## Proposal or Offer

According to the Indian Contract Act 1872, proposal is defined in Section 2 (a) as “when one person will signify to another person his willingness to do or not do something (abstain) with a view to obtain the assent of such person to such an act or abstinence, he is said to make a proposal or an offer.”

### **Classification of Offer**

There can be many types of offers based on their nature, timing, intention, etc.

#### **General Offer**

A general offer is one that is made to the public at large. It is not made any specified parties. So any member of the public can accept the offer and be entitled to the rewards/[consideration](https://www.toppr.com/guides/business-laws/indian-contract-act-1872-part-i/legal-rules-regarding-consideration/). Say for example you put out a reward for solving a puzzle. So if any member of the public can accept the offer and be entitled to the reward if he finishes the act (solves the [puzzle](https://www.toppr.com/guides/reasoning-ability/puzzle-test/puzzle-test-practice-questions/).)

#### **Specific Offer**

A specific offer, on the other hand, is only made to specific parties, and so only they can accept the said offer or proposal. They are also sometimes known as special offers. Like for example, A offers to sell his horse to B for Rs 5000/-. Then only B can accept such an offer because it is specific to him.

#### **Cross Offer**

In certain circumstances, two parties can make a cross offer. This means both make an identical offer to each other at the exact same time. However, such a cross offer will not amount to [acceptance](https://www.toppr.com/guides/business-laws/indian-contract-act-1872-part-i/acceptance/) of the offer in either case.

For example, both A and B send letters to each other offering to sell and buy A’s horse for Rs 5000/-. This is a cross offer, but it will be considered as acceptable for either of them.

#### **Counter Offer**

There may be times when a promise will only accept parts of an offer, and change certain terms of the offer. This will be a qualified acceptance. He will want changes or modifications in the terms of the original offer. This is known as a counteroffer. A counteroffer amounts to a rejection of the original offer.

### **Essentials of a Valid Offer**

Here are some of the few essentials that make the offer valid.

#### **1] Offer must create Legal Relations**

The offer must lead to a contract that creates legal relations and [legal consequences](https://www.toppr.com/guides/business-laws/the-indian-partnership-act/legal-consequences-of-admission-or-retirement-of-a-partner/) in case of non-performance. So a social contract which does not create legal relations will not be a valid offer. Say for example a dinner invitation extended by A to B is not a valid offer.

#### **2] Offer must be Clear, not Vague**

The terms of the offer or proposal should be very clear and definite. If the terms are vague or unclear, it will not amount to a valid offer. Take for example the following offer – A offers to sell B fruits worth Rs 500/-. This is not a valid offer since what kinds of [fruits](https://www.toppr.com/guides/biology/anatomy-of-flowering-plants/the-fruit/) or their specific quantities are not mentioned.

#### **3] Offer must be Communicated to the Offeree**

For a proposal to be completed it must be clearly [communicated to the offeree](https://www.toppr.com/guides/business-laws/indian-contract-act-1872-part-i/communication-of-offer-and-acceptance-and-revocation-of-offer/). No offeree can accept the proposal without knowledge of the offer.

#### **4] Offer may be Conditional**

While acceptance cannot be conditional, an offer might be conditional. The offeror can make the offer subject to any terms or conditions he deems necessary. So A can offer to sell goods to B if he makes half the [payment](https://www.toppr.com/guides/accountancy/accounting-for-not-for-profit-organisations/receipt-payment-account/) in advance. Now B can accept these conditions or make a counteroffer.

#### **5] Offer cannot contain a Negative Condition**

The non-compliance of any terms of the offer cannot lead to automatic acceptance of the offer. Hence it cannot say that if acceptance is not communicated by a certain time it will be considered as accepted. Example: A offers to sell his cow to B for 7000/-. If the offer is not rejected by Monday it will be considered as accepted. This is not a valid offer.

#### **6] Offer can be Specific or General**

As we saw earlier the offer can be to one or more specific parties. Or the offer could be to the public in general.

#### **7] Offer may be Expressed or Implied**

The offeror can make an offer through words or even by his conduct. An offer which is made via words, whether such words are written or spoken (oral contract) we call it an express contract. And when an offer is made through the conduct and the actions of the offeror it is an implied [contract](https://www.toppr.com/guides/business-laws/indian-contract-act-1872-part-i/what-is-a-contract/).