

**TOPIC: NEGOTIABLE INSTRUMENTS**

**(Marks – 50)**

**Time Allowed – 1.5 Hour**

**QUESTION 1 :**

Discuss with reasons, in the following given conditions, whether 'M' can be called as a "holder" under the Negotiable Instruments Act, 1881:

- (i) 'M' the payee of the cheque, who is prohibited by a court order from receiving the amount of the cheque.
- (ii) 'M' the agent of 'Q' is entrusted with an instrument without endorsement by 'Q' who is the payee.

**(4 MARKS)**

**QUESTION 2 :**

Explain the meaning of 'Negotiation by delivery' with the help of an example. Give your answer as per the provisions of the Negotiable Instruments Act, 1881.

**(3 MARKS)**

**QUESTION 3 :**

Referring to the provisions of The Negotiable Instruments Act, 1881, examine the validity of the following promissory notes.

- (i) I owe you a sum of Rs 1,000. A tells B.
- (ii) X promises to pay Y, a sum of Rs 10,000 six months after Y's marriage with Z.

**(2 MARKS)**

**QUESTION 4 :**

Meena drew a cheque amounting to Rs. 2 lakh payable to Neena and subsequently delivered to her. After receipt of cheque Neena indorsed the same to Kareena but kept it in her safe locker. After sometime, Neena died, and Reena found the cheque in Neena's safe locker. Does this amount to Indorsement under the Negotiable Instruments Act, 1881?

**(2 MARKS)**

**QUESTION 5 :**

In what cases presentment of instrument is unnecessary under Negotiable Instrument Act, 1881 ?

**(5 MARKS)**

**QUESTION 6 :**

Write a short note explaining the importance of delivery in negotiation.

**(5 MARKS)**

**QUESTION 7:**

Explain clearly the meaning of the term 'Promissory Note' as provided In the Negotiable instruments Act, 1881. In what way does a 'Promissory Note' differ from a 'Bill of Exchange'?

**(8 MARKS)**

**QUESTION 8 :**

What are Negotiable Instruments? Explain its essential characteristics under the Negotiable Instruments Act, 1881.

**(7 MARKS)**

**QUESTION 9 :**

Priyansh purchased some goods from Sumit. He issued a cheque to Sumit for the sale price on 14<sup>th</sup> June, 2023. Sumit presented the cheque in his bank and his bank informed him on 19<sup>th</sup> June, 2023 that cheque was returned unpaid due to insufficiency of funds in the account of Priyansh. Sumit sued against Priyansh under section 138 of the Negotiable Instruments Act, 1881. State with reasons, whether this suit is maintainable?

**(7 MARKS)**

**QUESTION 10 :**

Bunty drew a cheque in favour of Babli. After having issued the cheque; Bunty requested Babli not to present the cheque for payment and gave a stop payment request to the bank in respect of the cheque issued to Babli. Decide, under the provisions of the Negotiable Instruments Act, 1881 whether the said acts of Bunty constitute an offence?

**(7 MARKS)**