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Subject

Law of Contract → Unit 2. Consideration

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Ques 1. In the provisions of Indian Contract Act, 1872 as contained in section 2(d) and on the principle 'privity of consideration'. Consideration is one of the essential elements to make a contract valid and it can flow from the promisee or any other person. In view of the clear language used in definition of consideration in section 2(d), it is not necessary that consideration should be furnished by the promisee only. 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. The leading authority in the decision of the Chinnaya vs. Ramayya, held that the consideration can legitimately move from a third party and it is an accepted principle of law in India. In the given problem, Mr. Mohanlal has entered into a contract with Mr. Chotelal but Mr. Chotelal has not given any consideration to Mr. Mohanlal but the consideration did flow from Mohanlal to Mr. Mohanlal on the behalf of Mr. Chotelal and such consideration from third party is sufficient to enforce the promise of Mr. Mohanlal to allow Mr. Chotelal to use 1 acre of land. Further the deed of sale and the promise made by Mr. Mohanlal to Mr. Chotelal to allow the

use of 1 acre of land were executed simultaneously and therefore they should be regarded as one transaction and there was sufficient consideration for it. Moreover it is provided in the law that "in case covenant running with the land, where a person purchase land with notice that the owner of the land is bound by certain duties affecting land, the covenant affecting the land may be enforced by the successor of the seller."

In such a case, third party to a contract can file the suit although it has not moved the consideration.

Hence, Mr. Chotalal is entitled to file a petition against Mr. Mohanlal for execution of contract.

Ques 2.

Consideration :->

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 promises to do or to abstain from doing something such act or abstinence or promise is called a consideration for the promise.