



# **SNS COLLEGE OF ENGINEERING**

**Kurumbapalayam (Po), Coimbatore – 641 107**

**An Autonomous Institution**

**Accredited by NBA – AICTE and Accredited by NAAC – UGC with 'A' Grade**

**Approved by AICTE, New Delhi & Affiliated to Anna University, Chennai**



## **DEPARTMENT OF MANAGEMENT STUDIES**

**COURSE NAME : 19BA104- LEGAL ASPECTS OF BUSINESS**

**I YEAR / I SEMESTER**

**Unit 1 – THE INDIAN CONTRACT ACT 1872**

**Topics : Offer and Acceptance, Essentials**



## Offer

According to Indian Contract Act, 1872

“**Offer**” is define under **Section 2(a)** :

“When one person signifies to another 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 who is making the proposal is called offeror or promisor or proposer and the person to whom the proposal is made is called as offeree or promisee.

For example, “A” made an offer to” B” to buy the house. Here “A” is the offeror or promisor or proposer and “B” is the offeree or promisee.



## Essentials of a valid offer

### 1. Offer must be communicated :-

Communication of offer is the most primary thing which is to be done for a valid offer. The offeror must communicate offer to the offeree. The communication can be either in oral or written form. The offer can directly communicate to the person specific to whom it is offered or it can be in general in nature.

For example : “A” wants to sell his car and he has published an advertisement in newspaper which is a form to communicate the offer to general public. Hence it is a valid offer.



## 2. Must create legal relationship:-

A valid offer creates a legal relationship which means there must be an intention of the offeror to work under legal obligation or to be legally bounded by law not under social obligation.

For example : “X” (Father of Y) says to “Y”, if he pass the exam he will get a new video game. “Y” passed the exam asked his father to give him video game as he had promised to Y. Here X is not legally bound as the offer doesn’t create any legal obligation against X.



### 3. Definite, unambiguous and certain in nature

Offer must be certain as specified in [Section 29], it must be unambiguous means that the thing offered must clearly specified.

For example : Mitesh offered to sell his car to Tanmay. Mitesh is owned two cars one is of Ford & other is of BMW and Mitesh offered his Ford car to Tanmay but Tanmay thought Mitesh if offering him his BMW one. As in the offer it was not definite which car Mitesh wants to sell, thus this is not a valid offer.



#### **4. It must distinguished from invitation to offer:-**

The offer makes a person to enter into a legally binding contract whereas invitation to offer invites the person to enter into contract.

For example : A suit was displayed with a price tag in a shop. This is not a offer it is invitation to offer.

#### **5. It may be general or specific in nature:-**

The offer can be given to public at large in general by advertisement in newspaper etc. or it can be given specific person too.

#### **6. Offer must be made with a view to obtain the assent**

The offeror must obtain consent which should be “free” in nature as define under Section 14 as it define it should not be taken under coercion [section 15], undue influence [Section 16], fraud [Section 17], misrepresentation [Section 18] & Mistake [Section 20, 21 and 22].



# Types Of Offers

## 1. GENERAL OFFER:-

When an offer made at large or in public or in general this offer is known as General Offer. It can be accepted by any individual or public at large whoever is interested in the offer offered. When a person accepts the offer given then offeror and offeree enter into contract. The reward will be given to that person who completed the task given or fulfilled the given condition.

## 2. SPECIFIC OFFER :-

The offer which is made to an individual or to a specific group of individual is said to be Specific offer. It can be accepted by that individuals or that group of individual.

Example : Sandhya offer to buy a car from Sona for Rs. 10 lakh. Thus, a specific offer is made to a specific person , and only Sona can accept the offer.



### 3. COUNTER OFFER :-

When an offeror makes an offer to offeree and offeree with some modification in it makes converse offer which makes initial offer void and the other comes in existence, which reverse the party from offeror and offeree to offeree and offeror respectively this type of offer is known as counter offer.

### 4. CROSS OFFER :-

When the offeror and offeree make the same offer to one another having same terms out of knowledge of each other is known as cross offer. In this case there will be no contract due to acceptance of the offer offered.





## 5. IMPLIED OFFER :

When an offer is given by body posture, gesture or by action or by the conduct of the offeror is known as implied offer. The offeree can accept the offer by understanding the action of the offeror.

## 6. EXPRESSED OFFER :-

When an offer is express in written or in verbal form then this offer is known as expressed offer.

For example : “C” writes a letter to “D” to buy his earphone for Rs.500. This is an expressed offer.



## 7. STANDING OFFER :-

When tender is submitted to supply certain goods or any quantity as and when required it will amount to standing offer. In such a case contract does not come into existence merely when tender is accepted, but a contract takes place only after the order is placed. Each order in such a case is acceptance and as soon as the offer is accepted the contract comes into existence.



**RECAP**

**QUESTIONS???**

**THANK YOU**