



# **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**

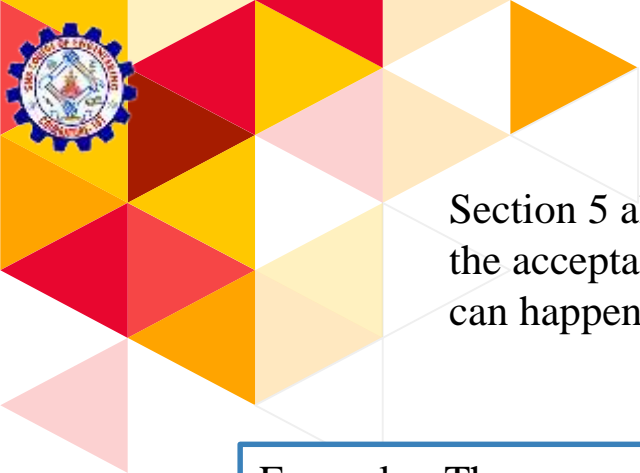
**Topic : Revocation offer and acceptance**



## Revocation of Offer

The Indian Contract Act lays out the rules of revocation of an offer in Section 5. It says the offer may be revoked anytime before the communication of the acceptance is complete against the proposer/offeror. Once the acceptance is communicated to the proposer, revocation of the offer is now not possible.

Example : A accepts the offer and posts the letter on 10th July. B gets the letter on 14th July. But for B (the proposer) the acceptance has been communicated on 10th July itself. So the revocation of offer can only happen before the 10th of July.



## Revocation of Acceptance

Section 5 also states that acceptance can be revoked until the communication of the acceptance is completed against the acceptor. No revocation of acceptance can happen after such date.

Example : The communication of the acceptance is complete against A (acceptor) on 14th July. So till that date, A can revoke his/her acceptance, but not after such date. So technically between 10th and 14th July, A can decide to revoke the acceptance.



## How revocation of proposal is made – Section 6

### Notice of Revocation

For Example: Amit offers Balraj his car for INR 2,00,000 and communicates the same through letter. Before Balraj accepts the proposal and communicates its acceptance to Amit, Amit withdraws his offer by informing Balraj. There will be no contract as the proposal has been revoked by Amit before the acceptance of the proposal.

### Lapse of Time

For Example: Amish applied for shares on 1st September, 2019 but the shares were allotted to Amish on 1st of September, 2020. Amish therefore refused to take the shares allotted to him. The court held that Amish has the right to refuse to take the shares as the offer has lapsed the time period for acceptance.



## Condition Precedent to Acceptance

### **For Example:**

Jitesh offers to sell his Rolex watch to Kamlesh for INR 50,000. Jitesh put a condition to pay half of the amount with the acceptance letter. Kamlesh communicates the acceptance but fails to pay the amount. Jitesh has the right to revoke the proposal as the condition precedent is not satisfied by Kamlesh.

## Death or Insanity of Proposer

A proposal can be revoked by the death or insanity of the proposer, if the fact of his death or insanity comes into the knowledge of the offeree before the communication of acceptance.

### **For Example:**

Zainul offers to rent his house for a period of 5 years to Gauri. Gauri came to know about the insanity of Zainul and revoked the proposal before acceptance



## Rejection of Proposal

A proposal can be rejected if it is not accepted by the offeree. Once the proposal is rejected it can be revived again by the offeree.

### **For Example:**

Ali by letter offers his car to Haider for INR 3,00,000. Haider rejects the offer of Ali, now Haider cannot revive it again as once the offer is rejected it cannot be revived again.

## Counter Offer

Offeree accepts the proposal after modifications and variations in the original offer, then the proposal made by the offeree is called a counter offer. The acceptance of counter offer amounts to rejection of original offer.

For Example: Sonu offers his watch to Monu for INR 2,000. Monu said that he will buy this watch for INR 1,500. Sonu's proposal is revoked as there is a counter offer for the same and therefore the original offer lapse.



## **Subsequent illegality of the subject matter of a proposal**

A proposal can be revoked if it becomes illegal before its acceptance by the offeree.

### **For Example:**

Manufacturer offers to wholesaler tobacco worth INR 50,000. Before the communication of acceptance, there was a State Government order declaring sale of Tobacco is illegal. Thus, the offer lapse as there is illegality of the subject matter of the proposal.

## **Subsequent destruction of subject matter of a proposal**

A proposal can be revoked if the subject matter of the proposal is destroyed before the acceptance by the offeree.

**For Example:** Seller offers to sell firecrackers to the wholesaler and asks the wholesaler to communicate the acceptance within 5 days. On the 3rd day, the fire broke and all the firecrackers were burnt. As the subject matter of the proposal is destroyed, therefore the proposal lapse.



**RECAP**

**QUESTIONS???**

**THANK YOU**