

OBJECTIVE QUESTIONS

- An agreement contract by a minor is absolutely void this was laid down in:
 - Mohiri Bibi v. Dharmodas Ghosh
 - Lalman v. Gauri Dutt
 - Kanhayalal v. Girdarilal
 - Mohammed Said v. Vishambhar Nath
- A patient in a lunatic asylum who is at intervals of sound mind –
 - May not contract
 - May contract
 - May contract during those intervals when he is of sound mind
 - May contract only after he becomes completely of sound mind
- A contract with or by a minor is a:
 - Valid contract
 - Void agreement
 - Voidable contract
 - Voidable contract at the opinion of either party
- The decision to Mohiri Bibee vs. Dharamdas Ghose was related to the
 - Offer and its communication
 - Acceptance and its communication
 - Undue influence
 - Capacity of a minor to enter into contract
- Which one of the following propositions relating to a minor's contract is true?
 - A minor's contract being void a minor is not bound to pay for necessities supplied to him
 - As a minor's contract is voidable he is bound to pay for necessities supplied to him
 - Though a minor's agreement is void he is bound to pay for necessities supplied to him
 - A minor is bound to pay for necessities supplied to him because a minor's contract is valid
- A property worth Rs. 25,000/- was agreed to be sold by 'X' for Rs. 8,000/-. However X's mother moves for setting aside the agreement on the proof that 'X' is a congenital "idiot". In this context which one of the following is correct ?
 - The mother will not succeed
 - The mother will succeed
 - The mother is bound to execute the agreement
 - The "idiot" can avoid the agreement
- The principle 'Restitution stops where repayment begins', can be applied against
 - An alien enemy only
 - Minors only
 - Lunatics and idiots only
 - Any incapable person
- Match List I with List II and select the correct answer :

List I

- Acceptance
- Cross offers
- Minor's agreement
- Res Extincta

List II

- Couturier v Hastie
- No contract concluded
- Must be communicated
- Void

A	B	C	D
(a) 3	4	2	1
(b) 1	3	4	2
(c) 3	2	4	1
(d) 4	2	1	3

9. Match List I (Names of decided cases) with List II (concerned topics) and select the correct answer :

List I

- A. Cundy v Lindsey
B. Harvey v Facey
C. Roberts v Gray
D. Hadley v Baxendale

List II

1. Cross offers
2. Measure of damages
3. Minor's agreement
4. Mistaken identity

A	B	C	D
(a) 3	1	4	2
(b) 2	3	4	1
(c) 4	1	3	2
(d) 4	2	3	1

10. An agreement entered into by a minor is

- (a) Valid and binding
(b) Voidable at the option of the minor
(c) Void ab initio
(d) Voidable at the option of either party

11. Mark the *incorrect* statement:

- (a) A minor cannot make a promise enforceable by law
(b) The specific performance of a contract is not possible in the case of an agreement by minor
(c) A minor's agreement is devoid of all effects except where the contract is for the benefit of minor
(d) The parents or guardian of a minor cannot contract on behalf of the minor.

12. 'There is no estoppel against a minor even if he had acted fraudulently'. The principle of estoppels cannot be applied against a minor since

- (a) He has no sound mind.
(b) He has no privilege to cheat persons by making any representation.
(c) He may be induced by dishonest traders to declare in writing that he is a major at the time of entering into a contract
(d) He has not attained the age of maturity.

13. The 'doctrine of restitution' implies that

- (a) If a minor has just unjustly enriched himself, equity demands that such property or goods be restored by the minor.
(b) If a person has unjustly enriched himself, equity demands that such property or goods be restored to a minor.

- (c) If a minor has justly enriched himself, equity demands that such property or goods should not be restored.
 (d) None of the above.
14. Competency to contract relates to:-
 (a) Age of the parties (b) Soundness of mind of the parties
 (c) Both age and soundness of mind (d) Intelligence of the parties
15. In the Nash Vs. Inman case, the issue was :
 (a) Minor's liability (b) Frustration
 (c) Fraud (d) Misrepresentation
16. An agreement with minor is void, hence:
 (a) Minor is never allowed to enforce such agreement.
 (b) Minor is allowed to enforce such agreement, if it was made for his benefit.
 (c) Minor is always allowed to enforce such agreement.
 (d) Minor is allowed to enforce such contract when other party makes no objection.
 (e) None of these
17. Which of the following statement is not correct?
 (a) Minor's agreement is void
 (b) Agreement caused by undue influence is voidable
 (c) Agreement in restraint of marriage is void
 (d) Wagering agreement is void
18. A minor is
 (a) Not liable either personally or through his estate
 (b) Capable of ratifying agreements
 (c) Liable for necessities supplied only out property
 (d) Not permitted to plead minority as defence
19. Which of the following cases is related to the issue of minority in the Contract law?
 (a) Khan Gul Vs. Lakha Singh (b) Ajudhia Prasad Vs. Chandan Lal
 (c) Mohiri Bibi Vs. Dharmodas Ghosh (d) All of the above
20. P is usually of unsound mind, but occasionally of sound mind. At one time, he becomes sound and make a contract. The contract is:
 (a) Void (b) Valid
 (c) Not enforceable by law (d) Voidable
21. Which of the following statements are true?
 I. Minor's contract can be ratified on attaining majority.
 II. Minor's contract cannot be ratified on attaining majority.
 III. Minor's contract can be ratified jointly by both the parties to the contract.
 IV. Minor is not liable under minor's contract.
 V. Minor's contract is an enforceable contract.

- (a) I and III (b) V and II
(c) II and IV (d) II and III
(e) III and V
22. In Contract Act, 1872, the Provision about minor's agreement is provided under:
(a) Section 9 (b) Section 10
(c) Section 11 (d) Section 12
23. Who is competent to contract?
(a) Person of unsound mind
(b) Person who has not attained majority
(c) Person who has been disqualified from contracting by the Court
(d) Person who has been debarred from contesting any elections
24. On attaining the age of majority, the minor's agreement
(a) Can be ratified (b) Becomes automatically valid
(c) Cannot be ratified (d) Becomes void
25. The age of majority for contract is
(a) 18 years (b) 21 years
(c) 16 years (d) 18 years for girl & 21 years for boys
26. Under Section 68 of the Indian Contract Act.
(a) The minor is personally liable
(b) Only minor's property is liable
(c) Minor personally & his property both are liable
(d) None of the above
27. Which of the following statements are true?
(i) Law of estoppel is not applicable against a minor
(ii) Minors agreement cannot be ratified after attaining majority
(iii) Minor can ratify a contract entered into on his behalf after attaining majority.
(iv) Section 64 & Section 65 are applicable to minor's agreement
(a) (i) & (ii) (b) (iii) & (iv)
(c) (ii) & (iii) (d) (i) and (iii)
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CONSIDERATION

SYNOPSIS

1. Purpose
2. Definition [S. 2(d)]
3. Charitable Promises
4. Unilateral Promises
5. Privity of Consideration
6. Privity of Contract
7. Kinds of Consideration
8. Consideration must be of some value
9. Pre-existing Contract with third party
10. Exceptions to Consideration [S. 25]

1. PURPOSE

The purpose of the doctrine of consideration is to put some legal limits on enforceability of agreements and to establish which promises should be legally enforceable. It limits the freedom of individuals to make binding legal promises, only those promises which are supported by consideration are enforceable, others are not binding, even if the promisor intends to bind himself by the promise. Among the limitations on the enforcement of promises, the requirement of consideration is described as the most fundamental. It ensures that the parties have decided to contract after deliberation, and not on impulse. It is an index of seriousness of the parties to be bound by the bargain. Consideration also serves an evidential and formal function.

The requirement of consideration is peculiar to the countries modelled on the common law system. The continental systems do not require consideration as an element of a contract, though most insist on some formality for gifts or donative promises; here contractual obligation can arise when the parties intend to create legal relations.

Difference between continental legal system and common law system

Continental Legal System	Common Law System
1. Predominates in Europe and regions colonized by France and Spain.	1. Common Law (also known as judicial precedent or judge-made law case law) is the body of law developed by judges, courts, and similar tribunals.

2. Directly traceable to the Roman law as compiled and codified under Justinian in 6th Century AD.	2. A "Common law system" is a legal system that gives great precedential weight to common law, and to the style of reasoning inherited from the English legal system.
3. Includes law of individuals, family, inheritance, property, torts, unjust enrichment.	3. Today, one third of the world's population live in common law jurisdictions or in systems mixed with civil law, including India.

2. DEFINITION

Blackstone has defined Consideration in these words: Consideration is the recompense given by the party contracting to the other." In other words, it is a price of the promise.

In the words of Pollock, "Consideration is the price for which the promise of the other is bought and the promise thus given for value is enforceable."

Justice Patterson in *Thomas Vs. Thomas*, (1842) 2 QB 851 at 859 laying down the theory of 'detriment and benefit' said that consideration means something which is of some value in the eyes of law..... It may be some benefit to the plaintiff or some detriment to the defendant.

But the most commonly accepted definition is that by Justice Lush in *Currie v Misa*. (1975) LR 10 Ex 153 at 162. "A valuable consideration in the sense of the law, may consist either in some right, interest, profit or benefit accruing to one party, or some forbearance, detriment, loss, or responsibility given, suffered or undertaken by the other".

According to Cheshire and Fifoot: The definition of consideration is a "price of the promise" it is easier to understand, it corresponds more happily to the normal exchange of promises and it emphasises the commercial character of the English contract... It reveals the essential simplicity of the concept."

Section 2(d) of the Indian Contract Act defines consideration as follows:

When, (1) at the desire of the promisor, (2) the promisee or any other person, (3) has done or abstained from doing, or does or abstains from doing or promises to do or to abstain from doing, (4) something, such act or abstinence or promise is called a consideration for the promise.

- (1) 1st part indicates that it must be at the desire of promisor. It should not be voluntary.
- (2) 2nd part of definition indicates that in India there is no doctrine of privity of consideration as opposed to provision in English law.
- (3) 3rd part of definition indicates that consideration can be of three types (a) past (b) present & (c) future consideration.
- (4) 4th part of definition indicates that it should be something in the eyes of law.

DIFFERENCE BETWEEN ENGLISH LAW AND INDIAN LAW

English Law: The contracts which are oral they must be supported by consideration. In England, law is that express contract, which is oral one, must have consideration. The contract in writing is called contract under seal and do not require consideration.

Indian Law: All types of agreement except a few require consideration. Consideration is a must in India. Sec. 10 of Indian contract Act, says that consideration is an essential ingredient for enforceability of contract, at the desire of the promisor (Promissory Estoppel)

Definition of consideration in Section 2(d) emphasises that an act or abstinence which is to be a consideration for the promise must be done or promised to be done in accordance with the desire of the promisor. Therefore, an act shall not be a good consideration for a promise unless it is done at the desire of the promisor.

In Durga Prasad v Baldeo (1880) 3 All 221. The plaintiff, on the order of the Collector of a town, built at his own expense, certain shops in a bazaar. The shops came to be occupied by the defendants who, in consideration of the plaintiff having spent money in the construction, promised to pay him a commission on articles sold through their agency in the bazaar. The plaintiff's action to recover the commission was rejected. In this case shop was constructed at the desire of collector and not at the desire of defendant.

Oldfield J said, That anything done in that way was not at the 'desire' of the defendants so as to constitute consideration. The act was the result not of the promise but of the Collector's order.

On the other hand, an act done at the promisor's desire furnishes a good consideration for his promise even though it is of no significance or personal benefit to him. (Theory of benefit and detriment rejected). The definition of consideration in sec. 2 (d) does not require that the consideration should be beneficial to one party or detrimental to the other. The decision of the Calcutta High Court in *Kedar Nath Vs. Gorie Mohd* ILR (1886) 14 Cal 64. has become well known in this connection. It was held that the act of the plaintiff in entering into contract with the contractor was done at the desire of the defendant (the promisor) so as to constitute consideration within the meaning of Section 2(d).

In England also "the law for centuries has been that an act done at the request of another, express or implied, is sufficient consideration to support a promise".

3. CHARITABLE PROMISES

The Madras High Court in *Perumal Mudaliar Vs. Sendanatha Mudaliar*, AIR 1918 Mad 311, laid down that "a promise to pay a subscription becomes enforceable as soon as any definite steps have been taken in furtherance of the object and on the faith of the promised subscription".

In *District Board of Ramnad vs. Mohd Ibrahim*, AIR 1933 Mad 524, a sum of Rs. 5,000 was promised by the defendant as a personal contribution for the purpose of constructing a bridge. He was held liable to pay the amount on the completion of the bridge. The repair of a temple was in progress. As the work proceeded, more money was required and to raise this money subscriptions were invited and a subscription list raised. The defendant put himself down on the list for Rs. 125 and it was to recover this sum that the suit was filed.

But no recovery was allowed. Nothing new was done by the promisee. The repairs were already underway.

4. UNILATERAL PROMISES

Where there is promise from one side and the other party performs the condition of promise. In a unilateral promise if one side carries out the act desired by the promisor, he can hold the promisor to his

promise. His act is at the same time an acceptance of and a consideration for the promise. Consideration in its essence is nothing else but response to such a request.

Where the promisee has done nothing, there is no consideration. Accordingly, in *Adbul Aziz Vs. Masum Ali AIR 1914 AII 22.*, the defendant promised Rs 500 to a fund, started to rebuild a mosque but nothing had been done to carry out the repairs and reconstruction. The subscriber was held not liable. In other cases it has been pointed out that a mere promise to subscribe to a charitable institution cannot be sued upon.

A promise which is given in return for an act is revocable before the promisee begins to alter his position by acting upon the promise. But can it be revoked after the promisee has commenced performance? The decision in *Kedar Nath Vs. Gorie Mohd. ILR (1886) 14 Cal 64.* suggests, that such a revocation is impossible.

Denning LJ in Errington Vs. Errington, (1952) 1 KB 290. felt, that it would be unjust if the promisor could revoke this promise at his pleasure. His Lordship said: "The father's promise was a unilateral contract – a promise of the house in return for their act of paying the instalments. It could not be revoked by him once the couple entered on performance of the act, but it would cease to bind him if they left it incomplete and unperformed".

5. DOCTRINE OF PRIVITY OF CONSIDERATION

Promisee or any other person

The act which is to constitute a consideration may be done by "the promisee or any other person".

There are two fundamental propositions of English law:

- (1) Consideration must move from the promisee and the promisee only. If it be furnished by any other person, the promisee becomes a stranger to the consideration and, therefore, cannot enforce the promise.
- (2) A contract cannot be enforced by a person who is not a party to it even though, it is made for his benefit. He is a stranger to the contract and can claim no rights under it.

The First Principle i.e. The doctrine of privity of consideration is not at all applicable in India. The first principle i.e. Section 2(d) says that, it is not necessary that consideration should be furnished by the promisee. A promise is enforceable if there is some consideration for it and it is quite immaterial whether it moves from the promisee or any other person.

In *Chinnaya Vs. Ramaya (1882) 4 Mad 137.* The defendant's promise was given to the plaintiff, but consideration was furnished by the plaintiff's sister. The court allowed the plaintiff to recover the annuity as consideration given by "any other person" is equally effective.

6. DOCTRINE OF PRIVITY OF CONTRACT

The Second Rule i.e. Privity of contract : Which means that a 'stranger to a contract cannot sue', has taken firm roots in the English Common law but the principle has been generally criticised.

In *1861 in Tweddle Vs. Atkinson 123 ER 762:1 B & S 393* the Court of Queen's Bench refused to follow this principle.

The case laid the foundation of what subsequently came to be known as the doctrine of “privity of contract”, which means that a contract is a contract between the parties only and no third person can sue upon it even if it is avowedly made for his benefit.

Indian Position: There is no provision in the Contract Act either for or against the rule of privity of contract. The Privy Council extended the rule to India in its decision in *Jamna Das Vs. Ram Autar* (1911) 30 IA 7. Lord Macnaughtan, said that the undertaking to pay back the mortgage was given by the defendant to the vendor. The mortgagee had no right to avail himself of that. He was not a party to the sale. The purchaser entered into no contract with him, and the purchaser is not personally bound to pay the mortgage debt.” The effect of the decision is that only parties to the contract can sue on the basis of contract.

But the Privy Council in *Khawaja Md Khan Vs. Hussaini Begum* (1910) 37 IA 152. “.... In India and among communities circumstanced as the Mahommedans, among whom marriages are contracted for minors by parents and guardians it might occasion serious injustice if the common law doctrine was applied to agreements or arrangements entered into in connection with such contracts.

The Supreme Court of India has expressed itself in favour of the rule in *MC Chacko Vs. State Bank of Travancore* (1969) 2 SCC 343. SHAH CJ said: It must be taken as well settled that except in the case of a beneficiary under a trust or in the case of a family arrangement, no right may be enforced by a person who is not a party to contract.

Exceptions to Doctrine of Privity of Contract - The courts have introduced a number of exceptions in which the rule of privity of contract does not prevent a person from enforcing a contract which has been made for his benefit but without his being a party to it.

1. **Beneficiaries:** A person in whose favour a charge or other interest in some specific property has been created may enforce it though he is not a party to the contract. *Khawaja Md Khan Vs. Hussaini Begum* (1910) 37 IA 152: is illustrative of this principle. An example of a trust is *Rana Uma Nath Bakhs Singh Vs. Jang Bahadur* Air 1938 PC 245. The trust may be actual or constructive. But in general the courts are slow to infer a constructive trust.
2. **Marriage settlement, partition or other family arrangements:** Where an agreement is made in connection with marriage, partition or other family arrangements and a provision is made for the benefit of a person, he may take advantage of that agreement although he is no party to it.
3. **Acknowledgement or estoppel:** Where by the terms of a contract a party is required to make a payment to a third person and he acknowledges it to that third person, a binding obligation is thereby incurred towards him. Acknowledgement may be express or implied.
4. **Covenants running with land:** The rule of privity may also be modified by the principles relating to transfer of immovable property. The principle of the famous case of *Tulk Vs. Moxhay* (1919) 88 LJ KB 861 HL, is that a person who purchases a land with notice that the owner of the land is bound by certain duties created by an agreement or covenant affecting the land, shall be bound by them although he was not a party to the agreement.

7. KINDS OF CONSIDERATION

Under the Indian Contract Act there are three kinds of consideration, viz. Past, Present and Future

considerations.

When, in return for the promise, the promisee or any other person:

- (a) has done or abstained from doing; (Past Consideration)
- (b) does or abstains from doing; (Present Consideration)
- (c) promises to do or to abstain from doing; (Future Consideration)

(a) Past consideration : The Indian Contract Act recognises past consideration, which means that the consideration for any promise was given earlier and the promise is made thereafter. But it is, necessary that at the time the consideration was given that must have been done at the desire of the promisor. The word "has done or abstained from doing", according to Pollock and Mulla, "declare the law to be that an act done by A at B's request, without any contemporaneous promise from B, may be consideration for a subsequent promise from B to A."

Voluntarily: The Indian Contract Act recognises only such consideration which has been given at the desire of the promisor. If consideration has been given voluntarily, it is no consideration. Rendering of such voluntarily services does not constitute valid consideration to support the promise. However, sec. 25(2) of the Indian Contract Act, contains an exception to the rule that an agreement without consideration is void. The Provision is as under:

[According to Sec. 25 Clause(2)]. It is a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, or something which the promisor was legally compellable to do."

The point may be further explained by the following illustrations:-

- (i) A finds B's purse and gives it to him. B promises to give A Rs. 50. This is a contract: (illustration (c) to sec. 25)
- (ii) A supports B's infant son. B promises to pay A's expenses in so doing. This is a contract. (illustration (d) to sec. 25)

Past consideration: English law: According to English law past consideration is no consideration. A promise in lieu of a past act is deemed to be only expression of gratitude for the benefit already received. The case of *Re Mc-Ardle (1951) 1 All E.R. 905*, explains the point. The Court of Appeal held that since the expenditure had been incurred before the document was signed, the consideration was past and therefore the promise could not be enforced.

At the promisor's request: Past consideration though given prior to the promise, but at the request of the promisor, is deemed to be a good consideration. It is deemed that when the previous request was made the promisor had in mind his promise which he expressed afterwards. The previous request and the subsequent promise are not considered to be independent of one another but part of the same transaction. In *Lampleigh vs. Brathwait (1615) Hob. 105*. Thomas Brathwait, the defendant, who was held guilty of having committed a murder, requested Lampleigh, the plaintiff, to make efforts to obtain pardon for him from the King. The plaintiff made efforts to secure the pardon, going from one place to another, at his own expense. In consideration of these efforts the defendant promised to pay £ 100 to the plaintiff. It was held that the plaintiff had a right to enforce the promise and recover the said

amount because for this promise the consideration, in the form of efforts by the plaintiff to obtain the pardon, had been there at the earlier request of the defendant.

Difference Between English and Indian Law: There is not much difference between Indian and English Law. Indian law recognise past consideration, when the same has been given "at the desire of the promisor." English law although as a general rule does not recognize an act done before the promise is made, however there also it means that an act done at the instance of the promisor even before the promise is made, constitutes a good consideration for the promise. Past act done voluntary is no consideration whether in India or England. In India, however, such a promise in lieu of the past voluntary act of a promises under sec. 25(2) which declares such an agreement valid even if it is without any consideration. There is no such provision in English Law.

(b) Present Consideration : When one of the parties to the contract has performed his part of the promise, which constitutes the consideration for the promise by the other side it is known as executed consideration. Performance of the promise by the other side is the only thing now to be done.

Executed consideration may be distinguished from past consideration. In executed consideration, the consideration is provided simultaneously along with the making of the contract. Past consideration always consists of an act done without any promise. Executed consideration means an act which has been done in response to a positive promise.

(c) Executory Consideration (or Future Consideration): Consideration may consist of an act which is only promised to be done at some future time. There may be a simple exchange of promises and each promise is a consideration for the other eg., A agrees to sell and B to buy a quantity of goods at a stated price. In other words, A has promised to sell and B has promised to pay. Until the goods are actually delivered to B under the contract, the consideration is executory.

8. CONSIDERATION MUST BE OF SOME VALUE

English common law has always insisted that "consideration must be of some value in the eyes of the law". *White Vs. Bluett (1853) 23 Ex 36*. Here, a father, who gave less property to one of his sons, and was persistently troubled by that son, promised to release him from an outstanding loan if he stopped complaining. Pollock said: "It would be ridiculous to suppose that such promises could be binding. In reality there was no consideration whatever."

In India, Subba Rao J in *Chidambara Vs. P S Renga, AIR 1965 SC 193 at 197* has said that consideration "shall be 'something' which not only the parties regard but the law can also regard as having some value." It must be real and not illusory, whether adequate or not.... So long as the consideration is not unreal it is sufficient if it be of slight value only. But the courts have been very liberal in this respect and have always tried to find value in something to which parties attach value.

Need not to be Adequate [Inadequate Consideration is not void]

It is however, not necessary that consideration should be adequate to the promise. The adequacy of the consideration is for the parties to consider at the time of making the agreement, not for the court when it is sought to be enforced." This is the English rule and is applicable in India also, for the Explanation 2 attached to Section 25 lays it down so clearly that "an agreement to which the consent of the promisor

is freely given is not void merely because the consideration is inadequate". This is further fortified by illustration (f) to the section which is as follows:

A agrees to sell a horse worth Rs 1000 for Rs 10. A's consent to the agreement was freely given. The agreement is a contract notwithstanding the inadequacy of the consideration.

However, the Act provides in Explanation 2 to Section 25 that "the inadequacy of consideration may be taken into account by the court in determining the question whether the consent of promisor was freely given". Illustration (g) to the section explains this:

A agrees to sell a horse worth Rs 1000 for Rs. 10. A denies that his consent to the agreement was freely given. The inadequacy of the consideration is a fact which the court should take into account in considering whether or not A's consent was freely given.

The "inadequacy of consideration may in circumstances suggest fraud, coercion, mistake and such like".

Forbearance to sue has always been regarded as valuable consideration. 'Forbearance to sue' means that the plaintiff has a right of action against the defendant or any other person and on a promise by the defendant he refrains from bringing the action.

The compromise of doubtful rights has also been regarded as sufficient consideration for an agreement. But there must be a bona fide claim and not merely one which is set up frivolously or vexatiously. A claim set up on the basis of a false or forged document/ claim will cannot sustain an agreement.

There can be no real forbearance unless the claim is immediately due. Compromise of a pending suit is a good consideration for the agreement of compromise. But here also it is essential that the dispute should be bona fide.

Legal Obligations: Consideration must be something more than what the promisee is already bound to do. A person may be bound to do something by law or by contract. "Performance of a legal duty is no consideration for a promise." However, *England Vs. Davidson* (1840) 11 LJ QB 287 and *Glassbrook Brothers Ltd Vs. Glamorgan County Council* [1925] AC 270 says that services rendered outside the scope of official obligations is good consideration. In *Williams Vs. Williams* (1957) 1 WLR 148, Denning LJ said: "A promise to perform an existing duty is, I think, sufficient consideration to support a promise, so long as there is nothing in the transaction which is contrary to the public interest".

Contractual obligations: Compliance with legal obligations imposed by a contract with the promisor can be no consideration for a promise. In *Ramchandra Chintaman Vs. Kalu Raju*. (1877) 2 Bom 362. Westroppe CJ said that "The plaintiff, was already bound to render his best service. There was no fresh consideration proceeding from the plaintiff when he obtained the agreement." Where conditions have arisen under which a party is entitled to refuse to go ahead with his contract, a promise to pay him extra if he will not do so is valid.

A promise to pay less than what is due under a contract cannot be regarded as a consideration. This rule was laid down in the *Pinnel case* (1602) 5 Co Rep 117a.

The rule was unanimously affirmed by the House of Lords in *Foakes vs. Beer*. (1884) 9 AppCas 605. A promise to pay more than the sum due under an existing contract may be equally void.

EXCEPTIONS TO THE RULE

- (1) Part-payment by a third party may be a good consideration for the discharge of the whole of the debt.
- (2) Payment of a lesser sum is a good satisfaction for a larger sum where this is done in pursuance of an agreement of compromise entered into by the debtor with his creditors.
- (3) Payment of a lesser sum before time, or in a different mode, or at a different place than appointed in the original contract or "the gift of a horse, hawk or robe, etc in satisfaction is good."
- (4) **Promissory estoppel** : Bowen LJ in *Birmingham and District Land Co Vs. L & NW Ry. Co* (1888) 40 Ch D 268 at 286. If persons who have contractual rights against others induce by their conduct those against whom they have such rights to believe that such rights will either not be enforced or will be kept in suspense or abeyance for some particular time, those persons will not be allowed by a Court of Equity to enforce the rights until such time has elapsed...

The Contract Act in Section 63 clearly provides that "every promisee may dispense with or remit, wholly or in part, the performance of the promise made to him, or may extend the time for such performance, or may accept instead of it any satisfaction which he thinks fit". The section has the following illustrations of Section 63:

- (b) A owes B 5000 rupees. A pays to B and B accepts, in satisfaction of the whole debt, 2000 rupees paid at the time and place at which the 5000 rupees were payable. The whole debt is discharged.
- (c) A owes B 5000 rupees. C pays to B 1000 rupees, and B accepts them, in satisfaction of his claim on A. This payment is discharge of the whole claim.
- (d) A owes B under a contract, a sum of money, the amount of which has not been ascertained. A, without ascertaining the amount gives to B and B in satisfaction thereof, accepts the sum of 2000 rupees. This is a discharge of the whole debt whatever may be its amount.
- (e) A owes B 2000 rupees, and is also indebted to other creditors. A makes an arrangement with his creditors, including B, to pay them a composition of eight annas in the rupee upon their respective demands. Payment to B of 1000 rupees is a discharge of B's demand.

9. PRE-EXISTING CONTRACT WITH THIRD PARTY

In *Shadwell Vs. Shadwell* 1860 9CB (NS) 159 The plaintiff was already engaged to be married to a girl, named Ellen Nicholl. His uncle, the defendant, sent him the following letter : 'I am glad to hear of your intended marriage with Ellen Nicholl; and, as I promised to assist you at starting, I am happy to tell you that I will pay to you \$ 150 yearly during my life, and until your annual income derived from your profession of a Chancery barrister shall amount to 600 guineas.

The Question was what was the consideration for the uncle's promise? ERLE CJ found sufficient consideration to sustain the promise. The promise of the annuity might have been intended as an inducement to the marriage. "The plaintiff may have made the most material changes in his position.... and have incurred

pecuniary liabilities resulting in embarrassments, which could be in every sense a loss, if the income which had been promised should be withheld."

The principle has been followed in India by the High Court of Madhya Pradesh in *Gopal Co Ltd Vs. Hazarilal Co. AIR 1963 MP 37*. The court said: "it appears that the second agreement brings into existence a new contract between different parties and therefore a promise to do a thing which the promisee is already bound to do under a contract with a third party can be good consideration to support a contract."

10. EXCEPTIONS TO CONSIDERATION

Contracts under Seal.- In English law a contract under seal is enforceable without consideration. A contract under seal means a contract which is in writing and which is "signed, sealed and delivered".

Exceptions under S. 25. - Indian law, however, does not recognise any such exception. But Section 25 of the Contract Act lays down a few exceptions.

S. 25: Agreement without consideration void, unless it is in writing and registered, or is a promise to compensate for something done, or is a promise to pay a debt barred by limitation law.-- An agreement made without consideration is void, unless -

- (1) It is expressed in writing and registered under the law for the time being in force for registration of [documents], and is made on account of natural love and affection between parties standing in a near relation to each other; or unless
- (2) It is a promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor, or something which the promisor was legally compellable to do; or unless
- (3) It is a promise, made in writing and signed by the person to be charged therewith or by his agent generally or specially authorised in that behalf, to pay wholly or in part a debt of which the creditor might have enforcement payment but for the law for the limitation of suits.

In any of these cases, such an agreement is a contract.

Illustrations

- (a) A promises, for no consideration, to give to B Rs. 1000. This is a void agreement.
- (b) A, for natural love and affection, promises to give his son, B Rs. 1000. A puts his promise to B into writing and registers it. This is a contract.
- (c) A finds B's purse and gives it to him. B promises to give A Rs. 50. This is a contract.
- (d) A supports B's infant son. B promises to pay A's expenses in so doing. This is a contract.
- (e) A owes B Rs. 1000, but the debt is barred by the Limitation Act. A signs a written promise to pay B Rs. 500 on account of the debt. This is a contract.
- (f) A agrees to sell a horse worth Rs. 1000 for Rs. 10. A's consent to the agreement was freely given. The agreement is a contract notwithstanding the inadequacy of the consideration.
- (g) A agrees to sell a horse worth Rs. 1000 for Rs. 10. A denies that his consent to the agreement was freely given.

The inadequacy of the consideration is a fact which the Court should take into account in considering whether or not A's consent was freely given.

1. Natural Love and Affection

A written and registered agreement based on natural love and affection between near relatives is enforceable without consideration. Who is a near relative? The Act provides no guidance, nor has the expression been judicially construed. What is meant by natural love and affection? There is always some degree of instinctive love and affection between parties nearly related. But this instinct may sometimes be overruled by external circumstances. In *Rajlukhy Dabee Vs. Bhootnath Mookerjee* (1900) 4 Cal WN 488. The defendant promised to pay his wife a fixed sum of money every month for her separate residence and maintenance. The agreement was contained in a registered document which mentioned certain quarrels and disagreements between the two. The Calcutta High Court refused to regard the agreement as one covered by the exception as the Court could find no trace of love and affection between the parties whose quarrels had compelled them to separate.

2. Past Voluntary Service

A promise to compensate wholly or in part, a person who has already voluntarily done something for the promisor, is enforceable. In other words, a promise to pay for a past voluntary service is binding. It is necessary to attract this exception that the service should have been rendered voluntarily and also for the promisor. A promise made after attaining majority to pay for goods supplied to the promisor during minority has been held to be within the exception.

The Bombay High Court had held in *Sindha Shri Ganpatsingji Vs. Abraham* ILR (1896) 20 BOM 755 that "services rendered at the desire of the minor expressed during his minority and continued at the same request after his majority form a good consideration for a subsequent express promise by him in favour of the person who rendered the services".

Where the promisee has done something for the promisor 'which the promisor was legally compellable to do'. A subsequent promise to pay for the act is enforceable.

3. Time-barred debt

A promise to pay a time-barred debt is enforceable. The promise should be in writing. It should also be signed by the promisor or "by his agent generally or specially authorised in that behalf". The promise may be to pay the whole or any part of the debt. The debt must be such "of which the creditor might have enforced payment but for the law for the limitation of suits".

In *Pestonji Vs. Bai Meherbai* (1982) 30 Bom. L.R. 1407 the Bombay High Court has expressed the view that under this exception the promise should be to pay time barred debt due from the promisor and not to promise to pay time-barred debts due from other persons. The Madras High Court however, has expressed a different view in *Govinda Nair Vs. Achutan Nair* A.I.R. 1940 Mad. 678 and has held that the words "by the person to be charged therewith" are wide enough to cover the case of a person who agrees to become liable for the payment of a debt due by another and need not be limited to the person who was indebted from the beginning. The view expressed by the Bombay High Court appears

to be better because the intention of the legislature appears to be to permit enforcement of a certain agreement even though time-barred if the promisor prefers to revive the same by a fresh promise in writing.

Wholly or in part

Sec. 25(3) permits a promisor to pay wholly or in part a time-barred debt. If a person promises to pay a portion of a time-barred debt, he can be sued for that portion alone and not for the whole debt. If however, the promise to pay the whole debt is there then the whole of the amount can be claimed.

Express promise

The promise to pay the time-barred debt must be an express one and cannot be held to be sufficient if the intention to pay is unexpressed and has to be gathered from a number of circumstances.

Sec. 25 (3) requires an express promise to pay a time-barred debt rather than a mere acknowledgment of the debt. A receipt is executed by the debtor merely stating the amount is not covered by Sec. 25 (3). Similarly, when there is a settlement of accounts after the entire debt has become time barred, the "account stated" will not furnish a fresh cause of action unless there is an express promise to pay that amount.

In *Tulsi Ram Vs. Same Singh A.I.R. 1981 Delhi 165*. It was held that the words simply mean an acknowledgment about the existence of the pronote, and there were no words stating that the defendant intended to pay or promised to pay the time-barred debt.

It has been held in *Debi Prasad Vs. Bhagwati Prasad A.I.R. 1943 All, 63* that when the acknowledgment (of the time-barred debt) is coupled with an agreement to pay interest, it cannot be regarded as a mere acknowledgement and it should be regarded as an agreement with a promise to pay (the debt) within the meaning of sec.25(3)

In *Bishambhar Dyal Vs. Vishwanath A.I.R. 1985 All 12*. It has been held that when there is express promise to pay a certain amount in a promissory note, which is executed in lieu of a time barred debt the same is enforceable. It was further held that for the validity of such a promise it is immaterial that the said promissory note does not expressly mention that this was in lieu of a time-barred debt or even that while executing the promissory note the defendants were not conscious of the fact that the debt had become barred by limitation.

Acknowledgment of debt under Section 18 of Limitation Act, 1963 implies promise under Section 25(3) of Contract Act 1972?

Recently Delhi High Court in *SBI vs Kanhaiya La (2015 DHC)* ruled that written acknowledgment of debt, thereby confirming the debt amount can be treated as promise to pay a time barred debt under Section 25(3) of Indian Contract Act and not mere acknowledgment of debt under Section 18 of Limitation Act. Section 18 of Limitation Act stipulates that period of limitation is extended in the event of an acknowledgment of liability made by the debtor before the expiration of the period of limitation to initiate recovery process. Under Section 25(3); Indian Contract Act, a promise made after the expiry of period of limitation. Both the provisions of law

Past Consideration mean consideration before promise.

There is difference b/w English Law & Indian Law

Indian Law

Past Consideration is valid consideration
'Has done' u/s 2(d) but doesn't fall u/s 2(d) if
we consider the aspect that it is not done at
the desire of promisor'

It can be valid under Indian Law in 2 conditions.

At request
"at the desire
of promisor"

It is covered under
exception u/s 25(2).



Illus.C: Consideration.

A finds B's purse & gives it to him. B makes a promise to pay Rs.50.

(2) Voluntary Past Act doesn't constitute consideration
[Valid Contract] "has done"
shows that the past act is not too remote. [S.2(d)]

Executory consideration: It consists of simple exchange of promises & each promise is a consideration for the other promise. Both promises are to be performed.

Ex.

A	Promises to sell	B
		
A	Promises to pay	B
		

Executed Consideration

VS.

Performance done on behalf

of the person (after)

[Executed Consideration]

Executed Consideration + Unilateral Promise = Contract

Privity of Contract Vs. Privity of Consideration
 (only party to contract can sue on basis of contract) (no third person can give consideration)

There are two essential principles of English Law

Principles	India	English
Privity of Consideration	(×) Sec. 2(d)	(✓) Dutton vs. Poole
Privity of contract	(✓) M.C. Chako vs. State Bank of Travancore	(✓) Tweddle vs. Atkinson Dunlop Pneumatic Tyre vs. Selfridge & Co.

OBLIGATION

	Already bound to do (no consideration required)	Something Extra is valid consideration	Case Name
Legal	Police to give protection by mobile force	to billet police	Glass Brook Brother vs. Glamorgan country council
	Mother to look after child	Well looked after	Ward vs. Byham
	Police to collect information to investigate	Traffic Police CRPF, BSF	England vs. Davidson
Contratual	To work the ship home	Service rendered in emergency	Stilk vs. Myrick
	To work as sailor seaman	Worked during war also	Listen vs. Owners of Carpathian

SUBJECTIVE QUESTIONS

1. What are the essential requirements of consideration under Indian Contract Act? Is an agreement without consideration void? Are there some exceptions to this general Rule? Discuss. [DJS 2000]
2. An administrator of estate agreed to pay X his share of the estate if X would give a promissory note for portion of a time-barred debt claimed by A from him. X executed a promissory note in favour of A and then gave it to administrator and received his share of estate. A sued X on the promissory note. X pleads it was without consideration. Who will succeed? Decide. [DJS 1996]
3. Discuss the law relating to Privity of Contract in English and Indian Law with its qualified exceptions. Discuss relevant case laws? [HJS 2011]

4. How far is it true that an agreement without consideration is void? [HJS 2003]
5. Discuss the doctrine of consideration under the Indian Contract Act. [HJS 2000]
6. A owes Rs. 2000/- to B but the debt is barred by Limitation Act, A signs written promise to pay B Rs. 1,000 on account of debt. Is it a valid contract? Refer relevant provision of the Contract Act. [HJS 2000]
7. Define consideration. Discuss that consideration and objects which are unlawful under the Indian Contract Act, 1872? [HJS 1984]
8. Can a contract be made without consideration? If so, when? [RJS 1991]
9. What is the relevance of consideration to the validity and performance of a contract? Indicate the different types of considerations supported by instances. In what circumstances can a valid agreement be made without consideration. [RJS 1080]
10. Comment on: A stranger to a consideration as well as a stranger to a contract cannot sue. [RJS 1971]
11. "A contract cannot be enforced by a person who is not a party to it even though it is made for his benefit." Discuss the above statement and refer to relevant decided cases and point out the exceptions to this rule. [BJS 2014]
12. The two fundamental propositions of English law are 'privity of consideration' and 'privity of contract'. Elaborate the two principles and their acceptability in India. [BJS 2011]
13. "Inadequacy of consideration is immaterial, but its absence is fatal to the validity of a contract." Comment. [BJS 1987]
14. "Though consideration need not be adequate, it must be real. It must be something which is of some value in the eye of the law." Briefly examine the above statement. Give decided cases in support of your answer. [BJS 1984]
15. Explain the concept of stranger to a consideration and stranger to a contract. Bring out the differences if any in the concept under Indian Law and English Law. Refer to leading case laws. What are the exceptions to the rule that a stranger to a contract cannot sue upon it? [BJS 1980]
16. Make a careful appraisal of the full import of the Doctrine of Consideration in the Law of Contract and discuss its nature and importance. Refer to at least two leading cases on the subject. [BJS 1979]
17. X transfers some property to Z and Z agrees to pay Rs. 500 per month to the aged mother of X during her life time. X dies after making this agreement. Z refuses to pay any amount to the mother of X. What are the rights of the old lady against Z? [BJS 1979]
18. Define 'Consideration' according to the Indian Contract Act, and bring out the difference if any, between the concept of consideration under Indian Law and the concept of consideration in English Law. Examine also, the proposition: 'Past consideration is no consideration at all' with particular reference to India Law. [BJS 1978]
19. 'Consideration may be executed or executory but not past'. Elucidate the statement by referring to English and Indian Law. [BJS 1977]

20. Analyse the definition of consideration given in the Contract Act. Explain its main elements with the help of decided cases. [OJS 2014]
21. A agrees to sell a car worth Rs. 5,00,000 for Rs. 50. A's consent to the agreement was freely given. Explain this problem with reference to the rules of consideration. [OJS 2014]
22. Analyse the definition of consideration given in Section 2(d) of the Contract Act and explain its main elements with reference to decided cases. Whether a resident's promise to subscribe a sum of money for construction of a sports complex by a Residents Welfare Association can be enforced by law? [OJS 2010]
23. 'A' transferred his house worth Rs.50,000/-to his girlfriend with love and affection-without consideration. The transaction is in writing and registered. Is the transaction valid? [OJS 1986]
24. (a) Define 'consideration' and explain the rule that 'agreement without consideration is void'.
(b) By a written and registered document, A promises to give his wife B, a sum of Rs. 50,000 for the construction of a house. A and B were married for the last several years and A had natural love and affection for his wife. Subsequently, to advance the money B sues A. Decide giving reasons. [OJS 1981]
25. "No person can acquire rights under a contract to which he is not a party" - Explain this rule of English law and point out whether this rule is recognized and followed in India. [OJS 1981]
26. "Past consideration is no consideration". Discuss. [OJS 1975]
27. "A contract cannot be enforced by a person who is not party to it, even though it is made for his benefit." Explain and point out the exceptions to this rule. [JJS 2014]
28. 'A' out of natural love and affection promises to pay his son Rs. 10,000. He puts promise in writing and registers it. How far is the contract valid? [JJS 2014]
29. Privity of contract. [JJS 2001]
30. What is consideration? Discuss what considerations and objects of an agreement are lawful, and what not? [MPJS 2011]
31. Define 'Consideration'. State the exceptions to the rule. [MPJS 2006]
32. "Out of a naked pack no cause of action arises". Explain, referring to the essentials of consideration under the Indian Contract Act, 1872. [HPJS 2010]
33. A contract is a private relationship between the parties who make it and no other person can acquire rights or incur liabilities under it. Explain. [PJS 2012]
34. "Consideration must move from the promises only". Does this rule of English law apply in India? [UJS 2002]
35. 'An agreement without consideration is void'. Explain what are the exceptions to this rule?
[UPJS 2012, JJS-2014, PJS-2007, UPJ-2016, IAS 2016]
36. "Subject to certain exceptions, an agreement without consideration is 'nudum pactum' and is also void." Discuss. [UPJS 2006]
37. "Strangers to a contract can not sue." Discuss and point out the exceptions to the rule. [UPJS 2003]
38. What do you mean by consideration? Is an agreement made without consideration valid? [UPJS 1997]
39. A owes Rs. 2000 to B but the debt is barred by Limitation Act. A signs a written promise to pay B Rs. 1000 on account of debt. Is it a valid contract? Refer to relevant provisions of Contract Act. [UPJS 1992]

40. Define consideration and state the circumstances in which an agreement made without consideration is valid. Explain with illustration. [UPJS 1992]
41. A contract is a private relationship between the parties who make it and no other person can acquire rights or incur liabilities under it? Explain. [UPJS 1991]
42. What are the essential requirements of Consideration under the Indian Contract Act? Is an agreement without consideration void? Are there some exceptions to this general Rule? Please discuss. [UPJS 2000]
43. An administrator of estate agreed to pay X his share of the estate if X would give a promissory note for portion of a time-barred debt claimed by A from him. X executed a promissory note in favour of A, gave it to administrator and received his share of estate. A sued X on the promissory note. X pleads it was without consideration. Who will succeed? Decide. [UPJS 1996]
44. "Privity of contract is no longer a rule but only an exception." Explain in the context of modern transactions. [IAS 2013]
45. "A contract can not be enforced by a person who is not a party to it though it is made for his benefit. He is a stranger to the contract and can claim no rights under it." Examine the above statement in the light of judicial pronouncement stating the exceptions thereto. [IAS 2007]
46. "Insufficiency of consideration is immaterial but an agreement without consideration is void." Comment. [IAS 2006]
47. "An act done at the promisor's desire furnishes a good consideration for his promise even though it is of no significance or personal benefit to him." Discuss. [IAS 2001]
48. What are the exceptions to the principle that the contractual benefits or obligations are confined to the parties to the contract? [IAS 2000]
49. "The general rule undoubtedly is that no third person can sue or be sued on contract to which he is not a party; but at bottom that is only a rule of procedure. It goes to the form of remedy, not to the underlying right." Critically comment on the principle of privity of contract in the light of the above statement and state whether you agree with this statement. [IAS 1999]
50. Consideration need not be adequate, but it must be real or valuable.' Explain. [IAS 1990]
51. Define and explain the importance of consideration in the formation of a valid contract. Is it possible to have a valid contract without consideration? Discuss it with the circumstances in which absence of consideration will not affect the contract. [BJS 2016]
52. What are the exceptions to the rule of "No consideration. No contract" ? [GJS 2017]
53. What is lawful consideration? When would the consideration or object of an agreement be unlawful? [MP J. 2015]
54. "An agreement without consideration is void". What are the exceptions to this rule? Discuss. [UPJS, IAS 2016]

'A' owes Rs 10,000 to B but the debt is barred by the Limitation Act, A signs a written promise to pay 'B' Rs 5,000 on account of debt. Is it valid contract? Refer to relevant provisions of the Contract Act.

55. (a) What do you mean by 'Privity of Contract'?
- (b) In a Contract between A and B some benefit has been conferred upon C. In failure of getting that benefit can C, file a suit?
- (c) A Promises to give his Watch to B and a consideration of Rs. 2000 for the same is given to A by M and not by B.
- Is it a Valid Contract? [WBJS 2016]
56. "A stranger to a contract has no rights in the Law of Contract." Explaining the statement, mention its exceptions which have been given under Indian Contract Act, 1872. [UKJS 2014]

OBJECTIVE QUESTIONS

1. Which of the statements as to consideration is not correct:
 - (a) It may be past also
 - (b) It need not be adequate
 - (c) Stranger to it cannot sue
 - (d) It must be real
2. An agreement without consideration will be –
 - (a) Voidable
 - (b) Void
 - (c) Illegal
 - (d) Inoperative
3. A sells and delivers goods to B, C afterwards without consideration, agrees to pay for them in default of B:
 - (a) The agreement is valid
 - (b) Agreement is void (as it is a guarantee, and no guarantee for debts already incurred)
 - (c) Agreement is voidable
 - (d) C has no right to agree
4. Which of the following is correct?
 - (a) Past consideration is no consideration
 - (b) Consideration can be past, present or future
 - (c) Consideration can only be present
 - (d) Consideration can only be future
5. Which of the following is the correct meaning of the "privity of contract" principle?
 - (a) Parties must maintain the privity of contract
 - (b) Main objective of the contract must be maintained
 - (c) Only parties to the contract may sue on it
 - (d) Only the parties know in which circumstances the contract was made
6. A agrees to sell a horse worth Rs. 1,000 for Rs. 10. A's consent to the agreement was freely given. The agreement is:
 - (a) Voidable
 - (b) Void
 - (c) Contract
 - (d) Illegal
7. 'A' promises to maintain 'B's child. 'B' promises to pay 'A' Rs. 1,000 yearly for the purpose. the consideration is:
 - (a) Lawful
 - (b) Unlawful
 - (c) No consideration
 - (d) None of these

8. Ex nudo pacto non oritur actio, means:
- A stranger to the contract cannot sue
 - An agreement without consideration is void
 - An agreement based on natural love and affections
 - All the above
9. "Past consideration is no consideration." This statement is:
- Correct under Indian Law of Contract
 - Correct under English Law of Contract
 - Correct both under Indian and English Law of Contract
 - Not correct under both, Indian and English Law of Contract
10. Every agreement, of which the object or consideration is unlawful, is:
- Void
 - Voidable
 - Illegal
 - Unfair
11. Consideration may be:
- Present or past or future
 - Present or future
 - Present or past
 - Past or future
12. The doctrine of privity of contract means that
- A contract is a private affairs between the parties
 - Consideration can be supplied only by the parties to contract
 - The contract can be enforced only by a civil and private action
 - Only parties to contract can sue and be sued upon the contract
13. Inadequacy of consideration is relevant in determining the question of
- Fraud
 - Misrepresentation
 - Undue influence
 - Free consent
14. Consideration is
1. A motive for any promise
 2. A price for any promise
 3. Only a moral obligation
 4. Something of value in the eye of law.
- Of these statements
- 1, 2 and 3 are correct
 - 1 and 4 are correct
 - 2 and 4 are correct
 - 3 alone is correct.
15. A daughter promises to give maintenance to her uncle in consideration of her mother making a gift of certain properties to her. The daughter pleads lack of consideration when the uncle seeks to enforce the contract. She says that the uncle is a stranger to the consideration and so he cannot enforce the contract. The daughter
- Will succeed because the uncle being a stranger to the consideration cannot enforce it.
 - Will not succeed because the uncle is a near relation and in such cases consideration is not necessary
 - Cannot succeed because according to the Indian Contract Act consideration might move from any person
 - Will succeed because the uncle is a stranger to contract.

16. The mother owned Rs. 10,000 to her daughter. But the Limitation Act has barred this debt. The mother signs a written promise to pay Rs. 3,000 on account of the debt. In his case which one of the following is correct?
- There is no contract as the debt is already barred by limitation and so it cannot be revived by a subsequent promise
 - There is no contract because the mother has promised to give only a part of the debt
 - This is a contract because there is a natural love and affection relation and the promise is in writing and signed
 - This is enforceable against the mother because such a promise is valid and binding under the Indian Contract Act.
17. Nudum Pactum means
- Without consideration
 - Invalid contract
 - Void contract
 - Voidable contract
18. Assertion (A) : A stranger to a contract can not enforce the contract.
Reason (R) : He is not party to contract and can not take benefit.
Codes:
- (A) and (R) both are true and (R) is correct explanation of (A).
 - (A) and (R) both are true, but (R) is not the correct explanation of (A).
 - (A) is true, but (R) is false.
 - (A) is false, but (R) is true.
19. Assertion (A) : Agreement without consideration is void:
Reason (R) : Consideration may be given by promisee or any other person.
Codes:
- (A) and (R) both are true and (R) is the correct explanation of (A).
 - (A) and (R) both are true, but (R) is not correct explanation of (A).
 - (A) is true, but (R) is false.
 - (A) is false, but (R) is true.
20. A, for natural love and affection, promises to give his son, B, Rs. 1,000. A puts his promise to B in writing and registers. This is a
- Contract
 - Voidable contract
 - Void contract
 - None of the above
21. Consider the following statements and point out which of them is correct?
- An agreement made without consideration is void.
 - Consideration should have value in the eye of law.
 - Consideration has to be adequate.
- 1, 2 and 3
 - 1 and 2
 - 1 and 3
 - 2 and 3