BLOGS

Multiple Choice Questions on Bailment under Contract Act

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1. Which of the following is an essential requirement for a contract of bailment?

A) Transfer of ownership
B) Delivery of goods for a specific purpose
C) Permanent possession of goods
D) Delivery of money as a loan

Correct Answer: B) Delivery of goods for a specific purpose

Explanation: Bailment involves the delivery of goods by one party (bailor) to another (bailee) for a specific purpose, with the agreement that the goods will be returned once the purpose is fulfilled. Ownership remains with the bailor.

2. In a contract of bailment, who is responsible for the loss or damage to the goods if no negligence is involved?

A) The bailee
B) The bailor
C) Both bailor and bailee
D) The insurer of the bailee

Correct Answer: B) The bailor

Explanation: Under Section 152 of the Indian Contract Act, 1872, the bailee is not responsible for the loss or damage of goods if they have taken reasonable care and exercised due diligence in handling them.

3. Which section of the Indian Contract Act defines bailment?

A) Section 144
B) Section 148
C) Section 163

D) Section 172

Correct Answer: B) Section 148

Explanation: Section 148 of the Indian Contract Act, 1872, defines bailment as the delivery of goods from one person to another for a specific purpose, with an obligation to return or dispose of them per the bailor's directions.

4. In a gratuitous bailment, the duty of care expected from the bailee is:

A) Higher than in a contractual bailment
B) The same as in a contractual bailment
C) Lower than in a contractual bailment
D) Not applicable

Correct Answer: C) Lower than in a contractual bailment

Explanation: In a gratuitous bailment, where one party does not receive compensation, the bailee is required to take only a reasonable level of care and is not held to as high a standard as in a commercial bailment.

5. What happens if a bailee misuses the goods bailed to him?

A) The bailor cannot take any legal action
B) The bailee must return the goods immediately
C) The bailor can terminate the contract and claim damages
D) The bailee automatically becomes the owner of the goods

Correct Answer: C) The bailor can terminate the contract and claim damages

Explanation: If the bailee uses the goods in a way contrary to the bailment terms, the bailor can terminate the contract and claim compensation for any loss suffered.

6. When can a bailee exercise a lien over the bailed goods?

A) When the goods are perishable
B) When the bailor fails to pay for services rendered
C) When the bailor demands early return
D) When the bailee wants to sell the goods

Correct Answer: B) When the bailor fails to pay for services rendered

Explanation: Under Section 170 of the Indian Contract Act, 1872, a bailee has the right to a particular lien, meaning they can retain the goods until they receive due payment for services related to those goods.

7. If a bailee returns the goods but they get damaged in transit, who is liable?

A) The bailee, since he arranged transportation
B) The bailor, since ownership is with them
C) The transport company
D) No one, as long as the bailee exercised due care

Correct Answer: D) No one, as long as the bailee exercised due care

Explanation: A bailee's duty ends once the goods are returned in proper condition. If damage occurs after due diligence, the bailee is not liable.

8. In which of the following cases is a bailment NOT created?

A) Leaving a car in a valet parking service
B) Giving clothes to a dry cleaner
C) Selling goods to a shopkeeper
D) Handing over jewelry for repair

Correct Answer: C) Selling goods to a shopkeeper

Explanation: Bailment requires transfer of possession, not ownership. When goods are sold, ownership passes, and the relationship is that of a buyer and seller, not a bailor and bailee.

9. If the bailee incurs expenses to maintain the bailed goods, who is responsible for reimbursement?

A) The bailee
B) The bailor
C) The bailee and bailor equally
D) No one

Correct Answer: B) The bailor

Explanation: Under Section 158 of the Indian Contract Act, 1872, the bailor must compensate the bailee for extraordinary expenses incurred in maintaining or preserving the goods.

10. Which of the following statements about bailment is false?

A) The bailee has the right to claim compensation for necessary expenses

B) The bailee can refuse to return the goods if they are damaged

C) Bailment is based on a contract, express or implied

D) The goods must be returned or disposed of per the bailor’s directions

Correct Answer: B) The bailee can refuse to return the goods if they are damaged

Explanation: The bailee must return the goods, even if they are damaged, unless the damage was due to natural causes or bailor’s fault. Damage does not entitle the bailee to retain the goods.