**Offer or Proposal**

Definition & Essentials of a Valid Proposal

**Definition of Offer or Proposal**

According to Section 2(a) of the Indian Contract Act, 1872,

“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 an act or abstinence, he is said to make a proposal.”

In simple terms, an offer (proposal) is a statement or expression by one party to another, showing a willingness to enter into a contract under specific terms.

Examples:

• A offers to sell his car to B for ₹5,00,000. (This is an offer to do something.)

• A promises not to build a shop next to B’s shop in exchange for ₹1,00,000. (This is an offer to abstain from doing something.)

**Essentials of a Valid Proposal**

For an offer to be legally valid, it must meet the following essential conditions:

**1. Intention to Create Legal Relations**

• The offer must be made with the intention of creating a legal obligation.

• Example: An agreement between friends to go for dinner is not a legal contract.

**2. Definite and Clear Terms**

• The terms of the offer must be clear, certain, and specific.

• Example: “I will sell you my car for a reasonable price” is vague and not a valid offer.

**3. Communication of the Offer**

• The offer must be properly communicated to the offeree.

• An offeree cannot accept an offer unless he is aware of it.

• Example: If A places a reward for a lost dog in a newspaper, and B finds the dog without knowing about the reward, B cannot claim it.

**4. Offer Must Not Contain a Negative Condition**

• The offer should not impose acceptance through inaction.

• Example: “If you do not reply, I will assume you accepted my offer” is not valid.

**5. Offer Can Be Express or Implied**

• Express Offer: Clearly stated in words, either spoken or written.

• Example: A offers to sell his bike to B for ₹40,000 in a letter.

• Implied Offer: Inferred from the conduct of the parties.

• Example: A bus stops at a bus stand, and passengers board it, implying an offer of transport.

**6. Offer Must Not Be a Mere Invitation to Offer**

• An invitation to offer is different from an offer—it does not create a legal obligation.

• Example: A price tag on a shop’s display item is not an offer, but an invitation for customers to make an offer.

**7. The Offer Must Be Capable of Acceptance**

• The terms should be such that the offeree can accept them without further negotiation.

• Example: “I will sell my house if I feel like it” is not a valid offer.

**8. The Offer Must Not Be Against the Law**

• An offer that involves illegal activities is void.

• Example: A contract to sell illegal drugs is not a valid offer.