

Date.....

Ques "All contracts are agreements but all agreements are not contracts." comment (ICAI MAT)

Ans ~~Ans~~

* Contract :-

1. According to the section 2(h) of Indian Contract Act, 1872, a contract is "an agreement enforceable by law".
2. It means an agreement to become a contract must give rise to a legal obligation i.e. enforceable by law.

* Agreement :-

1. According to the section 2(e) of Indian Contract Act, 1872, an agreement is "every promise and every set of promises forming consideration for each other."
2. It means an agreement is the result of the proposal made by one party to the other party and other ^{party} gives his/her acceptance for mutual consideration.

* All contracts are agreements :-

For a contract, there must be two things :-
a. agreement b. enforceable by law

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Thus existence of an agreement is pre-requisite ~~exist~~ existence of a contract

Hence, all contracts are agreements.

* All agreements are not contracts:-

1. Agreements can be legal, social, moral or religious.
2. When there is an agreement and they do not create legal relationship, it is not a contract.

Hence all agreements are not contracts

Therefore, it is true that all contracts are agreements but all agreements are not contracts.