

Q 2.) Bholenath drew a cheque in favour of Surrender. After having issued the cheque, Bholenath requested Surrender not to present the 2 cheque for payment & gave a stop payment request to Bank in respect of the cheque issued to Surrender. Decide under provision of NI Act - 1881, whether the said acts of Bholenath constitute an offense?

Ans → As per Sec-138 of NI Act-1881, a person commits an offense if a cheque is issued for the discharge of a debt or liability & is dishonoured due to insufficient funds or if the amount exceeds the arrangement made under Bank. Sec-139, presumes that the cheque was issued for a lawful obligation.

fact:- Bholenath drew a cheque to Surrender, after issue, Bholenath requested Surrender not present cheque for payment & gave request to Bank for stop payment.

Conclusion:- Bholenath is liable under Sec-138, despite the stop payment notice.

Q 3.) What are the circumstances under which, bill of Exchange can be dishonoured by non-acceptance? Also explain the consequences if a cheque gets dishonoured for insufficiency of fund in account.

Ans → Dishonour by Non-acceptance or by non-payment :-

- 1.) when the drawee either does not accept the bill within 48 hrs of presentment or Refuse to accept it.
- 2.) when one of several drawees, not being partner make default in acceptance.
- 3.) when the drawee gives a qualified acceptance.

- (v.) when presentment for acceptance is excused & the bill remains unaccepted,
- vi) when drawer is incompetent to contract.

An instrument is dishonoured by non-payment when the party primarily liable, i.e. the acceptor of a bill, the maker of a note or the drawee of a cheque, make default in payment. An instrument is also dishonoured for non-payment when presentment for payment excused & the instrument when overdue, remains unpaid, under sec-76 of NI Act - 1881.

Q7) A issued a cheque for 5000 to B, B did not present the cheque for payment within reasonable period. The Bank fails, however, when the cheque was ought to be presented to the Bank there was sufficient fund to make payment of cheque. Now B demand payment for A decided. the liability of A under the NI Act - 1881.

Ans-) As per Sec-84 of this Act, where a cheque is presented for payment within reasonable time of its issue & the drawer suffer actual damage through the delay because of the failure of the Bank, he is discharged to the extent of such damage. If at any time the bank fails, the drawer had the full amount of the cheque with the banker for payment of cheque, he will be discharged in full.

* By using above provision to the given problem as the payee has not presented the cheque to the drawer's Bank within reasonable time when the drawer had funds to clear the cheque & the drawer has suffered actual damage, then the drawer is discharged from the liability.

Present Case: → As per the provision mentioned above since B has not presented the cheque on time (when he had funds to clear the cheque) A stands discharged. Thus, B cannot demand payment from A. A is not liable.

Q10) Mr. A is the payee of an order cheque. Mr. B steals the cheque & forges Mr. A's signature & endorses the cheque in his own favour. Mr. B then further endorses the cheque to Mr. C, who takes the cheque in good faith & favourable consideration. Examining the validity of the cheque as per N.I. Act - 1881 & state whether Mr. C can claim the privileges of a holder in due course?

Ans → provision: - A forged N.I. is nullity. Forgery confers no title. A holder of forged instrument acquires no title. Thus in case of forged instrument, the person claiming under forged endorsement even if he is a holder in due course cannot acquire right of holder in due course.

Present case: → Therefore, Mr. C acquires no title on the cheque.

Q18) Ram purchases some goods on credit from Singh, payable within 3 months. After 2 months, Ram makes out a blank cheque in favour of Singh, signs & delivers it to Singh with a request to fill up the amount due, as Ram does not know the exact amount payable by him. Singh fills up fraudulently the amount larger than the amount payable by Ram & endorses the cheque to Chandra in full payment of Singh's own due. Ram's cheque is dishonoured. Referring N.I. Act - 1881. Discuss the right of Singh & Chandra.

-Ans-> As per Sec-44 of NI Act-1881, is applicable in the case, according to Sec-49 of this Act, Singh who is party in immediate relation with the drawer of cheque is entitled to recover from Ram only the exact amount due from Ram & not the amount entered in the cheque. However, the sight of Chandra, who is holder for value, is not adversely affected & he can claim the full amt. of cheque from Singh.