

Daily Practice — Legal Reasoning · Logical Reasoning · Quantitative Techniques

Every question is passage-based, CLAT-2026 grade. Darken one bubble. Negative marking applies. Full solutions with examiner notes are in the companion answer sheet.

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SECTION — LEGAL REASONING
LEGAL PRINCIPLE — COMPANY LAW · SEPARATE LEGAL PERSONALITY AND LIFTING THE CORPORATE VEIL (Q1-Q5)

Once incorporated, a company becomes a legal person separate from its members and directors. In *Salomon v Salomon & Co Ltd* the House of Lords held that a registered company is distinct from the shareholders who own it, so its debts are its own and not the personal debts of its members. From this flow two consequences: the company may own property and sue in its own name, while members enjoy limited liability, answerable only up to any amount unpaid on their shares. The separate personality is not absolute. Courts will occasionally 'lift' or 'pierce' the veil to reach the persons behind the company where it is used as a mere facade or sham to conceal the true facts, to perpetrate fraud, or to evade an existing legal obligation. Piercing is exceptional: neither one person owning all the shares, nor a group run as a single economic unit, by itself justifies ignoring each company's separate personality.

1. Anita owns ninety per cent of the shares in a private company that has taken large loans from a bank. The company defaults on the loans. The bank now seeks to recover the shortfall from Anita personally. On the Salomon principle, which is correct?

- ☐ A. Anita is not personally liable, since the company is a separate legal person and her liability is limited to any amount still unpaid on her shares.
- ☐ B. Anita is fully liable, because a shareholder holding a clear majority of the shares is automatically treated in law as a guarantor of the company's borrowings.
- ☐ C. Anita is liable for exactly ninety per cent of the shortfall, since her responsibility for the company's debts must mirror the proportion of shares she holds.
- ☐ D. Anita is liable in full, because a company with such concentrated shareholding can never be regarded as separate from the individual who controls it.

2. A trader, bound by a valid contract not to compete with his former employer, forms a new company and carries on exactly the competing business through it, arguing that the covenant binds only him and not the separate company. How should a court most appropriately respond?

- ☐ A. The court must uphold the arrangement, because a company once incorporated is a separate person whose personality can never be disturbed for any reason.
- ☐ B. The court should ignore the covenant, since a restraint of trade of this kind is invariably void and unenforceable, whatever its scope or duration.
- ☐ C. The court may lift the veil, treating the company as a facade formed to evade the trader's existing contractual obligation, and restrain the company too.
- ☐ D. The court cannot intervene unless the former employer first proves the new company was also insolvent when the competing business began.

3. Gopal owns every share in a timber company and, in his own personal name, insures the company's stock of timber against fire. The timber is destroyed by fire and Gopal claims on the policy. Which is the correct position?

- ☐ A. Gopal can recover in full, because a person who owns every share is in substance the owner of the company's assets and may insure them as his own.
- ☐ B. Gopal can recover only for the fraction of the loss matching the portion of the company's overall capital that his own shareholding can be shown to represent.
- ☐ C. Gopal can recover the full value, provided he can establish that he intended the policy to operate for the company's benefit rather than his own.
- ☐ D. Gopal cannot recover, because the timber belongs to the company, a separate person, and a shareholder has no insurable interest in the company's property.

4. Rekha forms a company of which she is the sole shareholder and governing director, and she is also employed by it as its chief pilot on a salary. She is killed in a crash while flying for the company. Her dependants claim workers' compensation, which is payable only to 'employees'. Are they entitled?

- ☐ A. No, because the sole shareholder and controlling director of a company cannot, as a matter of logic, also be an employee of that same company.
- ☐ B. Yes, because the company is a separate person capable of employing Rekha, so she could validly be both its controller and its employee.
- ☐ C. No, because any salary such a sole owner draws from her own company is really a withdrawal of her capital, not genuine remuneration for services rendered.
- ☐ D. Yes, but only if shown that the company had also entered into identical contracts of employment with several other pilots who were unconnected with Rekha.

5. A parent company sets up a subsidiary to run a hazardous operation, hoping to confine any liability to that subsidiary. A claimant injured by the subsidiary argues that the two should be treated as a single entity so that the far wealthier parent can be made to pay. Which best states the position?

- ☐ A. The parent is automatically liable, because in law a parent and its wholly-owned subsidiary are always one and the same legal person for every purpose.
- ☐ B. The parent can never be liable in any circumstances, because the separate personality of a subsidiary company is an absolute that admits of no exception at all.



- ☐ C. The veil is not pierced merely because the companies form one economic group; the parent answers only if the subsidiary is a facade, or on its own duty of care.
- ☐ D. The claimant must sue the subsidiary alone, since a person injured by a company may recover only from that company's own assets, however meagre they prove to be.

LEGAL PRINCIPLE — LAW OF TORTS · PRIVATE NUISANCE AND UNREASONABLE INTERFERENCE WITH LAND (Q6-Q9)

Private nuisance protects a person's use or enjoyment of land against unreasonable interference by another. Its classic form is an activity on the defendant's land - noise, smoke, smell or fumes - that substantially and unreasonably interferes with a neighbour's comfortable enjoyment of land. Not every interference is actionable; it must be unreasonable, and the courts weigh several factors. The character of the locality matters: what is a nuisance in a quiet residential area may be tolerable in an industrial district. Duration and frequency count, a continuing interference being far likelier to be actionable than an isolated one. The abnormal sensitivity of the claimant or his property is generally disregarded, the defendant being judged by the effect on an ordinary occupier. Malice - a deliberate intention to annoy - can turn an otherwise reasonable activity into a nuisance. It is no defence that the activity benefits the public, nor that the claimant 'came to the nuisance'.

6. A chemical works situated in a quiet residential neighbourhood emits fumes that, over many months, damage the shrubs and discolour the paintwork of the house next door. The house-owner sues in private nuisance.

Which is the best analysis?

- ☐ A. The claim must fail, because an interference caused by fumes drifting from one property onto another can never in law amount to an actionable private nuisance.
- ☐ B. The claim may succeed, since continuing fumes causing real damage to neighbouring property in a residential area are an unreasonable interference with land.
- ☐ C. The claim can succeed only if the owner is able to prove that the chemical works had been operating without any statutory licence or planning permission.
- ☐ D. The claim will fail automatically, because a chemical works' usefulness to the public is a complete defence to any private-nuisance action.

7. A neighbour's ordinary heating causes a modest, harmless rise in temperature next door, which would trouble no ordinary occupier; but it damages the claimant's stock of exceptionally heat-sensitive specialist paper. Can the claimant recover in private nuisance?

- ☐ A. No, because the interference would not trouble an ordinary occupier, and the law disregards the abnormal sensitivity of the claimant's land use.
- ☐ B. Yes, because physical damage to goods kept on a neighbour's land is always actionable as a private nuisance, whatever an ordinary occupier suffers.
- ☐ C. Yes, provided the claimant shows the neighbour knew of the delicate paper and deliberately kept the heating running as before.
- ☐ D. No, but only because heat, unlike noise or smell, is interference the law of private nuisance has never recognised as a nuisance.

8. Residents of a long-established industrial district complain that a newly built factory's moderate noise, no worse than that of the many other works around it, is a nuisance. How is the locality factor likely to bear on the claim?

- ☐ A. The locality is irrelevant, because the standard for a private nuisance is fixed and perfectly uniform across every area of the whole country alike.
- ☐ B. The industrial character of the area means no private-nuisance action can ever be brought there, however extreme the interference.
- ☐ C. The residents must succeed, because a factory generating any noise at all is, in every locality alike, enough in itself to establish an actionable nuisance.
- ☐ D. Noise unremarkable for a settled industrial district may be reasonable there, so the same noise that is a nuisance in a quiet street need not be one here.

9. Annoyed by his neighbour's music lessons, a man begins deliberately banging trays, blowing whistles and shrieking against the party wall, purely to disrupt them, though such sounds might be perfectly innocent if made for an ordinary purpose. Is his conduct actionable?

- ☐ A. No, because a person may make whatever sounds he pleases on his own land, and his motive can never bear on his liability in nuisance.
- ☐ B. No, unless the neighbour establishes that the noise physically damaged the structure of her house rather than merely disturbing her comfort.
- ☐ C. Yes, because his malicious purpose in deliberately making the noise to annoy can render an otherwise innocent activity an actionable nuisance.
- ☐ D. Yes, but only if it is also shown that he had persisted in the disruptive banging and whistling continuously for a period of several unbroken months.

SECTION — LOGICAL REASONING

LOGICAL REASONING — ASSUMPTION · THE ELECTRIC BUS CHANGEOVER (Q10-Q13)

A city's transport department argues: 'Our new fleet of electric buses will substantially cut the city's air pollution. The buses emit nothing from their tailpipes, whereas the old diesel buses they replace were among the dirtiest vehicles on our roads. We are replacing every diesel bus with an electric one over the next two years. Once the changeover is complete, the air in our city will be markedly cleaner, and residents will breathe far healthier air than they do today.' The department presents this as a decisive case for approving the funding the changeover requires.

10. The department's conclusion that the city's air will be cleaner depends on which of the following assumptions?

- ☐ A. Electric buses are cheaper to operate and to maintain over their whole lifetime than the older diesel buses they replace in the city.



- ☐ B. The city's residents favour the switch to electric buses and will welcome the department's decision to seek the necessary additional funding.
- ☐ C. The electricity charging the new buses is not generated in a way that adds as much pollution to the city's air as the diesel buses removed.
- ☐ D. Electric buses of the very type chosen by the department have already been adopted with considerable success by several other broadly comparable cities.

11. Which assumption, if it were shown to be false, would most seriously damage the department's argument that the air will become 'markedly cleaner'?

- ☐ A. The new electric buses will run on exactly the same set of routes and to exactly the same timetables as the diesel buses they replace across the city.
- ☐ B. Buses account for a large enough share of the city's air pollution that removing the diesel buses will make a noticeable difference to overall air quality.
- ☐ C. The manufacturers have given the department a lengthy written warranty covering both the batteries and the electric motors for a great many years.
- ☐ D. The diesel buses that are now being withdrawn would have remained in active daily service on the city's roads for another decade.

12. In moving from 'the air will be cleaner' to 'residents will breathe far healthier air', the department assumes that:

- ☐ A. cleaner outdoor air will translate into a real health benefit for the city's residents rather than being offset by other harms.
- ☐ B. the residents of the city currently spend most of every day out of doors in the open air rather than inside their own homes.
- ☐ C. the department will succeed in obtaining the additional funding that it says the two-year changeover programme is going to require.
- ☐ D. the older diesel buses were, at the time when they were finally withdrawn, older on average than the rest of the vehicles then using the roads.

13. Which of the following is an assumption on which the department's argument most subtly depends?

- ☐ A. No resident of the city suffers from any respiratory illness that could be worsened by even the smallest remaining air pollution.
- ☐ B. The electric buses will prove to be at least as reliable and as punctual in ordinary daily service as the diesel buses that they replace.
- ☐ C. Every diesel bus in the fleet is emitting precisely the same quantity of pollutants as every other diesel bus in that fleet.
- ☐ D. The withdrawn diesel buses will not be resold and driven elsewhere in the same city, still polluting its air.

LOGICAL REASONING — STRENGTHEN · THE DAILY HANDFUL OF WALNUTS (Q14-Q17)

A nutrition researcher argues: 'People who eat a handful of walnuts every day tend to have healthier hearts than people who eat none. In our year-long study, volunteers who added a daily handful of walnuts to their meals showed, on average, lower cholesterol and better blood-pressure readings at the end of the year than a comparison group who ate none. We conclude that eating a daily handful of walnuts improves heart health, and we recommend that adults concerned about their hearts adopt the habit.' She urges doctors to pass this advice to their patients.

14. Which of the following, if true, would most strengthen the researcher's conclusion that the walnuts improved heart health?

- ☐ A. Walnuts have been a popular and widely enjoyed food across many parts of the world for centuries, appearing in countless traditional cuisines.
- ☐ B. The volunteers who ate the daily walnuts reported they found the new habit pleasant and were happy to continue with it after the study ended.
- ☐ C. Some other kinds of nut, apart from walnuts, have also from time to time been claimed by various writers to benefit the human heart.
- ☐ D. The two groups were closely matched in diet, exercise and weight at the outset, so walnuts were the main difference between them.

15. Which finding would most strengthen the claim that it was the walnuts, rather than some other factor, that improved the volunteers' heart health?

- ☐ A. The comparison group who ate no walnuts contain a larger number of individual volunteers than the walnut-eating group did.
- ☐ B. When the walnut group stopped eating the daily walnuts, their cholesterol and blood pressure drifted back up to earlier levels.
- ☐ C. Most of the volunteers who were placed in the walnut group said afterwards that they had enjoyed taking part in the year-long piece of research.
- ☐ D. The researcher who ran this study has published several earlier papers on the health effects of a number of different everyday foods.

16. Which of the following, if true, would most strengthen the argument by supporting a plausible mechanism for the effect?

- ☐ A. Walnuts are rich in a fatty acid that laboratory studies show directly lowers the kind of cholesterol most closely linked to heart disease.
- ☐ B. The volunteers in the walnut group were, on the whole, slightly younger in age than the volunteers who made up the comparison group.
- ☐ C. A daily handful of walnuts costs little and is readily available in most ordinary grocery shops in the area.
- ☐ D. Several of the volunteers mention that eating the daily walnuts had made them feel generally rather more energetic than usual during the working day.

17. Which of the following would most strengthen the researcher's broader recommendation that adults generally should adopt the daily walnut habit?

- ☐ A. The single year-long study was carried out within one rather small town in one particular region of the country and nowhere else.
- ☐ B. A rival team of researchers has recently and publicly expressed some serious doubts about whether the study's headline convincing.
- ☐ C. Several large studies in different countries and age groups have found the same heart benefits from a daily handful of w



- ☐ D. The volunteers in the original study were, all drawn from among the researcher's own friends, her colleagues and her immediate neighbours.

SECTION — QUANTITATIVE TECHNIQUES

QUANT — ELECTIONS & DEMOGRAPHICS · AVERAGES · DISTRICT TURNOUT IN THE ASSEMBLY ELECTION (Q18–Q21)

In the run-up to a state assembly election, the election commission released voter data for five constituencies in a district. Analysts studied the figures to compare the constituencies, to work out the district's average turnout, and to see how a late surge of newly enrolled voters would shift the averages. The table records, for each of the five constituencies, the number of registered voters, in thousands, and the voter turnout as a percentage of registered voters at the most recent poll.

Constituency	Registered voters (000s)	Turnout (%)
Ashok Nagar	120	60
Bela	150	72
Chand	100	55
Danapur	180	66
Eknagar	150	68

18. What is the simple average of the five constituencies' turnout percentages?

- ☐ A. About 62.0% ☐ B. 64.2%
☐ C. About 66.5% ☐ D. About 60.0%

19. What is the average number of registered voters per constituency across the five seats?

- ☐ A. 150 thousand each ☐ B. About 130k
☐ C. Around 160k ☐ D. 140 thousand

20. Across all five constituencies, what was the district's overall turnout (total votes cast as a percentage of total registered voters)?

- ☐ A. About 65.1% ☐ B. Exactly 64.2%
☐ C. About 68.0% ☐ D. Around 70.3%

21. A sixth constituency, Fatehpur, is later added, and this raises the simple average turnout of all six constituencies to exactly 65 per cent. What was Fatehpur's own turnout?

- ☐ A. About 65% ☐ B. Roughly 64%
☐ C. 69% ☐ D. About 75%

QUANT — PUBLIC FINANCE & BUDGETS · DATA TABLE DI · THE STATE GOVERNMENT'S ANNUAL BUDGET (Q22–Q26)

The state finance department published its budget for the year across five heads: Education, Health, Infrastructure, Agriculture and Administration. It is reviewing how the money is distributed, how each head compares with last year, and what share of the total each sector commands, so legislators can debate the priorities. The table shows, for each head, the amounts allocated this year and last year, in crores of rupees. Analysts will compute each sector's share of the total, the year-on-year change per head, and the overall size of the budget.

Head	This year (Rs cr)	Last year (Rs cr)
Education	4500	4000
Health	3000	2500
Infrastructure	6000	5000
Agriculture	1500	1200
Administration	3000	2800

22. What is the total budgeted expenditure for this year across all five heads?

- ☐ A. Rs 18,000 crore ☐ B. Rs 15,500 crore
☐ C. About Rs 16,500 cr ☐ D. About Rs 19,200 cr

23. Infrastructure's allocation this year is what share of the total budget?

- ☐ A. A quarter, 25% ☐ B. About 30%
☐ C. About 33.3% ☐ D. About 40%

24. Which head saw the largest percentage increase in its allocation over last year?

- ☐ A. Infrastructure ☐ B. Health
☐ C. Agriculture ☐ D. Education

25. By approximately what percentage did the total budget grow over last year?

- ☐ A. About 13.9% growth ☐ B. Roughly 25%
☐ C. About 2.5% ☐ D. About 16.1%

26. Next year Education and Health together must be exactly half of the total budget, which stays at Rs 18,000 crore. If Education is held at Rs 4,500 crore, what must Health become?

- ☐ A. Rs 9,000 crore ☐ B. Rs 4,500 crore
☐ C. Rs 6,000 crore ☐ D. About Rs 5,250 cr

RAPID FIRE — ONE-LINE RECALL

2 quick questions · not negatively marked

1. Which landmark case established that a company is a separate legal person from its members? _____

2. In company law, what does 'lifting the corporate veil' mean? _____

