

Practice Contract Law Questions for CLAT 2026

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Practice these Contract Law Questions for CLAT 2026 and test your preparation today!

1. Which of the following is NOT an essential element of a valid bailment?

- a) Delivery of goods
- b) Transfer of ownership
- c) Purpose of return or disposal as per the bailor's directions
- d) Existence of a contract

Answer: b) Transfer of ownership

2. If the bailee makes unauthorized use of the goods bailed, the bailor can:

- a) Reclaim the goods immediately
- b) Sue for damages only after expiry of the bailment period
- c) Sell the goods to recover losses
- d) Convert the bailment into a pledge

Answer: a) Reclaim the goods immediately

3. The bailor is liable to compensate the bailee if:

- a) The bailee fails to return the goods
- b) The goods are inherently defective and cause loss to the bailee
- c) The bailee misuses the goods
- d) The bailee sub-bails the goods without permission

Answer: b) The goods are inherently defective and cause loss to the bailee

4. The duty of the bailee to return the goods arises when:

- a) The bailor demands the goods before the agreed time
- b) The purpose of the bailment is achieved
- c) The bailee uses the goods for personal benefit
- d) The goods perish due to an Act of God

Answer: b) The purpose of the bailment is achieved

5. If a bailment is for the mutual benefit of both parties, it is called:

- a) Gratuitous bailment
- b) Absolute bailment
- c) Non-contractual bailment
- d) Bailment for consideration

Answer: d) Bailment for consideration

6. A pledge is a special kind of bailment where:

- a) Goods are delivered for repair or safekeeping
- b) Ownership of the goods is transferred
- c) Goods are given as security for payment of a debt or performance of a promise
- d) The pledgee has no rights over the goods

Answer: c) Goods are given as security for payment of a debt or performance of a promise

7. The pledgee's right to sell the pledged goods arises when:

- a) The pledgor demands the goods before payment of the debt
- b) The pledgor fails to repay the debt within the agreed period
- c) The pledgee decides to terminate the pledge contract at will
- d) The pledgee has held the goods for more than six months

Answer: b) The pledgor fails to repay the debt within the agreed period

8. Which of the following is a valid pledge?

- a) A debtor pledging stolen goods
- b) A servant pledging his master's goods without permission
- c) A person pledging goods obtained under a void contract
- d) A mercantile agent pledging goods with the owner's consent

Answer: d) A mercantile agent pledging goods with the owner's consent

9. In a pledge, if the pledgee sells the goods without giving reasonable notice to the pledgor, the sale is:

- a) Valid and legally binding
- b) Voidable at the option of the pledgor
- c) Considered a bailment instead of a pledge
- d) Automatically rescinded by law

Answer: b) Voidable at the option of the pledgor

10. If the pledged goods are lost due to the negligence of the pledgee, the pledgee is:

- a) Not liable for any loss
- b) Liable to compensate the pledgor for the value of the goods
- c) Required to return different goods of the same value
- d) Entitled to recover the debt despite the loss

Answer: b) Liable to compensate the pledgor for the value of the goods

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