



## How and on what grounds can an offer be revoked

**Revocation of an offer** means taking back (withdrawal) the offer already made. The revocation of an offer may be (i) **express**, i.e., by words spoken or written, or (ii) **implied** from the conduct of the offeror.

If the offeror does something which is inconsistent with the continuance of the offer, it would amount to revocation of the offer. An offer may be revoked at any time before the communication of its acceptance is complete for the offeror, but not afterward (**Section 5**, Indian Contract Act 1872). According to **Section 6**, which deals with the revocation of an offer, an offer or proposal is revoked in the following ways:

**1. Revocation by communication of the notice.** An offer may be revoked by the communication of notice of revocation by the offeror. It may be noted that an offer can be revoked only before its acceptance is complete for an offeror. In other words, an offeror can revoke his offer at any time before he becomes bound by it. Thus, the communication of revocation of offer should reach the offeree before the acceptance is communicated. A notice of revocation will take effect only when it is brought to the knowledge of the offeree.

**2. Revocation by lapse of time.** If a time is prescribed for acceptance, and if the offer is not accepted within this period, the offer is revoked by the lapse of time.

**Example.** X offered on Thursday to sell wool to Y. Three days' time was given to Y for acceptance. Y accepted the offer on Monday, but by that time X had already sold the wool after waiting for the allowed period of three days. It was held that the offer had lapsed and X was not bound by the acceptance. If no time is prescribed, the offer lapses by the expiry of a reasonable time. The term 'reasonable time' will depend upon the facts and circumstances of each case.

**Example.** X applied for shares of a company in June. The allotment (acceptance) was made in November. It was held that the offer to take shares had lapsed as the reasonable time had passed since the making of the offer, and X was not bound to take the shares.

**3. Revocation by non-fulfillment of a condition precedent to acceptance.** Sometimes, the offer requires that some condition must be fulfilled before the acceptance of the offer. In such cases, the offer lapses if it is accepted without fulfilling the condition. A seller agrees to sell certain goods at a certain price subject to the condition that the buyer pays the price before a certain date. If the buyer fails to pay the price by that date, the offer stands revoked.

**4. Revocation by death or insanity of the offeror.** The death or insanity of the offeror puts an end to the offer provided the offeree comes to know of the death or insanity of the offeror before acceptance. But if the offer is accepted in ignorance of the fact of death or insanity of the offeror, the acceptance is valid.

**5. Revocation by counter-offer.** Sometimes a counter-offer is made by the offeree. In such cases, the original offer automatically comes to an end, as the counter-offer amounts to the rejection of the original offer.

*Example.* X made an offer to Y to sell his car for 1,50,000. Instead of accepting the offer, Y made an offer to buy the car for ₹80,000. Hence Y's offer to buy for 780,000 is a counter-offer that terminates the original offer made by X.

**6. Revocation of an offer by not being accepted according to the prescribed or usual mode.** Sometimes, some manner of acceptance is prescribed in the offer. In such cases, the offeror can revoke the offer if it is not accepted according to the prescribed manner. It may be noted that within a reasonable time, the offeror should give notice to the offeree that the offer should be accepted in the prescribed manner, and not otherwise.

**7.** Sometimes, there is a **change in the law** that makes the offer illegal or incapable of performance. In such cases also, the offer comes to an end.

**8. Sometimes, the offeree rejects the offer.** In such cases, the offer comes to an end.