BLOGS

Communication of Offer, Acceptance, and Revocation under Indian Contract Law

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Contract law is often introduced as something technical and rule-heavy, but at its heart, it is really about communication. A contract is born only when two minds meet, and that meeting of minds can happen only through proper communication.

The Indian Contract Act, 1872 clearly lays down how an offer, its acceptance, and even its revocation must be communicated for a valid contract to exist.

Communication of Offer

An offer is the first step towards forming a contract. Under Section 3 of the Indian Contract Act, communication of an offer can be made through words spoken or written, or by conduct. An offer is said to be communicated when it comes to the knowledge of the person to whom it is made.

For example, if A writes a letter to B offering to sell his car and B receives and reads the letter, the offer is considered communicated at that moment. If the letter is still in transit, there is no communication and therefore no possibility of acceptance.

A famous case in this context is *Lalman Shukla v. Gauri Dutt* (1913). In this case, a servant found his master's missing nephew after hearing general discussions but without knowing that a reward had been announced. The court held that since the servant had no knowledge of the offer, there was no communication and therefore no contract.

Communication of Acceptance

Acceptance is the expression of assent to an offer. Section 4 of the Act explains when acceptance is complete. This section introduces an important distinction.

As against the proposer, communication of acceptance is complete when the acceptance is put into a course of transmission so that it is out of the power of the acceptor. As against the acceptor, it is complete when the acceptance comes to the knowledge of the proposer.

This rule is best understood through an example. A posts a letter offering to sell his house to B. B posts a letter of acceptance. The moment B posts the acceptance letter, the contract is complete as against A, even if A has not yet received it. However, as against B, the contract is complete only when A receives the acceptance.

This principle is known as the postal rule and was recognized in *Adams v. Lindsell* and later followed in India.

Communication by Conduct

Acceptance does not always require words. Sometimes, performance of an act itself amounts to acceptance. For example, if a company announces a reward for finding a lost pet, anyone who finds and returns the pet accepts the offer by conduct. No separate communication is required in such cases.

This idea was recognized in *Carlill v. Carbolic Smoke Ball Co.,* where using the product as directed was held to be valid acceptance of the offer.

Communication of Revocation

Just as an offer and acceptance must be communicated, revocation must also be properly communicated. Section 5 of the Act states that an offer may be revoked at any time before the communication of its acceptance is complete as against the proposer. Similarly, acceptance may be revoked before it is complete as against the acceptor.

For example, if A sends an offer to B by post, A can revoke the offer any time before B posts the acceptance. Once B posts the acceptance, A loses the right to revoke. However, B can revoke his acceptance by a faster mode of communication, such as a phone call or email, if it reaches A before the acceptance letter does.

Why These Rules Matter

These rules bring certainty and fairness to contractual relationships. They prevent confusion about when parties become legally bound and protect individuals from unfair withdrawal after reliance has begun.

Understanding communication under contract law shows that contracts are not just about signatures or paperwork. They are about clear intention, timely communication, and mutual understanding. Once you grasp this, contract law becomes far more logical, relatable, and even interesting.