

Business law

Lecture-3

D) Essentials of valid offer –

1) Offer may be expressed or implied –

An offer may be expressed or may be implied from the conduct of the parties or circumstances of the case.

2) Offer may be specific or general –

- a) A specific offer is one which is made to a particular person. It can be accepted by the person to whom it has been made, no one else can accept such an offer.
- b) A general offer is an offer made to the public at large.

3) Offer must create Legal Relations –

An offer to be valid must create legal relationship between the parties. Say for example a dinner invitation extended by A to B is not a valid offer.

4) Offer must be Clear, not Vague –

The terms of an offer should not be vague (not clear / confusing)

For e.g. - A offers to sell B fruits worth Rs 5000/-. This is not a valid offer since what kinds of fruits or their specific quantities are not mentioned.

5) Offer must be Communicated to the Offeree –

No offeree can accept the proposal without knowledge of the offer (*Lalman Shukla v. Gauri Dutt.*)

6) A statement of price is not an offer

7) Offer cannot contain a Negative Condition –

The non-compliance of any terms of the offer cannot lead to automatic acceptance of the offer
Example: A offers to sell his cow to B for 5000/-. If the offer is not rejected by Monday it will be considered as accepted. This is not a valid offer.

8) A mere statement of intention is not an offer. Thus, a person who attended the advertised place of auction could not sue for breach of contract if the auction was cancelled

9) Offer must be distinguished from an invitation to offer –

BASIS FOR COMPARISON	OFFER	INVITATION TO OFFER
Meaning	When one person expresses his will to another person to do or not to do something, to take his approval, is known as an offer.	When a person expresses something to another person, to invite him to make an offer, it is known as invitation to offer.
Defined in	Section 2(a) of the Indian Contract Act, 1872.	Not Defined
Objective	To enter into contract.	To receive offers from people and negotiate the terms on which the contract will be created.
Essential to make an agreement	Yes	No