

Distinguish, differentiate, compare and explain what is the Difference between Agreement and Contract. Comparison and Differences.

An agreement is any understanding or arrangement reached between two or more parties. A contract is a specific type of agreement that, by its terms and elements, is legally binding and enforceable in a court of law.

The essential differences between a contract and an agreement are minor. In essence, a contract's outline is more formal and more rigidly presented than the terms outlined in an agreement. A contract is a legally binding agreement reached between two parties, the terms of which the courts have the authority and obligation to enforce. An agreement is a less formal creation of an obligation between the two parties. An agreement usually lacks one or more of the essential elements that are required to be present in order to form a valid contract that will be considered legally enforceable by a court of law.

All contracts are an agreement, but all agreements are not contracts (See differences in the Comparison Chart). The contract which lacks enforceability by law is known as the agreement.

## Difference between Agreement and Contract

S.No.	Agreement	Contract
1	Offer and its unqualified acceptance constitute an agreement.	An agreement and its enforceability constitute a contract.
2	An agreement may or may not create any legal obligation.	A contract essentially creates a legal obligation.
3	Every agreement need not necessary be a contract.	All contracts are agreement.
4	An agreement may not be concluding for a binding contract.	Every contract is concluded and binding on the contracting parties.