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Subject: Business law.

Date: 20/06/2021

(4) Ans

The general rule is "As per Section 25, an agreement made by without consideration is void." For every contract, there must be valid consideration. For example, P promise to pay ₹10 to Q. This promise can't enforceable by law, because Q is not giving any promise to P. No consideration, No contract is general rule. However, The Indian Contract Act, 1872 contains certain exception to the rule. In the following cases, an agreement though made without consideration, will be valid and enforceable:-

1. Natural love and affection:-

As per Section 25(1) of ICA 1872, a written & registered agreement are based on natural love & affection between the parties are standing in near relationship with each other is enforceable without consideration.

ex. D. For natural love & affection promise to give his daughter H ₹100/- . This promise in writing & register under the law hence it is valid contract.

2. Compensation For past voluntary services

The section 25(2) provides that a promise to compensate, wholly, a person who has already voluntarily done something for the promisor was legally compelled to do is enforceable. The ~~offeror~~ promise must be in existence at the services are provided & now the promisor must agree to compensate with promisee. e.g. S finds P's purse & give to her. P promises to give £1000 to S.

3] promise to pay time barred debt:- As per section 25(3), a promise made in writing & signed by the person making it to pay wholly, is valid without consideration, e.g. C owes £1000 to D but the barred by limitation Act. C promise to pay 30,000 interest.

4] Agency:- No consideration is necessary to create an agency.

5] Completed gift:- As per section 25, a completed gift needs no consideration. Thus when a person transfers some property by duly registered deed as a gift he can't claim back the property on the ground of lack of consideration.

6] Bailment:- No consideration is required to effect the contract of bailment. In case of the delivery of goods made by one person to another, without transfer of ownership.

7] Charity:- If a person promise undertake liability on the promise of the person to contribute to

charity, there the contract will be valid by without consideration.

2] Ans

Consideration may proceed from the promisee or any other person who is not a party of that contract. According to the definition of Section 2(d), "When at the desire of the promisor, the promisee or any other person does something such an act is consideration. There can be stranger to the consideration. As long as it is a consideration for the promisee, it is not material who has furnished it. (Chinayya vs Ramayya).

In the given case, Mr. Balwant has entered into contract with Ms. Reema to give an annuity to Mr. Sawant every year. Mr. Sawant hasn't given any consideration to Ms. Reema but the consideration did flow from Mr. Balwant to Ms. Reema in the form of land. It will ^{be} considered here that the consideration is paid by Mr. Balwant on behalf of the Mr. Sawant. Thus the contention of Ms. Reema is not valid which because consideration from third party is sufficient to enforce the promise & Mr. Sawant can recover the money from Mrs. Reema.

3] Ans

Under the TCA 1872, the consideration for an agreement may proceed from a third party, third party can't sue on contract. The concept of stranger to consideration is valid & it is different from stranger to contract. ~~Stranger to contract~~ Stranger to contract can't sue is known as a "doctrine of privity of contract".

A person who is party of contract only he/she can sue on it. However, subject to certain conditions, objection. In other words, even a stranger to contract ~~may~~ may enforce a claim in such case which are following:

- 1] In the case of trust, a beneficiary can enforce his right under the trust, though he wasn't a party to the contract between settler and trustee.
- 2] In case of a family settlement, if the conditions/terms of an agreement & contract reduced into writing, the members of family who originally hadn't been parties to the settlement may enforce the agreement.
- 3] In case of certain marriage contract or arrangement, a proviso may be made for the benefit of a person may enforce the agreement though he isn't a party.

to the agreement.

- 4] In case of assignment of the contract, when the benefit under a contract has been assigned, the assignee can enforce the contract.
- 5] Acknowledgement or estoppel, where the promisee ~~or~~ acknowledge by his conduct himself as an agent of the third party, it would result into a binding obligation towards third party.
- 6] In case of covenant running with the land, the person who purchases land with notice that the owner of land is bound by certain duties affecting land, the covenant affecting land may be enforced by the successors of the seller.
- 7] Contracts entered into through an agent; the principal can enforce the contracts entered by his agent where the agent has acted within the scope of his authority & in the name of the principal.

Q) Ans

The given problem is based on the provision of the ICA, 1872 as contained section 2(d) and on the principle of 'privity of consideration'. Consideration is one of the essential element of valid contract & it can flow from promisee or any other person.

As per Section 2(d), it is not necessary that consideration should be furnished by the promisee only. A promise is enforceable when there is some consideration for it, & it is quite immaterial whether moves from promisee or other person.

In given case, Mr. Sohanlal has entered into contract with Mr. Mohanlal, but Mr. Chotelal hasn't given any consideration Mr. Mohanlal but the consideration did flow from Mr. Sohanlal to Mr. Mohanlal on behalf of Mr. Chotelal & such consideration from third party is sufficient to enforce the promise of Mr. Mohanlal to Mr. Chotelal to use 1 acre of land.

Moreover, it is provided in the law that 'in case of a covenant running with the land, where a person purchases land with notice.' In such a case third party to a contract can file the suit although it hasn't moved consideration. Hence, Mr. Chotelal is entitled to file a petition against Mr. Mohanlal for execution of contract.

5] Ans The law provides that a contract should be supported by valid consideration. As long as consideration exists, the court doesn't concern itself with adequacy, provided it is of some value. The adequacy of the consideration is for the parties to the contract at time of making the agreement. According to explanation of Section 25 of ICA, 1872, an agreement to which the consent of the promisee is freely given is not void merely because the consideration is inadequate but the inadequacy may be taken into account by court in determining question whether the consent of promisor was free.

7] Ans.

Promise to pay time barred debts - Section 25(3): Where there is an agreement, made in writing & signed by the debtor to pay wholly or in part a time barred debt, the agreement is valid and binding even though there is no consideration.

In the given situation, the loan given to Mr. C by Mr. Y becomes time barred. Thereafter, Mr. C agreed to make payment of full amount to Mr. Y.

By the above explanation or provision of ICA, 1872, contract between parties post time barred debt

is valid so, Mr N is bound to pay the agreed ~~then~~
amount to Mr Y provided the above term of secti-
on 25(3) is fulfilled.