

NIOS lesson adaptation project

by  **Embrace** The power within you! **Volunteers**

(A community initiative of Harchan Foundation Trust)

CHAPTER -12

PURCHASE AND SALE

This project is aimed at supporting children with different needs. Information provided is adapted to the best of knowledge by the volunteers. For complete information please refer to the NIOS resources in <https://www.nios.ac.in/online-course-material/secondary-courses.aspx>.

KWL Chart

K- What does the child KNOW	W-What does the child WANT to know	L-What has the child LEARNT
	Define Purchase and Sale	
	Describe various modes of purchase	
	Describe various modes of sale	
	Describe the Various modes of Payment	
	Explain the selling procedure and the document used in Sale	

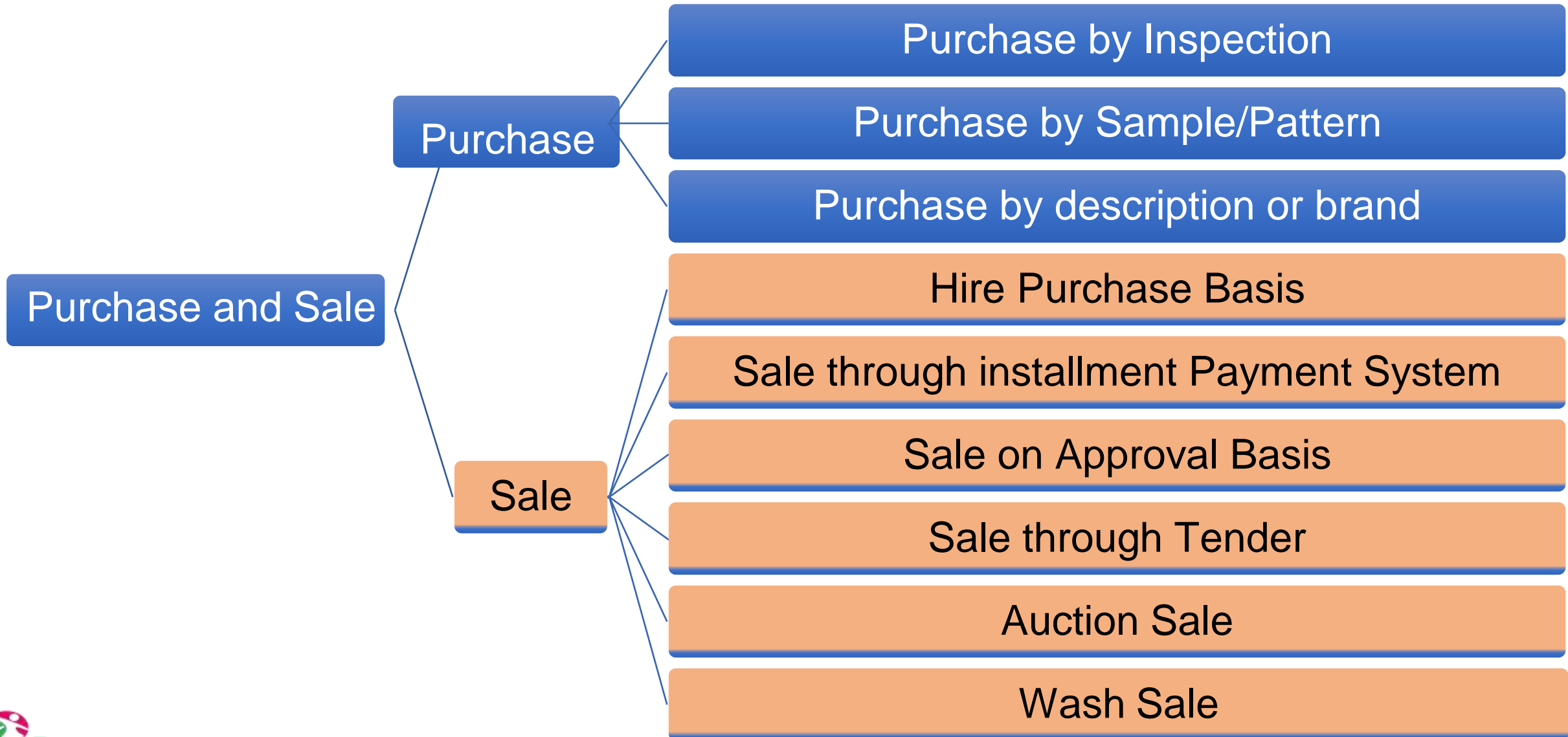
Keywords and Meanings

Keywords	Meaning
Ownership	The right of possessing something
Inspection	Checking things carefully
Installment	The instalment is a fixed amount payable monthly or quarterly
Catalogue	A catalogue is a list of things such as the goods you can buy from a particular company
Deferred	Postpone to a later time
Invoice	An invoice indicates what must be paid by the buyer according to the payment terms of the seller
Specimen	A sample of a substance or material for examination or study

Keywords and Meanings

Keywords	Meaning
Sue	If you sue someone, you start a legal case against them
Tender	<ul style="list-style-type: none">• A tender is an invitation to bid for a project.• It is to accept a formal.• Tendering usually refers to the process whereby governments and financial institutions invite bids for large projects that must be submitted within a finite deadline.
Auction	An auction is an event of buying and selling goods or services by offering them for bidding. It allows people to bid, and selling to the highest bidder
Bid	An offer of a price, especially at an auction

Mind Map



Meaning of Purchase and Sale

□ **Purchase** is a process, in which

- ❖ A person **gets the ownership** of some goods or properties.
- ❖ These goods are **transferred** in his name from another.
- ❖ He **pays money** for this.

□ **Sale** is a process in which

- ❖ **The ownership** of some goods or properties is transferred from one person (**seller**) to another person (**buyer**).
- ❖ Buyer **pays price** to seller.

Meaning of Purchase and Sale

- ☐ Sale and purchase always go together.
- ☐ In every sale and purchase there exist two parties.
- ☐ The first party who sells is known as the 'seller'
- ☐ The other party who buys is known as the 'buyer'
- ☐ The buyer pays money to the seller for buying goods or services for his use or consumption.
- ☐ The seller accepts money and gives up his right over those goods and services.



Examples of Purchase and Sale

- ❑ Ramesh is a shopkeeper.
- ❑ He buys ready-made garments from the wholesalers on payment of money

Seller - Wholesaler
Buyer - Ramesh

- ❑ You buy a shirt from Ramesh by paying its price.

Seller - Ramesh
Buyer - You

Steps Consider By Buyers Before Purchase

Identify his/her needs

Attributes of the Commodity/Service

Price Affordability

Social and Cultural Aspect

Purchase and Sale

Cash Basis

- Buyer Pays the price immediately

Credit Basis

- Buyer requests some time for payment
- The seller should ensure the creditability and the paying capacity of the buyer

Modes of Purchase

1. Purchase by Inspection (Used in Retail Buying)

- The buyer inspects the goods planned to be purchased.
- **For Example**, If you want to buy some vegetables, you will possibly go to the nearest shop and check by yourself vegetables before buying.

2. Purchase by Sample/Pattern

- If one want to buy goods in bulk, he/she will look at the sample or pattern
- Bulk supply shall be of the same quality as the sample/ pattern shown
- A sample or pattern is a specimen of bulk goods.

3. Purchase by description or brand

- Seller carries a catalogue.
- Catalogue contains price list, the description of goods or brand.
- **For example**, a manufacturer of furniture cannot move around showing samples to the intending buyers.
- So, he carries a catalogue with price and description

Methods of Sale

1. Hire Purchase Basis

- Payment in installments
- The goods are on hire, ownership right remains with the seller

2. Sale Thorough Installment Payment System

- Payment is agreed on deferred instalment plan
- Ownership rights pass to the buyer

3. Sales on Approval basis

- Conditional sale and Goods are delivered on payment
- Good are on return basis

4. Sale Through Tender

- Purchases made where quantity of goods is large
- A tender is an undertaking indicating the terms and conditions of sale
- The tenders are usually published in newspapers
- Seller selects the most competitive supplier

5. Auction Sale

- Sale of certain goods openly on a specific date and time.
- People may bid for the goods.

6. Wash Sales

- Clear surplus or old stocks
- Mostly these sellers offer heavy discount

Difference between Deferred Installment Method and Hire-Purchase Method

Deferred Installment Method	Hire-Purchase Method
1. It is a contract for sale	1.It is a contract for hiring of goods
2.The ownership rights passes to the buyer immediately at the time of purchase.	2.The ownership rights remain with seller at the time of purchase.
3.The buyer can return the goods at any stage.	3.The buyer cannot return the good and adjust the amount of payment due.
4.The seller can also take back the goods in case of non-payment.	4.In case of default in payment the seller can sue the buyer for balance installments. He cannot take back possession of the goods.

Modes of Payment

- ☐ Immediate Payment
- ☐ Deferred Installment Plan
- ☐ Deferred payment at the end of the Credit Period

Modes of Payment

1. **Immediate payment:**

- The buyer makes full payment to the seller.
- He can make payment in cash, by cheque or draft or by credit/debit card.
- For example, sale of goods for daily use like grocery, vegetables, readymade garments, low priced consumer durable goods, etc. are made on immediate cash payment.

2. **Deferred Instalment plan:**

- **‘Buy Now – Pay Later’** plan
- The buyer pays a nominal amount to the seller at the time of purchase and takes possession of the goods.
- The balance is paid in instalments over a period of time.
- The instalment is a fixed amount payable monthly or quarterly to the seller.
- If the buyer fails to pay any instalment, the seller can sue him for the unpaid amount.

3. **Deferred payment at the end of credit period:**

- When goods are sold on credit, payment is required to be made by the buyer at the end of the agreed period of credit.

Errors in sending goods and preparing invoice may be rectified by preparing credit note or debit note.

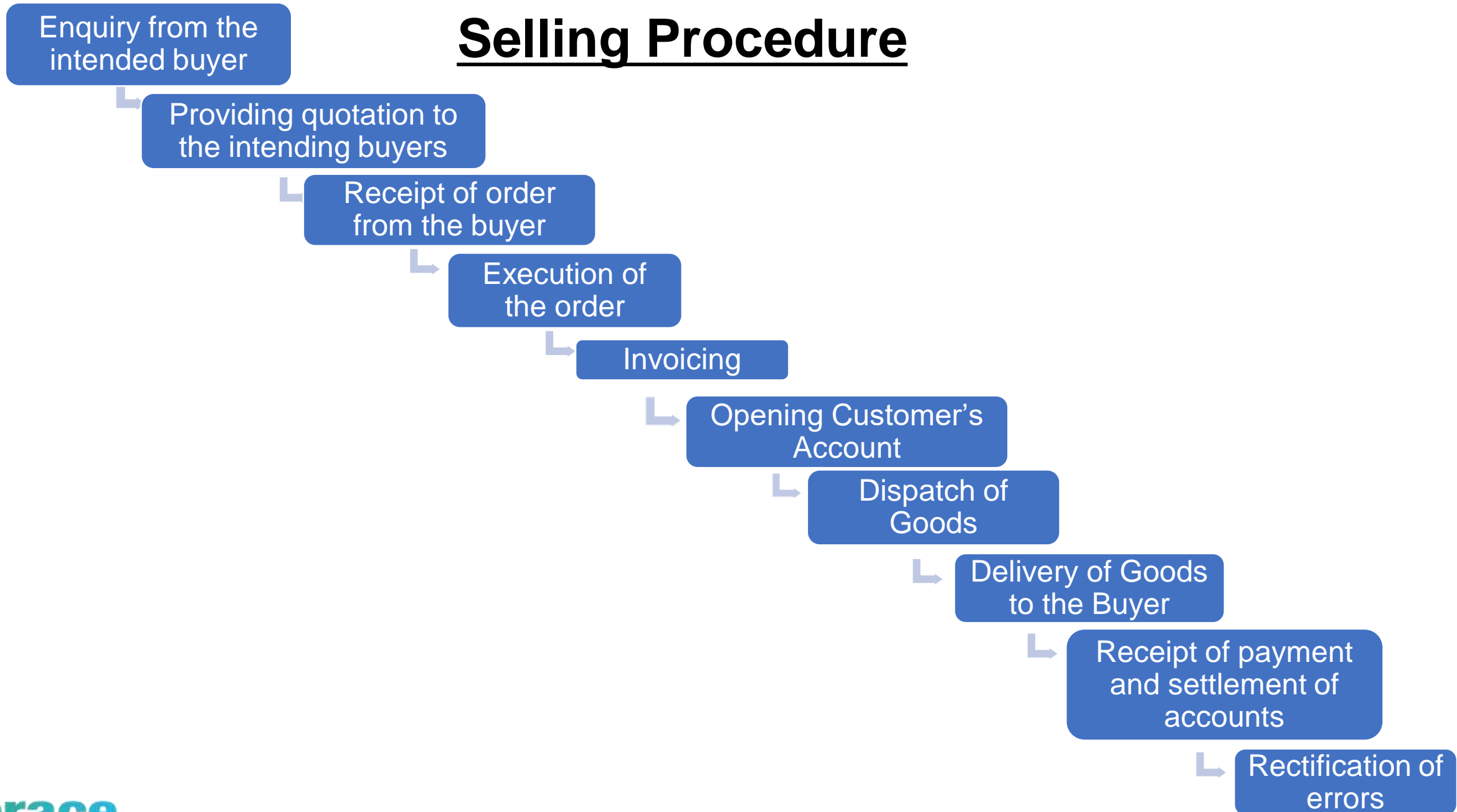
Debit Note

A document, which informs the buyer that his account has been debited with a particular amount.

Credit Note

A document, which informs the buyer that his account has been credited with a particular amount

Selling Procedure



Selling Procedure

Enquiry from the intended buyer

Providing quotation to the intending buyers

Receipt of order from the buyer

Execution of the order

Invoicing

Opening Customer's Account

Dispatch of Goods

Delivery of Goods to the Buyer

Receipt of payment and settlement of accounts

Rectification of errors

Debit Note

A document, which informs the buyer that his account has been debited with a particular amount.

Credit Note

A document, which informs the buyer that his account has been credited with a particular amount

List of Volunteers

Embrace-NIOS lesson adaptation project

(A community initiative of Harchan Foundation Trust)

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"volunteers don't necessarily have the time, they just have the **HEART**."

~ elizabeth andrew

Thank You
Volunteers.

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