

**Hire-Purchase Act, 1972**  
(Act No. 26 of 1972)

**Preamble**

An Act to define and regulate the rights and duties of parties to hire purchase agreements and for matters connected with or incidental thereto.

BE it enacted by Parliament in the Twenty-third Year of the Republic of India as follows -

**Chapter I - Preliminary**

**1. Short title, extent and commencement -**

- (1) This Act may be called the Hire-Purchase Act, 1972.
- (2) It extends to the whole of India except the State of Jammu and Kashmir
- (3) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

**2. Definitions -**

In this Act, unless the context otherwise requires. -

- (a) "**contract of guarantee**" in relation to any hire-purchase agreement, means a contract whereby a person ( in this Act referred to as the surety) guarantees the performance of all or any of the hirer's obligations under the hire-purchase agreement.
- (b) "**hire**" means the sum payable periodically by the hirer under a hire-purchase agreement.
- (c) "**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 persons pays the agreed amount in periodical instalments, and

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

(iii) such person has a right to terminate the agreement at any time before the property so passes.

(d) "**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 hire-purchase agreement by way of a deposit 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 a or has been paid to the owner or to any other person or is to be or has been discharged by payment or 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.

(e) "**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 have passed by assignment or by operation of law.

(f) "**owner**" means the person who lets or has let, delivers or has delivered possession of goods, to a hirer under a hire-purchase agreement and includes a person to whom the owners property in the goods or any of the owners rights or liabilities under the agreement has passed by assignment or by operation of law.

(g) each of the words and expressions used and not defined in this Act but defined in the Indian Contract Act, 1872 ( 9 of 1872) or the Sale of Goods Act, 1930 (3 of 1930) shall have the meaning assigned to it in that Act.

## **Chapter II - Form and Contents of Hire-Purchase Agreements**

### **3. Hire –**

Purchase agreements to be in writing and signed by parties thereto -

(1) Every hire-purchase agreement shall be-

(a) in writing, and

(b) signed by all the parties thereto

(2) A hire-purchase agreement shall be void if in respect thereof any of the requirements specified in sub-section (1) has not been complied with

(3) Where there is a contract of guarantee, the hire-purchase agreement shall be signed by the surety also, and if the hire-purchase agreement is not so signed, the hire-purchase agreement shall be voidable at the option of the owner.

#### **4. Contents of hire purchase agreement –**

(1) Every hire-purchase agreement shall state-

(a) The hire-purchase price of the goods to which the agreement relates,

(b) The cash price of the goods, that is to say, the price at which the goods may be purchased by the hirer for cash,

(c) The date on which the agreement shall be deemed to have commenced.

(d) the number of instalments by which the hire-purchase price is to be paid, the amount of each of those instalments, and the date, or the mode of determining the date, upon which it is payable, and the person to whom and the place where it is payable and

(e) the goods to which the agreement relates, in a manner sufficient to identify them.

(2) 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 the part of the hire-purchase price.

(3) Where any of the requirements specified in sub-section (1) or sub-section 92) has not been complied with, the hirer may institute a suit for getting the hire-purchase agreement rescinded, and the court may, if it is satisfied that the failure to comply with any such requirement has prejudiced the hirer, rescind the agreement on such term as it thinks just, or pas such other order as it thinks fit in the circumstances of the case.

#### **5. Two or more agreements when treated as a single hire-purchase agreement –**

Where by virtue of two or more agreements in writing, none of which by itself constitutes a hire-purchase agreement, there is a bailment of goods and the bailee has an option to purchase the goods and the requirements of section 3 and section 4 are satisfied in relation to such agreements, the agreements shall be treated for the purposes of this Act as a single hire-purchase agreement made at the time when the last of the agreements was made.

### **Chapter III - Warranties and Conditions, Limitation on Hire-Purchase Charges and Passing of Property.**

#### **6. Warranties and conditions to be implied in hire-purchase agreements –**

(1) Notwithstanding anything contained in any contract, in every hire-purchase agreement there shall be an implied warranty.

(a) That the hirer shall have and enjoy quiet possession of the goods, and

(b) 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) Notwithstanding anything contained in any contract, in every hire-purchase agreement there shall be –

(a) An implied condition on the part of the owner that he has a right to sell the goods at the time when the property is to pass.

(b) An implied condition that the goods shall be of merchantable quality, but no such condition shall be implied by virtue of this clause-

(i) As regards defects of which the owner could not reasonably have been aware at the time when the agreement was made, or

(ii) As regards defects specified in the agreement (whether referred to in the agreement as defects or by any other description to the like effect), or

(iii) Where the hirer has examined the goods, or a sample thereof, as regard defects which the examination ought to have revealed, or

(iv) If the goods are second-hand goods and the agreement contains a statement to the effect.

(3) Where the hirer, whether expressly or by implication-

(a) has made known to the owner the particular purpose for which the goods are required, or

(b) in the course of any antecedent negotiation, has made that purpose known to any other person by whom those negotiations were conducted, there shall be an implied condition that the goods shall be reasonably fit for such purpose.

(4) Where the goods are let 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 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 under the agreement by reference to a sample as well as by description, it shall not be sufficient that the bulk of the goods correspond with the sample if the goods do not also 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 sub-section (3) unless he proves that before the agreement was made the provisions was brought to the notice of the hirer and its effect made clear to him.

(7) Nothing in this section shall prejudice the operation of any other enactment or rule of law whereby any condition or warranty is to be implied in any hire-purchase agreement.

## **7. Limitation of hire-purchase charges –**

(1) In this section :-

(a) "**Cash price instalment**", in relation to a hirer-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.

(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 required to be specified in the hire-purchase agreement under clause (b) of sub-section (1) of section 4, less any deposit as defined in the clause (b).

(d) "**Net-hire-purchase charges**" in relation to a hire-purchase agreement for any goods, means the different 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 required to be specified in the hire-purchase agreement under clause (a) of sub-section (1) of section 4 less.

(i) any amount which is payable to cover the express of delivering the goods or any of the them to or 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 agreements as included in the hire-purchase price, and

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

(f) "**statutory charges**" in relation to hire-purchase agreement, means the aggregate of the amounts calculated in accordance with the provisions of sub-section (2) as statutory charges in respect of each of the cash price installments corresponding to each of the hire-purchase instalments under the agreement.

(2) The statutory charges, in respect of a cash price instalment, shall be an amount calculated at the rate of thirty per centum per annum or, if a lower rate is specified under sub-section (3) as such lower rate, in accordance with the following formula: -

$$SC = \frac{CI \times R \times T}{100}$$

Where SC.- represents the statutory charges,

CI,- represents the amount of cash price instalment expressed in rupees fractions of rupees

R.- represents that rate, and

T,- repress the time, expressed in years and fractions of years, that elapses between the date of the agreement and the date on which the hire-purchase instalment corresponding to the cash price instalment is payable under the agreement.

(3) The Central Government may, by notification in the Official Gazette, and after consultation with Reserve Bank of India, specify the rate per centum per annum, being a rate which shall not be less than ten per centum per annum, at which statutory charges may be calculated under sub-section (2) and different rates may be so specified in respect of hire-purchase agreements relating to different classes or sub-classes of goods.

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 sub-section (2), the hirer may notice in writing to the owner, either elect to treat the agreement as void or to have his liability reduced by the amount by which the net hire-purchase charges exceed the statutory charges aforesaid.

Where a hirer elects, in accordance with the provision of sub-section (4), to treat the hire -purchase agreement as void, the agreement shall be void and the amount paid or provided whether by cash, cheque or other consideration by or on behalf of the hirer in relation to the agreement shall be recoverable by the hirer as a debt due to him by the owner.

Where the hirer elects have his liability reduced by the amount referred to in sub-section (4), 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.

## **8. Passing of property -**

Subject the provision of this Act, 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.

### **Chapter IV - Rights and Obligations of the Hirer**

## **9. Right of hirer to purchase at any time with rebate -**

(1) The hirer may, at any time during the continuance of the 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 of the hire-purchase price or the balance thereof as reduced by the rebate calculated in the manner provided in sub-section (2).

The rebate for the purposes of sub-section (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.

**Explanation** - In the sub-section "**hire-purchase**" means the difference between the hire-purchase price and the cash price as stated in the hire-purchase agreement.

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 entitled to hirer to a rebate higher than that allowed by this section, the hirer shall be entitled to the rebate provided by the agreement.

## **10. Right to hirer to terminate agreement at any time –**

(1) The hirer may, at any time before the final payment under the hire-purchase agreement falls due, and after giving the owner not less than fourteen days, notice in writing of his intentions 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 not been paid by him, including the sum, if any, which he is liable to pay under sub-section (2).

Where the hirer terminates the agreement under sub-section (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: -

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 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.

Nothing in sub-section (2) shall relieve the hirer from any liability for any hire, which might have accrued due before the termination.

Any provision in any agreement, whereby the right conferred on a hirer by this section to terminate the hire-purchase agreement by him under this section, shall be void.

Nothing in the section shall prejudice any right of a hirer to terminate a hire-purchase agreement otherwise than by virtue of this section.

### **11. Right to hirer to appropriate payments in respect of two or more agreements -**

A hirer who is liable to make payments in respect of two or more hire-purchase agreements to the same owners shall, notwithstanding any agreement to the contrary, be entitled, on making any payment in respect of the agreements to appropriate the sum so paid by him in or towards the satisfaction of the sum due under any two or more 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.

### **12. Assignment and transmission of hirer's right or interest under hire-purchase agreement -**

(1) The hirer may assign his right, title and interest under the hire-purchase agreement with the consent of the owner, or if his consent is unreasonably withheld, without his consent.

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 sub-section (1), and where an owner requires any such payment or other consideration for his consent, that consent shall be deemed to be unreasonably withheld.

Where on a request being made by a hirer in this behalf the owner fails or refuses to give his consent to an assignment under sub-section (1) the hirer may apply to the court for an order declaring that the consent of the owner to the assignment has been unreasonably withheld, and where such an order is made the consent shall be deemed to be unreasonably withheld.

**Explanation** - In this sub-section, "**court**" means a court which would have jurisdiction to entertain a suit for the relief claimed in the application.

(4) As a condition of granting such consent, the owner 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 an assignment agreement, in a form approved by the owner, whereby, without affecting the continuing personal liability of the hirer in such respects, the assignee agrees with the owner to be personally liable to pay the installments 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 right, title and interest of a hirer under a hire-purchase agreement shall be capable of passing by operation of law to the legal representative of the hirer but nothing in this sub-section shall relieve the legal representative from compliance with the provisions of the hire-purchase agreement.

**Explanation** - In this sub-section, the expression, "**legal representative**" has the same meaning as in clause (11) of section 2 of the Code of Civil Procedure, 1908 (5 of 1908).

The provision of this section shall apply notwithstanding anything to the contrary contained in the hire-purchase agreement.

### **13. Obligations of hirer to comply with agreement -**

Subject to the provisions of this Act, a hirer shall be bound - to pay the hirer in accordance with the agreement, and otherwise to comply with the terms of the agreement.

#### **14. Obligation of hirer in respect of care to be taken of goods -**

(1) A hirer in the absence of a contract to the contrary - 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, quality and value shall not be responsible for the loss, destruction or deterioration of the goods, if he has taken the amount of care thereof described in clause (a).

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

#### **15. Obligation of hirer in respect of use of goods -**

If the hirer makes any use of the goods to which the 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.

#### **16. Obligation of the hirer to give information as to whereabouts of goods -**

(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 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.

If the hirer fails without reasonable cause to give said information within fourteen days of the receipt of the notice, he shall be punishable with fine which may extend to two hundred rupees.

#### **17. Rights of hirer in case of seizure of goods by owner -**

(1) Where the owner seizes under clause (c) of section 19 the goods let under a hire-purchase agreement, the hirer may recover from the owner the amount, if any, by which the hirer-purchase price falls short of the

aggregate of the following amount, namely: - the amounts paid in respect of the hire-purchase price up to the date of seizure.

The value of the goods on the date of seizure.

For purposes of this section, the value of any goods on the date of seizure is the best price that can be reasonably contained for the goods by the owner on that date less the aggregate of the following amounts, namely: - The reasonable expenses incurred by the owner for seizing the goods, any amount reasonably expended by the owner on the storage, repairs or maintenance of the goods.

(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 the amounts 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.

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 of notice for the payment of the said amounts is served on him by the hirer the owner shall be liable to pay interest on such amount at the rate of twelve per cent, per annum from the date of expiry of the said period of thirty days.

Where the owner has sold the goods seized by him the onus of proving that the price obtaining by him for the goods was the best price that could be reasonably obtained by him on the date of seizure shall lie upon him.

## **Chapter V - Rights and Obligations of the Owner**

### **18. Rights of owner to terminate hire-purchase agreement for default in payment of hire or unauthorised act or breach of express conditions -**

(1) Where a hirer makes more than one default in the payment of hire as provided in the hire-purchase agreement then, subject to the provisions of section 21 and after giving the hirer notice in writing of not less than - one week, in a case where the hire is payable at weekly or lesser intervals, and 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 arrears 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, as the case may be, two weeks, the owner shall not be entitled to terminate the agreement.

The owner shall subject to the provisions of sections 22, be entitled to terminate the agreement by giving the hirer notice of termination in writing.

### **19. Rights of owner of termination -**

Where a hire-purchase agreement is terminated under this Act, then the owner shall be entitled to.- to retain the hire which has already been paid and to recover the arrears of hire due.

Provided that when such goods are seized by the owner, the retention of hire and recovery of the arrears of hire due shall be subject to the provisions of section 17.

Subject to the conditions specified in clauses (a) and (b) of sub-section (2) of section 10, to forfeit the initial deposit, if so provided in the agreements. Subject to the provisions of section 17 and section 20 and subject to any contract the contrary, to enter the premises of the hirer and seize the goods.

Subject to the provisions of section 21 and section 22, to recover possession of the goods by application under section 20 or by suit.

Without prejudice to the provisions of sub-section (2) of section 14 and of section 15, 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 seized by the owner.

### **20. Restriction on owner's right to recover possession of goods otherwise than through court -**

(1) Where goods have been let under a hire-purchase agreement and the statutory proportion of the hire-purchase price has been paid, whether in pursuance of the judgement of court or otherwise, or tendered by or on behalf of the hirer or any surety, the owner shall not enforce any right to recover possession of the goods from the hirer otherwise than in accordance with sub-section (3) or by suit.

**Explanation** - In this section, "**statutory proportion**" means - one-half, where the hire-purchase price is less than fifteen thousand rupees and,

three-fourths, where the hire-purchase price is not less than fifteen thousand rupees.

Provided that in the case of motor vehicles as defined in the Motor Vehicles Act, 1939 (4 of 1930), "**statutory proportion**" shall mean - one-half where the hire-purchase price is less than five thousand rupees.

Three-fourths, where the hire-purchase price is not less than five thousand rupees but less than fifteen thousand rupees.

Three-fourths or such higher proportion not exceeding nine-tenths as the Central Government may, by notification in the Official Gazette, specify, where the hire-purchase price is not less than fifteen thousand rupees.

If the owner recovers possession of goods in contravention of the provisions of sub-section (1), the hire-purchase agreement, if not previously terminated, shall terminate, and - the hirer shall be released from all liability under the agreement and shall be entitled to recover from the owner all sums paid by the hirer under the agreement or under any security given by him in respect thereof, and

The surety shall be entitled to recover from the owner all sums paid by him under the contract of guarantee or under any security given by him in respect thereof.

Where, by virtue of the provisions of sub-section (1), the owner is precluded from enforcing a right to recover possession of goods, he may make an application for recovery of possession of the goods to any court having jurisdiction to entertain a suit for the same relief.

The provisions of this section shall not apply in any case in which the hirer has terminated the agreement by virtue of any right vested in him.

## **21. Relief against termination for non-payment of hire –**

Where the owner, after he has terminated the hire-purchase agreement in accordance with the provisions of sub-section (1) of section 18, institutes a suit or makes an application against the hirer for the recovery of the goods, and at the hearing of the suit or application, the hirer pays or tenders to the owner the hire in arrears, together with such interest thereon as may be payable under the terms of the agreement and the costs of the suit or application incurred by the owner and complies with such other conditions, if any, as the court may think fit to impose, the court may, in lieu of making a decree or order for specific delivery, pass an order relieving the hirer against

the termination, and thereupon the hirer shall continue in possession of the goods as if the agreement has not been terminated.

## **22. Relief against termination for unauthorised act or breach of express condition -**

Where a hire-purchase of clause (a) or clause (b) of sub-section (2) of section 18, no suit or application by the owner against the hirer for the recovery of the goods shall lie unless and until the owner has served on the hirer a notice in writing, specifying the particular breach or act complained of, and

If the breach or act is capable of remedy, requiring the hirer to remedy it, and the hirer fails, within a period of thirty days from the date of the service of the notice, to remedy the breach or act if it is capable of remedy.

## **23. Obligation of owner to supply copies and information -**

(1) It shall be the duty of the owner to supply, free of cost, a true copy of the hire-purchase agreement, signed by owner.-

To the hirer, immediately after execution of the agreement, and where there is a contract of guarantee to the surety, on demand made at any time before the final payment has been made under the agreement.

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 this behalf and the hirer tenders to the owner the sum of one rupee of expenses, statement signed by the owner or his agent showing:- the amount paid by or on behalf of the hirer, 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 such instalment, and 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.

Where there is failure without reasonable cause to carry out the duties imposed by sub-section (1), or sub-section (2), then, while the default continues,- 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 no security given by the hirer in respect of money payable under the agreement or given by a surety in respect of money payable under such a contract of

guarantee as aforesaid shall be enforceable against the hirer or the surety by the 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.

Nothing in sub-section (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.

## **Chapter VI - Miscellaneous**

### **24. Discharge of price otherwise than by payment of money -**

Where an owner has agreed that any part of the hire-purchase price may be discharged otherwise than by the payment of money, and such discharge shall, for the purposes section 10, section 11, section 17, section 20 and section 23, be deemed to be a payment of the part of the hire-purchase price.

### **25. Insolvency of hirer, etc.-**

(1) Where, during the continuance of the hire-purchase agreement, the hirer is adjudged insolvent under any law with respect to insolvency for the time being in force, the Official Receiver or where the hirer is a company, then in the event of the company being wound up, the liquidator, 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 thereof.

The Official Receiver or the liquidator, as the case may be, may, with the permission of the Insolvency Court or which the winding up proceedings are pending, assign the rights of the hirer under the agreement, to any other person, and the assignee shall have the rights and be subject to all the obligations of the hirer under the agreement.

**Explanation** - In this section, "**Official Receiver**" means an Official Receiver appointed under the Provincial Insolvency Act, 1920 (5 of 1920), and includes any person holding a similar office under any other law with respect to insolvency for the time being in force.

### **26. Successive hire-purchase agreements between same parties -**

Where goods have been let under a hire-purchase agreement, and at any time thereafter the owner makes a subsequent hire-purchase agreement



with the hirer, whether relating exclusively to other goods or to other goods together with the goods to which the first agreement relates, any such subsequent hire-purchase agreement shall not have effect in so far as it affects prejudicially any right which the hirer would have had by virtue of section 20 under the first agreement, if such subsequent hire-purchase agreement had not been made.

### **27. Evidence of adverse detention is suit or application to recover possession of goods –**

(1) 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 adverse to the owner.

Nothing in this section shall affect a claim for damages for conversion.

### **28. Hirer's refusal to surrender goods not to be conversion in certain cases -**

If, during the subsistence of any restriction to which the enforcement by an owner of a right to recover possession of goods from a hirer is subject by virtue of this Act, the hirer refuses to give up possession of the goods to the owner, the hirer shall not, by reason only of such refusal, be liable to the owner for conversion of goods.

### **29. Service of notice -**

Any notice required or authorised to be served on or given to an owner or a hirer under this Act may be so served or given- by delivering it to him personally or by sending it by post to him to his last known place of residence or business

### **30. Power to exempt from provisions of sections, 6,9,10,12 and 17 in certain cases -**

Where the Central Government is satisfied that having regard to the short supply of any goods or class of goods, or the use of intended use of any goods or class of goods and the person by whom such goods or class of goods are used or are intended to be used, or the restrictions imposed upon

the trade or commerce in any goods or class of goods, or any other circumstances in relation to any goods or class of goods.

It is necessary or expedient in the public interest so to do. The Central Government may, by notification in the Official Gazette, direct that clause (b) of sub-section (2) of section 6, section 9, section 10, section 12 and section 17 or any of them shall not apply or shall apply with such modifications as may be specified in the notification, to hire-purchase agreements relating to such goods or class of goods.

**31. Act not to apply to existing agreements –**

The act shall not apply in relation to any hire-purchase agreement made before the commencement of this Act.

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