

Daily Practice – Legal Reasoning · Analytical Reasoning · Quantitative Techniques

Darken one bubble per question. Negative marking applies. Answers and detailed explanations are provided in a separate companion sheet.
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SECTION A – LEGAL REASONING

Q1–12 · 12 Marks

PRINCIPLE A – DOCTRINE OF FRUSTRATION OF CONTRACT (SECTION 56, INDIAN CONTRACT ACT, 1872) (Q1–6)

Section 56 of the Indian Contract Act, 1872 codifies the doctrine of frustration. The first paragraph declares that an agreement to do an act impossible in itself is void. The second, and operative, paragraph provides that a contract to do an act which, after the contract is made, becomes impossible or, by reason of some event which the promisor could not prevent, unlawful, becomes void when the act becomes impossible or unlawful. The doctrine rests on the idea that a supervening event, not within the contemplation of the parties at the time of contracting, has destroyed the very foundation of the contract or rendered performance radically different from what was undertaken. The Supreme Court in *Satyabrata Ghose v. Mugneeram Bangur* (1954) held that the word impossible in Section 56 is not used in the sense of physical or literal impossibility but includes practical impossibility from the point of view of the object of the contract. Frustration is not available where the supervening event was foreseeable, where the contract itself provides for the contingency, where performance is merely more onerous, or where the party pleading frustration is itself responsible for the event (self-induced frustration). The doctrine does not apply to leases of immovable property in India: see *Raja Dhruv Dev Chand v. Harmohinder Singh* (1968), since a lease creates an estate, not a mere executory promise. When a contract is frustrated, Section 65 obliges the party who has received any advantage under the void contract to restore it or compensate the other party.

1. A Mumbai-based event company agrees on 1 January 2026 to organise a five-day exhibition at a State-owned auditorium from 1 to 5 May 2026. On 15 April 2026 the auditorium is requisitioned by the State for a national medical conference under a statute. The exhibition cannot be relocated. Applying Section 56, the contract is:

- A. Voidable at the option of the event company, which may sue for damages for breach.
- B. Void from 15 April 2026 onwards, since performance has become unlawful by reason of an event the promisor could not prevent.
- C. Still enforceable, because the company must arrange an alternative venue at its own cost.
- D. Void from the date of formation, since organising an exhibition is impossible in itself.

2. Which of the following statements about Section 56 is INCORRECT?

- A. The word impossible includes practical impossibility from the standpoint of the object of the contract, as held in *Satyabrata Ghose v. Mugneeram Bangur*.
- B. Section 65 obliges a person who has received advantage under a contract that becomes void to restore it or compensate the other party.
- C. The doctrine of frustration in India applies with full force to leases of immovable property, dissolving the lease automatically.
- D. Self-induced frustration cannot be pleaded by the party whose default brought about the supervening event.

3. X contracts to supply 1,000 quintals of a specific variety of wheat from his own farm to Y by 30 June. A freak hailstorm destroys the entire crop on X's farm in May. X had not contracted to deliver wheat from any other source. The contract is:

- A. Frustrated, as performance from the agreed source has become impossible due to a supervening event not within X's control.
- B. Not frustrated, because wheat of that variety remains available in the open market and X must buy and deliver.
- C. Voidable at the option of Y, who may insist on specific performance.
- D. Subsisting, because Section 56 does not apply to contracts for the sale of goods.

4. Which one of the following is the BEST formulation of the test laid down in *Satyabrata Ghose v. Mugneeram Bangur* (1954)?

- A. Frustration is available whenever performance becomes more expensive than the parties anticipated.
- B. Frustration is available only on literal physical impossibility, never on commercial impracticability.
- C. Frustration is available when an untoward event or change of circumstances totally upsets the very foundation upon which the parties rested their bargain.
- D. Frustration is available only where the contract contains an express force majeure clause that has been triggered.

5. A musician agrees to perform at a wedding on 12 February. Two days before the date, he is hospitalised with a serious illness and is unable to perform. The wedding hosts sue for damages. The MOST likely outcome is:

- A. The musician is liable in damages, since personal contracts are never frustrated by illness.
- B. The contract is frustrated, since personal performance is the essence of the bargain and incapacitating illness is a supervening impossibility.
- C. The musician must refund only the advance fee but is not otherwise discharged.
- D. The contract is voidable at the option of the hosts but not the musician.

6. P, a builder, agrees to construct a warehouse for Q within 12 months. After six months, a sharp rise in cement prices makes the project 35% costlier than P had budgeted. P pleads frustration. The court will:

- A. Discharge P from the contract under Section 56 because performance has become commercially unviable.
- B. Refuse to apply Section 56 because mere increase in cost or onerousness does not amount to frustration; the foundation of the contract is intact.
- C. Allow frustration only if the cost increase exceeds 50%.
- D. Allow frustration on the ground of self-induced impossibility.

PRINCIPLE B – QUASI-CONTRACTS: OBLIGATIONS RESEMBLING THOSE CREATED BY CONTRACT (SECTIONS 68 TO 72, INDIAN CONTRACT ACT, 1872) (Q7–12)

Chapter V of the Indian Contract Act, 1872, titled Of Certain Relations Resembling Those Created by Contract, codifies the law of quasi-contracts. These are obligations imposed by law to prevent unjust enrichment, even though no contract has been concluded between the parties. Section 68 provides that if a person incapable of contracting, or anyone whom he is legally bound to support, is supplied by another person with necessaries suited to his condition in life, the supplier is entitled to be reimbursed from the property of the incapable person. Section 69 entitles a person who is interested in the payment of money which another is bound by law to pay, and who therefore pays it, to be reimbursed by that other. Section 70 lays down that where a person lawfully does anything for another, or delivers anything to him, not intending to do so gratuitously, and the other person enjoys the benefit thereof, the latter is bound to make compensation or restore the thing. Section 71 makes a finder of goods subject to the same responsibility as a bailee. Section 72 obliges a person to whom money has been paid, or anything delivered, by mistake or under coercion, to repay or return it. The Supreme Court in *State of West Bengal v. B.K. Mondal* (1962) emphasised that Section 70 has three essential conditions: lawful act, non-gratuitous intention, and acceptance of benefit by the defendant.

7. A minor's guardian fails to supply him with adequate food and medicines. A neighbour, knowing this, supplies necessaries suited to the minor's condition in life. The neighbour seeks reimbursement. Under Section 68:

- A. The neighbour cannot recover because a minor has no contractual capacity.
- B. The neighbour can recover personally from the minor by way of a money decree.
- C. The neighbour is entitled to be reimbursed from the property of the minor, not from the minor personally.
- D. The neighbour can recover only if the guardian has expressly authorised the supply.

8. A tenant pays municipal property tax on the demised premises, which by law is payable by the landlord, in order to save the property from being attached. The landlord refuses to refund. Which provision and outcome BEST applies?

- A. Section 68 — the tenant cannot recover, as he was not supplying necessaries.
- B. Section 69 — the tenant, being a person interested in the payment of money which the landlord was bound by law to pay, is entitled to be reimbursed.
- C. Section 70 — the tenant cannot recover, since the landlord did not voluntarily enjoy the benefit.
- D. Section 72 — the tenant cannot recover, since no payment was made by mistake or coercion.

9. A contractor, without any agreement, delivers and installs a generator at a factory. The factory owner uses the generator for three months and then refuses to pay. Applying Section 70 and *B.K. Mondal*:

- A. The owner is not liable, since there was no concluded contract.
- B. The owner is liable to compensate the contractor, as the act was lawful, was not intended to be gratuitous, and the owner enjoyed the benefit.
- C. The owner is liable only if the generator was specifically requested in writing.
- D. The owner is liable only in tort, not under quasi-contract.

10. A bank credits ₹2,00,000 to Account X by mistake instead of Account Y. X withdraws and spends the entire sum. The bank sues X for repayment. Under Section 72:

- A. The bank cannot recover, since X has spent the money in good faith.
- B. The bank can recover, since money paid by mistake must be repaid; the recipient's subsequent spending is irrelevant to the obligation.
- C. The bank can recover only if it proves that X knew of the mistake at the time of withdrawal.
- D. The bank can recover only the unspent portion of the money.

11. Which of the following is NOT among the three essential ingredients of Section 70 as laid down in *State of West Bengal v. B.K. Mondal* (1962)?

- A. The act must be done lawfully.
- B. The person doing the act must not have intended to do so gratuitously.
- C. The other person must have enjoyed the benefit of the act.
- D. There must be a written request by the beneficiary before the act is performed.

12. R finds a wristwatch in a public park. He takes it home intending to trace the owner. While in his custody, the watch is damaged due to R's gross negligence. The true owner traces R and claims compensation. Under Section 71:

- A. R has no liability, as a finder is a mere bystander with no duty of care.
- B. R is subject to the same responsibility as a bailee and is liable for loss caused by his gross negligence.
- C. R is liable only if he refused to return the watch when demanded.
- D. R is liable only to the extent of any reward that may have been announced.

SECTION B — ANALYTICAL REASONING

Q13–20 · 8 Marks

PUZZLE 1 — CIRCULAR SEATING — EIGHT FRIENDS FACING INWARDS AND OUTWARDS (Q13–16)

Eight friends — A, B, C, D, E, F, G and H — are seated around a circular table. Four of them face the centre of the table and four face away from the centre. The following conditions apply: (1) A sits third to the right of B; both A and B face the centre. (2) C sits second to the left of A; C faces away from the centre. (3) D is an immediate neighbour of B; D faces away from the centre. (4) E sits exactly opposite to C; E faces the centre. (5) F sits second to the right of E; F faces away from the centre. (6) G is not an immediate neighbour of either A or B; G faces the centre. (7) The two persons seated on either side of F face the same direction as each other, but opposite to E. Use these clues to determine the exact seating arrangement and the direction each person faces.

13. Who sits exactly opposite to A?

- A. C
- B. D
- C. F
- D. H

14. Which of the following pairs sits adjacent to G?

- A. A and H
- B. B and E
- C. C and F
- D. E and H

