

(6)

(2) consideration to be given by Promisee
OR any other person

Doctrines ^{OR} of Privity of consideration

According to Indian Law, as per section 2(d), the consideration may be given by the promisee or any other person. In India, there is a possibility that consideration for the promise may move not from the promisee but a third person who is not party to the contract. Such and such consideration is valid. In India it is not necessary that consideration must be provided or given by promisee only, it may be given by any other person whether he is party to the contract or not.

In England the position is different. In England the rule is that the consideration must be moved from or given by promisee only and nobody else.

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→ The position in India may be explained by referring to the case of Chinnaya v. Ramaya (1881). In this case, A, an old lady, granted an estate to her daughter (the defendant) with a direction that the daughter should pay an annuity of Rs 653/- to A's brother (the plaintiff). On the same day, the defendant made a promise with the plaintiff that she would pay the annuity as directed by A. The defendant failed to pay the stipulated sum. In an action against her by the plaintiff, she contended that ~~she~~ since the plaintiff himself had furnished no consideration, he had no right of action.

The Madras HC held that in this agreement between the defendant and the plaintiff, the consideration has been furnished by the defendant's mother and that is enough consideration to enforce the promise between the plaintiff and the defendant.

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⇒ Doctrine of Privity of consideration

Privity of consideration means that whether the stranger to consideration can enforce the contract or not.

So far as the privity of consideration in India is concerned, the stranger to consideration can enforce the contract. i.e. privity of consideration does not apply to India. Because in India as per sec. 2(d) the consideration may be given by the promisee or any other person.

In England the rule is different. There the consideration must move from the promisee and no body else. In England a stranger to consideration cannot maintain an action or we can say that in England the stranger to consideration cannot enforce the contract.

Q ⇒ Doctrine of Privity of contract

The doctrine of Privity of contract means that only those persons who are parties to the contract can enforce the same. A stranger to the contract cannot enforce a contract.

If there is a contract between A and B, only A or B can enforce this contract but C cannot enforce the contract as C is stranger to the contract and A & B are parties to the contract.

The rule of Privity of contract has taken firm roots in the English Common Law. The rule of Doctrine of Privity of contract is based on Common Law. It is common law principle.

The rule that a stranger to contract cannot sue (Privity of contract) has to be distinguished from the rule that a stranger to consideration ~~cannot~~ (Privity to consideration) can sue in Indian contract.