

3. Awareness

The awareness element is sometimes called “a meeting of the minds.” This is a requirement for both parties to actively participate in the contracting process.

For a contract to be legally binding, both parties must be aware that they are entering into an agreement. To do this, they must acknowledge that the contract exists, and both parties must agree that they are bound to the obligations of the contract by their own free will.

When awareness cannot be established, the contract may be voided and would therefore be unenforceable. The main purpose of the awareness element is to help protect signatories in cases of undue influence, deception, or fraud.

4. Consideration

Consideration is what each party promises to do in order to execute the contract. This can be thought of as the output of the contract: the goods, services, or other thing of value that each party is willing to offer to form an agreement.

5. Capacity

Capacity is similar to awareness in that the goal is to ensure that all parties understand the terms of the contract. The difference is that capacity considers the individual's legal capacity to sign the agreement. For the contract to be enforceable, all signatories must demonstrate a clear understanding of the contract's obligations, terms, and consequences prior to signing.

6. Legality

All contracts must comply with the law for all applicable jurisdictions where the contract will be enforced. Additionally, contracts involving illegal products or services or relating to criminal activity are not enforceable.

What is an agreement?

According to section 2(e) of The Indian Contract Act 1872 “Every promise and every set of promises, forming the consideration for each other, is an agreement”. We can understand this definition by an example, *A* promises to deliver his book to *B*, and in return, *B* promises to pay 1,000 to *A*. There is said to be an agreement between *A* and *B*.

All contracts are agreements but all agreements are not contracts?

According to section 2 (h) of the Indian Contract Act, “an agreement enforceable by law is a