

## CHAPTER NO. 3

### OFFER AND ACCEPTANCE

#### September 2015: Q 3

(b) Murad offered his car to Sanum for Rs. 400,000. Sanum accepted the offer and enclosed a pay order of Rs. 150,000 with a promise to pay the balance in monthly instalments of Rs. 62,500 each.

Under the provisions of the Contract Act, 1872 explain whether it is a valid contract. (03)

#### Answer

(b) **Acceptance must be absolute:**

An acceptance should be unconditional assent by the offeree to all the terms of the offer. In this case, since the offer has been accepted with a variation it would be regarded as a qualified acceptance. Therefore, a contract between Murad and Sanum has not been formed. However, if Murad accepts the counter offer made by Sanum then it would be a binding contract.

#### March 2016: Q 3

(b) Bader, who is the owner of Mashoor Associates, sent one of his employees Aftab in search of his pet horse which had been missing for 5 days. Bader advertised a reward of Rs. 20,000 in a newspaper for anyone who finds his missing horse. Aftab, unaware of the newspaper advertisement, traced the horse. Subsequently, on knowing about the reward Aftab claimed it from Bader.

Under the provisions of the Contract Act, 1872 identify the type of offer which was made by Bader. Also state whether Aftab would be able to claim the amount of reward under the circumstances. (04)

#### Answer

##### Offer and acceptance:

It is the case of a general offer as it was made to the public. A contract is made with the person who having the knowledge of the offer comes forward and acts according to the conditions of the offer.

However, under the given circumstances, Aftab cannot claim the amount of reward from Bader as there was lack of communication of the offer and Aftab did not know about the reward when he found the missing horse. Aftab could have accepted the offer only when he knew about it because an offer accepted without its knowledge does not confer any legal rights on the acceptor.

#### September 2017: Q 3

(b) Under the provisions of the Contract Act, 1872:

(i) list the essentials of a valid acceptance. (04)

#### Answer

Under the Contract Act, 1872 essentials of a valid acceptance are as follows:

- acceptance must be absolute and unqualified;

- it must be communicated either in writing or by word of mouth or by performance of some act;
- acceptance must be in the prescribed mode/reasonable mode;
- the acceptance must be given within the time specified or within a reasonable time when no time is specified;
- mere silence is not acceptance. It cannot be in the form of a negative confirmation. The acceptor should expressly accept the offer;
- acceptance must be given only by that person to whom the offer has been made;
- the acceptor must be aware of the proposal at the time of acceptance of the proposal;
- the acceptance must be given before the offer lapses or is withdrawn.

### **September 2018: Q 4**

(b) On 3 September 2018 Saleem offered, by a letter, to sell his laptop to Ghazi for Rs. 50,000. Ghazi received the letter on 5 September 2018. On 6 September 2018 Ghazi posted the letter of acceptance to Saleem. The letter reached Saleem on 8 September 2018. Saleem wrote a letter of revocation of his offer and posted it to Ghazi on 5 September 2018. The letter reached Ghazi on 7 September 2018.

#### **Required:**

Under the provisions of the Contract Act, 1872 briefly describe:

- (i) When the communication of the offer and acceptance and the revocation of the offer was completed as against Saleem and Ghazi under the above circumstances. (2.5)
- (ii) Whether a binding contract was created between Saleem and Ghazi (2.5)

#### **Answer**

##### **(b) Communication of offer, acceptance and revocation**

(i) Communication of offer was completed on 5 September 2018 i.e. when it came to the knowledge of Ghazi.

Communication of acceptance was completed as against Saleem when the letter was posted i.e. on 6 September 2018 and as against Ghazi it was completed when the letter of acceptance reached Saleem i.e. on 8 September 2018.

The communication of revocation of offer was completed as against Saleem on 5 September 2018 i.e. when the letter of revocation was posted, and as against Ghazi on 7 September 2018, when the letter of revocation was received by him.

(ii) Since Ghazi had posted his letter of acceptance on 6 September 2018 and revocation of offer was communicated to him on 7 September 2018, his acceptance was valid Saleem cannot revoke his offer after 6 September 2018, when the communication of acceptance was completed as against him. Therefore, a binding contract had been created between Saleem and Ghazi.

### **March 2019: Q 1**

(b) Respond to the following scenarios, under the provisions of Contract Act, 1872:

(ii) Ahmed being interested in purchasing Adil's DHA property sent him this letter on 01 March 2019, "I have heard that you are selling your DHA property. I am very much interested in purchasing it. Will you please consider selling the same to me? What is the highest price you have been offered so far?" Adil replied, "The highest quote for the property till now is Rs. 35 million." Ahmed replied, "I agree to buy your DHA property for Rs. 36 million." Subsequently, Adil received an offer from Hamid quoting Rs. 38 million for the said property. What will be Adil's liability towards Ahmed if he wishes to make the sale to Hamid? (02)

### **Answer**

(ii) The first letter from Ahmed and Adil's response on it were merely 'asking for information' and 'providing information' respectively and not offer and acceptance.

The second letter from Ahmed sent as a reply to Adil was itself an offer and not the acceptance of an offer. Since this offer had not been accepted by Adil, there is no binding contract between the parties. Accordingly, there is no liability if Adil sells his bungalow to Hamid.

### **March 2020: Q 3**

(c) Batool offered to sell her flat to Saqib for Rs. 4,200,000. Saqib accepted the offer and sent a cheque of Rs. 1,500,000 with a stipulation to pay the balance in 24 equal monthly instalments of Rs. 112,500 each. Explain whether it is a valid contract. (03)

### **Answer**

(c) **Acceptance must be absolute:**

An acceptance should be unconditional assent by the offeree to all the terms of the offer. In this case, since the offer has been accepted with a variation it would be regarded as a qualified (conditional) acceptance. Therefore, a contract between Batool and Saqib has not been formed. However, if Batool accepts the counter offer made by Saqib then it would be a binding contract.