

CONSIDERATION

Consideration means something in return; it is the price for which the promise of the other is bought. It must result in a benefit to the promisor and/or a detriment to the promisee or both.

Sec. 2 (d) defines it as follows:

"When at the desire of the promisor, the promisee or any other person has done or abstained from doing, or does or abstains from doing something, such act or abstinence or promise is called a consideration for the promise."

Legal rules as to consideration.

1. It must move at the desire of the promisor.
2. It may move from the promisee or any other person.
3. It may be an act, abstinence of forbearance or a return promise.
4. It may be past, present or future.
5. It need not be adequate.
6. It must be real and not illusory.
7. It must not be something which the promisor is already legally or contractually bound to do.
8. It must not be illegal, immoral or opposed to public policy.

Stranger to contract.

The general rule is that only parties to a contract may sue on that contract. The rule is known as "Doctrine of Privity of contract".

The doctrine of implies that

1. A person who is not a party to a contract cannot sue upon it even though the contract is for his benefit and he provided consideration
2. A contract cannot confer rights or impose obligations arising under it on any person other than parties to it.

The following are the exceptions:

- 1) a trust or charge is created in some specific immovable property in favour of him;
- 2) a provision is made in a marriage settlement, partition or family arrangement for his benefit;
- 3) there is an acknowledgment of a liability by the promisor or the promisor constitutes himself as agent;
- 4) he is the assignee of rights and benefits under a contract not involving personal skill;
- 5) he enters into a contract through an agent; and
- 6) there are covenants running with the land.

Exceptions to Consideration:

The following are the exceptions to this rule. i.e. no consideration is required in case of

- (1) A written and registered agreement based on natural love and affection between parties standing in a near relation to each other
- (2) A promise to compensate, wholly or in part, a person who has already voluntarily done something for the promisor
- (3) A promise by a debtor to pay a time-barred debt if it is made in writing and is signed by the debtor or by his agent;
- (4) An agency;
- (5) A completed gift
- (6) Charitable subscription where the promise on the strength of promise makes commitments