
**CAN A CONDITIONAL ACCEPTANCE OF AN OFFER BE CONSIDERED AS
A CONCLUDED CONTRACT? (Part 1 of 2....)**

According to Indian Contract Act, 1872:-

- ❖ An agreement which is enforceable by **law** is a **Contract**;

Elements of a Contract:-

- ❖ **Offer:-** One of the parties made a promise to do or refrain from doing some specified action in the future;
- ❖ **Consideration:-** Something of value was promised in exchange for the specified action or non-action;
- ❖ **Acceptance:** - Acceptance may be expressed through words, deeds or performance as called for in the Contract. Generally, the acceptance must mirror the terms of the offer. *If not, the acceptance is viewed as a rejection and counteroffer;*

A conditional acceptance, sometimes called a qualified acceptance, occurs when a person to whom an offer has been made tells the offeror that he or she is willing to agree to the offer provided that some changes are made in its terms or that some condition or event occurs. This type of acceptance operates as a counteroffer. A counteroffer must be accepted by the original offeror before a contract can be established between the parties.

- ❖ **Mutuality:** - The contracting parties had “a meeting of the minds” regarding the agreement. This means the parties understood and agreed to the basic substance and terms of the contract.

“It is a cardinal principle of the law of contract that the offer and acceptance of an offer must be absolute. It can give no room for doubt. The offer and acceptance must be based or founded on three components, that is, certainty, commitment and communication.”

However, when the acceptor puts in a new condition while accepting the contract already signed by the proposer, the contract is not complete until the proposer accepts that condition.

Various Judgements

*In **Haridwar Singh v. BagunSumbri** (1973) 3 SCC 889 it was held that an acceptance with a variation is no acceptance. It is, in effect and substance, simply a counter proposal which must be accepted fully by the original proposer, before a contract is made.*

*In **Union of India v. BhimSenWalaiti Ram**, (1969) 3 SCC 146, where a three-Judge Bench of this Court had held that, “acceptance of an offer may*

be either absolute or conditional. If the acceptance is conditional, offer can be withdrawn at any moment until absolute acceptance has taken place”

*In **Raghuandhan Reddy v. The State of Hyderabad thr.19 The Secretary to Government Revenue Department**, a Division Bench of the High Court held:*

“It is a well-established principle of law that only when an offer is accepted that the contract is concluded and binds the parties. It is equally well-settled that before an offer is accepted, the offerer can withdraw his offer, but if the acceptance is conditional or is not final, then there is no concluded contract”

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Thanks and Regards
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