

## DEED Vs AGREEMENT

Deed normally refers to the document pertaining to alienation of some immovable property from one person to another. While referring to the documents, in which the understanding between the persons is recorded legally, the words like agreement, deed, supplemental agreements and understanding are used. But, it is to be understood and construed that the word 'deed' refers to the document pertaining to alienation of immovable property. There is a difference between the words 'agreement' and 'deed'. The Indian Contract Act, 1872 defines an agreement to be an offer from one party and its acceptance by another. When an agreement is entered into in accordance with law and not opposed to public policy then it is a contract. Thus, technically there is a difference between an agreement and deed (also known as contract). For example, there will be an agreement for the sale of immovable property and when the terms of agreement is finalized then there will be sale deed which is nothing but a 'deed'. And there can be transactions where the parties directly enter into a deed without any agreement. Thus the difference between an agreement and deed are to be understood carefully. In practice the terms agreement and deed are used very casually and interchangeably, which is not correct. An agreement to purchase a flat cannot be referred to as deed. Again, when the flat is finally bought and all legal and tax requirements are complied with, then we use the term deed and not agreement. While the term agreement is general; the term deed is specific, referring to a document recording the alienation of immovable property in accordance with legal requirements.

While the Indian Contract Act, 1872 substantially deals with the requirements to be complied with while entering into agreements in general, the laws like Transfer of Property Act, 1882 specifically deal with alienation of property. There may not be a need to look into the provisions of the Transfer of Property Act while drafting a general agreement, but there is a need to adhere to the provisions of the Indian contract Act while drafting a deed.

In India, more so in villages, deeds and agreements are drafted by document writers who normally incorporate standard clauses and may not take much care while drafting such documents. While this has been the practice for many years now, beneficiaries must make sure such documents are drafted with utmost care, precision and where required, executed on appropriate non-judicial stamp paper.

Raghav Seth.

**About the author:**

The author is a corporate lawyer empaneled with Evaluer. Views expressed are personal.