



**PARLIAMENT OF THE DEMOCRATIC
SOCIALIST REPUBLIC OF
SRI LANKA**

**CONSUMER CREDIT
ACT, No. 29 OF 1982**

[Certified on 18th August, 1982]

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AN ACT TO DEFINE AND REGULATE THE DUTIES OF PARTIES TO
HIRE-PURCHASE AGREEMENTS AND TO PROVIDE FOR MATTERS
CONNECTED THEREWITH OR INCIDENTAL THERETO.

BE it enacted by the Parliament of the Democratic Socialist
Republic of Sri Lanka as follows :—

1. This Act may be cited as the Consumer Credit Act,
No. 29 of 1982, and shall come into operation on such date
as the Minister may appoint by Order published in the
Gazette.

Short title
and date of
operation.

2. The provisions of this Act shall apply in relation to all
hire-purchase agreements entered into in Sri Lanka after
the coming into operation of this Act.

Application
of this
Act.

FORMATION AND CONTENTS OF HIRE-PURCHASE AGREEMENTS

3. (1) Before any hire-purchase agreement is entered
into in respect of any goods, the owner shall state in writing
to the prospective hirer, otherwise than in the agreement,
a price at which the goods may be purchased by him for
cash (in this section referred to as the "cash price") :

Require-
ments
relating to
hire-
purchase
agreements.

Provided that the requirements imposed by this subsec-
tion shall be deemed to have been sufficiently complied
with—

(a) if the hirer has inspected the goods or like goods and
at the time of his inspection, tickets or labels were
attached to, or displayed with, the goods clearly
stating the cash price, either of the goods as a whole
or of all the different articles or sets of articles
comprised in the goods ; or

(b) if the hirer has selected the goods by reference to a
catalogue, price list or advertisement which clearly
stated the cash price, either of the goods as a whole
or of all the different articles or sets of articles
comprised in the goods.

(2) An owner shall not be entitled to enforce a hire-
purchase agreement or any contract of guarantee relating
to the agreement or any right to recover the goods from
the hirer, and no security given by the hirer in respect of
money payable under the hire-purchase agreement or given

by a guarantor in respect of money payable under a contract of guarantee relating to the agreement shall be enforceable against the hirer or guarantor, unless the requirement specified in subsection (1) has been complied with, and—

(a) the agreement is made and signed by the hirer and by, or on behalf of, all other parties to the agreement;

(b) the agreement contains—

(i) a statement of the hire-purchase price and of the cash price of the goods to which the agreement relates, and of the amount of each of the instalments by which the hire-purchase price is to be paid, and of the date, or the mode of determining the date, upon which each instalment is payable;

(ii) a statement of the deposit paid; and

(iii) a list of the goods to which the agreement relates sufficient to indentify them;

(c) the agreement contains a notice, which is at least as prominent as the rest of the contents of the agreement, in the terms set out in the Schedule to this Act; and

(d) a copy of the agreement is delivered or sent to the hirer within fourteen days of the making of the agreement.

(3) Where any part of the hire-purchase price is, or is to be, paid otherwise than in cash or by cheque the hire-purchase agreement shall contain a description of that part of the hire-purchase price.

(4) A hire-purchase agreement may be enforced notwithstanding that there has been a failure to comply with the requirements specified in subsection (1) or in paragraph (b) or paragraph (c) or paragraph (d) of subsection (2) or in subsection (3) if the court in which an action is instituted to enforce such agreement is satisfied that such failure has not prejudiced the hirer and that it would be just and equitable in all the circumstances of the case to enforce such agreement.

PROTECTION OF HIRERS

4. (1) In every hire-purchase agreement there shall be—

Warranties
and
conditions.

- (a) an implied warranty that the hirer shall have and enjoy quiet possession of the goods ;
- (b) an implied condition on the part of the owner that he will have a right to sell the goods at the time when the property is to pass ;
- (c) an implied warranty that the goods shall be free from any charge or encumbrance in favour of any third party at the time when the property is to pass.

(2) In every hire-purchase agreement there shall be an implied condition that the goods will be of merchantable quality but such a condition shall not be implied—

- (a) as regards defects of which the owner could not reasonably have been aware at the time the agreement was made ;
- (b) where the hirer has examined the goods or a sample thereof, as regards defects which the examination ought to have revealed ;
- (c) as regards defects specified in the agreement whether referred to therein as defects or by any other description to the like effect ;
- (d) if the goods are second-hand goods and the agreement contains a statement to that effect.

(3) Where the hirer whether expressly in writing or by implication has made known to the owner the particular purpose for which the goods are required, there shall be an implied condition that the goods will be reasonably fit for such purpose.

(4) Where the goods are let or agreed to be sold under a hire-purchase agreement by reference to a sample there shall be—

- (a) an implied condition on the part of the owner that the bulk will correspond with the sample in quality ; and
- (b) an implied condition on the part of the owner that the hirer will have a reasonable opportunity of comparing the bulk with the sample.

(5) Where the goods are let or agreed to be sold under a hire-purchase agreement by description there shall be an implied condition that the goods will correspond with the description; and if the goods are let or agreed to be sold under the agreement by reference to a sample as well as by description it shall not be sufficient that the bulk of the goods corresponds with the sample if the goods do not correspond with the description.

(6) An owner shall not be entitled to rely on any provision in a hire-purchase agreement excluding or modifying the condition set out in subsection (3) unless he proves that before the agreement was made the provision was brought to the notice of the hirer and its effect made clear to him.

Limitation
on hire-
purchase
charges.

5. (1) In this section—

- (a) “cash price instalment”, in relation to a hire-purchase instalment, means an amount which bears to the net cash price the same proportion as the amount of the hire-purchase instalment bears to the total amount of hire-purchase price less any deposit as defined in paragraph (b);
- (b) “deposit” means any sum payable by the hirer under the hire-purchase agreement by way of deposit or other initial payment or credited or to be credited to him under the agreement on account of any such deposit or payment, whether that sum is to be or has been discharged by payment of money or by transfer or delivery of goods or by any other means;
- (c) “net cash price”, in relation to goods comprised in a hire-purchase agreement, means the cash price of such goods as is required to be specified in the hire-purchase agreement under sub-paragraph (i) of paragraph (b) of subsection (2) of section 3 less any deposit as defined in paragraph (b) of this subsection;
- (d) “net hire-purchase charges”, in relation to a hire-purchase agreement for any goods, means the difference between the net hire-purchase price and the net cash price of such goods;

(e) "net hire-purchase price", in relation to goods comprised in a hire-purchase agreement, means the total amount of hire purchase price of such goods as is required to be specified in the hire-purchase agreement under sub-paragraph (i) of paragraph (b) of subsection (2) of section 3 less—

(i) any amount which is payable to cover the expenses of delivering the goods or any of them to or to the order of the hirer and which is specified in the agreement as included in the hire-purchase price ;

(ii) any amount which is payable to cover registration or other fees under any law in respect of the goods or the agreement or both and which is specified in the agreement as included in the hire-purchase price ;

(iii) any amount which is payable for insurance in respect of the goods and which is specified in the agreement as included in the hire-purchase price ;

(iv) the amount, if any, payable as installation charges and which is specified in the agreement and included in the hire-purchase price ;

(v) any deposit as defined in paragraph (b) ; and

(vi) any amount payable as business turnover tax or such other tax as is specified in the hire-purchase agreement, being a tax on the hire or sale of the goods ;

(f) "statutory charges" in relation to a hire purchase agreement, means the amount calculated in accordance with the provisions of subsection (2).

(2) The statutory charge shall be an amount calculated at such rate percentage per annum as may be prescribed by the Minister in consultation with the Minister in charge of the subject of Finance, having regard to the rates at which

the Central Bank lends monies to commercial banks and to the interests of the national economy, in accordance with following formula :—

$$\frac{SC - NC \quad X \quad R \quad X \quad T}{100}$$

Where

SC—represents the statutory charges ;

NC—represents the nett cash price ;

R—represents the rate ; and

T—represents the time expressed in years and fractions of years that elapses between the date of agreement and the date on which the last hire-purchase instalment is payable under the agreement.

In this subsection, “Central Bank” means the Central Bank of Ceylon established under the Monetary Law Act.

(3) Where the net hire-purchase charges in relation to a hire-purchase agreement exceed the statutory charges in relation to such agreement calculated in accordance with the provisions of subsection (2), the hirer shall be entitled to have his liability reduced by the amount by which the net hire-purchase charges exceed the statutory charges aforesaid.

(4) Where the hirer is entitled to have his liability reduced by the amount referred to in subsection (3), his liability shall be reduced by that amount and that amount may be set off by the hirer against the amount that would otherwise be due under the agreement and, to the extent to which it is not so set off, may be recovered by the hirer as a debt due to him by the owner.

Passing of
property.

6. Subject to the provisions of this Act, the property in the goods to which a hire-purchase agreement relates shall pass to the hirer only on the completion of the purchase in the manner provided in the agreement.

RIGHTS AND OBLIGATIONS OF THE HIRER

Right of
hirer to
purchase at
any time
with rebate.

7. (1) The hirer may, at any time during the continuance of a hire-purchase agreement and after giving the owner not less than fourteen days' notice in writing of his intention so to do, complete the purchase of the goods by paying

or tendering to the owner the hire-purchase price or the balance thereof as reduced by the rebate calculated in the manner provided in subsection (2).

(2) The rebate for the purposes of subsection (1) shall be equal to two-thirds of an amount which bears to the hire-purchase charges the same proportion as the balance of the hire-purchase price not yet due bears to the hire-purchase price.

In this subsection "hire-purchase charges" means the difference between the hire-purchase price and the cash price as stated in the hire-purchase agreement.

(3) The provisions of this section shall have effect notwithstanding anything to the contrary contained in the hire-purchase agreement, but where the terms of the agreement entitle the hirer to a rebate higher than that allowed by this section, the hirer shall be entitled to the rebate provided by the agreement.

8. (1) The hirer may, at any time before the final payment under a hire-purchase agreement falls due, and after giving the owner not less than fourteen days' notice in writing of his intention so to do and re-delivering or tendering the goods to the owner, terminate the hire-purchase agreement by payment or tender to the owner of the amounts which have accrued due towards the hire-purchase price and have not been paid by him including the sum, if any, which he is liable to pay under subsection (2).

Right of
hirer to
terminate
agreement
at any
time.

(2) Where the hirer terminates the agreement under subsection (1), and the agreement provides for the payment of a sum named on account of such termination, the liability of the hirer to pay that sum shall be subject to the following conditions, namely—

(a) 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 sum so named ;

(b) where the sum total of the amounts paid and the amounts due in respect of the hire-purchase price immediately before the termination does not exceed 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 in the agreement, whichever is less.

(3) Nothing in subsection (2) shall relieve the hirer from any liability for any hire which might have accrued due before the termination.

(4) Any provision in any agreement, whereby the right conferred on a hirer by this section to terminate the hire-purchase agreement is excluded or restricted or whereby any liability in addition to the liability imposed by this Act is imposed on a hirer by reason of the termination of the hire-purchase agreement by him under this section, shall be void.

(5) Nothing in this section shall prejudice any right of a hirer to terminate a hire-purchase agreement under and by virtue of any other provisions of this Act.

Right of
hirer to
appropriate
payments
in respect
of two or
more
agreements.

9. A hirer who is liable to make payments in respect of two or more hire-purchase agreements to the same owner shall, notwithstanding any agreement to the contrary, be entitled, on making any payment in respect of the agreements which is not sufficient to discharge the total amount then due under all the agreements, to appropriate the sum so paid by him in or towards the satisfaction of the sum due under any one of the agreements, or in or towards the satisfaction of the sums due under any one of the agreements, or in or towards the satisfaction of the sums due under any two or more of the agreements in such proportions as he thinks fit, and, if he fails to make any such appropriation as aforesaid, the sum so paid shall, by virtue of this section, stand appropriated towards the satisfaction of the sums due under the respective hire-purchase agreements in the order in which the agreements were entered into.

Assignment
and trans-
mission of
hirer's right
or interest
under hire-
purchase
agreement.

10. (1) The hirer may assign his right, title, interest and obligations under a hire-purchase agreement with the written consent of the owner and all other parties to such agreement or, if the written consent is unreasonably withheld, without his consent.

(2) Except as otherwise provided in this section, no payment or other consideration shall be required by an owner for his consent to an assignment under subsection (1), and where an owner or any other party to such agreement requires any such payment or other consideration for his consent, that consent shall be deemed to be unreasonably withheld.

(3) Where on a request being made by a hirer in that behalf the owner or any other party to such agreement fails or refuses to give his consent to an assignment under subsection (1) the hirer may apply to the court for an order

declaring that the consent of the owner or any other party to such agreement to the assignment has been unreasonably withheld, and where such an order is made, the consent shall be deemed to be unreasonably withheld.

(4) As a condition of granting such consent to an assignment under subsection (1), the owner or any other party to such agreement may stipulate that all defaults under the hire-purchase agreement shall be made good and may require the hirer and the assignee to execute and deliver to the owner or any other party to such agreement an assignment agreement, in a form approved by the owner or any other party to such agreement, whereby, without affecting the continuing personal liability of the hirer in such respect, the assignee agrees with the owner or any other party to such agreement to be personally liable to pay the instalments of hire remaining unpaid and to perform and observe all other stipulations and conditions of the hire-purchase agreement during the residue of the term thereof and whereby the assignee indemnifies the hirer in respect of such liabilities.

(5) The provisions of this section shall apply notwithstanding anything to the contrary contained in the hire-purchase agreement.

11. The owner may assign his right, title, interest and obligations under a hire-purchase agreement with the written consent of the hirer and any other party to such agreement or, if the written consent is unreasonably withheld, without his consent. The provisions of subsections (2), (3), (4) and (5) of section 10 shall, *mutatis mutandis*, apply to an assignment made under this section.

Assignment and transmission of owner's right or interest under hire-purchase agreement.

12. Subject to the provisions of this Act, a hirer shall be bound—

Obligation of hirer to comply with agreement.

- (a) to pay the hire in accordance with the agreement, and
- (b) otherwise to comply with the terms of the agreement.

13. (1) A hirer in the absence of a contract to the contrary—

Obligation of hirer in respect of care taken of goods.

- (a) shall be bound to take as much care of the goods to which the hire-purchase agreement relates as a man of ordinary prudence would, under similar circumstances, take of his own goods of the same bulk, quantity and value;

- (b) shall not be responsible for the loss, destruction or deterioration of the goods, if he has taken the amount of care thereof described in paragraph (a).

(2) The hirer shall be liable to pay compensation to the owner for any damage caused by failure to take care of the goods in accordance with the provisions of subsection (1).

(3) Where there has been loss, destruction or deterioration of the goods, the onus shall be on the hirer to prove that he took such care thereof as is described in paragraph (a) of subsection (1).

Obligation
of hirer
in respect
of use of
goods.

14. If the hirer makes any use of the goods to which a hire-purchase agreement relates which is not according to the conditions of the agreement, the hirer shall be liable to make compensation to the owner for any damage arising to the goods from or during such use.

Obligation
of hirer
to give infor-
mation as
to where-
abouts of
goods.

15. (1) Where by virtue of a hire-purchase agreement a hirer is under a duty to keep in his possession or control the goods to which the agreement relates, the hirer shall, on receipt of a request in writing from the owner, inform the owner where the goods are at the time when the information is given or, if it is sent by post, at the time of posting.

(2) If a hirer fails without reasonable cause to give the said information within fourteen days of the receipt of a request under subsection (1), he shall be guilty of an offence and shall on conviction be liable to a fine not exceeding five hundred rupees or to a term of imprisonment not exceeding three months or to both such imprisonment and fine.

Rights of
hirer in
case of
repossession
of goods
by owner.

16. (1) Where the owner repossesses under paragraph (b) of section 19 the goods let or agreed to be sold under a hire-purchase agreement, the hirer may recover from the owner the amount, if any, by which the hire-purchase price falls short of the aggregate of the following amounts, namely—

(a) the amounts paid in respect of the hire-purchase price up to the date of repossession; and

(b) the value of the goods on the date of repossession.

(2) For the purposes of this section, the value of any goods on the date of repossession shall mean the best price that can be reasonably obtained for the goods by the owner on that date less the aggregate of the following amounts, namely—

(i) the reasonable expenses incurred by the owner for repossessing the goods;

(ii) any amount reasonably expended by the owner on the storage, repairs or maintenance of the goods ;

(iii) (whether or not the goods have subsequently been sold or otherwise disposed of by the owner) the reasonable expenses of selling or otherwise disposing of the goods ; and

(iv) the amount spent by the owner for payment of arrears of taxes and other dues which are payable in relation to the goods under any law for the time being in force and which the hirer was liable to pay.

(3) Where the hire-purchase price is in excess of the aggregate of the amounts referred to in subsection (1), the owner may recover such excess from the hirer.

(4) If the owner fails to pay the amount due from him under the provisions of this section or any portion of such amount to the hirer within a period of thirty days from the date on which a notice for the payment of the said amount is served on him by the hirer, the owner shall be liable to pay interest on such amount at the rate of twelve *per centum* per annum from the date of expiry of the said period of thirty days.

(5) Where the owner has sold the goods repossessed by him the onus of proving that the price obtained by him for the goods was the best price that could be reasonably obtained by him on the date of repossession shall lie upon him.

(6) For the purposes of this section, the best price that can be obtained for the goods by the owner on the date of repossession shall be—

(a) the highest price offered to the owner for the goods in response to advertisements for the sale of the goods published in a newspaper circulating in the Sinhala, Tamil and English languages, such advertisements being published—

(i) within thirty days of the registration of the goods in the owner's name, in any case where the goods are required, by any law for the time being in force, to be registered in the owner's name ; or

(ii) within thirty days of the date of repossession, in any other case ; or

(b) in any case where the hirer does not agree to the price referred to in paragraph (a), the value of the goods as determined—

(i) by the person specified in the hire-purchase agreement as the person who shall determine the value of the goods for the purposes of this subsection; or

(ii) if there is no person so specified, by a person nominated by agreement of all the parties to the hire-purchase agreement; or

(iii) if such parties cannot agree to such nomination, by a person nominated by court on the application of any party to the hire-purchase agreement:

Provided, however, that the court shall not make a nomination under sub-paragraph (iii) unless the application for the same is made within fifteen days of the rejection by the hirer, of the price referred to in paragraph (a).

Fraudulent
sale or
disposal
of goods
by hirer.

17. Every person who, by the disposal or sale of any goods comprised in a hire-purchase agreement, or by the removal of the goods or by any other means, defrauds or attempts to defraud the owner shall be guilty of an offence and shall be liable to a fine not exceeding five thousand rupees or to imprisonment for a term not exceeding six months to both such fine and imprisonment.

RIGHTS AND OBLIGATIONS OF THE OWNER

Rights of
owner to
terminate
hire-
purchase
agreement
for defaults
in payment
of hire or
unauthorized
act or
breach of
express
conditions.

18. (1) Where a hirer makes more than one default in the payment of hire as provided in a hire-purchase agreement then, subject to the provisions of section 21 and after giving the hirer notice in writing of not less than—

(a) one week, in a case where the hire is payable at weekly or lesser intervals; and

(b) two weeks in any other case,
the owner shall be entitled to terminate the agreement by giving the hirer notice of termination in writing;

Provided that if the hirer pays or tenders to the owner the hire in arrear together with such interest thereon as may be payable under the terms of the agreement before the expiry of the said period of one week or two weeks, as the case may be, the owner shall not be entitled to terminate the agreement.

(2) If a hirer—

- (a) does any act with regard to the goods to which the hire-purchase agreement relates which is inconsistent with any of the terms of the agreement; or
- (b) breaks any express condition of the agreement which provides that on the breach thereof the owner may terminate the agreement,

the owner shall be entitled to terminate the agreement by giving the hirer not less than thirty days' notice in writing specifying the particular breach or act which entitles him to terminate the agreement:

Provided, however, that in any case where the breach or act specified in the notice is capable of being remedied by the hirer, it shall be the duty of the owner to require the hirer by such notice to remedy the breach or act complained of, before the expiry of the said period of thirty days, and if the hirer remedies the breach or act complained of, before the expiry of the said period of thirty days, the owner shall not be entitled to terminate the agreement.

19. Where a hire-purchase agreement is terminated under this Act, then the owner shall be entitled—

**Rights of
owner on
termination.**

- (a) to retain the hire and the initial deposit which have already been paid and to recover the arrears of hire due:

Provided that when such goods are repossessed by the owner, the retention of hire and the initial deposit, and recovery of the arrears of hire due shall be subject to the provisions of section 16;

- (b) subject to the provisions of section 16 and section 21 and subject to any contract to the contrary to repossess the goods;
- (c) subject to the provisions of section 20 and section 21 to recover possession of the goods by action in court;
- (d) without prejudice to the provisions of subsection (2) of section 13 and of section 14 to damages for non-delivery of the goods, from the date on which termination is effective to the date on which the goods are delivered to or repossessed by the owner.

Restriction
on owner a
right to
recover
possession
of goods
otherwise
than
through
court.

20. (1) Where goods have been let or agreed to be sold under a hire-purchase agreement and seventy-five per centum of the hire purchase price has been paid (whether in pursuance of a judgment or otherwise) or tendered by or on behalf of the hirer or any guarantor before the lawful termination of the contract, the owner shall not enforce any right to recover possession of the goods from the hirer otherwise than by action:

Provided that, notwithstanding anything to the contrary in the hire-purchase agreement, the owner shall not be entitled to recover possession of the goods from the hirer unless he has duly terminated the agreement in accordance with the provisions of this Act.

(2) If the owner recovers the goods in contravention of the foregoing subsection, the hire-purchase agreement, if not previously terminated, shall terminate and—

(a) the hirer shall be released from all liability under the agreement and shall be entitled to recover from the owner in an action all sums paid by him under the agreement or under any security given by him in respect of the agreement; and

(b) any guarantor shall be entitled to recover from the owner in an action all sums paid by him under the contract of guarantee or under any security given by him in respect of that contract.

(3) The foregoing provisions of this section shall not apply in any case in which the hirer has determined the agreement by virtue of any right vested in him.

Powers of
court in
actions
to recover
goods.

21. (1) Where, in any case to which section 20 applies, an owner commences an action to enforce a right to recover possession of goods from a hirer after seventy-five per centum of the hire-purchase price has been paid or tendered as aforesaid, the owner shall not take any step to enforce payment of any sum due under the hire-purchase agreement or under any contract of guarantee relating to the agreement, except by claiming the sum in the action.

(2) All the parties to the agreement and any guarantor shall be made parties to the action.

(3) Pending the hearing of the action the court shall, in addition to any other powers, have power, upon the application of the owner, to make such orders as the court

thinks just for the purpose of protecting the goods from damage or depreciation, including orders restricting or prohibiting the use of the goods or giving directions as to their custody.

(4) On the hearing of the action the court may, without prejudice to any other power—

(a) make an order for the specific delivery of all the goods to the owner ; or

(b) make an order for the specific delivery of all the goods to the owner and postpone the operation of the order—

(i) on condition that the hirer or guarantor pays the unpaid balance of the hire-purchase price at such times and in such amounts as the court thinks just having due regard to the means of the hirer or guarantor and any other relevant circumstances ; and

(ii) subject to the fulfilment of such other conditions by the hirer or guarantor as the court thinks just ; or

(c) make an order for the specific delivery of a part of the goods to the owner and for the transfer to the hirer of the owner's title to the remainder of the goods.

(5) The court shall not make an order transferring to the hirer the owner's title to a part of the goods unless it is satisfied that the amount which the hirer has paid in respect of the hire-purchase price exceeds the price of the part of the goods (determined in accordance with subsection (8)) by at least seventy-five *per centum* of the unpaid balance of the hire-purchase price.

(6) Where damages have been awarded against the owner in the proceedings, the court may treat the hirer as having paid in respect of the hire-purchase price, in addition to the actual amount paid, the amount of the damages, or such part thereof as the court thinks fit, and thereupon the damages shall accordingly be remitted either in whole or in part.

(7) In this section and elsewhere in this Act "order for the specific delivery of any goods" means an order for the delivery of the goods to the owner without giving the hirer an option to pay their value.

(8) In this section "price", in relation to any goods, means such part of the hire-purchase price as is assigned to those goods by the note or memorandum of the hire-purchase agreement or if no such assignment is made, such part of the hire-purchase price as the court may determine.

(9) If at any time before the hearing of an action to which this section applies the owner has recovered possession of a part of the goods, the references in subsection (4) to all the goods shall be construed as references to all the goods which the owner has not recovered, and if the parties have not agreed upon an adjustment of the hire-purchase price in respect of the goods so recovered, the court may, for the purposes of the paragraphs (b) and (c) of that subsection make such reduction of the hire-purchase price and of the unpaid balance of it as the court thinks just.

(10) When an owner has recovered a part of the goods let under a hire-purchase agreement and the recovery was effected in contravention of section 20, the provisions of this section shall not apply in relation to any action by the owner to recover the remainder of the goods.

Application
of
sections
20 and 21 to
successive
hire-
purchase
agreements
between
same
parties.

22. Where goods have been let under a hire-purchase agreement and, at any time after seventy-five *per centum* of the hire purchase price has been paid or tendered, the owner makes a further hire-purchase agreement with the hirer comprising those goods, the provisions of sections 20 and 21 shall have effect in respect of the further agreement from its commencement.

Effect of
suspension
of order
for
delivery
of goods.

23. (1) While the operation of an order for the specific delivery of goods to the owner is postponed under section 21, the hirer shall be deemed to be in possession of the goods under and on the terms of the hire-purchase agreement:

Provided that—

(a) no further sum shall be or become payable by the hirer or a guarantor on account of the unpaid balance of the hire-purchase price except in accordance with the terms of the order; and

(b) the court may make such further modifications of the terms of the hire-purchase agreement, and of any contract of guarantee relating to it, as the court considers necessary having regard to the variation of the terms of payment.

(2) If while the operation of an order for the specific delivery of goods to the owner is postponed under section 21 the hirer or a guarantor—

(a) fails to comply with any condition of the postponement or with any term of the agreement as varied by the court; or

(b) wrongfully disposes of the goods,

the owner shall not take any civil proceedings in respect of the failure or disposal against the hirer or guarantor otherwise than by making an application to the court by which the order was made:

Provided that, in the case of a breach of any condition relating to the payment of the unpaid balance of the hire-purchase price, it shall not be necessary for the owner to apply to the court for leave to execute the order unless the court has so directed.

(3) When the unpaid balance of the hire-purchase price has been paid in accordance with the terms of the order, the owner's title to the goods shall vest in the hirer.

(4) The court may at any time during the postponement of the operation of an order under section 21—

(a) vary the conditions of the postponement and make such further modification of the hire-purchase agreement, and of any contract of guarantee relating to it, as the court considers necessary having regard to the variation of the conditions of the postponement;

(b) revoke the postponement;

(c) make an order, in accordance with the provisions of section 21, for the specific delivery of a part of the goods to the owner and for the transfer to the hirer of the owner's title to the remainder of the goods.

(5) If in any action to which section 21 applies an offer as to conditions for the postponement of the operation of an order under paragraph (b) of subsection (4) of that section is made by the hirer and accepted by the owner with the approval of court, an order under that paragraph may thereupon be made by the court in accordance with the said offer without hearing evidence as to matters specified in that paragraph:

Provided that where a guarantor is a party to the action, no such order shall be made before the date fixed for the hearing of the action.

Obligation
of owner
to supply
copies and
infor-
mation.

24. (1) It shall be the duty of the owner to supply, free of cost, a true copy of the hire-purchase agreement, signed by the owner, where there is a contract of guarantee, to the guarantor on demand made at any time before the final payment has been made under the agreement.

(2) It shall also be the duty of the owner, at any time before the final payment has been made under the hire-purchase agreement, to supply to the hirer, within fourteen days after the owner receives a request in writing from the hirer in that behalf and the hirer tenders to the owner the sum of one rupee for expenses, a statement signed by the owner or his agent showing—

(a) the amount paid by or on behalf of the hirer ;

(b) the amount which has become due under the agreement but remains unpaid, and the date upon which each unpaid instalment became due, and the amount of each instalment ; and

(c) the amount which is to become payable under the agreement, and the date or the mode of determining the date upon which each future instalment is to become payable and the amount of each such instalment.

(3) Where there is a failure without reasonable cause to carry out the duties imposed by subsection (1) or subsection (2), then, while the default continues—

(a) the owner shall not be entitled to enforce the agreement against the hirer or to enforce any contract of guarantee relating to the agreement, or to enforce any right to recover the goods from the hirer ; and

(b) no security given by the hirer in respect of money payable under the agreement or given by a guarantor in respect of money payable under such a contract of guarantee as aforesaid shall be enforceable against the hirer or the guarantor by any holder thereof,

and, if the default continues for a period of two months the owner shall be punishable with fine which may extend to two hundred rupees.

(4) Nothing in subsection (3) shall be construed as affecting the right of a third party to enforce against the owner or hirer or against both the owner and the hirer any charge or encumbrance to which the goods covered by the hire-purchase agreement are subject.

25. Where an owner has agreed that any part of the hire-purchase price may be discharged otherwise than by the payment of money, any such discharge shall, for the purposes of this Act, be deemed to be payment of that part of the hire-purchase price.

Discharge
of price
otherwise
than by
payment
of money.

26. (1) Where, during the continuance of a hire-purchase agreement, the hirer is adjudged insolvent under any law with respect to insolvency for the time being in force, the assignee shall have in respect of the goods which are in the possession of the hirer under the agreement, the same rights and obligations as the hirer had in relation thereto.

Insolvency
of hirer &c.

(2) The assignee may with the permission of the District Court assign the rights and obligations of the hirer under the agreement to any other person and the assignee shall have all the rights and be subject to all the obligations of the hirer under the agreement.

27. Where, in a suit or application by an owner of goods which have been let under a hire-purchase agreement, to enforce a right to recover possession of the goods from the hirer, the owner proves that, before the commencement of the suit or application and after the right to recover possession of the goods accrued, the owner made a request in writing to the hirer to surrender the goods, the hirer's possession of the goods shall, for the purpose of the owner's claim to recover possession thereof, be deemed to be unlawful.

Evidence
of adverse
detention
in suit or
application
to recover
possession
of goods.

28. (1) Any notice or document required or authorized to be served on or given or sent to an owner or hirer or guarantor under this Act may be so served or given or sent:—

Service
of
notices, &c.

(a) by delivering it to him personally;

(b) by sending it by registered post, addressed to him at his last known place of abode or business; or

(c) by sending it by ordinary post addressed to him at his last known place of abode or business and obtaining a certificate of posting.

Avoidance
of certain
provisions
in hire-
purchase
agreements.

(2) Where a person on whom any notice or document required or authorized to be served on or given or sent to is a corporation, board, public body or a company, such notice or document may be served in the manner provided in the Civil Procedure Code for service of summons on such corporate bodies.

29. The following provisions in a hire-purchase agreement shall be void, that is to say, any provision—

- (a) whereby an owner or a person acting on his behalf is authorized to enter upon the premises where the hirer resides for the purpose of taking possession of goods which have been let under a hire-purchase agreement or is relieved from liability for any such entry; or
- (b) whereby the right conferred on a hirer by this Act to determine the hire-purchase agreement is excluded or restricted, or any liability in addition to the liability imposed by this Act is imposed on a hirer by reason of the termination of the hire-purchase agreement by him under this Act; or
- (c) whereby a hirer, after the determination of the hire-purchase agreement in any manner whatsoever, is subject to a liability which exceeds the liability to which he would have been subject if the agreement had been determined by him under this Act; or
- (d) whereby any person acting on behalf of an owner or seller in connection with the formation or conclusion of a hire-purchase agreement is treated as, or deemed to be, the agent of the hirer or buyer; or
- (e) whereby an owner or seller is relieved from liability for the acts or defaults of any person acting on his behalf in connection with the formation or conclusion of a hire-purchase agreement; or
- (f) whereby the hirer or buyer is required to avail himself of the services, as insurer or a repairer or in other capacity whatsoever, of a person other than a person selected by mutual agreement between the owner and the hirer or buyer.

30. (1) The Minister may make regulations in respect of any matter in respect of which regulations are authorized by this Act to be made or required by this Act to be prescribed.

Regulations.

(2) Every regulation made under subsection (1) shall be published in the *Gazette* and shall come into operation on the date of such publication or on such later date as may be specified in the regulation.

(3) Every regulation made under subsection (1) shall as soon as convenient after its publication in the *Gazette* be brought before Parliament for approval and any regulation which is not so approved shall be deemed to be rescinded as from the date of such disapproval but without prejudice to anything previously done thereunder.

(4) Notification of the date on which any regulation is deemed to be so rescinded shall be published in the *Gazette*.

31. In this Act, unless the context otherwise requires—

“conditional sale agreement” means an agreement for sale of goods under which—

Interpre-
tation.

(a) the purchase price or part of it is payable by instalments; and

(b) property in the goods is to remain in the seller (notwithstanding that the buyer is to be in possession of the goods) until such conditions as to the payment of instalments or otherwise as may be specified in the agreement are fulfilled;

“contract of guarantee”, in relation to any hire-purchase agreement, means a contract whereby a person (in this Act referred to as “guarantor”) guarantees the performance of all or any of the hirer’s obligations under the hire-purchase agreement;

“court” means the court having jurisdiction to entertain the suit or action;

“guarantor” means a person who has guaranteed the performance by the hirer of all or any of his obligations under a hire-purchase agreement;

“hire” means the sum payable periodically by the hirer under the hire-purchase agreement;

“hire-purchase agreement” means an agreement under which goods are let on hire and under which—

(a) the possession of goods is delivered by the owner thereof to a person on condition that such person pays an agreed amount in periodical instalments; and

(b) (i) either the hirer has an option to purchase the goods in accordance with the terms of the agreement; or

(ii) the property in the goods is to pass to the hirer on the payment of the last of such instalments,

and includes a conditional sale agreement but does not include any agreement whereby the property in the goods comprised therein passes at the time of the agreement or upon or at any time before delivery of the goods;

“hire-purchase price” means the total sum payable by the hirer under a hire-purchase agreement in order to complete the purchase of, or the acquisition of property in, the goods to which the agreement relates, and includes any sum so payable by the hirer under the agreement by way of a deposit or other initial payment or credited or to be credited to him under such agreement on account of any such deposit or payment, whether that sum is to be or has been paid to the owner or any other person or is to be or has been discharged by payment of money or by transfer or delivery of goods or by any other means, but does not include any sum payable as a penalty or as compensation or damages for a breach of the agreement;

“hirer” means the person who obtains or has obtained possession of goods from an owner under a hire-purchase agreement and includes a person to whom the hirer's rights or liabilities under the agreement has passed by assignment or by operation of law;

“installation charges” means any expenses incurred by the owner in respect of—

(a) the fixing of the goods to which the agreement relates to the premises where they are to be used and the alteration of premises to enable any such goods to be used thereon; and

- (b) where it is reasonably necessary that any such goods should be constructed or erected on the premises where they are to be used, any work carried out for the purpose of such construction or erection ;

“owner” means the person letting, hiring or agreeing to sell goods under a hire-purchase agreement and includes a person to whom the owner’s property in the goods or any of the owner’s rights or liabilities under the agreement has passed by assignment or operation of law ;

“third-party insurance” means any insurance in relation to liability in respect of death or bodily injury caused by or arising out of the use of a motor vehicle being insurance required by law ;

“vehicle registration fees” means any amount to be provided under a hire-purchase agreement by the owner for payment by or on behalf of the hirer under the law in connection with registration and use of a motor vehicle, excluding any amount payable for insurance.

SCHEDULE

Notice for inclusion in hire-purchase agreements

Summary of your financial obligations under the proposed hire-purchase agreement relating to

(a short description of the goods)

1. The cash price of the goods is .. Rs.

Installation charges .. Rs.

Total Rs.

2. The hire-purchase price including statutory charges and deposit of Rs. is .. Rs.

3. The following amounts have been included in the hire-purchase price—

(a) Freight charges (expenses of delivery of the goods or any of them to or to the order of the hirer) .. Rs.

(b) Registration or other fees payable under any law .. Rs.

(c) Insurance .. Rs.

(d) Installation charges .. Rs.

(e) Business turnover tax or other taxes .. Rs.

4. The instalments payable and the interval at which such instalments are payable are as follows:—

5. With the written consent of the owner you can assign your rights under the hire-purchase agreement and he may not unreasonably refuse his consent.

6. You have the right at any time to purchase the goods with a rabate in terms of section 8 of the Consumer Credit Act, 1982.

7. You have the right to terminate the hire-purchase agreement at any time by returning the goods to the owner at your own expense subject to the provisions of section 9 of the Consumer Credit Act, 1982.