

**An Agreement is a promise between two entities creating mutual obligations by law. [Section 2\(e\)](#) of the Indian Contract Act, 1872 defines an agreement as 'Every promise and every set of promises, forming the consideration for each other, is an agreement'.**

**To form an agreement, the following ingredients are required:**

- **Parties:** There need to be two or more parties to form an agreement.
- **Offer/ Proposal:** When a person signifies to another his willingness of doing or omitting to do something with a view to obtain other's assent. [Section 2(a)]
- **Acceptance:** When the person to whom the proposal is made signifies his assent for the same thing in the same sense as proposed by the offeror. [Section 2(b)]
- **Promise:** When a proposal is accepted, it becomes a promise. [Section 2(b)]
- **Consideration:** It is the price for the promise. It is the return one gets for his act or omission. [Section 2(d)]