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A LEGAL ANALYSIS OF THE DOCTRINE OF FRUSTRATION OF CONTRACT WITH REFERENCE TO INDIA

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ABSTRACT

This legal research article examines the evolution of the doctrine of frustration in India, the UK, and the US, as well as the challenges faced in establishing this doctrine, and analyses cases where parties fail to perform their obligations due to unforeseeable circumstances. Through doctrinal and comparative methods, it analyses the inadequacy of its legal framework in addressing current cases. It recommends modifications by comparing the Indian provision of the doctrine of frustration with those of the UK and US, aiming to broaden the doctrine in Indian law for better commercial fairness and flexibility. This paper argues that the Indian legal version of the doctrine of frustration does not apply to commercial transactions, considering the connected commercial inconvenience and the frustration caused to the subject matter of the contract due to supervening impossibility. Ultimately, this paper concludes that the doctrine of frustration, as outlined in the Contract Act, 1872, should be interpreted liberally, in line with its counterparts in the United Kingdom and the United States.

Keywords: Frustration of Contract - Contractual Obligations – Impossibility in Contracts – Unforeseeability in Contracts - Fairness

1. INTRODUCTION

The article is based on a doctrinal method which includes statutes, case law, precedents, foundational legal documents, international agreements, legal textbooks, law review and online legal database to examine the reform of the doctrine of frustration in India, its worthiness and

loose interpretation by juxtaposition with US and UK law. The element stated in this doctrine is firstly seen in *Paradine v. Jane*,¹ where the contract formed between landlord and tenant to lease the land for a certain period of time, but due to the English Civil War, the German prince seized the land, which unable to earned the profit by tenant for 3 years. The crown held the doctrine of absolute contract in which parties are liable to perform their obligation without any excuse. This resulted in the tenant being liable to pay the rent for those 3 years. Later in *Taylor v. Caldwell*,² similar facts were observed in which the plaintiff rented a music hall for a concert, but before the concert, unforeseeable fire destroyed the hall. The court held that the plaintiff is not liable to pay the rent since the basis of their contract is destroyed due to one's fault, which ultimately terminated the contract³ and established the 'doctrine of impossibility', which later came to be known as 'doctrine of frustration'.⁴ The central argument of this research is to interpret sec. 56 of ICA, and how it can be comparatively improved upon by the comparative analysis of the frustration law of various jurisdictions. The objective of this study is to interpret and analyse the application of frustration of contract with respect to other jurisdictions such as the UK, US and suggest how India can learn lessons from other jurisdictions.

2. RESEARCH METHODOLOGY

This research is majorly qualitative in nature, with a combination of doctrinal method and comparative method. The research has engaged in the analysis of primary sources, inclusive of statutes, gazetted notifications and case laws, whereas secondary sources include books, peer-reviewed journal articles, blogs and newspaper opinions. For the comparative method, the researcher has selected the jurisdictions of the United Kingdom, the United States and India for comparing the applicability of the doctrine of frustration and its legal implications. The doctrinal method engages in a systematic analysis of primary and secondary sources of law to identify the legal gaps and uses the comparative method to fill in the gaps. Thus, the researcher has come up with a normative and prescriptive approach to analyse the governance structure and give prescriptive suggestions based on the gap identified.

3. HISTORICAL EVOLUTION OF THE DOCTRINE IN BOTH INTERNATIONAL AND INDIAN CONTEXTS

¹ *Paradine v Jane* (1647) Aleyn 26, 82 ER 897

² *Taylor v Caldwell* (1863) 3 B & S 826

³ GM Sen, "Doctrine of Frustration in the Law of Contract" (1972) 2 Journal of Indian Law Institute 132

⁴ Farnsworth, *supra* note 4, para. 9.7.

The word frustration is not defined in Indian contract law; rather, it has been taken from black's Law Dictionary, where they define 'frustration' as a type of contract where the main purpose of the contract becomes impossible due to some circumstances, which is also termed as 'frustration of purpose'.⁵ The origin of this doctrine is from the Queen's Bench judgment in the case of *Taylor v Caldwell*⁶ in 1863. But unlike English law, where it's derived from judicial proceedings, India has codified it in section 56 of the Indian Contract Act, this sec. further exemplifies the maxim '*lex non cogit ad impossibilia*', which means that the law does not compel the impossible⁷, which means law cannot hold liable any party for non-performance of an act as it is impossible to perform, this doctrine is a well-developed blend of statutory accuracy and classical English principles, guaranteeing that justice is served when performance is genuinely impossible or pointless, while upholding the fundamental idea that contracts must normally be fulfilled.⁸ First, the application of this doctrine is seen in the case *Satyabrata Ghose v. Mugneeram Bangur & Co.*⁹ which provides a comprehensive legal framework to this doctrine, the court held that frustration under this provision is self-contained, as it also includes impossibility due to impractical or uncontrolled circumstances.¹⁰

Initial development of this doctrine began in French and Roman law, which deal with failure of contractual obligation due to unforeseeable circumstances. English law codifies it in cases such as *Taylor v. Caldwell* (1863).¹¹ The UK's Law Reform (Frustrated Contracts) Act 1943 supplements define the doctrine by including equitable restitution to establish the principle of fairness and equity. Internationally, common law countries such as Canada, Australia, India, and New Zealand codified this doctrine by adopting and adapting these principles.¹²

4. THE DOCTRINE OF FRUSTRATION AND ITS LEGAL GAP UNDER INDIAN CONTRACT LAW

⁵ Sheela Jayabalan, "The Legality of Doctrine of Frustration in the Realm of COVID-19 Pandemic" (2020) 3 Sociological Jurisprudence Journal 84

⁶ *Taylor v Caldwell* (1863) 3 B & S 826, 122 ER 309

⁷ Mitchell Goldberg and Fabian Schär, "Metaverse Governance: An Empirical Analysis of Voting within Decentralized Autonomous Organizations" (2023) 160 Journal of Business Research 113764.

⁸ Eric Som, "Does the Law of Frustration of Contract Lack Any Principled Justification?" [2017] SSRN Electronic Journal 67

⁹ *Satyabrata Ghose v Mugneeram Bangur & Co.*, AIR 1954 SC 44

¹⁰ Nwafor N and others, "Modern Issues and Challenges in Contract Frustration" (2022) 43 Business Law Review 122.

¹¹ *Taylor v Caldwell* (1893) 3 B & S 826, 122 ER 309

¹² Maria Gabriela Varas, 'The Force Majeure Clause, Impossibility, and Frustration of Purpose in the Age of Covid-19' (2022) 24 *UF Journal of Undergraduate Research* < <https://doi.org/10.32473/ufjur.24.130494> > accessed 13 November 2025.

The provision to take an excuse from doing an impossible act due to unforeseeable circumstances is mentioned under Section 56 of the ICA. This section enlightens that during the formation of a contract, both parties agree to do something or not do something with reasonable diligence, but due to unforeseeable circumstances, the contractual obligation becomes impossible to perform. The party is not obliged to compensate the other party for non-performance. The contract becomes void at the time when frustration occurred and the parties were released from their obligation; there is no breach of contract as the impossibility to perform the act arises due to the frustration of the event, this is not from breach, but neither party's fault.¹³ Essential elements that are necessary for the application of this doctrine are that the formation of the contract should be a valid contract between the parties, such as a valid offer and acceptance, competence of the parties, free consent, lawful consideration, lawful object, and intention to create a binding contract¹⁴, and they have reasonable diligence to fulfil their contractual obligation. the contractual obligation mentioned in the contract was reasonable during the formation of the contract, and it should have been foreseeable to complete it. The event should arise after the formation of the contract, and it's beyond the control of a reasonable person to perform in such circumstances. the occurrences of the event make the contract impossible or change the fundamental nature of the initial contract.¹⁵ This doctrine only applies to permanent, not performance of a non-temporary act. However, if the contract becomes frustrated, either party would be released from their contractual obligations. Neither party is liable to pay for damages since frustration occurred due to neither party's fault. If one party receive profit before the frustration, it should compensate to other accordingly.¹⁶

While the section addresses the circumstance of performance of an act, this doctrine doesn't provide a narrow interpretation of impossibility and almost intends the illegality or absolute impossibility of an act to invoke. It lacks in interpreting the words 'impossibility' and 'unlawfulness', nor does it provide us with exemplary cases.¹⁷ It would apply in cases where the basis subject matter is impossible to perform, not when the performance becomes a challenging

¹³ M. P. Ram Mohan, Promode Murugavelu, Gaurav Ray & Kritika Parakh, 'The Doctrine of Frustration under Section 56 of the Indian Contract Act' (2020) 3(2) *Indian Journal of Legal Research* 85-104.

¹⁴ Indian Contract Act 1872, s. 10.

¹⁵ Amy Sparrow Phelps, 'Contract Fixer Upper: Addressing the Inadequacy of the Force Majeure Doctrine in Providing Relief for Non-performance in the Wake of the COVID-19 Pandemic' (2021) 66 *Villanova Law Review* 647

¹⁶ Indian Contract Act, 1872, s. 56.

¹⁷ Amar Singh Sankhyan, 'Study of Dimensions of Principle of Frustration in Indian Contract Law System' (1995) 37(4) *Journal of the Indian Law Institute* 442-456.

commercial inconvenience.¹⁸ The compensation is limited after discharge of contractual obligation as compared to actual damage. Therefore, this doctrine lacked in a wide interpretation of the impossibility of performance of the contractual obligation in recent cases, which need to be modified as per the upcoming cases and their circumstances.

5. INTERNATIONAL LEGAL FRAMEWORK FOR CONTRACT MANAGEMENT

Analysis of international bodies reports on contract management in cases of frustrated contracts. The uniform law under international sale of goods (ULIS), adopted in 1964 at the Hague Conference. Article 74 explicitly states compensation for the party that suffer loss by breach of another party. United Nations Convention on Contracts for the International Sale of Goods (CISG), which was adopted on April 11, 1980, by the United Nations Conference in Vienna, it's a revision of ULIS, which detached the uniform law on the formation of contract from the Uniform Law on sales of goods.¹⁹ Article 79 states an excuse for not compensating for uncontrollable and unforeseeable circumstances, which led to fail the contractual obligation. The doctrine of frustration cases in international trade law is much more complicated than domestic cases, as countries make long term contract which increases the risk of challenges faced during contract, these challenges can be exchange rate variation, political conflict or war like situation, policies change by government, also lack of trust between the countries and other related circumstances which make it harder or impossible to perform the contractual obligations.²⁰

One of the major problems in cross-country contracts is their different element present in dealing with the same matter. For instance, in UK law, it concentrates on whether the contractual obligation becomes completely different from what was agreed by the parties, whereas in US law, they determine the principle of impracticability.²¹ Various international reports emphasise the importance of 'clear risk allocation' while drafting the contract between the parties.²² Since the law of frustration applies differently across all nations, including this

¹⁸ Jade Man-yin Lee and Eugene Yin-cheung Wong, 'Suez Canal Blockage: An Analysis of Legal Impact, Risks and Liabilities to the Global Supply Chain' (2021) 339 *MATEC Web of Conferences* 01019.

¹⁹ *United Nations Commission on International Trade Law, Thirty-five Years of Uniform Sales Law: Trends and Perspectives* (United Nations, New York 2015) <https://uncitral.un.org/sites/uncitral.un.org/files/media-documents/uncitral/en/35_years_of_uniform_sales_law-e.pdf> accessed 13 October, 2025.

²⁰ "Frustration of Contract in International Trade Law and Comparative Law" (IBC) 18 *Duquesne Law Review* 67.

²¹ Eshita Jain, "Understanding the Doctrine of Frustration in Relation to International Trade" *International Trade & Investment - India* (June 5, 2023).

²² Manasi Kumar and Maren Heidemann, 'Contract Law in Common Law Countries: A Study in Divergence' (2022) 43 *Liverpool Law Review* 133 <<https://link.springer.com/10.1007/s10991-022-09312-8>> accessed 13

draft, recommended not to rely on the general legal doctrines; instead, clearly indicate who is responsible for the loss or problem that might happen due to a certain event.²³

6. OTHER RELEVANT STATUTORY FRAMEWORKS WHICH ARE ANALOGOUS TO FRUSTRATION OF CONTRACT

There was another relevant statutory framework that had a similar provision to the doctrine of frustration. These provisions also ensure to termination of the contract if fulfilment becomes physically or legally impossible. Sec 65,²⁴ also known as the principle of restitution, states that after the contract becomes void due to frustration, obligations become beyond the control of the parties to perform the obligation. In such circumstances, if any party has received a benefit or advantage under the contract, it becomes an obligation for the party to return the benefit to prevent unjust enrichment.²⁵ The doctrine of frustration is complete in itself, but the principle of restitution accompanies it by providing the repercussions of frustration contract by ensuring fairness among the parties after the contract becomes void.²⁶ As these legal principles create fairness in contracts by parties voluntarily forming a contract, while sometimes circumstance arises, such as natural force, a change in law, situation beyond their control, to perform their contractual obligations. However, in such cases, the contract fairly ended and neither party is liable for the circumstance.

One of the landmark judgements of this sec. is *Fibrosa SA v Fairbairn Lawson Combe Barbour Ltd*²⁷ in which a Polish company has paid advance payment to an company based in England for machinery delivery but due to World War II, the circumstance become beyond control for reasonable man to perform the obligation therefore, court held that the contract has become frustrated due to World War II and the England based company which has received benefit from the contract and obligated to returned the advance payment to the Polish company. Here, the court applied the doctrine of restitution, which accompanies the doctrine of frustration as due to an unforeseeable event which occurred during World War II, both the party discharged from their obligation, but the party that took unfair advantage has to return it by restitution. Similarly, sec. 32 of ICA elucidates a contract whose enforcement depends on the fulfilment of

November 2025.

²³ Chidimma Stella Nwakoby & Onyinyeucheagwu-Okoye, “Critique On The Effect Of Frustration In Contract: Nigerian Jurisprudential Purview”, p. 33 (2024).

²⁴ Indian Contract Act 1872, s. 65.

²⁵ Frederik Peeraer, ‘Restitution under an Illegal Contract: From Purpose to Finality and Civil Fines’ (2024) 32 *European Review of Private Law* 577.

²⁶ Begichev A V and Tsander Y M, ‘The doctrine of frustration and the doctrine of force majeure in Indian law enforcement practice in the digital era’ (2024) 28 *RUDN Journal of Law* 3, 604–621.

²⁷ *Fibrosa Spolka Akcyjna v Fairbairn Lawson Combe Barbour Ltd* [1943] AC 32 (HL).

contractual obligations due to the occurrence of an uncertain event of the contract.²⁸ Here, performance depends on future events that are not certain. The essential element of a contingent contract is validity of the contract depends upon the occurrence of future events which are uncertain in nature; neither party is bound to perform the obligation until the uncertain event occurs, and the contract becomes void if the future uncertain event doesn't occur and the performance becomes impossible to do. In frustration, the contract has not been performed due to the occurrence of an unforeseeable event, which led to the discharge of the party from their contractual obligation.

Meanwhile, in a contingent contract, the performance of the act depends upon the occurrence of a future event that is not certain. In the former, discharge of contract is based on operation of law, which terminates the contract spontaneously by legal principle or circumstance beyond control, while in the latter, the discharge of contract is by mutual discussion and accepted by both parties. In a contingent contract, the impossibility is subjective in nature, which occurs due to personal circumstance, inability, or limitations, while in a frustration impossibility is objective in nature, which is caused by external and universal circumstances. The case of *National Agricultural Cooperative Marketing Federation of India v. Alimenta S. A*²⁹ where NACMF has to supply groundnut kernels, but due to government restrictions on certain exports, they were able to fulfil the obligation. The apex court held that NACMFI was justified as their contractual obligation could not be fulfilled due to government restriction; therefore, they are not liable to pay compensation as the contract is contingent on the government's export policy. Force majeure is a contractual clause in an agreement to provide an excuse to the party for not performing the contractual obligation which are beyond their control. This clause does not define under any particular section but is a part of the doctrine of frustration, principle of impossibility, principle of contingent contract and contractual supremacy.

The contract contained a force majeure clause that defined it accordingly. Force majeure acts as good defence when the circumstance such as war, government restriction or act of government, pandemic, natural calamity, act of God, fire, flood, revolution, act of terrorism, civil commotion prevents the party from performing as this type of event were beyond control of a reasonable man to perform its obligation, In recent case of *Bangalore electricity supply ltd company v. hire Halli solar power LLP*³⁰ where SC held that if a contract explicitly or implicitly contains force

²⁸ Ibid.

²⁹ *National Agricultural Cooperative Marketing Federation of India v Alimenta S.A.* (2020) 5 SCC 251 (SC).

³⁰ *Bangalore Electricity Supply Company Limited v Hirehalli Solar Power Project LLP & Ors* (Civil Appeal Nos 7595, 7608 & 6386 of 2021) [2024] 8 S.C.R. 1024; 2024 INSC 631 (Supreme Court of India, 27 August 2024).

majeure clause, it governs under sec 39 of ICA rather than under sec 56. However, it is different from frustration as force majeure is clause which is explicitly written in the contract by parties which temporarily suspend party from doing their obligation due to pre-determine event, prevent the party from performing their obligation whereas doctrine of frustration is statutory provision under Indian contract act which discharge the party from their obligation due to unforeseeable event this provision is based on reactive legal principal meanwhile former is based on preventive contractual measure. There are a few landmark judgments in which the application of the doctrine of frustration interpreted and amended the necessary elements to approach future cases.

In *Satyabrata Ghose v Mugneeram Bangur*³¹ where performance is only because it is objectively impossible, not just because it is inconvenient. In this case, the government requisition was postponed but did not eliminate the land's usefulness; Mugneeram kept title, and post-war development was still feasible. Temporary interference was insufficient, in contrast to total destruction in *Taylor v. Caldwell*; therefore, no frustration applied, enforcing the agreement. In *V.L. Narasu v. P.S.V. Iyer*³² the court held that apply frustration as the act became impossible due to government restriction to suspend shows in the cinema is an unforeseeable circumstance which was not probable at the time of contract formation. Here, the essential element has been destroyed. In *Alopi Parshad & Sons Ltd. v. Union of India*³³ The fundamental nature of the contract is not changed in this case, and commercial inconvenience doesn't qualify as impossibility to perform the contract. an unavailable ticket on a specific date is not predicted during the formation of the contract, which is an essential element that later creates the impossibility to perform the contract without either party's fault. Therefore, comes under the definition of frustration in *Murlidhar Chiranjilal v. Harishchandra Dwarkadas & Ors.*³⁴

7. ANALYSIS OF RECENT APPLICATION OF THE DOCTRINE OF FRUSTRATION

The application of frustration required an impossible event to discharge the party from their contractual obligation, but due to the narrow interpretation of frustration in Indian law, which required an impossible and unforeseeable event that led to a fundamental change in the

³¹ *Satyabrata Ghose v Mugneeram Bangur & Co* AIR 1954 SC 44.

³² *V L Narasu v P S V Iyer* AIR 1953 Mad 300.

³³ *Alopi Prasad & Sons Ltd v Union of India* AIR 1960 SC 588.

³⁴ *Murlidhar Chiranjilal v Harishchandra Dwarkadas* (1962) 1 SCR 653.

contract, this interpretation caused limited success and criticism for being rigid in nature. In Indian law, the interpretation for frustration solely includes the happening of an impossible event. In the recent case of *Anglo-American Metallurgical Coal Pty Ltd. v. MMTC Ltd.*³⁵, the SC held that merely a commercial difficulty does not amount to frustration of contract, due to rigidity in the interpretation of frustration. There were many unforeseeable events in which the performance of the act became impractical, but it does not come under frustration³⁶.

During the COVID-19 pandemic, parties could not fulfil their obligation due to commercial hardship caused by the disruption of the pandemic, but the doctrine remains difficult to invoke due to conservative application, as there is no fundamental change in the contract or impossibility in performance, rather impracticality in performance of the obligation.³⁷ During this time, the courts executed the doctrine of frustration on a case-by-case basis with restricted interpretation.³⁸ The pandemic circumstances are unforeseen and external events interrupted contractual obligation during such time that it becomes difficult to determine whether the performance is truly impossible or just a commercial inconvenience to the parties, and the law requires the event to make the contract radically different, not just inconvenient, to constitute it as frustration. Hence, deciding if a contract is discharged by frustration due to COVID-19 remains complex because of the novel circumstances, legal nuances, and differing interpretations of impossibility and radical change in contract obligations caused by the pandemic and its restrictions.

8. GLOBAL PERSPECTIVES

The UK law defines frustration as incapable to perform a contractual obligation by the destruction of the subject matter or illegality without default of either party, but not by foreseeable loss or self-induced delays. This doctrine originated from *Taylor v Caldwell*,³⁹ where the subject matter was destroyed, i.e. music hall, without default of either party. Similarly, in *Krell v. Henry*⁴⁰ the subject matter got destructed, i.e. coronation procession, due to the king's illness, which led to the discharge of contractual obligation and the contract became

³⁵ *MMTC Limited v Anglo-American Metallurgical Coal Pty Ltd.* (Supreme Court of India, 3 November 2025) 2025 INSC 1279.

³⁶ *MMTC Ltd v Anglo American Metallurgical Coal Pty Ltd* (2020) SCC OnLine SC 1030.

³⁷ Sheela Jayabalan, 'The Legality of Doctrine of Frustration in the Realm of Covid-19 Pandemic' (2020) 3(2) Sociological Jurisprudence Journal 84-90

³⁸ Sanjay Pandey, 'Coronavirus Pandemic (COVID-19): Invoking Force Majeure and Doctrine of Frustration: An Analysis from an Indian Law Perspective' (2020) 48(3) *International Journal of Legal Information* 132.

³⁹ *Taylor v Caldwell* (1863) 3 B & S 826, 122 ER 309

⁴⁰ *Krell v Henry* [1903] 2 KB 740.

void. However, in *Davis Contractos Ltd. v. Fareham Urban District Council*⁴¹ court didn't apply the doctrine of frustration as the contractual obligation was not fulfilled due to unforeseeable circumstances, i.e. shortage of raw material but there was no fundamental change in the nature of the contract. In US law, frustration is also known as 'commercial frustration' or 'frustration for purpose', which excuses contract performance that is impractical to perform due to unforeseeable circumstances. The doctrine of frustration for purpose was introduced in *Lloyd v. Murphy*, a case subject matter destroyed due to government restriction, which caused commercial impracticality to perform the contract. However, the US law doesn't qualify commercial loss as frustration as mentioned in the *United States v Wegematic Corp*⁴² case. In the UK and the US, the application of doctrine is wide in nature, which covers many aspects of non-performance of the contract. In UK law courts also examine the impracticality of performance due to unforeseeable events and provide restitution to the parties by ensuring the principle of fairness between the parties. Meanwhile, in India, it does not look other aspect except impossibility for frustration as mentioned in case in recent case of *Parsvnath Film City Limited v. Chandigarh*⁴³ administration and other cases where the SC held that merely unwillingness to carry out work does not constitute frustration under Sec. 56, rather it follows under Sec. 39 of the ICA, which states the effect of the refusal of a party to perform the promise. In UK law party can discharge from their obligation if there is a fundamental change in the contract, but in Indian law, all three essentials need to be fulfilled.

UNITED KINGDOM	UNITED STATES	INDIA
The doctrine of frustration is not codified; rather, it's derived from different judicial proceedings ⁴⁴ .	The doctrine is not codified; rather, it's a common law principle.	The doctrine is codified in the Indian Contract Act, 1872
The scope of application is wider and adopted modification by cases.	The application is similar, but a wider interpretation is there.	It is influenced by English law but still has a narrow application.
The requirement for	Impracticality and impossibility were the crucial	It requires illegality and impossibility to apply

⁴¹*Davis Contractors Ltd v Fareham Urban District Council* [1956] AC 696 (HL)

⁴²*United States v Wegematic Corp* (1966) 360 F 2d 674 (2d Cir)

⁴³*M/s Parsvnath Film City Ltd v Chandigarh Administration & Ors* [2025] INSC 464

⁴⁴ Autumn Fiester and Chase Yuan, 'Ethical Issues in Using Behaviour Contracts to Manage the "Difficult" Patient and Family' (2023) 23 *The American Journal of Bioethics* 50.

frustration is a fundamental change in the principle of contract. ⁴⁵	requirements for frustration ⁴⁶ .	frustration.
Remedies were provided under the Law Reform (Frustrated Contracts) Act, 1943	Parties were released from their contractual obligation, and restitution was provided.	Termination of the contract and remedy were provided to the party under section 64
The judicial interpretation is flexible and intention of the party were taken into considerate ⁴⁷ .	The judicial interpretation is flexible but differs from state to state and focuses on fairness.	The judicial interpretation is strict and conservative to prevent its misuse ⁴⁸ .

9. SWOT ANALYSIS OF THE DOCTRINE OF FRUSTRATION

STRENGTHS	WEAKNESSES
- It released the parties from contractual obligation if the basis or the fundamental essence of the contract becomes impossible to perform for the parties. - It prevents injustice by assuring that no one should be forced to perform something that is beyond their control. - It provides equity and fairness to the parties by discharging them from an impossible act⁴⁹.	- The application of the Indian doctrine of frustration is conservative and narrow in nature. - It led to an inequitable outcome when one party suffered loss without any fault. - The court applies it to ensure the party cannot take advantage of this doctrine.
OPPORTUNITIES	THREATS

⁴⁵ Ibrahim Saad Alhowaimil, 'Frustration of Performance of Contracts: A Comparative and Analytic Study in Islamic Law and English Law' (PhD thesis, Brunel University 2019) <<https://bura.brunel.ac.uk/handle/2438/8532>> accessed 12 November 2025

⁴⁶ *Kel Kim Corp. v. Century Markets, Inc.*, 519 N.E. 2d 295 (N.Y. 1987).

⁴⁷ E. Allan Farnsworth, *Contracts*, para. 9.6 n.4 (4th ed. 2004). For English usage, see Treitel, *supra* note 1; Jan M. Smits, *Contract Law: A Comparative Introduction* 201, p. 215 (2d ed. 2017).

⁴⁸ *Ibid.*

⁴⁹ *Ibid.*

• During the time of the pandemic, it provided scope for the development of a legal standard for it. • Supplement it with a force majeure for a better understanding and clarity. • It provides legal safeguards for the exceptional cases without being an unfair advantage to the parties. • It provides a clear pathway to the party for discharge, which reduces legal battle upon impossible performance.	• Overuse or misuse of the doctrine can allow the parties to escape from contractual obligation. • Commercial hardship and business inconvenience are often wrongly termed as frustration⁵⁰. • Various global events, such as pandemic, war, or government sanctions, may limit the legal effect of contractual obligations.
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10. FINDINGS OF THE STUDY

The major findings of this study are as follows:

1. For the application of frustration, the event that occurs must be unforeseeable and beyond control after the formation of the contract, which made a fundamental change in the basis of the contract. The act is impossible to perform by the party due to an unforeseeable event.
2. Temporary difficulty or economic hardship cannot be covered under this doctrine. After the contract became frustrated, the parties were discharged from their contractual obligation. In Indian contract law, the interpretation of frustration is narrow and limited, and it lacks addressing ongoing events such as a pandemic, war, and government restrictions.
3. Supplementary this doctrine with force majeure can provide the interpretation, judicial interpretation on impossibility and illegality to provide clarity.
4. In the US, essential elements for the effect of this doctrine are impracticability and impossibility. In the UK, it focuses on the fundamental change in response to the event. however, in India, it requires illegality and impossibility; also, its application is limited to prevent it from misuse by the parties.

⁵⁰*Ibid.*

11. CONCLUSION

In a nutshell, the doctrine of frustration is derived from English law, but India codified it under section 56 of the Indian Contract Act. It serves as a crucial legal element to deal with situations where an act becomes impossible due to unpredictable circumstances, which makes the performance beyond control. This doctrine discharges the party from contractual obligation when there is a fundamental change in the contract to prevent the party from injustice and ensure equity and fairness. Other countries, such as the UK and the US, adopted a broader interpretation of the doctrine; however, in India there is a narrow and strict understanding, which is one of the demerits of it, as it led to an inequitable outcome. This doctrine stands side by side with the principle of restitution, which is defined under section 65, force majeure and sections 31 to 36, which states about a contingent contract. However, with the emergence of global challenges, it faces difficulty in addressing practical qualification and legal uncertainty and therefore, there is a need to broaden its scope to deal with current challenges.