20 True or False

Decide, then check the answer and reason below each statement.

Question 1

Bailment is defined in Section 148 of the Indian Contract Act, 1872.

TRUE

This section defines bailment as delivery of goods for a purpose, to be returned once fulfilled.

Question 2

The word bailment originates from a Latin word meaning to sell.

FALSE

It comes from the French word bailler, meaning to deliver.

Question 3

In a bailment, ownership of the goods passes from the bailor to the bailee.

FALSE

Only possession passes in a bailment; ownership remains with the bailor.

Question 4

The bailor is the person who delivers the goods in a bailment.

TRUE

The bailor is usually the owner who hands over the goods and retains legal title.

Question 5

The bailee is the person who delivers the goods in a bailment.

FALSE

The bailee is the person who receives the goods, not the one who delivers them.

Question 6

In a pledge of securities, the bank is the bailor and the borrower is the bailee.

FALSE

It is the reverse: the bank is the bailee and the borrowing customer is the bailor.

Question 7

Banks act as bailees when holding gold jewellery pledged against a gold loan.

TRUE

The bank takes physical custody of the gold as bailee while the customer remains the bailor.

Question 8

A valid bailment requires only the bailee's intention to possess the goods, without actual possession.

FALSE

A valid bailment requires both the intention to possess and actual possession of the goods.

Question 9

Bailments are classified into three broad types based on who benefits from the arrangement.

TRUE

The types are mutual benefit, bailor-only benefit, and bailee-only benefit.

Question 10

A gratuitous bailment benefits only the bailee.

FALSE

A gratuitous bailment benefits only the bailor, at no charge to them.

Question 11

In a bailment for the mutual benefit of both parties, the bailee is liable if negligent.

TRUE

This type requires the bailee to exercise ordinary or reasonable care.

Question 12

A bailment for the benefit of the bailee only carries the lowest standard of care.

FALSE

This type carries the highest standard of care, with the bailee liable for almost any harm.

Question 13

Leaving a car with a valet is a classic example of a bailment.

TRUE

The car owner is the bailor and the valet is the bailee who must return the car.

Question 14

Parking in an unattended self-park garage is generally treated as a bailment.

FALSE

It is usually treated as a licence of space rather than a bailment, since there is no intention to possess the vehicle.

Question 15

A bailment can end when the bailee returns the goods to the bailor.

TRUE

This is the most common way a bailment terminates once its purpose is served.

Question 16

A certificate of deposit is used as an example of a bailment ending upon expiry of a fixed term.

TRUE

At the end of the deposit term, the bank returns the funds along with interest.

Question 17

A bailment can never end early due to destruction of the bailed property.

FALSE

A bailment may end early if the goods are destroyed or damaged.

Question 18

A bailment can be terminated by written notice from either the bailor or the bailee.

TRUE

Either party can end the arrangement early by giving written notice.

Question 19

Warehousing of goods is cited as a financial and commercial application of bailment.

TRUE

Storage arrangements where goods are held for another party are a practical example of bailment.

Question 20

Ownership of the bailed goods always transfers permanently to the bailee once the purpose is fulfilled.

FALSE

Goods are returned to the bailor and ownership is never transferred in a bailment.