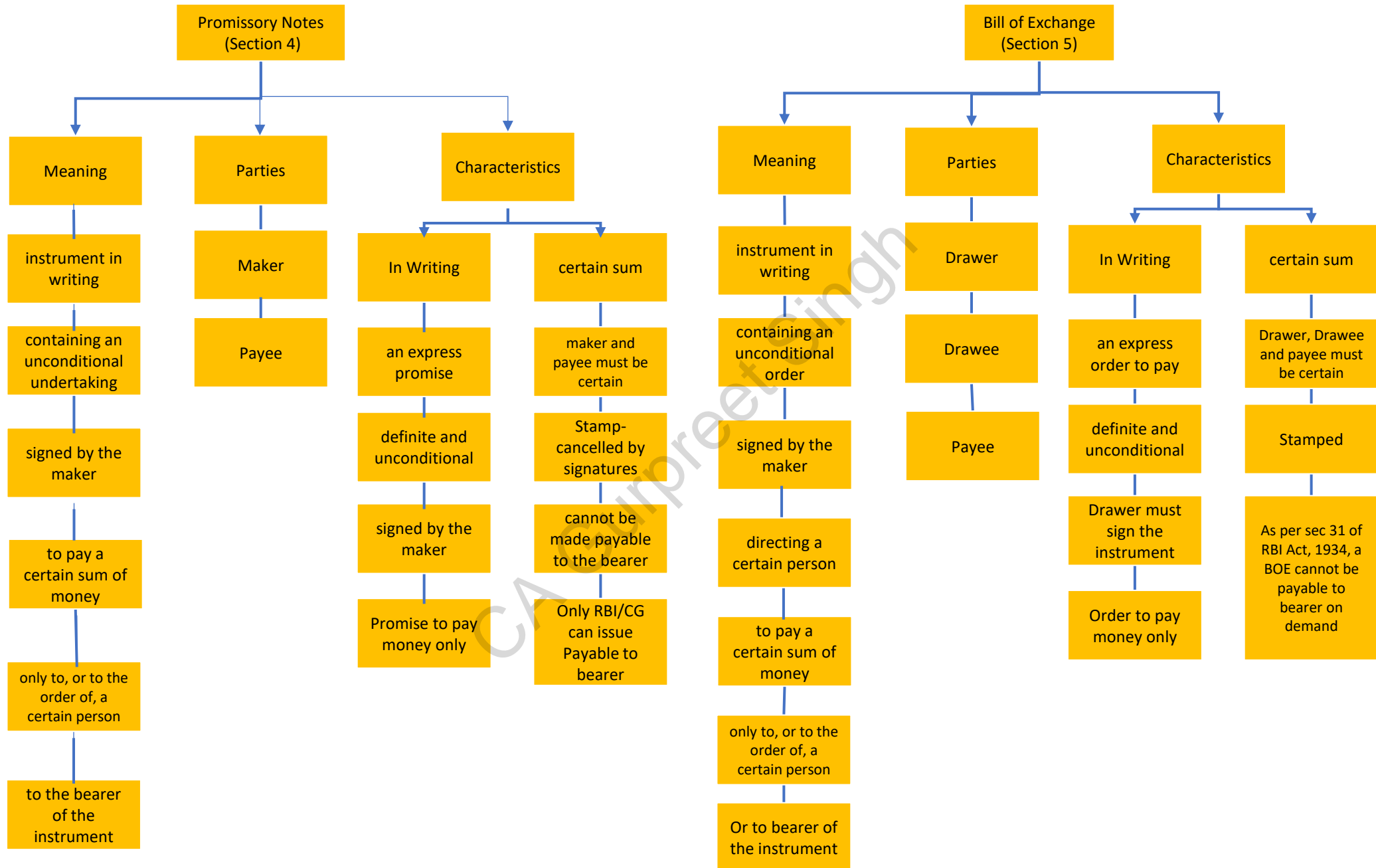
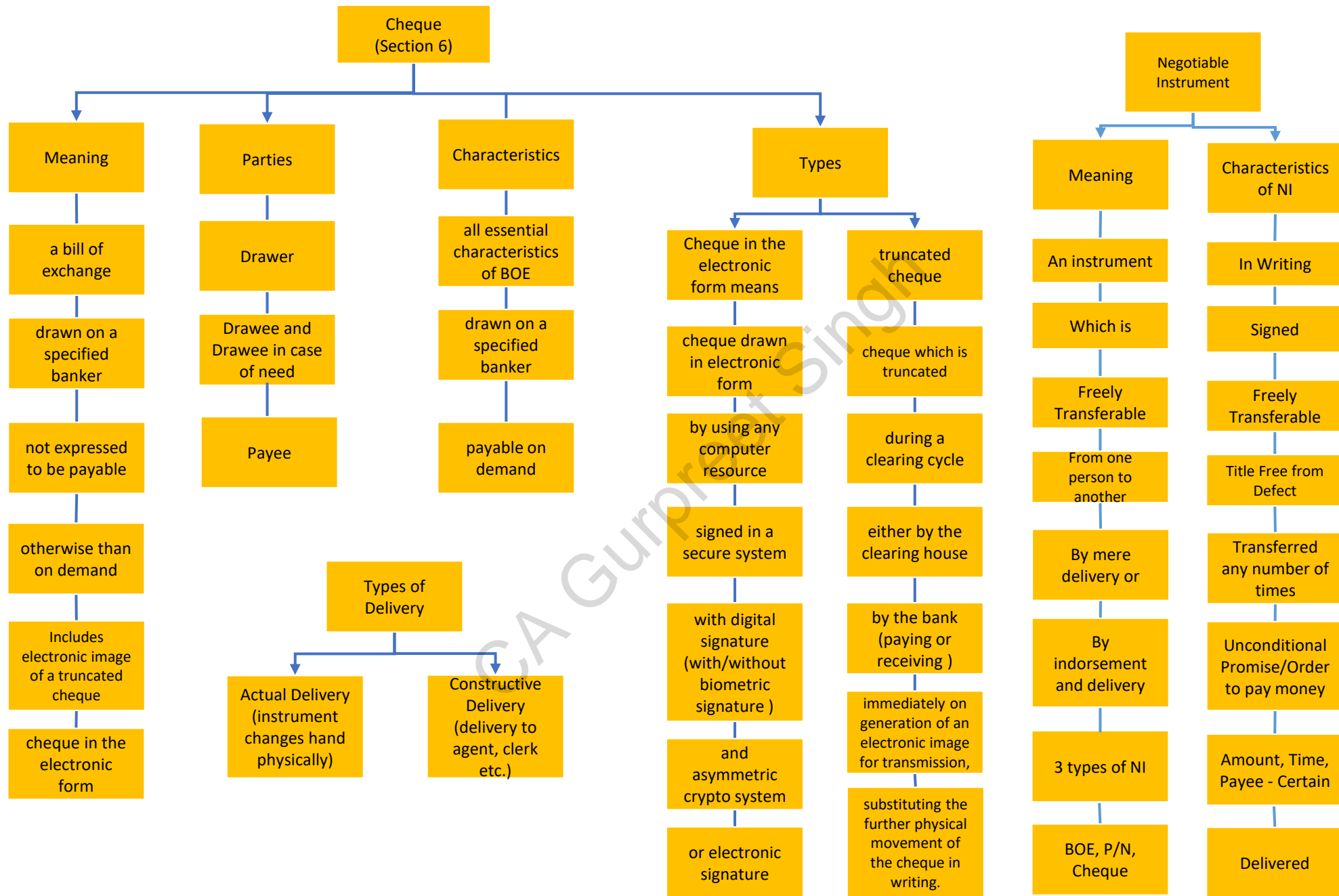
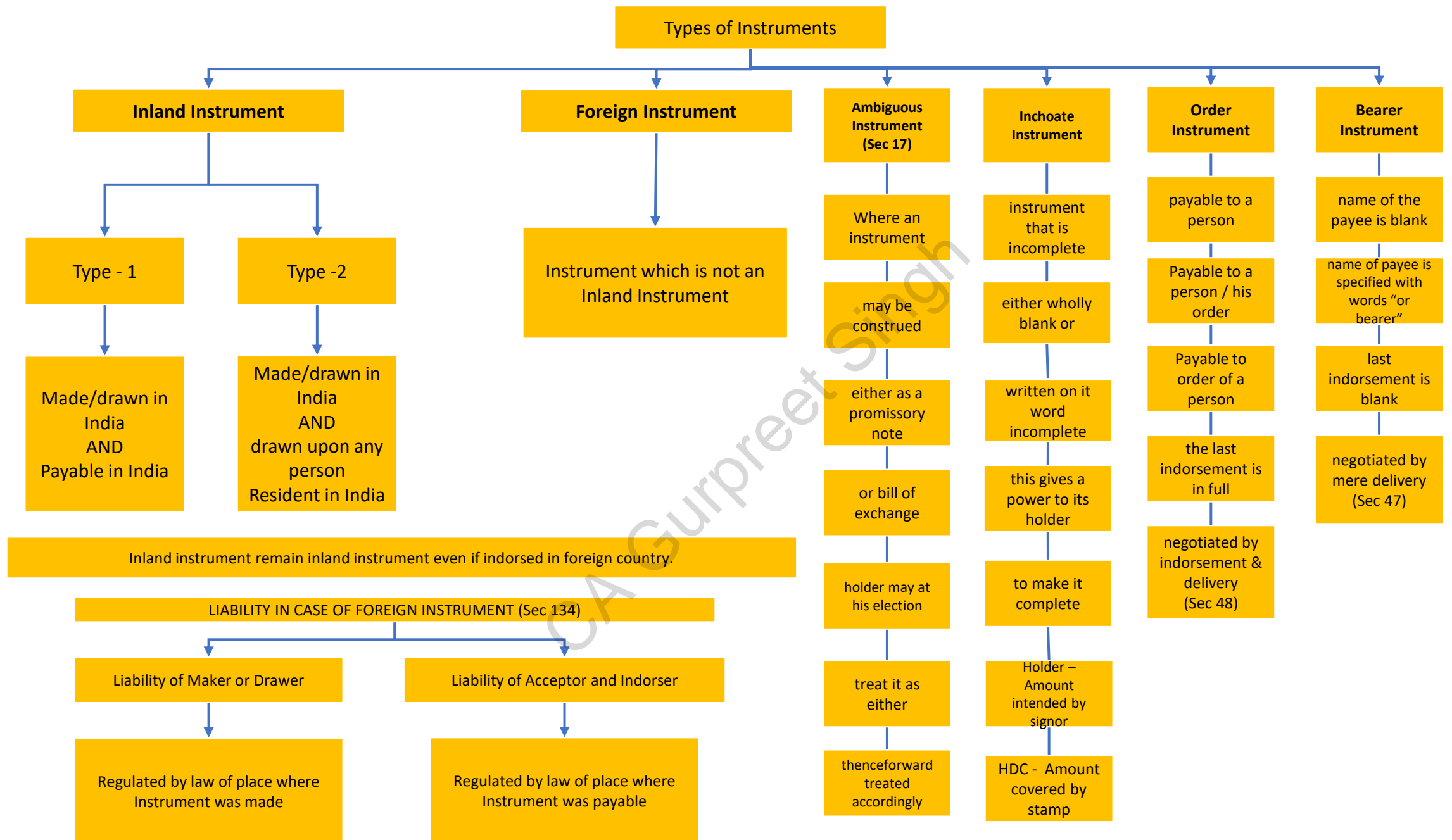


THE NEGOTIABLE INSTRUMENTS ACT, 1881

CA Gurpreet Singh







Presentment for Acceptance (BOE)	
BOE payable after sight	Must be presented within reasonable time, in business hours on a business day
In default of presentment	No party liable there to
Directed to drawee at particular place	Must be presented at such place
Drawee not found after reasonable search	BOE is Dishonored
Time for Acceptance	48 Hours Excluding Public Holidays

Presentment of Promissory Note for Sight	
P/N payable at a certain period after sight	Must be presented within reasonable time, in business hours on a business day
In default of presentment	No party liable there to

When Presentment is unnecessary	
<ol style="list-style-type: none"> 1. Maker, Drawee or acceptor prevents the payment 2. Payable at business place & that's closed on business day during usual business hours 3. Payable at a specified place & liable party doesn't attend place 4. Not payable at specified place & liable party not found after search 5. Liable party engaged to pay non-withstanding 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 	

Rules as to Compensation (Section 117)
In case of Dishonor of NI, holder can claim: <ol style="list-style-type: none"> 1. Amount due upon NI 2. Expenses incurred in presenting, noting & protesting 3. Interest 18%p.a. from due date of payment to date of realization
Note :- when person charged and holder reside at different places, Current Range of exchange

Section 57
If the person makes indorsement but dies before delivery, the legal representative of deceased person cannot negotiate the same by delivery of negotiable instrument

Rules regarding presentment for payment	
To whom	Maker (P/N), Acceptor (BOE), Drawee (Cheque)
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 of presentment	During usual business hours
If instrument payable after date/sight	Must be presented for payment at maturity
If instrument payable on demand	Must be presented for payment within reasonable time
P/N payable in instalments	Presented on 3 rd day after date fixed for each instalment
Instrument payable at specified place	Must be presented for payment at specified place
No exclusive place is specified	Must be presented at Place of business or usual residence
Unknown place of business or residence	Presentment made to him in person wherever he can be found
Delay in presentment for acceptance or payment can be excused if the delay is caused by circumstances beyond the control of holder	

Dishonor of Cheque (Section 138 – 140)

Applicability – Where any cheque drawn by a person is returned by the bank unpaid, either because of the—
amount of money standing to the credit of that account is insufficient to honor the cheque, or that it exceeds the amount arranged to be paid from that account by an agreement made with that bank,

Conditions –

- (1) Cheque presented within a period of 3 months
 - (2) payee or the holder in due course makes the demand by written notice within 30 days
 - (3) Drawer fails to pay within 15 days of receipt of demand
 - (4) Cheque issued for discharge of any debt or other liability (gift, donations not covered)
- Punishment** - imprisonment up to 2 years or fine up to twice the amount of cheque or both.

Rebuttable Presumption – Holder received the cheque for discharge of debt or liability

Defence not Allowed – Drawer had no reason to believe that cheque may be dishonored on presentment for reasons mentioned in section 138