

The negotiable Instrument Act 1881

Page No.

Date

RTI of June 24

22:-

Provision :- As per Section 117 of Negotiable Instrument Act 1881, the compensation payable in case of dishonour of promissory note, bill of exchange or cheque, by any party liable to the holder or any endorsee, shall be determined by the following rules:

Facts : a) The holder is entitled to the amount due upon the instrument, together with the expenses properly incurred in presenting, noting & protesting it;

b) When the person charged resides at a place different from that at which the instrument was payable, the holder is entitled to receive such sum at the current rate of exchange betⁿ two places;

c) An endorsee who, being liable, has ~~to~~ paid the amount due on the same is entitled to the amount so paid with interest at 18% per annum from the date of payment until tender or realisation thereof, together with all expenses caused by the dishonour & payment.

Conclusion :- On the basis of above provisions of law and facts of the case, Savabh has right to claim price of Rice plus fees of advocate plus interest @ 18% p.a from the date of payment until tender or realisation thereof. Amt on p/N 50,000



23- Provision : As per Section 64 of the Negotiable Instrument Act 1881 provides, Promissory notes, bill of exchange and cheques must be presented for payment to the maker, acceptor or drawee thereof respectively, by or on behalf of the holder as hereinafter provided. In default of such presentment

Facts : \rightarrow In default of such presentment, the other parties thereto are not liable thereon to such holder.

\rightarrow Provided that where a promissory note is payable on demand & is not payable at a specified place, no presentment is necessary in order to charge the maker thereof.

Exception : Where a promissory note is payable on demand and is not payable at a specified place, no presentment is necessary in order to charge the maker thereof. In order to charge the acceptor of a bill of exchange.

Conclusion - On the basis of above provision & law as well as exception we can ~~say~~ conclude, A would not be discharged from liability even if the non-presentment by B as the promissory note was payable on demand and not specific place for payment was mentioned.

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§4[b] :-
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Q4 [b] :-

7 Marks

Negotiable Instrument is an Instrument [Document] which is freely transferable [by custom of Trade] from one person to another by mere delivery by Indorsement & Delivery.

The property in such an instrument pass to a bonafide transferee for value.



Essential Characteristics :-

- 1) It is necessarily in writing
- 2) It should be signed
- 3) It is freely transferable from one person to another
- 4) It can be ~~transferable~~ transferred any number of times till its satisfaction.
- 5) Holder Title is free from defect
- 6) The sum payable, time of payment, payee must be certain.
- 7) Right to sue.
- 8) Instrument should be delivered.

The Act does not defined NI " However sec 13 of the Act provides for only three kinds of NI namely Promissory Note, Bill of Exchange, Cheques.

Q6(a) Revision: As per Section 138 of Negotiable Instruments Act 1881 "penalizes the dishonour of any cheque which has been issued in the discharge of the whole or part of any debt or other liability". And the liability of the guarantor & principal debtor is coextensive.

Facts:

→ Cheque presented within validity date period: The cheque has been presented to the bank within a period of three months from the date on which it is drawn or within the period of its validity.

b) Demand for payment through the notice: The payee or the holder in due course of the cheque as the case may be, makes a demand for the payment of the said amount of money by giving a notice, in writing, to the drawer of the cheque, within 15 days of the receipt of information by him from the bank regarding the return of the cheque as unpaid.

→ Failure of drawer to make payment: The drawer of such cheque fails to make the payment of the said amount of money to the payee or, as the case may be, to the holder in due course of the cheque, within 15 days of the receipt of the said notice.

Conclusion: Priyansh issued a cheque to sumit for payment of the price of goods purchased from him. When sumit presented the cheque in bank, it was

MODULE

17:- Provision : As per Section 48 of the NI Act 1881 which is subject to the provision of ~~58~~ Section 58, a promissory note, bill of exchange or cheque payable to order, is negotiable by the holder by indorsement & delivery thereof.

Facts : 1) In the give case. Mr. N indorsed the cheque to C [P] and kept it in the locker.

2) After sometime N died & P found the cheque in the safe locker

3) However, this will not be treated as delivery of cheque.

Conclusion : ~~No, P~~ As per provision & Facts it can be analysis that No, P does not become the holder of the cheque to him.



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Q7:- M Provision : As per the provision of the Negotiable Instrument Act 1881, liability of Promissory note is not only created on making of instrument but it requires delivery to payee also.

-Here delivery refers to delivery of whole instrument and not only part of the instrument.

Facts : In the given case, Mr. M transmitted the half part of promissory Note to Mr. N & kept the remaining half with himself.

∴ So only sending half of promissory note [section 46] by Mr. M do not amount to delivery of Promissory Note & Therefore no liability is created on Promissory Note.

Conclusion : As per the Provision and Facts, the claim of N to have the other half of the P/N sent to him is not maintainable. M is just justified in demanding the return of the first half sent by him. He can change his mind & refuse to send the other half of Promissory Note.



Provision of
11) - Provision : As per Section 138 of Negotiable Instruments Act 1881 "Penalizes the dishonour of any cheque which has been issued in the discharge of the whole or part of any debt or other liability".

Section 140 of NI Act, 1881, specifies absolute liability of the drawer of the cheque for commission of an offence under the section 138 of the Act.

Facts : 1) In the given case, Bholenath issued cheque in favour of Surrender.

2) After issuing cheque, Bholenath requested surrendar not to present cheque for payment & also instructed his bank for stop payment of cheque.

Conclusion : As per section & Provision & Facts The act of Bholenath i.e his request to stop payment constitutes an offence. under &



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47:- Provision: As per Section 4 of NI Act 1881 "A promissory note is an instrument in writing containing an unconditional undertaking signed by the maker, to pay a certain person or to the bearer of the instrument."

Facts: In the given case, Rama executes a promissory note without mentioning name of the payee which makes it a bearer instrument

Such bearer promissory note is not enforceable as per Reserve Bank of India Act 1934

Conclusion: Hence, the instrument is illegal as per RBI Act 1934 & cannot be legally enforced. The promissory note made by Rama is invalid.



Demand : No Maturity Date
Time : Maturity Date / 3 Grace day

CASE 1 I promise to pay to Mr. B 20 days after date
Time Instrument

CASE 2 I promise to pay to Mr. B 20 days after sight
Time Instrument

CASE 3 I promise to pay to Mr. B 20 days after death of Mr. ^{deceased}
Time Instrument

CASE 4 I promise to pay to Mr. B on demand.
Demand Instrument

CASE 5 I promise to pay to Mr. B at sight
Demand Instrument

CASE 6 I promise to pay to Mr. B
Demand Instrument

CASE	Order/Bearer	Time/Demand
I I promise to pay to Mr. B or to his <u>order</u> the sum of Rupees Thirty Thousand <u>on demand</u> .	Order	Demand
II I promise to pay to Mr. B or <u>bearer</u>	Bearer	Demand
III I promise to pay to Mr. B's <u>order</u> the sum of rupees Thirty Thousand <u>one month after sight</u>	Order	Time
IV I promise to pay to Mr. B or <u>bearer</u> the sum of ₹ 30000 <u>two month after date</u>	Bearer	Time
V I promise to pay to <u>bearer</u> the sum of Rupees Thirty Thousand <u>at sight</u> .	Bearer	Demand

RBI not allow

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