

# Hire purchase system

## ভাড়া ক্রয় পদ্ধতি



# Concept of Hire purchase system

## ভাড়া ক্রয় পদ্ধতি অর্থ



- The hire purchase system is regulated by Hire purchase Act 1972. Section 2(c) of the act provides that : “Hire purchase agreement means an agreement under which goods are let on hire and under which the hirer has an option to purchase them in accordance with the terms of the agreement and includes an agreement under which :
  - (i) Possession of goods is delivered by the owner thereof to a person on condition that such person pay the agreed amount in periodical installments, and
  - (ii) The property in the goods is to pass to such person on the payment of the last of such installments, and
  - (iii) Such person has a right to terminate the agreement at any time before the property passes.”

Difference between hire purchase system and  
Installment purchase system

ভাড়া ক্রয় পদ্ধতি আৰু কিস্তি ক্রয় পদ্ধতি মাজৰ পাৰ্থক্য

What's the  
Difference?



# Difference between hire purchase system and installment purchase system

## hire purchase system

It is an agreement of hiring,

It is governed by the provision of chapter IX of the Indian Contract Act, 1872 which deals with bailment

Ownership in the goods passes from hire-vendor to hire purchaser until the payment of last installment.

The hire-vendor has the right to repossess the goods if the hire-purchaser makes a default in payment of any installment.

## installment purchase system

It is a 'contract of sale' from beginning.

There is no such act to govern installment purchase system.

Ownership in the goods passes from seller to buyer as soon as the contract is signed.

The seller has no right to repossess the goods if the buyer makes a default in payment of an installment



# Complete repossession and partial repossession (সম্পূর্ণ আৰু আংশিক পুনৰাধিকাৰ)



When hire purchaser make default in the payment of installment, the hire vendor has right to repossess the goods sold under hire purchase system. The essence of a hire purchase transaction is to transfer the ownership of goods to hire purchaser only on the payment of last installment by him. On committing default in the payment of any installment, the hire vendor reserves the right to repossess the goods and the hire purchaser has to forfeit the installment already paid. The hire- vendor repossesses either all the goods hired or only a few of them. Repossession of all the goods is known as 'complete Repossession' and repossession a part or few of the goods is known as 'partial repossession'.

**Termination of Contract**

Hereby, wherefore and therein the parties to the contract for the property at 2345 67th St. have agreed to terminate the contract.

The date for termination of the contract is 12/31/2010.

*[Signature]*

- ▶ The hirer can terminate the hire purchase agreement at any time after giving a 14 day's notice to the owner. He has to redeliver or tender the goods to the owner. Hire purchase agreement may impose severe liability if the hirer wants to terminate the agreement. To mitigate this, the Act provides as follows:
- ▶ (i) Where the sum –total of the amounts paid and the amounts due in respect of the hire purchase price immediately before the termination exceeds one–half of the hire purchase price the hirer shall not be liable to pay the amount so mentioned.
- ▶ (ii) where the sum–total of the amount paid and the amount due in respect of the hire purchase price immediately before the termination does not exceeds one–half of the hire purchase price, the hirer shall be liable to pay the difference between the said sum–total and the said one–half or the sum named to the agreement whichever is less.