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Public Opinion on Hire Purchase with Special Reference to Chennai

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Abstract:
Hire refers to the arrangement or agreement to use something by paying for it , having ownership for the agreed period. Purchase means acquiring something by paying it or buying. Hire purchase is an agreement in which the owner of any asset or product lets the buyer to get them on hire in regular installments. The buyer is not entitled the ownership in the course of the repayment period. For this research, an empirical study was carried out. The data was collected from 1910 respondents. The main aim of the study is to understand about the perception of hire purchase among the general public. Several statistical tools were used for the research such as chi-square, independent sample t test and ANOVA. The dependent variables are Purchasing product through hire purchase, Major product bought through hire purchases and reasons for hire purchase. The independent variables are age , gender and educational qualifications. The results of the study are that there is influence on the major product bought through hire purchase among the different educationally qualified respondents , male and female have different product purchased through hire purchase

Keywords:*Hire purchase, agreement , entitled , owner, valid.*

I. Introduction

Hire refers to the arrangement or agreement to use something by paying for it, having ownership for the agreed period. Purchase means acquiring something by paying it or buying. Hire purchase refers to the system by which a thing is bought by a buyer and pays regular instalments which enjoying using it. The buyer is not entitled the ownership in the course of the repayment period. Once the full payment of the loan is completed, the title of the thing is passed on to the buyer. It is mostly like instalment plan but the main difference between instalment plan and hire purchase is that in instalment plan the buyer receives the ownership as soon as the contract is signed between the seller and the buyer. But in hire purchase the owner of the merchandise is not officially given to the buyer until the complete payment has been made. The reason why ownership is not transferred to the buyer because , the hire purchase plans provide more security and protection to the seller of the product than other sales and leasing methods for poorly secured items , because if the buyer is not able to keep up the repayment, the seller can repossess the product back easily . There are certain standard provisions for the hire purchase to be valid . They are agreements to be signed by both the parties, a clear and definite description about the goods, the cash amount of the goods, the hire purchase price , the deposit, the monthly instalment amount, the reasonable and justifiable comprehensive statement of the rights of both the parties, a note about the right of the hirer if he wish to cancel the agreement with a valid reason . As usual hire purchase has its own advantages and disadvantages. Some of the advantages include assets can be immediately used without entire payment, utilization of expensive assets because the payment is spread over a period of time, etc. The

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following are the disadvantages there would be a increase in the amount of money paid than that of original products because of high interest rates, the long duration for the payment of rent, etc..The main aim of the study is to check the awareness among the general public about the hire purchase among the people.

objectives of the study

- To understand the perception on hire purchase among the general public.
- To analyse the difference between purchasing products through hire purchase and gender.
- To find out the significant association between major product bought through hire purchase and educational qualification of the respondents.
- To determine significant difference in the mean scores of level of agreeability towards the reasons for hire purchase among different age groups.

II. REVIEW OF LITERATURE

Matthias Ruoss (December 2018) The author's aim is to trace the history of hire purchase and the controversy and problems around hire purchase in Switzerland before the Great War. The author concluded that sudden raise of hire purchase challenged the ethics and economic rationality of urban middle classes. Eugenio Cusumano (December 2017) This article examines the scope, implications and causes of outsourcing diplomatic protection for the assessment of the extend of which the use of pecs by the US State Department to secure diplomatic personnel in dangerous locations. JR Keller (October 2017) The author in this paper highlights the process to facilitate the workers movement across jobs within firms . The author collected a total sample of 8107 from the internal hires at a large U.S health firms. The findings are that posting process improves the quality of hires of candidates. Mehdi Motallebi , Hassan Khosravi (December 2016) The author aim of the research is to carry out a comparative study between Iranian and common law on hire purchase. This research used analytical and descriptive research . The findings of the research is that in Iran it is both movable and immovable properties whereas in Common law it is only for movable property.Hakimah Muhammad Zin ,HussinSalamon, NurdianawatiIrwani Abdullah (2015) The main objective of the paper is to examine the extent to which the banks practices on the application of sale contract which are in compliance with Shariah requirements . The author suggested the comprehensive guidelines with a standard sale contract document. Azma, Nurul; Rahman, Mahfuzur; Albaity, Mohamed(January 2014) The aim of the study is to highlight several problems and prospects of AITAB in Malaysia and also an explorative study to have a better structured financial institutions. The findings of the research states that efforts are to be made to provide more practical solutions to AITAB. Loveday A. Nwanyanwu, PhD, FCA, FCTI.(2013 March) The main aim of the paper is to find out the influence created by hire purchase strategies on financial performance in construction companies. The data was collected through questionnaire. The results are that there is a negative association between hire purchase and financial performance .Hemali Broker, Ankita Tiwari, Shifa Bhatti (January - 2013) The author in this research defines hire purchase transactions. He also details about the process involved in hire purchase. He also adds the importance and benefits of people who use hire purchase in detail . Md. Abdul Jalil(2013) The main aim of the paper is to discuss on the nature of Islamic hire purchase contract which is compared with the traditional hire purchase contract.Descriptive research is the type of research used for this study. Convenient sampling method is used as a sampling method. The sample size is 1910. The independent variables are Gender, Educational Qualification, and Age. The dependent variables are

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Purchasing product through hire purchase, Major product bought through hire purchases and reasons for hire purchase. The statistical tools are Independent Sample t test, Chi-square and ANOVA.

Analysis and Interpretation

Hypothesis 1: Major product bought through hire purchase depends on educational qualification of the respondents

Table 1: Cross tabulation - Major Product Bought through Hire Purchase and Educational Qualification

Educational Qualification	Major Product Bought through Hire Purchase				Total
	Electronics	Automobile	Home	Others	
Primary	18	148	38	1	205
	8.8%	72.2%	18.5%	0.5%	100.0%
High School	34	108	87	6	235
	14.5%	46.0%	37.0%	2.6%	100.0%
Higher Secondary	46	282	110	7	445
	10.3%	63.4%	24.7%	1.6%	100.0%
Degree and above	170	506	228	51	955
	17.8%	53.0%	23.9%	5.3%	100.0%
Illiterate	11	41	17	1	70
	15.7%	58.6%	24.3%	1.4%	100.0%
Total	279	1085	480	66	1910
	14.6%	56.8%	25.1%	3.5%	100.0%

Table 2: Chi-Square Tests - Major Product Bought through Hire Purchase and Educational Qualification

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	74.746	12	.001

Using Chi square test, it was found that there is association between major product bought through hire purchase and educational qualification of the respondents. It shows that there is influence on the major product bought through hire purchase among the different educationally qualified respondents.

Hypothesis 2: Opinion on purchasing product through hire purchase differs based on the gender

Table 3: Purchase of Product on Hire Purchase and Gender

Gender	N	Mean	Std. Deviation	Std. Error Mean
Male	866	1.46	.499	.017
Female	1044	1.30	.456	.014

Table 4: Independent Samples Test - Purchase of Product on Hire Purchase and Gender

	t	df	Sig. (2-tailed)
Independent Sample t test	7.679	1908	.001

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Using Independent sample t test, it was found that there is difference between purchasing product through hire purchase and gender. It shows that male and female have different product purchased through hire purchase.

Hypothesis 3: Level of agreeability towards the reasons for hire purchase among different age groups

Table 5: ANOVA - Level of Agreeability towards Reasons for Hire Purchase and Age

		Sum of Squares	df	Mean Square	F	Sig.
Poor Credit	Between Groups	249.592	3	83.197	51.475	.000
	Within Groups	3080.616	1906	1.616		
	Total	3330.207	1909			
High Cost	Between Groups	11.571	3	3.857	3.968	.000
	Within Groups	1852.825	1906	.972		
	Total	1864.396	1909			
High Protection	Between Groups	132.787	3	44.262	40.814	.000
	Within Groups	2067.047	1906	1.084		
	Total	2199.835	1909			
Reduced Risk	Between Groups	455.369	3	151.790	123.823	.000
	Within Groups	2336.497	1906	1.226		
	Total	2791.866	1909			
Encouragement of Savings	Between Groups	567.382	3	189.127	131.605	.000
	Within Groups	2739.073	1906	1.437		
	Total	3306.455	1909			

Using ANOVA it was analyzed whether the level of agreeability towards the aspects of group behavior and educational qualification of the respondents. It was found that there is difference in the mean scores level of agreeability towards the reasons for hire purchase such as poor credit, high cost, high protection, reduced risk, encouragement of savings, etc among different age groups.

CONCLUSION

Hire purchase refers to the system by which a thing is bought by a buyer and pays regular installments which enjoying using it. The buyer is not entitled the ownership in the course of the repayment period. Once the full payment of the loan is completed, the title of the thing is passed on to the buyer. The reason why ownership is not transferred to the buyer because , the hire purchase plans provide more security and protection to the seller of the product than other sales and leasing methods for poorly secured items , because if the buyer is not able to keep up the repayment, the seller can repossess the product back easily. There are certain standard provisions for the hire purchase to be valid. . For this research, an empirical study was carried out. The data was collected from 1910 respondents. The main aim of the study is to understand about the perception of hire purchase among the general public. Several statistical tools were used for the research such as chi-square, independent sample t test and ANOVA. The dependent variables are Purchasing product through hire purchase, Major product bought through hire purchases and reasons for hire purchase. The independent variables are age , gender and educational qualifications. The results of the study are that there is influence on the major product bought through hire purchase among the different educationally qualified respondents , male and female have different product purchased through hire purchase and there is significant difference in the mean scores level of agreeability towards the reasons for hire purchase such as poor credit, high cost, high protection, reduced risk, encouragement of savings, etc among different age groups.

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