

COMMERCIAL LAW

B. COM (H) - PART-II

PROVISIONS OF INDIAN LAW RELATING TO
CONTRACTS - GENERAL PRINCIPLES

(PROPOSAL AND ACCEPTANCE)

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PROPOSAL & ACCEPTANCE

What do you mean by “Acceptance”? Explain the rules related to acceptance.

Or

What is acceptance? Explain the important characteristics of acceptance.

Ans. : - Acceptance of the proposal is a must for a valid agreement. According to **Section -2(b) of the Indian Contract Act, 1872**, “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.

RULES RELATED TO ACCEPTANCE

Based on the sections given in the contract act and important judgments, the following are the rules related to acceptance : -

- 1. An offer can be accepted only by the person to whom it is made :** - The right to accept the proposal or offer lies with the person only to whom it is made. The acceptance by the person other than the Promisee is not valid. It is declared in the case of **Bolton Vs Johns**. In this case, the owner of the business sold his business to his manager Bolton without informing his customers. On the same day, one customer, Johns had send the order for goods in the personal name of the seller. The new owner Bolton had send the goods according to the order without informing the customer about the change of the ownership.

RULES RELATED TO ACCEPTANCE

The court passed a judgement saying that the new owner **Bolton** does not have the rights to receive price money for the goods from **Johns** as the order was placed before the old owner of the business, not before **Bolton**. So, acceptance by **Bolton**, for the offer does not have any importance. This is said by the Judge, “If person intends to contract with ‘A’, ‘B’ cannot give himself any right under the offer to A.

RULES RELATED TO ACCEPTANCE

- 2. Acceptance must be absolute and unconditional :** - For a valid contract, all the terms of the offer must be accepted because difference in acceptance from the offer makes another the acceptance as an opposite offer and this type of acceptance will not be considered until it is accepted by the original proposer or Promiser. In the case of **Jordon Vs Norton in 1838**, Norton makes a proposal of purchasing the horse of Jordon on the condition of definite price and the healthy and calm nature of the horse. Jordon accepted the proposal of definite price and assured about the health and calm nature of the horse with other horse at work. In this way he changed the second condition of **Calm and Healthy** with **Healthy and Clam with other horse at work**. Therefore his acceptance becomes void. The court passed a Judgment saying that this type of acceptance could not be ruled out as Jordon instead of accepting the proposal of Norton, placed a new offer before Norton.

RULES RELATED TO ACCEPTANCE

- 3. Usual and reasonable manner :** - Acceptance must be usual and in a reasonable manner. If the proposer wants the acceptance in a definite way then the acceptance must be in same way.
- 4. There can be tacit acceptance :** - It is important in this regard that “A mere mental acceptance not evidenced by words or conduct is in the eye of law no acceptance.” Tacit may be means to acceptance or rejection. T is out of the right of the proposer to know whether it is acceptance or rejection in the mind of the acceptor. So, it is important that the acceptance of the proposal must be in written or it is intended by activity.

RULES RELATED TO ACCEPTANCE

- 5. Communication of acceptance is necessary :** - Communication of acceptance is also necessary as communication of proposal. Only mental acceptance which is not in a written form or not expressed by activity is not valid in the eyes of law because acceptance should be more than mental acceptance. In the case of **Bhagwan Das Vs Girdhari Lal in 1966**, the High Court in the Judgment said that “Only mental condition is not sufficient for any agreement.”

RULES RELATED TO ACCEPTANCE

- 6. It must be given before the offer lapses or before the offer is withdrawn :** - If any proposal is rejected once, it can not be accepted until it is offered again.

- 7. Acceptance may be express or implied :** - Acceptance will be said to be clear only when it is in written or in oral. Acceptance expressed in other forms will be treated as implied. Implied acceptance may be completed by fulfilling the conditions of the offer.

RULES RELATED TO ACCEPTANCE

- 8. Without knowledge of proposal acceptance is not valid :** - If any work is done without the knowledge of proposal and if the nature of the work is similar to the acceptance of the proposal then it will not be treated as acceptance of the proposal because there is no question of acceptance without proposal.
- 9. Acceptance must be before the expiry or laps of the proposal :** - The acceptance of the proposal must be done before the expiry or laps of the proposal. Acceptance after expiry of the proposal can not be valid.

RULES RELATED TO ACCEPTANCE

10. Acceptance by performing conditions or receiving consideration : -

Fulfilling the conditions of the proposal or acceptance by performing conditions or receiving consideration is also acceptance of the proposal.

THANK YOU

