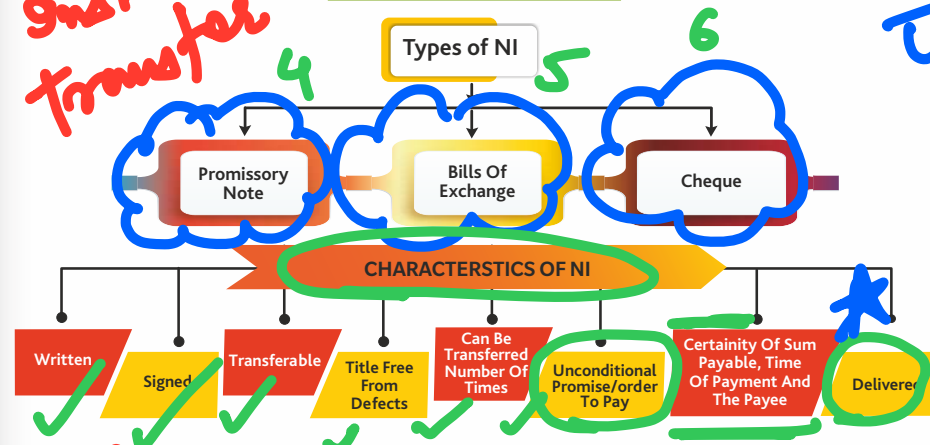


NEGOTIABLE INSTRUMENTS ACT, 1881

10-15% Marks

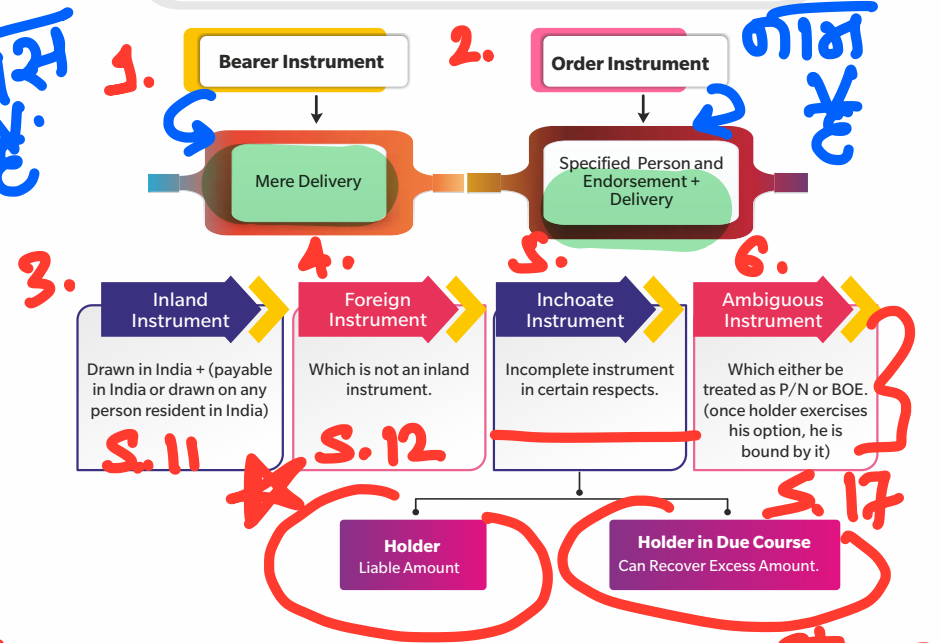
Instrument transfer

Meaning of Negotiable Instruments Transfer of Document



प्राप्त है

CLASSIFICATION OF NEGOTIABLE INSTRUMENTS



नाम है

Promise

Promissory Note [sec. 4]

Meaning - it is unconditional undertaking

Characteristics

- (a) In Writing, (b) Express Promise to pay, (c) Definite and unconditional promise, (d) Signed by maker, (e) Promise to pay money only, (f) Promise to pay a certain sum, (g) Payee must be certain, (h) Stamped

Parties
Maker → Payee

Bill of Exchange [sec. 5]

it is unconditional order

Characteristics

- (a) In Writing, (b) Express Order To Pay, (c) Definite And Unconditional Order, (d) Signed By Drawer, (e) Order To Pay Money Only, (f) certain Sum, (g) Drawer, Drawee & Payee Must Be Certain, (h) Stamped

Parties
Drawer → Drawee → Payee

Cheque [sec. 6]

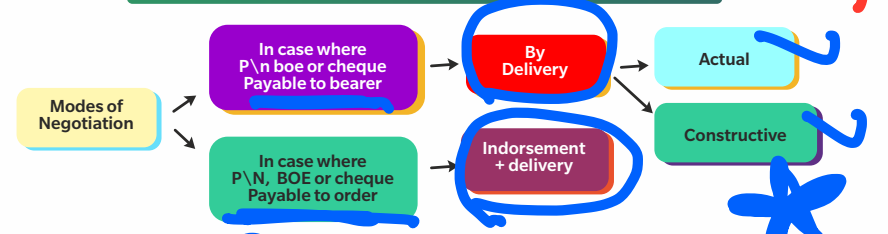
A Bill of Exchange

Characteristics

- (a) All the essentials of a BOE, (b) Drawn on a specified banker, (c) Payable on demand. A cheque does not require: (a) Stamping; acceptance;

Parties
Drawer → Drawee → Payee
Always Banker

NEGOTIATION (TRANSFER) OF NEGOTIABLE INSTRUMENTS



Stamp

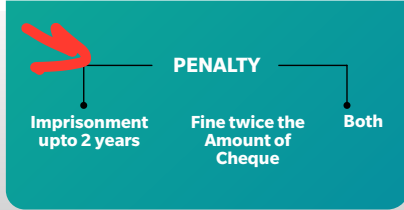
46, 47, 48 D is IMP

S. 31 of RBIA

NEGOTIABLE INSTRUMENT ACT, 1881

DISHONOUR OF CHEQUES FOR INSUFFICIENCY OF FUNDS IN THE ACCOUNTS [SECTION 138 TO 142]

Debt - cheque was issued to discharge a legally enforceable debt
Reason for dishonour - insufficiency of funds
Presentation of cheque - within 3 months
Demand made from drawer - within 30 days of dishonour
Default by drawer to pay - within 15 days of demand made



S.64

RULES REGARDING PRESENTMENT FOR PAYMENT (P/N, BOE, CH)

To whom	Maker (P/N), Acceptor (BOE) Drawer (CH)
If Default In Presentment	No Party Liable Thereto
Exception	If p/N is payable on demand and is not Payable at a specified place, no Presentment is necessary
Time	During Usual Business Hours
If instrument payable after Date or sight	Must Be Presented For Payment At Maturity
P/N payable by instalments	Must be presented for payment on 3 rd day After date fixed for payment of each Instalment
Instrument payable at specified Place	Must be presented for payment at that place
Where no exclusive place specified	Must be presented for payment at the Place of business (if any) or at The usual residence
No known place of business or Residence	Presentment may be made person wherever He can be found
Instrument payable on demand	Must be presented for payment within a Reasonable time after it is received by the holder.

S.76

WHEN PRESENTMENT UNNECESSARY

1. Maker, drawee or accept or prevents the Presentment,
2. Payable at business place & that's closed on Business day during usual business hours
3. Payable at specified place & liable party Doesn't attend place
4. not payable at specified place & liable party Not found after due search.

5. Liable party engaged to pay not with standing non presentment,
6. Liable party makes part payment,
7. Liable party ~~waives~~ off his right to take advantage
8. If drawer could not suffer damage from want of such presentment.

PRESENTMENT FOR ACCEPTANCE (only For BOE)

BOE Payable After Sight Must	Must be presented within a Reasonable time & in business hours on a business day. (note: 48 hours, Excluding public holidays, are given to drawee for acceptance)
After Signature	No Party Liable Thereto
If BOE is directed to Drawee at a Particular place	Must Be Presented At That Place
	If drawee not found after reasonable search, BOE is dishonored

PRESENTMENT OF PROMISSORY NOTE FOR SIGHT

P/N Payable At a Certain Period After Sight.	Must be presented within a reasonable time & in business hours on a business day,
In Default of Such Presentment	No Party Liable Thereto

RULES AS TO COMPENSATION (SEC.117)

- In case of dishonour of Nt, holder can claim
1. Amount due on Ni
 2. Expenses incurred in presenting, noting & protesting.
 3. Interest 18% pa from due date of payment to date of realisation.

Note: in case of foreign currency, current rate of exchange.