# Agreements without Consideration

Consideration is an [integral](https://www.toppr.com/guides/maths/integrals/some-properties-of-definite-integrals/) part of a [contract](https://www.toppr.com/guides/business-laws/indian-contract-act-1872-part-i/what-is-a-contract/). The rules of consideration state that it is essential to have consideration for a contract. But there are some specific exceptions to the “No consideration no contract” rule.

## **Exceptions to the ‘No Consideration No Contract’ Rule**

Section 25 also lists the exceptions under which the rule of no consideration no contract does not hold, as follows:

### **Natural Love and Affection**

If an agreement is in writing and registered between two parties in close [relation](https://www.toppr.com/guides/%2Bmaths/relations-and-functions/relations/) (like blood relatives or spouse), based on natural love and affection, then such an agreement is enforceable even without consideration.

### **Promise to pay a Time-Barred Debt**

If a person makes a promise in writing signed by him or his authorized agent about paying a time-barred debt, then it is valid despite there being no consideration. The promise can be made to pay the debt wholly or in part.

Example, Peter owes Rs 100,000 to John. He had borrowed the money 5 years ago. However, he never paid a single rupee back. He signs a written promise to pay Rs 50,000 to John as a final settlement of the loan. In this case, ‘the no consideration no contract’ rule does not apply either. This is a valid contract.

### **Creation of an Agency**

According to section 185 of the Indian Contract Act, 1872, no consideration is necessary to create an agency.

### **Gifts**

The rule of no consideration no contract does not apply to gifts. Explanation (1) to Section 25 of the Indian Contract Act, 1872 states that the rule of an agreement without consideration being void does not apply to gifts made by a donor and accepted by a donee.

### **Bailment**

Section 148 of the Indian Contract Act, 1872, defines bailment as the delivery of goods from one person to another for some purpose. This delivery is made upon a contract that post accomplishment of the purpose, the goods will either be returned or disposed of, according to the directions of the person delivering them. No consideration is required to effect a contract of bailment.

### **Charity**

If a person undertakes a liability on the promise of another to contribute to charity, then the contract is valid. In this case, the no consideration no contract rule does not apply.