Journal of Science and Research Innovations

Volume - 4, Issue - 1, June 2026 ISSN: 2583-9004 (ONLINE)

Received: 25-05-2026 **Revised**: 27-05-2026 **Accepted**: 30-05-2026

Mr. Rajesh Kumar Shukla (Faculty Law)** * Tanu Singh (Researcher)**

Department of law, AWADHESH PRATAP SINGH UNIVERSITY, Rewa (M.P.)

DOCTRINE OF FRUSTRATION AN ANALYTICAL STUDY (WITH SPECIAL REFERENCE TO SECTION 56 OF INDIAN CONTRACT ACT,1872)

ABSTRACT

The doctrine of frustration occupies a crucial position in the law of contracts by addressing situations where contractual obligations become impossible or unlawful to perform due to unforeseen events beyond the control of the parties. Section 56 of the Indian Contract Act, 1872 embodies this doctrine and provides statutory recognition to the principle of supervening impossibility. The doctrine acts as an exception to the general rule of absolute contractual obligations. This research paper analytically examines the scope, nature, and judicial interpretation of Section 56 in India. It traces the evolution of the doctrine from English common law to Indian statutory law and critically analyses landmark judicial decisions delivered by Indian courts. The paper also studies the distinction between Section 32 and Section 56, the applicability of force majeure clauses, and the limitations of the doctrine.

KEY WORDS- Doctrine of frustration, contracts, section 56 of the Indian Contract Act,1872, obligations, impossible.

INTRODUCTION

Contracts form the backbone of commercial and social transactions. The fundamental principle governing contractual obligations is *pacta sunt servanda*, which means agreements must be kept. However, circumstances may arise after the formation of a contract that make its performance impossible, unlawful, or fundamentally different from what the parties originally intended. In such situations, the doctrine of frustration operates as a mechanism to discharge parties from further performance.

The doctrine of frustration developed in English common law and was later incorporated into Indian law under Section 56 of the Indian Contract Act, 1872. The section provides that a contract becomes void when an act becomes impossible or unlawful after the contract has been made. Unlike English law, where frustration evolved primarily through judicial decisions, Indian law explicitly codifies the doctrine.

The doctrine gained judicial significance through several landmark decisions of the Supreme Court of India, particularly in *Satyabrata Ghose v. Mugneeram Bangur & Co.* (1954). The courts have consistently emphasized that frustration cannot be lightly invoked merely because performance has become difficult or commercially burdensome. Instead, the

impossibility must strike at the root of the contract.
This paper seeks to analytically examine the doctrine of frustration under Section 56, its legal foundations, judicial interpretation, applicability, and limitations.[2]

OBJECTIVE OF THE STUDY

1. To examine the doctrine of frustration under Indian contract law.
2. To analysis the judicial interpretation of Section 56 by Indian courts.
3. To distinguish between Section 32 and Section 56 of the Indian Contract Act, 1872.
4. To study the circumstances under which frustration may be invoked.
5. To identify the limitations of the doctrine of frustration[3]

HYPOTHESIS OF THE STUDY

1. The doctrine of frustration under Indian contract law provides relief where performance becomes impossible due to unforeseen events.
2. Indian courts have interpreted Section 56 broadly to include practical impossibility and frustration of purpose.
3. Section 32 and Section 56 operate differently despite both dealing with impossibility of performance.
4. Frustration can only be invoked under exceptional circumstances beyond the control of parties.
5. The doctrine of frustration has limitations and cannot be applied merely due to hardship or commercial inconvenience

RESEARCH METHODOLOGY

This study is doctrinal in nature and is based on secondary sources including books, journal articles, case laws, and legal commentaries. Judicial decisions of the Supreme Court and High Courts have been analysed to understand the application of Sections 32 and 56.

THE DOCTRINE OF FRUSTRATION UNDER INDIAN CONTRACT LAW

The doctrine of frustration refers to the discharge of a contract when its performance becomes impossible or unlawful after the contract is formed. Section 56 of the Indian Contract Act states that an agreement to do an impossible act is void, and a contract becomes void when an act becomes impossible or unlawful after the contract is made.
The doctrine is based on the principle that the law does not compel a person to perform what cannot possibly be performed. Frustration may arise due to destruction of subject matter, change in law, outbreak of war, government intervention, or other unforeseen events. The doctrine aims to ensure fairness by relieving parties from obligations that have become impossible due to no fault of their own.[2]

MEANING AND CONCEPT OF DOCTRINE OF FRUSTRATION

The doctrine of frustration refers to the discharge of a contract due to the occurrence of an unforeseen event after the formation of the contract, rendering its performance impossible or unlawful. The doctrine is based on the principle that law does not compel a person to perform an impossible act.
Under Indian law, the doctrine is embodied in Section 56 of the Indian Contract Act, 1872, which states:
"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 applies where:

- The contract was valid at the time of formation;
- An unforeseen event occurred after formation;
- The event was beyond the control of the parties;

- The event rendered performance impossible or unlawful;
- The parties were not responsible for the occurrence.

The doctrine is considered an exception to the rule of absolute liability in contracts.[2]

HISTORICAL DEVELOPMENT OF THE DOCTRINE

The doctrine originated in English common law through the landmark case of *Taylor v. Caldwell* (1863), where a music hall hired for concerts was destroyed by fire before the event. The court held that the contract was discharged because the subject matter of the contract had ceased to exist.

Indian law adopted this principle through Section 56, thereby giving statutory recognition to the doctrine. Unlike English law, Indian courts primarily rely upon statutory interpretation rather than implied terms theory.

The Supreme Court in *Satyabrata Ghose v. Mugneeram Bangur & Co.* clarified that Section 56 lays down a rule of positive law and does not merely depend upon the intention of the parties.[2]

SECTION 56 OF THE INDIAN CONTRACT ACT,1872

Section 56 consists of three paragraphs:

1. Initial Impossibility

An agreement to do an act impossible in itself is void from the beginning.

Example: Agreement to discover treasure by magic.

2. Supervening Impossibility

A contract becomes void if an act becomes impossible or unlawful after formation due to events beyond the control of the promisor.This paragraph forms the basis of the doctrine of frustration.

3. Compensation

Where a promisor knew or ought to have known of impossibility, compensation must be paid to the promisee for loss caused due to non-performance.[3]

JUDICIAL INTERPRETATION OF SECTION 56

1. Satyabrata Ghose v. Mugneeram Bangur & Co. (AIR 1954 SC 44)

This is the leading Indian case on frustration. The defendant company agreed to sell land to the plaintiff. During World War II, the government requisitioned the land for military purposes. The defendant argued frustration.

The Supreme Court held that temporary impossibility does not frustrate a contract unless it destroys the very foundation of the agreement. The Court observed that "impossible" does not mean literal impossibility but includes impracticability and uselessness from the viewpoint of the object of the contract.

Significance

- Expanded the meaning of impossibility.
- Clarified that Section 56 is a rule of positive law.
- Distinguished Indian law from English implied term theory.[4]

2.Naihati Jute Mills LTD. VS. Khyaliram Jagannath (AIR 1968 SC 522)

The Supreme Court held that if the contract itself contains provisions dealing with contingencies, Section 32 applies instead of Section 56.

Significance

- Distinguished contingent contracts from frustrated contracts.
- Clarified relationship between Sections 32 and 56.[5]

3. Boothalinga Agencies v. V.T.C. Poriaswami Nadar (AIR 1969 SC 110)

The Court ruled that self-induced frustration cannot excuse contractual liability. A party cannot rely upon its own failure to perform as frustration.

Significance

- Established principle against self-induced frustration.[8]

4.Energy Watchdog vs. CERC (2017)

The Supreme Court held that mere commercial hardship or rise in cost does not amount to frustration. Contracts are not discharged merely because performance becomes onerous.

Significance

- Reinforced narrow interpretation of frustration.
- Clarified distinction between force majeure and commercial inconvenience.[6]

DISTINCTION BETWEEN SECTION 32 AND SECTION 56

SECTION32–CONTINGENT CONTRACTS

NAFED v. Alimenta S.A.

Basis	Section 32	Section 56
Nature	Contingent contracts	Frustration/impossibility
Source	Express/implied contract terms	Operation of law
Event	Foreseen contingency	Unforeseen event
Effect	Contract operates as agreed	Contract becomes void
Applicability	Risk allocated by parties	Risk not contemplated

- Contract for export of groundnuts depended on government permission.
- Permission was refused by the government.
- Supreme Court held that the contract became void under **Section 32** because the contingency was already mentioned in the contract.

SECTION 56 – DOCTRINE OF FRUSTRATION / IMPOSSIBLE ACTS

Taylor v. Caldwell

- Music hall was destroyed by fire before performance.
- Contract became void because performance became impossible.
- This case laid foundation for doctrine of frustration used in Section 56.[7]

The distinction is extremely important because courts first examine whether the contract contains a force majeure clause. Only in absence of such a clause does Section 56 become relevant.[3]

CIRCUMSTANCES UNDER WHICH FRUSTRATION CAN BE INVOKED

1. Destruction of Subject Matter-If the subject matter essential for performance is destroyed, the contract is frustrated.

Example:

Taylor v. Caldwell – A music hall was destroyed by fire before the event.[7]

2. Change in Law-If performance becomes unlawful due to new legislation or government action, frustration applies.

3. Death or Incapacity-Contracts involving personal skill or services become frustrated upon death or incapacity.

4. Outbreak of War or Emergency-War or emergency situations affecting contractual obligations may frustrate the contract.

5. Non-occurrence of Essential Event-If an essential event forming the basis of the contract does not occur, the contract may be frustrated.[3]

LIMITATIONS OF THE DOCTRINE

The doctrine of frustration is subject to several limitations.

1. Mere Commercial Hardship is Insufficient-Increase in cost, delay, or inconvenience does not frustrate a contract.

2. Self-Induced Frustration is Not Allowed-A party cannot rely on frustration caused by its own actions.

3. Foreseeable Events-If the event was foreseeable and the parties failed to provide for it, frustration may not apply.

4. Partial Impossibility-If substantial performance is still possible, the doctrine may not apply.

5. Force Majeure Clauses-Where contracts contain force majeure clauses, the matter is generally governed by Section 32 rather than Section 56.[3]

ANALYTICAL STUDY

The doctrine of frustration strikes a balance between contractual sanctity and fairness. While contracts are expected to be honored, the law recognizes that unforeseen events may fundamentally alter obligations.

Indian courts have generally adopted a restrictive interpretation to prevent misuse. This approach is beneficial because excessive application of frustration would undermine commercial certainty. However, the strict standard sometimes creates hardship where performance becomes extremely burdensome though not technically impossible.

The distinction between Sections 32 and 56 has strengthened contractual autonomy by encouraging parties to include detailed force majeure clauses. Modern commercial contracts increasingly allocate risks explicitly, thereby reducing reliance on judicial determination.

FINDINGS OF THE STUDY

1. Section 56 provides statutory recognition to the doctrine of frustration in India.
2. Indian law differs from English law because frustration operates as a rule of positive law.
3. Courts apply the doctrine narrowly to protect contractual certainty.
4. Force majeure clauses under Section 32 often exclude application of Section 56.
5. Commercial hardship alone is insufficient to invoke frustration.

CONCLUSIONS

The doctrine of frustration under Section 56 of the Indian Contract Act, 1872 serves as an important mechanism for discharging contractual obligations when unforeseen events make performance impossible or unlawful. The doctrine reflects the principle that the law does not compel impossible acts. Through judicial interpretation, particularly in *Satyabrata Ghose*, Indian courts have clarified that impossibility includes practical and purposive impossibility rather than mere literal impossibility.

At the same time, courts have consistently limited the application of frustration to exceptional situations in order to preserve contractual sanctity. The doctrine cannot be invoked merely because performance has become expensive or inconvenient. The distinction between contingent contracts and frustrated contracts further ensures legal certainty.

In contemporary times, especially during global crises like COVID-19, the doctrine continues to play a vital role in balancing fairness with commercial stability. Ultimately, Section 56 remains a significant component of Indian contract law that harmonizes justice, equity, and contractual obligations.

SUGGESTIONS

1. Commercial contracts should contain comprehensive force majeure clauses.
2. Legislative clarification regarding pandemics and digital disruptions may improve certainty.
3. Courts should adopt a more flexible approach in exceptional economic crises.
4. Businesses should allocatee risks clearly during contract drafting

REFERENCES

1. Indian Contract Act, 1872.
2. Pollock & Mulla, Indian Contract
3. Avtar Singh, Law of Contract.
4. Satyabrata Ghose v. Mugneeram Bangur & Co., AIR 1954 SC 44.
5. Naihati Jute Mills Ltd. v. Khyaliram Jagannath, AIR 1968 SC 522.
6. Energy Watchdog v. CERC, (2017) 14 SCC 80.
7. Taylor v. Caldwell (1863) 3 B & S 826.
8. Boothalinga Agencies v. V.T.C. Poriaswami Nadar,AIR 1969 SC 110)