

Offer and Acceptance

What is Offer

- According to Sec.2(a) of the Indian Contract Act, 1872 when one person signifies to another person his willingness to do or to abstain from doing anything with a view to obtaining the assent of that other to such act or abstinence ,he is said to make a proposal.

- The person making the offer is known as offeror or proposer or promisor and the person to whom the offer is made is called offeree or promisee

Characteristics of an Offer

- It must be an expression of willingness to do or abstain from doing something
- It must be made to another person
- It must be made with a view to obtain assent of the second party to such act or abstinence
- The expression of willingness must be made with a view to create legal obligation

Types of Offer

- ◉ Express and implied offer
- ◉ Specific and General offers
- ◉ Positive and Negative offers
- ◉ Offer and Invitation to Offer

Essentials of a Valid Offer

1. The offer may be express or implied
2. The Offer may be Positive or Negative
3. It must be intended to create legal relations
4. The Terms of Offer must be definite and certain
5. The Offer must be communicated to the Offeree

6. The Special terms of the Offer must be brought to the notice of the Offeree

7. An Offer may be general or specific

8. It must be made with a view to obtain acceptance

9. It must be distinguished from “Invitation to Offer” or “Declaration of Intention”

10. The offer should not contain any terms the non-compliance of which amounts to acceptance

11. Two identical cross offers do not result in a Contract.

Termination of an Offer

- ◉ An Offer terminates when revoked by notice of revocation
- ◉ An Offer lapses after stipulated or reasonable time
- ◉ A Conditional Offer terminates when condition is not accepted
- ◉ It terminates by not being accepted in the mode prescribed or in usual and reasonable manner

-
- ⦿ An Offer lapses by the death or insanity of the Offeror or the Offeree before acceptance
 - ⦿ An Offer lapses on rejection by counter offer or conditional offer
 - ⦿ It terminates by subsequent illegality or destruction of subject matter.

Difference between Revocation and Rejection of Offer

- Revocation of an offer takes place at the instance of the Offeror, whereas rejection takes place at the instance of the offeree.
- An Offer may be revoked by the Offeror at any time before its acceptance is complete as against the offeror. On the other hand an Offer may be rejected by the offeree at any time.

-
- Rejection of an offer by the offeror must always be express. But Rejection of an Offer by the Offeree may be express or implied.

Acceptance

- When the person to whom the proposal is made signifies his assent thereto, the proposal is said to be accepted. A proposal when accepted becomes a Promise. (sec.2.b)

Essentials of a Valid Acceptance

- ⦿ Acceptance must be absolute and unqualified
- ⦿ Acceptance must be in the prescribed manner or usual mode.
- ⦿ Acceptance must be in response to offer
- ⦿ Acceptance may be express or implied, silence does not imply acceptance
- ⦿ Acceptance must show to fulfill a promise

- Acceptance must be made within a reasonable time
- Acceptance must be made by the offeree
- Acceptance must be made only when acceptor is aware of the proposal
- Acceptance must be communicated to the offeror
- Acceptance must be made before the Offer lapses
- Acceptance must be made before rejection unless the the offer is renewed.