

CLATAPULT

**LEGAL REASONING
AND
LOGICAL REASONING
PROBLEMS-I**





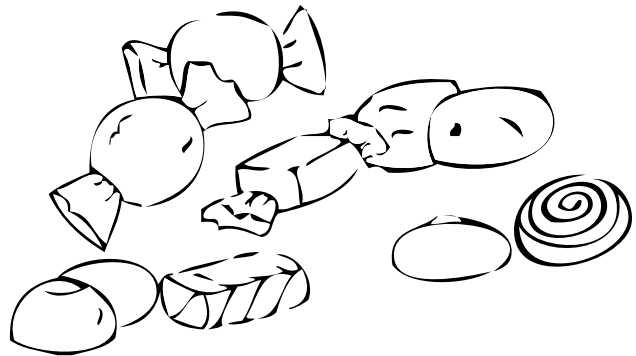
QUESTION SET 1

1. LEGAL PRINCIPLE: TIME IS THE ESSENCE OF A CONTRACT.

≈ **FACTUAL SITUATION:** Gwalia is the most reputed sweet-shop in Ahmedabad. It requires large quantities of sugar for making sweets. Gwalia plans to sell some new, unique and delicious items of sweets on the eve of Navratri. Therefore, it places an order to Sweetie Pie Sugar Company, Dharwad for supply of 500 tonnes of top quality sugar before the end of September. The consignment of sugar does reach the sweets-shop, but only on the 11th of October, 2013. Due to delay in supply of sugar, Gwalia incurs heavy losses both in business and reputation.

(a) Gwalia can claim damages from Sweetie Pie as time is the essence.

(b) Gwalia cannot claim damages from Sweetie Pie because the company did supply the sugar and perform the contract.



(c) Gwalia cannot claim damages because the sweets can be sold later on as well.

(d) Gwalia cannot claim damages because the requisite time needed to prepare the sweets must be given.

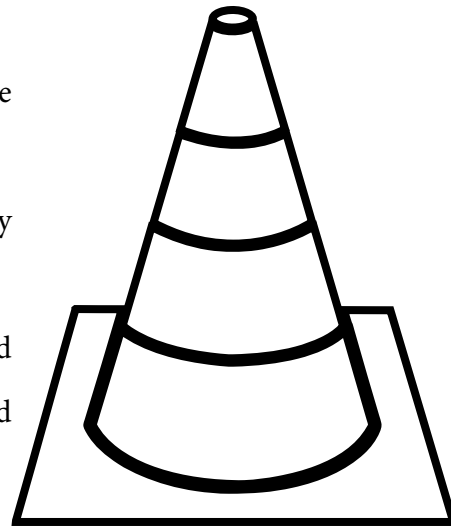
2. **Principle 1-** A person would not be liable for a tort/wrongdoing, if that incident was Force Majeure, or an act of God.

Principle- 2: A person would be liable for an act of negligence, if his duty falls below a prescribed degree of duty and care.

Facts: The Government of India decides to build a Nuclear power plant in Bandhavnagar, Odisha, which is reportedly in a seismic zone, and has seen 2 major earthquakes in the last 5 years. The contract was given to M/S. Rama Constructions Pvt. Ltd., which constructed the

plant in a record 2 years, but during the construction phase, the quality of cement was one which was not suitable for the construction of nuclear reactors, but was known for being widely used in the construction of houses. After the construction of the reactor, there was an earthquake measuring 6 in the Richter scale and a part of the nuclear dome developed cracks and there was a slight radiation leak, which killed 34 people and affected hundreds of others. The Government of India sues M/s Beta Constructions, who in turn plead the defence of act of god. Decide.

- a. The Construction Company will not be liable, as the incident was an act of god.
- b. The Construction Company is liable, because they had built the nuclear reactor.
- c. The Construction Company is not liable, as they had done it under a contract with the Govt. of India, and therefore the Government is liable.
- d. The Construction Company is liable because the earthquake could be reasonably foreseen and therefore, it should have constructed the Nuclear reactor with much more care.



3.Principle- Whoever dishonestly, or with a malice or evil intention takes away movable property from the possession of the owner, is said to have committed theft.

Facts: Veera was a noted sandalwood smuggler. One day, he entered a reserve forest and was inspecting the sandalwood trees. He ordered his men to cut down the trees. Before they could start cutting down the trees, he was arrested by the police and was prosecuted for stealing sandalwood. Veera contented that he could not be held liable for theft. Decide.

a. Veera was liable, as entering a reserve forest without the permission of the Govt. was

wrong.

- b. Veera is liable, since he is a noted sandalwood smuggler.
- c. Veera is not liable for theft, as he had not stolen any moveable property
- d. Veera is not liable, as he was only inspecting the trees.

4.Principle: The state shall make special laws for the upliftment of citizens of the country, and these laws can be made for the benefit of any specific class, caste, group or creed of people living in the society.

Facts: The state of Hindustan Pradesh comes out with a law, which provided for reservation to Muslims in all government and government aided institutions. This law challenged in the High Court of Hindustan Pradesh, as being arbitrary and contrary to the established laws. Can the challenge be successful?



- a. Yes, since people from other religions would also start making such demands, which would jeopardize the unity and integrity of the country.
- b. No, since the state has the right to make special laws for the upliftment of the citizens of the country.
- c. Yes, since the state has not been mandated to make reservation, based on a person's religion.
- d. No, since the Government cannot neglect the minorities.

5.Facts: Ambani is a sugar merchant working in Bombay. Basu enters into a contract with him for purchasing sugar consignments worth 2 lakh to be delivered on 14th August 2013 in one slot altogether. However, on 14th August, Ambani delivers sugar consignment worth rupees 1.5 lakhs and requests Basu to give him another two days to deliver the rest. Basu accepts the sugar consignment but remains silent as to the extension of time. After two days when Ambani delivers the rest of it, Basu rejects to accept saying that Ambani has breached the contract. Decide.

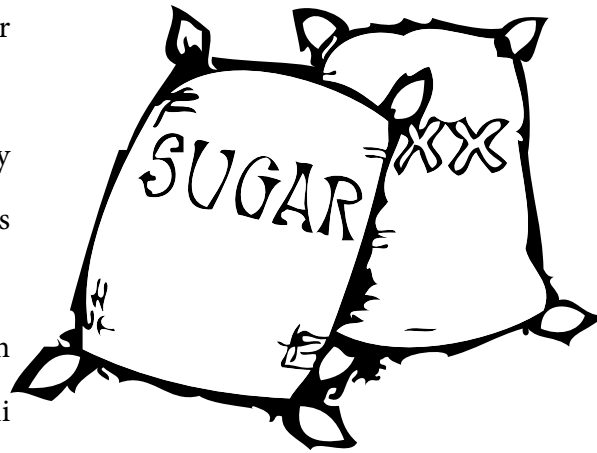
Principle: Time is the essence of the contract. Consent to extension of the time for the contract may be granted expressly or impliedly.

a.Ambani has breached the contract by not delivering on time and hence Basu is justified.

b.Ambani had the implied permission from Basu as to the extension and hence Ambani is not liable.

c.Ambani has breached the contract because there is no express stipulation as to extension of time for performance.

d.Basu has breached the contract by refusing to extend the time.



6.Facts: Roshan, a famous gangster, moves into an apartment in Kankurgachi, Calcutta. There, he discovers that the previous owner of the apartment had left behind a pair of beautiful ivory handled combs. Mesmerized by their beauty and confused as to whom he should be returning them to, he decides to retain them and starts using them. The previous owner of the combs gets to know this and registers an FIR for theft against Roshan. Is

Roshan liable?

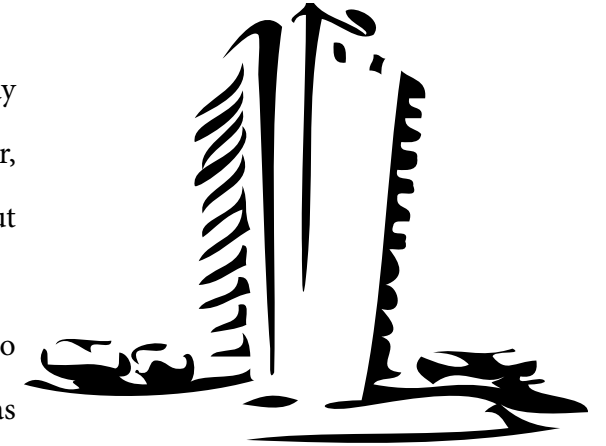
Principle: Whoever dishonestly takes away any property from the possession of another, with an intention of such taking away, without his permission is liable for theft.

a.Roshan is liable for theft as he failed to return the property even when he knew it was someone else's property.

b.Roshan is not liable as he is not taken it away from anyone else's possession and there was no dishonest intention.

c.Roshan is liable as you don't expect anything better from a gangster.

d.Roshan is not liable as he was confused as to whom he should be returning the property to.



7.Principle: An offer is effective only when it is communicated to the offeree. Until the offer is made known to the offeree, there can be no acceptance and no contract.

Facts: A master sent his servant in search of his missing nephew. In the meantime, the master advertised in the newspaper, promising a reward of Rs. 1, 500 to anyone who traces the boy. The servant brought back the boy. After a couple of days the servant came to know about the reward and claimed it. Will the claim of the servant succeed?

a.Yes, as the servant was the one who brought back the missing boy and claimed the reward as soon as he came to know about it and amounted to acceptance as soon as he came to know about it.

b.No, the servant is not entitled to the reward as his act was in ignorance of offer and does not amount to acceptance.

c.No, as the servant was employed by the master and he is bound to do solve the problems of his master, his acceptance of the offer does not make any difference.

d.Yes, as anyone who finds the missing boy is entitled to the reward which was published in newspaper.

8.Principle: The doctrine of unilateral promises (promissory estoppel) says that when one person acts on the promise of another then the person making such promise had a legal obligation to abide by his promise.

Facts: A, B and C were collecting funds for educating the poor children who cannot afford to buy books and copies. A local businessman X was approached for this purpose. He encouraged A, B and C in this noble venture. Upon the encouragement given by X, they took a loan of Rs. 40,000/- and purchased books and other stationary items. When time came for repaying the loan they approached X and asked him to make good his promise. X refused. They sued X saying that upon his encouragement they invested and now X cannot be allowed to back out. Decide.

a.X will win because X only offered words of encouragement to them and offered no monetary support or assistance. He is not bound by any promise because he made no promise.

b.X will win as even though he offered encouragement, they never sought X's consent that now they are taking a loan as a result of his promise. Thus he is not bound as he never agreed for them to take any loan.

c.X will lose because minus his encouragement they would never have taken the loan. Now that they have



acted on X's instance, X should not be allowed to back off.

d.X will lose because clearly X gave his consent when he gave encouragement to them to go ahead with the noble cause.

9.Principle 1: A state may impose a tax only on a transaction if there is a reasonable nexus between the territory of the state and the transaction.

Principle 2: Existence of a reasonable nexus is to be determined with reference to the significance of the territory of the state for a particular transaction.

Facts: Emirates of Dubai imposes a tax of 15% on the value of any commodity that passes through its territorial limits. A ship belonging to Mercury Lines, a shipping company carrying steel ingots is detained as and when it enters the territorial waters of Dubai and authorities claim that the company should pay tax equal to 15% of the value of the cargo viz. steel ingots. The cargo pertained to a transaction between Tata Steel's office in Mumbai and a buyer based in Kuwait.



Tata Steel had chosen Mercury Lines to convey the cargo to the company in Kuwait for a fee paid at the latter's office at Kandla Port in West India. Tax authorities in Dubai claimed all ships plying between Kandla and Kuwait had to pass through the territorial waters of Dubai for reducing journey-time. Decide.

a.Mercury Lines is liable to pay the tax.

b.Tata Steel and Mercury Lines should share the tax liability.

c.Mercury Lines is not liable to pay the tax.

d.The buyer is liable, and not the shipping company.

10.Principle: An agent has authority (in an emergency) to do all such acts for the purpose of protecting his principal from loss as would be done by a person of ordinary prudence, in his own case, under similar circumstances.

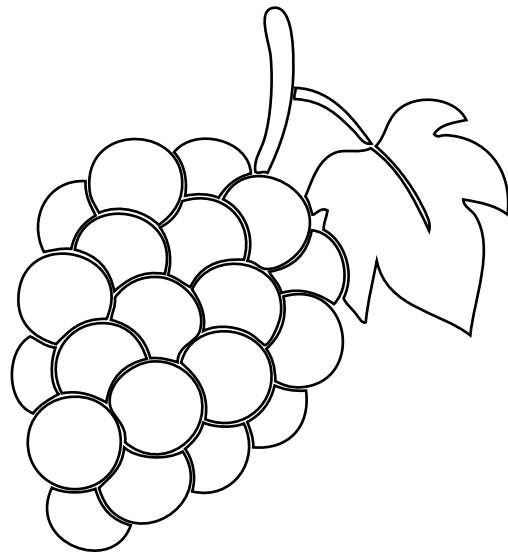
Facts: Raj appoints Vinod as his agent in Lucknow. He orders him to deliver 300 kgs of grapes to Shubham, who lives in Delhi. Raj sent the grapes from Nagpur to agent Vinod in Lucknow. Vinod, instead of sending the same grapes to Shubham, sold the same grapes at a higher price to Stuti in Lucknow. He did this because of the bad weather and heavy rainfall, and being aware of the fact that the grapes would spoil entirely if he waits to send the same to Delhi. Now, Raj sues Rajat for not sending the grapes to Shubham. Decide.

a.Vinod will be liable since the contract to sell the grapes was between Raj and Shubham. He should not have exercised his will by selling it to Stuti.

b.Vinod will not be liable since he sold the grapes in good faith.

c.Vinod will not be liable since his actions were to protect the grapes.

d.Vinod will be liable for selling the grapes at a higher price.



ANSWERS SET 1

1. Answer: (a)

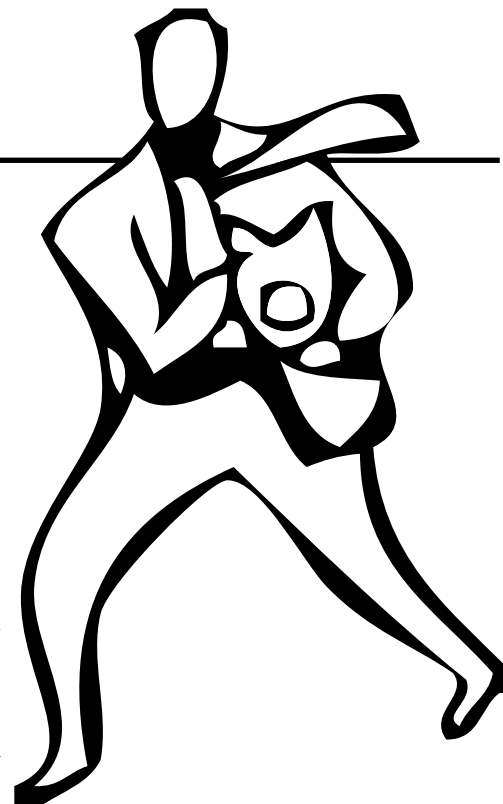
Explanation: The contract clearly lays down the date by which Sweetie Pie’s part was to be performed (a date they did not object to, thus eliminating (d)). Moreover, the sweets were specifically for the festival (ruling out (c)). When time is the essence, mere performance at any time is not sufficient (thus eliminating (b)). This leaves us with (a), which follows the principle and is the correct answer. Time is the essence only when the time period has been specified, as is the case here.

2. Correct Answer: (d)

Explanation: The correct option is (d), as the earthquake, which happened in Bandhavnagar, was an act, which anyone could anticipate because of the fact that Bandhavnagar was in a seismic zone, where the chances of earthquakes always persist and therefore it was the duty of the company to make sure that the reactor was constructed with utmost care and diligence, and the best available resources and equipment was used.)

3. Correct Answer: C

Explanation: The correct option is (c), as the principle clearly states that a person can be liable for theft, if he dishonestly takes away any moveable property. In this case, the sandalwood trees were attached to the land and were therefore an immovable property. Once it was totally cut, and if then it had been moved by Veera, then it would have amounted to Veera, since then the wood would have become a



moveable property.

4. Correct Answer: C

Explanation: The Correct option is (c). Carefully read the principle. The state is mandated to make reservation, based on caste, class, group or creed and cannot differentiate on the basis of religion.

5. Correct Answer: B

Explanation: Consent to the extension need not always be given expressly. Here, when Am-bani made the request, Basu could have told him if he had any problems with giving an extension. As he had been informed, and had not objected, he could not have recourse later.

6. Correct Answer: B

Explanation: For there to be theft, certain conditions must be satisfied. The property may have been movable here – but it was not taken out of the previous owner’s possession. Also, Roshan had begun using it as it had been lying around and because he was unsure as to whom he ought to return it to – there was no dishonest intention involved.

7. Correct Answer: B

Explanation: The Principle clearly states that for there to be a contract, the offer must have been communicated to the offeree at the start. Since this wasn’t done in the case here, wherein the servant got to know about the reward only later – he cannot stake a claim. Had he seen it earlier and known about it, his being a servant would not have stopped him from getting the reward.

8. Correct Answer: B

Explanation: For the concept of estoppel to apply here, the boys must have acted on X's promise. However, encouragement is not the same as promise. Had details been given as to the loan to X, a case could have been made for the boys. As he was not even aware – never mind consenting to it – the principle could not apply.

9. Correct Answer: C

Explanation: There is clearly no reasonable nexus in place here – as determined by the fact that the territory was not significant for the particular transaction. Dubai was only chosen because of the lesser time taken – even without it, alternatives would have been available which would have completed the transaction. Thus, Dubai was not particularly significant, and cannot charge Mercury Lines for tax.

10. Correct Answer: C

Explanation: For Vinod to not be liable, a) he must have been an agent b) the situation must have been one of emergency and c) it needed to be a prudent decision. a) is established by the fact situation. Clearly, the situation was one of emergency with bad weather and heavy rainfall – wherein the grapes would have been destroyed had they been sent to another city. The grapes need not have been sold to one particular buyer in another city – and hence it made complete sense for Vinod to do what he did.