

LAW TEST

1. Discuss with reasons, whether the following persons can be called as a 'holder' under the Negotiable Instruments Act, 1881:
 - (i) X who obtains a cheque drawn by Y by way of gift.
 - (ii) A, the payee of the cheque, who is prohibited by a court order from receiving the amount of the cheque.
 - (iii) M, who finds a cheque payable to bearer, on the road and retains it.
 - (iv) B, the agent of C, is entrusted with an instrument without indorsement by C, who is the payee.
 - (v) B, who steals a blank cheque of A and forges A's signature.
2. M drew a cheque amounting to Rs 2 lakh payable to N and subsequently delivered to him. After receipt of cheque N indorsed the same to C but kept it in his safe locker. After sometime, N died, and P found the cheque in N's safe locker. Does this amount to Indorsement under the Negotiable Instruments Act, 1881?
3. M owes money to N. Therefore, he makes a promissory note for the amount in favor of N, for safety of transmission he cuts the note in half and posts one half to N. He then changes his mind and calls upon N to return the half of the note which he had sent. N requires M to send the other half of the promissory note. Decide how rights of the parties are to be adjusted.
4. State briefly the rules laid down under the Negotiable Instruments Act for determining the date of maturity of a bill of exchange. Ascertain the date of maturity of a bill payable hundred days after sight and which is presented for sight on 4th May, 2020.
5. Mr. V draws a cheque of Rs 11,000 and gives to Mr. B by way of gift. State with reason whether –
 - (1) Mr. B is a holder in due course as per the Negotiable Instrument Act, 1881?
 - (2) Mr. B is entitled to receive the amount of Rs 11,000 from the bank?
6. Bholenath drew a cheque in favour of Surendar. After having issued the cheque; Bholenath requested Surendar not to present the cheque for payment and gave a stop payment request to the bank in respect of the cheque issued to Surendar. Decide, under the provisions of the Negotiable Instruments Act, 1881 whether the said acts of Bholenath constitute an offence?
7. Mr. Muralidharan drew a cheque payable to Mr. Vyas or order. Mr. Vyas lost the cheque and was not aware of the loss of the cheque. The person who found the cheque forged the signature of Mr. Vyas and indorsed it to Mr. Parshwanath as the consideration for goods bought by him from Mr. Parshwanath. Mr. Parshwanath encashed the cheque, on the very same day from the drawee bank. Mr. Vyas intimated the drawee bank about the theft of the cheque after three days. Examine the liability of the drawee bank.
8. What are the circumstances under which a bill of exchange can be dishonored by non-acceptance? Also, explain the consequences if a cheque gets dishonored for insufficiency of funds in the account.
9. Rama executes a promissory note in the following form, 'I promise to pay a sum of Rs10,000 after three months'. Decide whether the promissory note is a valid promissory note.
10. Mr. Madhavan drew a cheque payable to Mr. Vikas or order. Mr. Vikas lost the cheque and was not aware of the loss of the cheque. The person who found the cheque forged the signature of Mr. Vyas and endorsed it to Mr. Pawan as the consideration for goods bought by him from Mr.

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Pawan. Mr. Pawan encashed the cheque, on the very same day from the drawee bank. Mr. Vikas intimated the drawee bank about the theft of the cheque after three days. Examine the liability of the drawee bank.

Give your answer in reference to the Provisions of Negotiable Instruments Act, 1881.

- 11.** Manoj owes money to Umesh. Therefore, he makes a promissory note for the amount in favour of Umesh, for safety of transmission he cuts the note in half and posts one half to Umesh. He then changes his mind and calls upon Umesh to return the half of the note which he had sent. Umesh requires Manoj to send the other half of the promissory note. Decide how rights of the parties are to be adjusted.

Give your answer in reference to the Provisions of Negotiable Instruments Act, 1881.