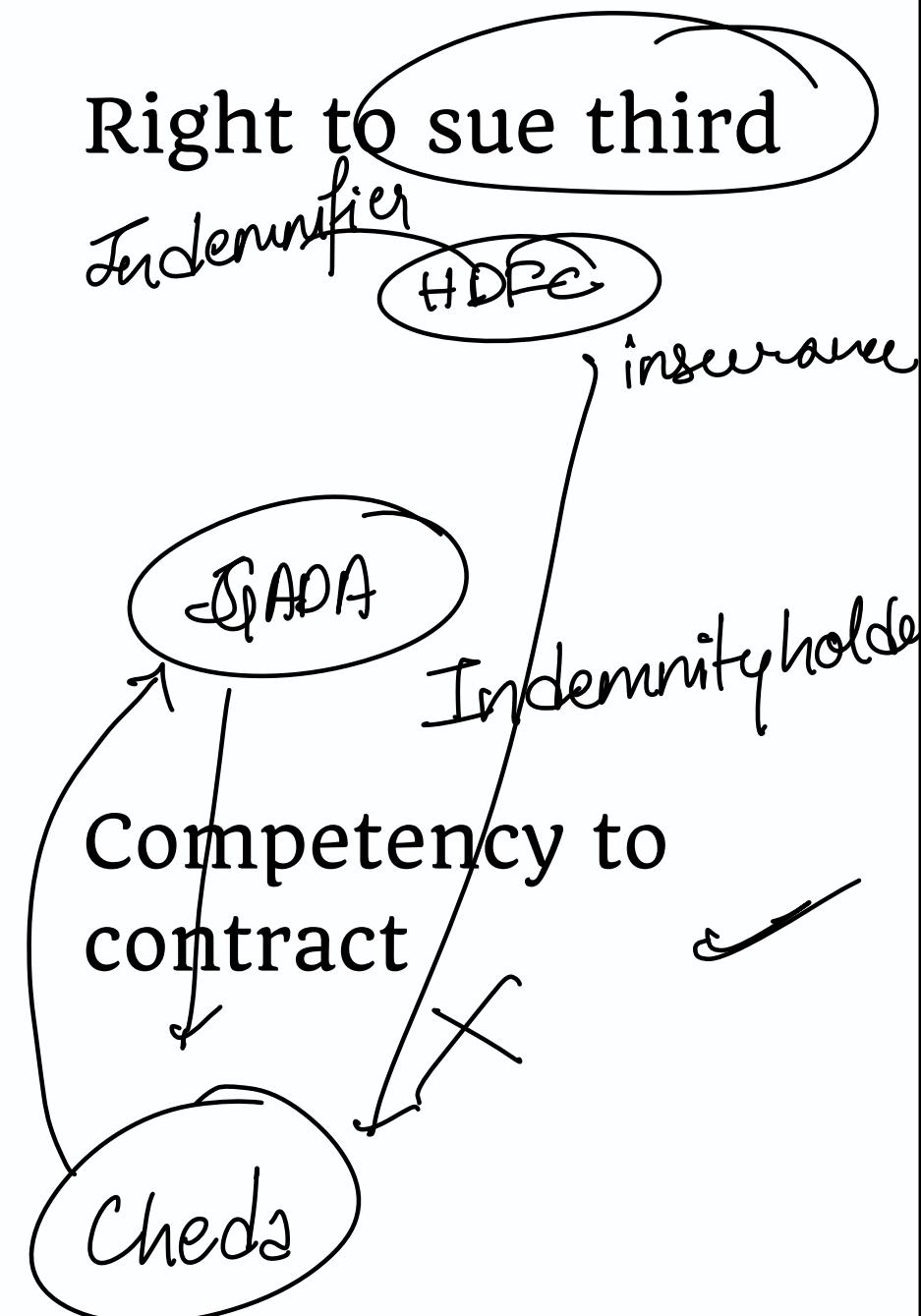
There are three parties - creditor ,  
principal debtor and surety

The liability of the surety is  
secondary and conditional as the  
primary liability is that of the  
principal debtor.

The liability arises only on the  
non-performance of an existing  
promise or non-payment of an  
existing debt.

For the security of the creditor

Time of act



The indemnifier need not act at request of indemnity holder.

Indemnifier cannot sue a third party for loss in his own name as there is no privity of contract. Such a right would arise only if there is an assignment in his favour.

All parties must be competent to contract.

The surety acts at the request of principal debtor.

Surety can proceed against principal debtor in his own right because he gets all the right of a creditor after discharging the debts.

In the case of a contract of guarantee, where a minor is a principal debtor, the contract is still valid



## GENERAL VS. PARTICULAR LIEN

## GENERAL LIEN

Section 171 of the Indian Contract Act, 1872 confer on Bailee the right of General lien.

General lien alludes to the right to keep possession of goods belonging to other against general balance of account.

A general lien is not automatic but is recognized through on agreement. It is exercised by the bailee only by name.

It can be exercised against goods even without involvement of labor or skill

## PARTICULAR LIEN

Section 170 of the Indian Contract Act, 1872 confers on the Bailee, the right of particular lien.

Particular lien implies a right of the bailee to retain specific goods bailed for non-payment of amount.

It is automatic.

It comes into play only when some labour or skill is involved has been expended on the goods, resulting in an increase in value of goods.

Only such persons as are specified under section 171, e.g., Bankers, factors, wharfingers, policy brokers etc. are entitled to general lien.

Bailee, finder of goods, pledgee, unpaid seller agent, partner etc. are entitled to particular lien.



## BAILMENT VS. PLEDGE

ACRONYM :-

**Many People Really Can Play Rugby Regularly**

## BASIS

### Meaning

MRP

Transfer of goods by one person to another for some specific purpose is known as bailment.

### Parties

CPR

The person delivering the goods under a contract of bailment is called as 'Bailor'. The person to whom the goods are delivered under a contract of bailment is called as "Bailee".

### Right to use of goods

Bailee can use the goods only for a purpose specified in the contract of bailment and not otherwise.

### Consideration

The bailment may be made for consideration or w/o consideration.

## BAILMENT

## PLEDGE

Transfer of goods from one person to another as security for repayment of debt is known as pledge.

The person who delivers the goods as security is called the ' pawnor ' The person to whom the goods are delivered as security is called the "pawnee".

Pledgee or Pawnee cannot use the goods pledged.

Pledge is always made for a consideration.

① Partnership vs Club

③

② " vs Co ownership

② DOPF vs DOP

④ void vs voidable

⑤ Offer vs Invitation

⑥ Contingent vs Unconditional

⑦ GL vs PL

⑧ P vs B

⑨ Extra Sub vs Substituted  
Agent

⑩ LLP vs Partnership

⑪ PN vs BOG

⑫ Sale vs Bailment

## Purpose

Bailment may be made for any purpose (as specified in the contract of bailment, eg: for safe custody, for repairs, for processing of goods).

## Right to sell the good

The bailee has no right to sell the goods even if the charges of bailment are not paid to him. The bailee's rights are limited to suing the bailor for his dues or to exercise lien on the goods bailed.

## Right to use of goods

Bailee can use the goods only for a purpose specified in the contract of bailment and not otherwise.

Pledge is made for the purpose of delivering the goods as security for payment of a debt or performance of a promise.

The pawnee has right to sell the goods if the pawnor fails to redeem the goods.

Pledgee or Pawnee cannot use the goods pledged.