

INSTALLMENT PURCHASE SYSTEM

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INSTALLMENT PURCHASE SYSTEM

MEANING

Installment purchase system is a system of purchase under which , the possession as well as ownership of goods passes from the seller to the buyer immediately on entering the agreement but the buyer agrees to pay the total price in installments.



FEATURES

- It is an agreement between the seller and buyer.
- The buyer is required to pay the total price in installments.
- The buyer gets the possession and ownership of goods immediately on signing the agreement.
- If there is any default in the payment of any installment , the seller has no right to repossess the goods. He can go to the court and sue the purchaser for unpaid balance.
- purchaser is the owner of goods , he can dispose of the goods in any manner he likes.



DISTINCTION BETWEEN HIRE PURCHASE AND INSTALLMENT PURCHASE SYSTEM

HIRE PURCHASE SYSTEM

- It is an agreement of hiring
- It is governed by Hire Purchase Act, 1972
- The parties to the contract are called Hire vendor & Hire purchaser.
- Ownership of goods is transferred only after making payment of last installment.
- In case of default the hire vendor can take back the possession.

INSTALLMENT PURCHASE SYSTEM

- It is an agreement of sale
- It is not governed by any Act.
- The parties are called buyer and seller
- Ownership of goods is transferred immediately on signing the contract.
- The seller cannot take back the possession but he can sue for payment.



HIRE PURCHASE SYSTEM

- The relation is that of bailer and bailey
- The hire purchaser can terminate the contract but he cannot claim the amount paid

INSTALLMENT PURCHASE SYSTEM

- There is no such relationship
- The buyer cannot terminate the contract & escape from the liability of making payment of installment



THANK YOU



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