

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)]