

★ CONSIDERATION :-

★ It is an essential element without which no contract can be enforceable. It is a price agreed to be paid by promisee for the obligation of Promisor.

★ → Quid Pro Quo - It means "something in Return"

→ A valuable consideration can either be a right, interest benefit, profit (RIP) for one party and can be loss, detriment or forbearance for the other party.

2(d)

Consideration
must be at
the desire of ①
PROMISOR ✓

Consideration may
move from ②
Promisee or any
other person

Consideration is an
act of doing ✓
(+) something ③

Consideration is
Abstinence ④
Act of not doing something

Consideration may be present, Past
or future ⑤

★ Consideration as per section 2(d) \$ Legal Rules :-

★ (1) When at the desire of the Promisor :-
(Request)

★ → Consideration must move at the desire of the P^{or}
→ Any act done at the desire of a third party is not a consideration. Ref. Case law :- Durga Prasad vs Baldeo DPB

(2) Consideration may move from promisee or any third person
(Proceed)

Ref. Case
Chinayya
vs
Ramayya

When consideration is set at the desire of the promisor
In India, it can proceed from a third person as well
who is not a party to a contract means a stranger.

★ (3) Consideration may be Past, Present or Future (PPF)

★ In order to support a promise, a past consideration must move at the request/desire of the promisor.
★ means if a service has been rendered in the past at the desire of promisor then subsequent promise is considered as a valid consideration. which shows that it was not a free service (Gratuitous)

(4) Consideration may be executed or executory →

when performance is completed it is said to be executed but when consideration is in a form of promise → executory

★ (5) Consideration need not be adequate :-

Consideration does not have to be of a particular value.

★ It should be something in return means of some value

★ But there are few exception →

(1) when the amount is shockingly less and

(2) other party says that the consent was not free.

In such scenario consideration will be inadequate.

(6) Consideration can't be for performance of something

which a person is legally bound to do → this cannot

be called consideration. Eg. money for witness = void.

★ Exception :- When promise to do something which is beyond what he is legally bound to do & it is not against public policy then it is a good consideration.

★ (7) Consideration must be Real & Not illusory →

It must be something to which law attaches some value
If it is physically impossible then it is not a consideration

(8) Consideration must not be unlawful / opposed to public policy
only consideration's presence is not enough, it should be lawful as well. It should not be immoral / unlawful & opposed to public policy.

★ DOCTRINE OF PRIVITY OF CONTRACT :-

★ General Rule :- No third party or stranger can file a suit on contract.

★ → Consideration may move from a stranger but stranger / third party cannot sue on the contract.
→ only a party to the contract can sue. ✓
This is called Doctrine of Privity of Contract.

But there are few exceptions → A person / stranger can also enforce claim in the contract

B. FAM. CAT

★ SHEET-1 : Exception to PRIVITY OF CONTRACT :- (BFAMCAT).

★ (1) In case of Trust, beneficiary can enforce his right to receive / recover money under the trust. Beneficiary can file a suit against the contracting parties although he is not a party to the contract.

★ (2) In case Family settlement, when all the terms of settlement are written down in the agreement then members who are part of the family can enforce even though they are not a party to the main contract.

★ Sheet 2 :-

★ (3) In case of Assignment, the assignee to whom the benefit has been assigned can enforce the contract but the assignment cannot be for personal skill.

★ (A)

★ (4) In case of Marriage settlement, certain agreements are made with a provision providing benefit to a person who is not a contracting party but can enforce it.

★ (M)

★ (5) In case of covenant (condition) running with the land, A contract of a land, attached with a condition, if this condition is not followed by the purchaser & it is affecting the land then successor of seller can file a suit.

★ (C)

★ Sheet 3 :-

★ (6) Acknowledgement or Estoppel :-

★ (A) When a person promises to pay off a debt of another person & he acknowledges this by his conduct as well then this would result in a binding obligation towards the third party who can enforce this contract for the claim.

(7) In case of an Agent (Trusted), the Principal can enforce

(T) the contract entered by his agent under his authority (Trust) & in the name of (P), then (P) can enforce such contract.



SECTION 25 :- w/o considⁿ contract is void.



The general rule is that an agreement made without consideration is void

(Section 25). ~~✗~~.

- In every valid contract, consideration is very important.
- A contract may only be enforceable when consideration is there.

However, the Indian Contract Act contains certain exceptions to this rule.

★ Exceptions to SEC. 25 [No consideration = No contract]

★ In the following scenarios, contract will be valid and enforceable without the consideration →

★ (1) Out of Natural Love & Affection :- When,

all ④	(a) Contract is made out of natural love & affection (b) Parties are in near relationship (c) It must be writing (d) ————— Registered.	Contract is Valid and (e).
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(2) Compensation for past voluntary services :- A promise to compensate for any past voluntary services provided to

① the promisor is valid / (e) ② ③

★ (3) Time Barred Debt:-

★ When a promise is made in writing, signed by a person or his agent to pay off a TBD, then such promise will be valid & © without consideration.

★ (4) AGENCY } No consideration is required for these special
(5) Bailment } contracts. They will be valid & ©.

(6) Completed Gift :- Gifts do not require any consideration. So any actual gift made b/w donor & donee which is written & registered will be valid & ©.

(7) Charity :- when promisee undertakes liability on the promise made by a person to contribute charity = Contract < valid & enforceable.