

Mercantile Laws

MARATHON



Anoop Upadhyay



Negotiable Instrument Act

- ✓ **Madhya pradesh**
- ✓ **Maharashtra**
- ✓ **Uttarakhand**
- ✓ **Odisha**



NEGOTIABLE INSTRUMENT ACT, 1881

- ✓ 1. परक्राम्य लिखत अधिनियम, 1881 किस तिथि को लागू किया गया-
/On which date, the Negotiable Instruments Act, 1881 came into force?
- (a) 01.03.1882
 - (b) 03.10.1882
 - (c) 07.03.1882
 - (d) इनमें से कोई नहीं।/None of the above

See. 1

NEGOTIABLE INSTRUMENT ACT, 1881

Transferable *Written Document*

The Negotiable Instrument Act, 1881
परक्राम्य लिखत अधिनियम, 1881

Chapters=17 ✓

Sections=147 ✓

NEGOTIABLE INSTRUMENT ACT, 1881

CHAPTER 1: PRELIMINARY (SEC. 1 TO 3)

Sec. 1: Short title: The Negotiable Instrument Act, 1881

✓ (परक्राम्य लिखत अधिनियम, 1881)

Local Extend: It extends to the whole of India.

(स्थानीय क्षेत्र): इसका विस्तार संपूर्ण भारत पर है।

* Shaving of usages relating to hundies-
(हुण्डियो आदि से संबंधित प्रथाओं की व्यावृत्ति)



* इस Act की कोई भी बात निम्न पे प्रभाव (Afect)
नहीं डालता-

✓ 1) Sec. 21 Indian Paper Currency Act, 1871

NEGOTIABLE INSTRUMENT ACT, 1881

2) Any local usages relating to any instrument in an oriental language.

* (किसी प्राच्य भाषा में की किसी भी लिखत से संबंधित किसी भी स्थानीय प्रथा का प्रभाव नहीं डालना)

Sec. 1.

* **Commencement (प्रारम्भ)**- It shall come into force on 1st March, 1882.

(यह 1 मार्च 1882 को प्रवृत्त होगा।)

* **Source of NI Act- English Common Law.**

NEGOTIABLE INSTRUMENT ACT, 1881

- ✓ 2. परक्राम्य लिखत अधिनियम के अधीन निम्नलिखित में से कौन-से व्यक्ति संविदा करने की क्षमता नहीं रखते?/Who does not have capacity for making a Contract under the Negotiable Instrument Act?
- ✓ (a) अवयस्क/Minor ✓
 - ✓ (b) पागल/Insane ✓
 - ✓ (c) दिवालिया/Insolvent ✓
 - ✓ (d) उपरोक्त सभी/All the above ✓

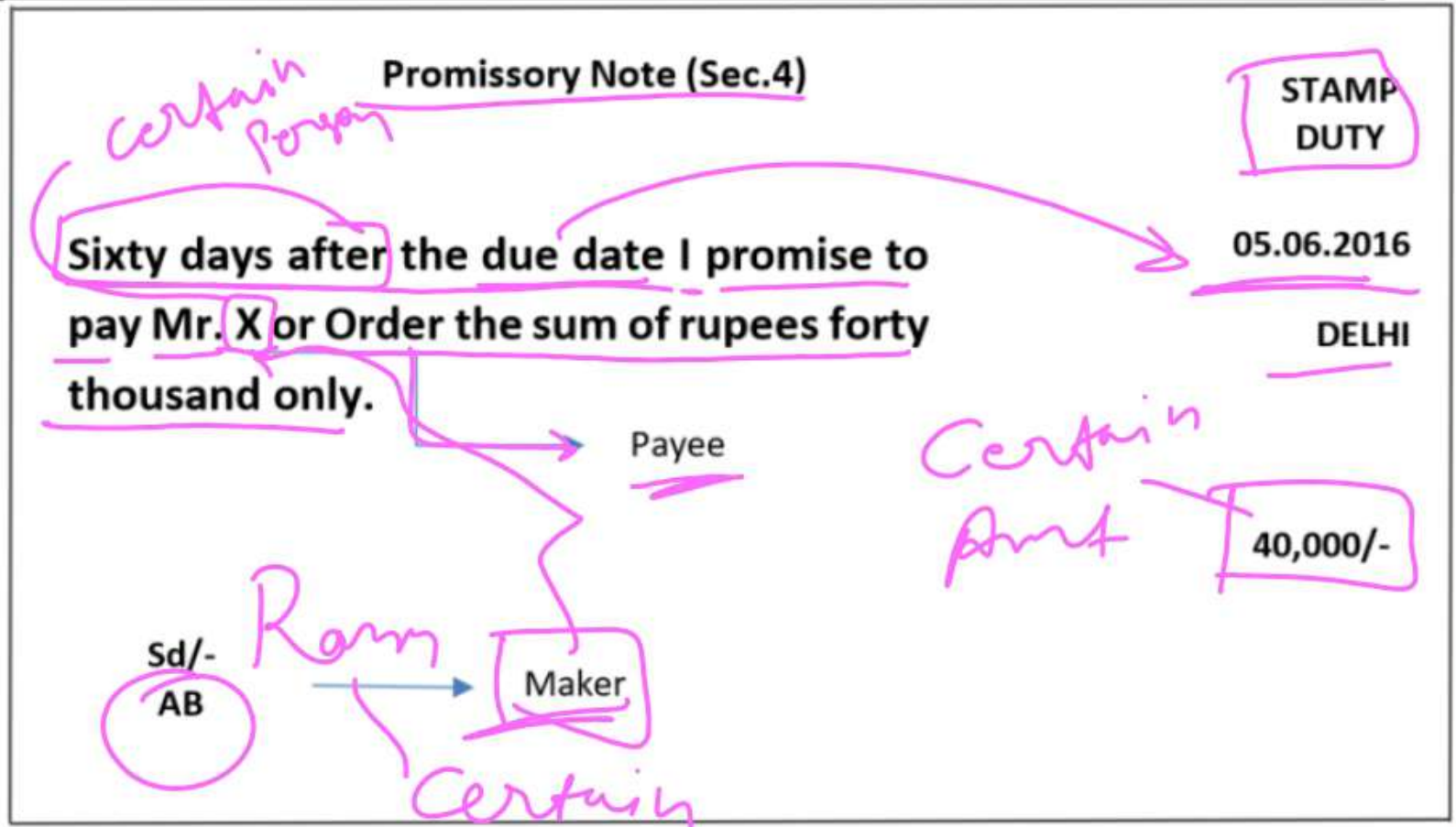
Contract → Sec. 11

Capacity to Contract

NEGOTIABLE INSTRUMENT ACT, 1881

3. निम्नलिखित में से कौन-से वचन पत्र के आवश्यक तत्व हैं-/**Which is essential for a Promissory Notes?** Sec.4
- (a) वचन पत्र लिखित हो/**Promissory Notes in Writing**
 - (b) वचन-पत्र में भुगतान किए जाने का उपबन्ध हो/**Promissory Notes to pay a certain sum of money.**
 - (c) लिखत हस्ताक्षर सहित हो/**Promissory Notes containing signed by the maker.**
 - (d) उपरोक्त सभी/**All the above**

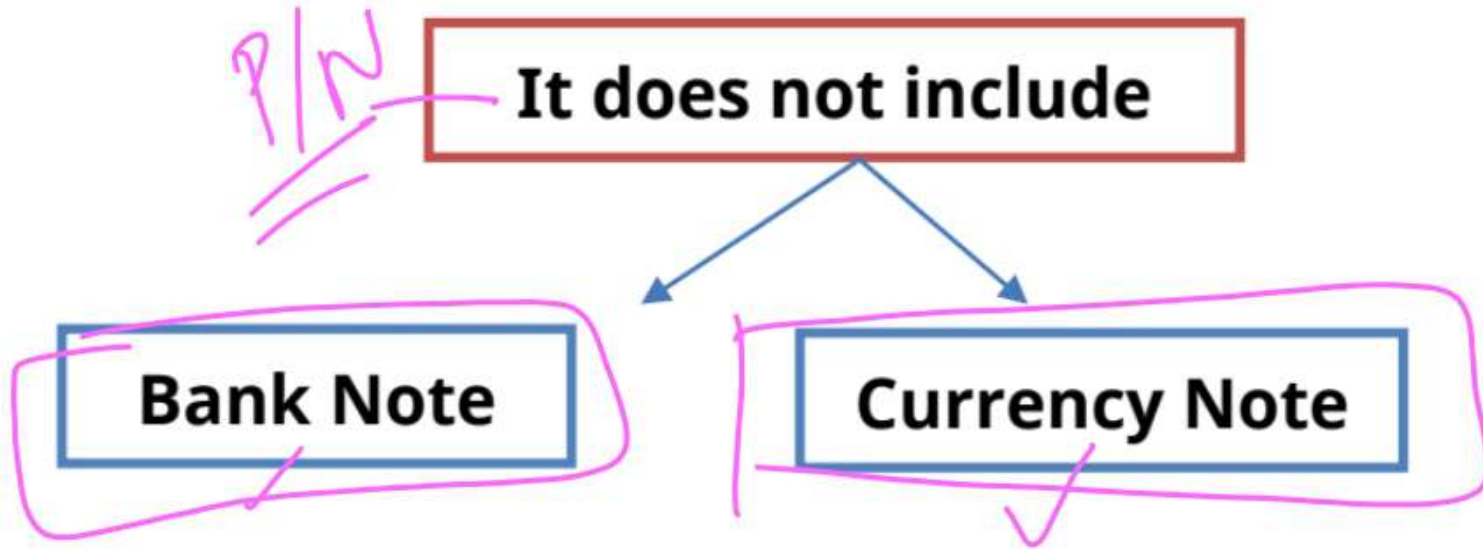
NEGOTIABLE INSTRUMENT ACT, 1881



Sec. 4: "Promissory Note" (वचन-पत्र)

A "Promissory Note" is an instrument in writing containing an unconditional undertaking, signed by the maker, to pay a certain sum of money only to, or to the order of, a certain person, or to the bearer of instrument.

वचन-पत्र ऐसी लेखबद्ध लिखत है, जिसमें एक निश्चित व्यक्ति को या उसके आदेशानुसार या उस लिखत के वाहक के धन की एक निश्चित राशि संदत्त करने का उसके रचयिता द्वारा हस्ताक्षरित अशर्त वचन अन्तर्विष्ट हो।



NEGOTIABLE INSTRUMENT ACT, 1881

essential ✓
elements ✓

In Writing & signed by the maker.

Promise/undertaking to pay

Promise to pay must be unconditional

Certain sum of money

Certainty of parties (payee & maker)

शर्त रहित

निश्चित परिधि

NEGOTIABLE INSTRUMENT ACT, 1881



Payable to bearer or order

**N.I Act
Permit**

**RBI Act
Not permissible**

So P/N can't become bearer

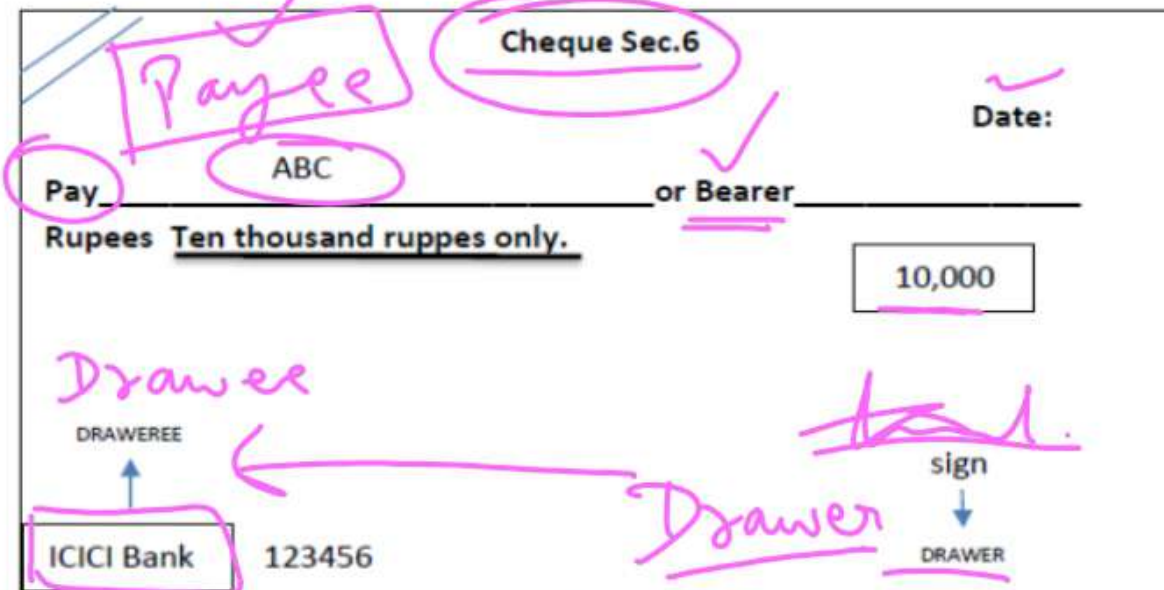
**RBI wants to maintain its monopoly
regarding bearer as on currency notes**

NEGOTIABLE INSTRUMENT ACT, 1881

- ✓ 4. निम्नलिखित में से एक वैध विनिमय पत्र के लिए क्या होना आवश्यक है-
/What is an essential condition for a valid Bill of Exchange?
- (a) लिखित हो/In writing
 - (b) भुगतान सम्बन्धी आदेश अन्तर्विष्ट हो/Containing order of payment
 - (c) आदेश शर्त रहित हो/Order without condition
 - ✓ (d) उपरोक्त सभी/All the above

NEGOTIABLE INSTRUMENT ACT, 1881

- ✓ 5. सभी चेक विनिमय-पत्र होते हैं किन्तु सभी विनिमय-पत्र चेक नहीं होते हैं। यह कथन- /All cheques are Bills of Exchange but all Bills of Exchange are not cheques. This Statement is:-
- (a) पूर्णतया सही है/Absolutely True
 - (b) आंशिक सही है/Partially True
 - (c) पूर्णतया गलत है/Absolutely false
 - (d) इनमें से कोई नहीं/None of the above.



Payee
ABC

Cheque Sec.6

Date: ✓

Pay ABC or Bearer

Rupees Ten thousand ruppes only. 10,000

Drawer
DRAWEREE
ICICI Bank 123456

Drawer
sign
DRAWER

NEGOTIABLE INSTRUMENT ACT, 1881

Section 6: in The Negotiable Instruments Act, 1881

"Cheque"-A "cheque" is a 'bill of exchange' drawn on a specified banker and not expressed to be payable otherwise than on demand and it includes the electronic image of a truncated cheque and a cheque in the electronic form.

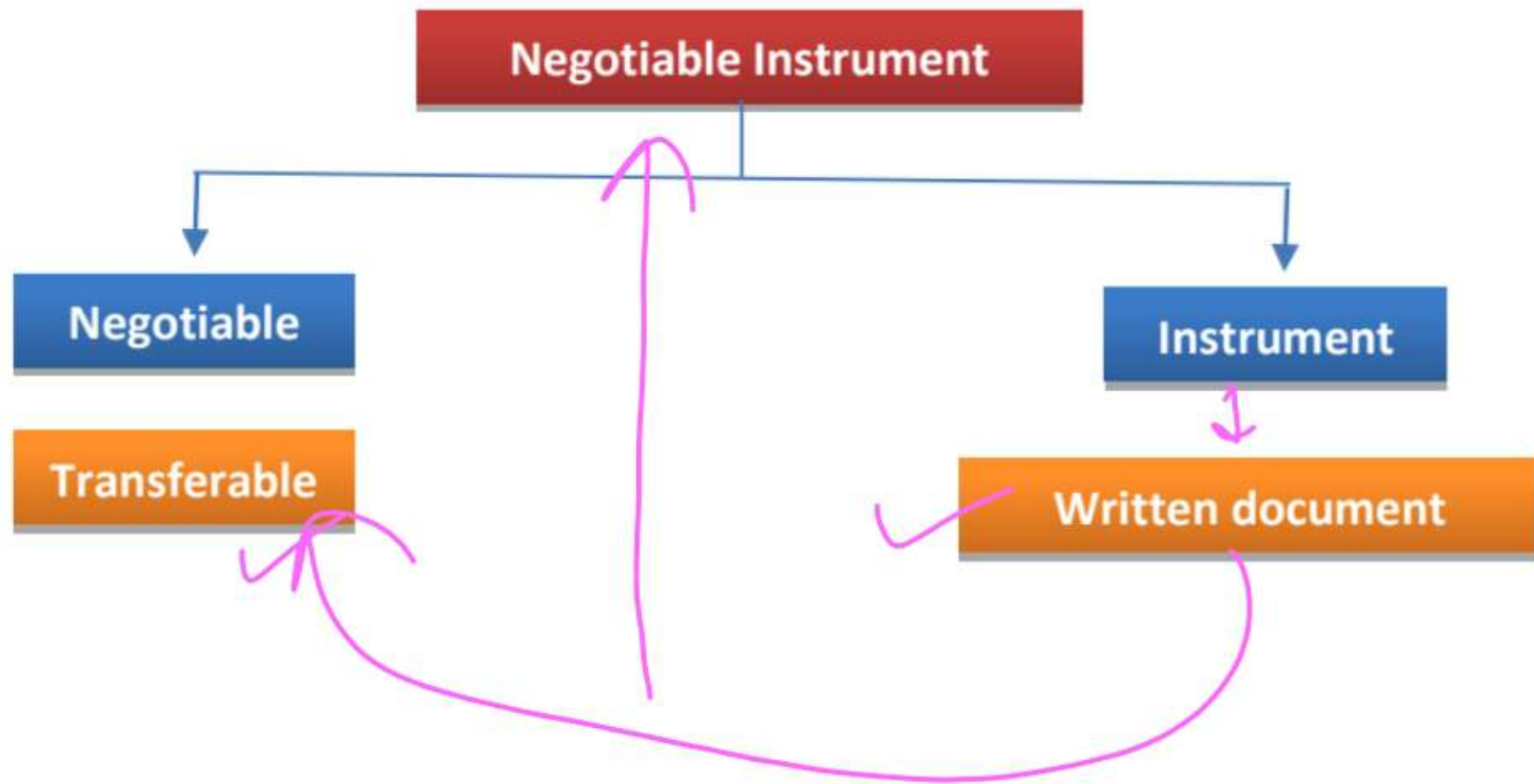
①

②

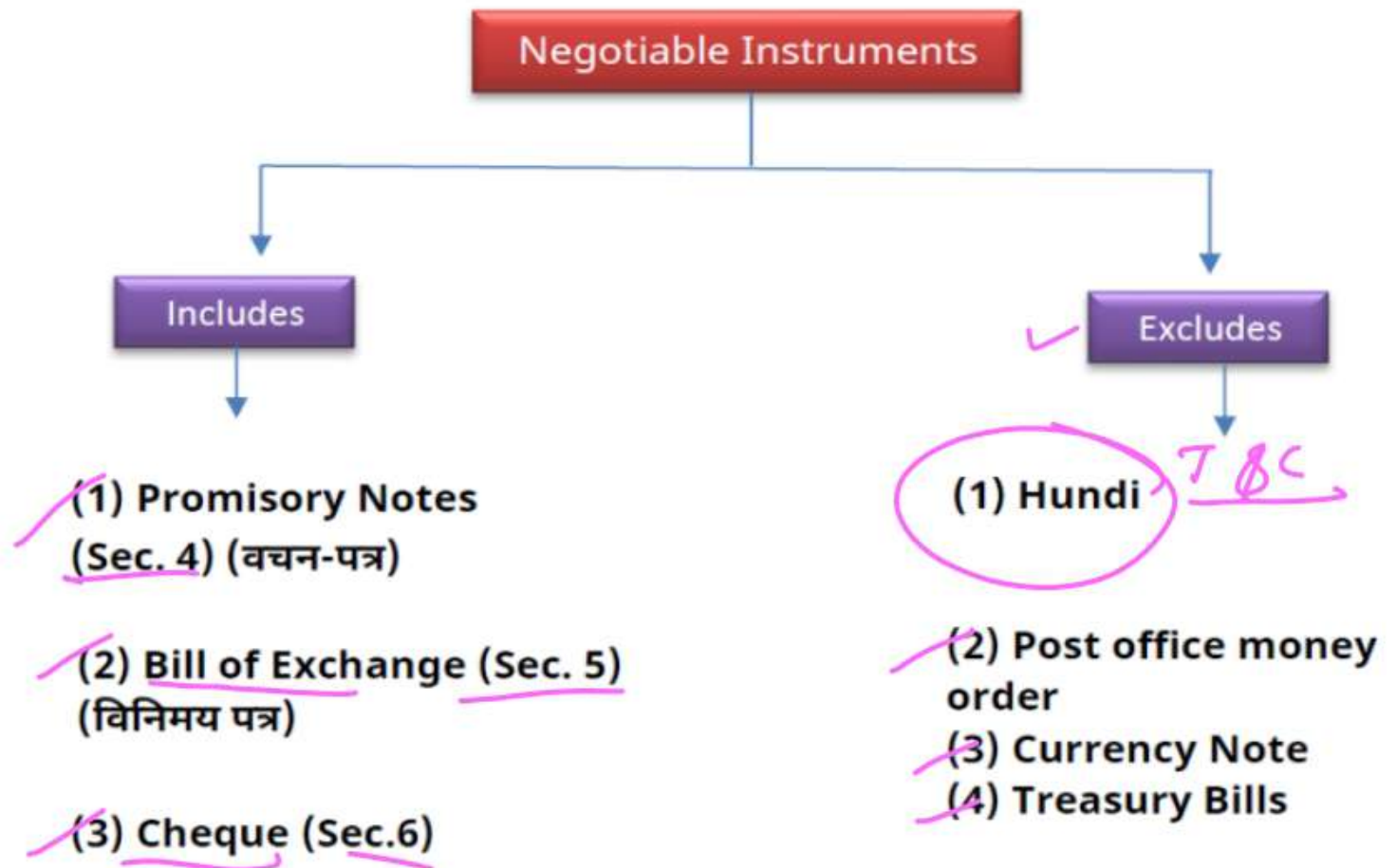
चैक एक ऐसा विनिमय पत्र है, जो विनिर्दिष्ट बैंकार पर लिखा गया है और जिसकी माँग पर से अन्यथा देय अभिव्यक्त नहीं है और इसमें विकृत चैक का इलेक्ट्रॉनिक प्रतिबिंब और इलेक्ट्रॉनिक रूप में चैक शामिल है।

- ✓ 6. क्या पोस्टल ऑर्डर को परक्राम्य लिखत माना गया है-/Whether a Postal Order can be accepted as Negotiable Instrument?
- (a) हाँ /Yes
 - (b) नहीं /No
 - (c) निश्चित नहीं/Note determined
 - (d) कुछ परिस्थितियों में/In some circumstances

NEGOTIABLE INSTRUMENT ACT, 1881



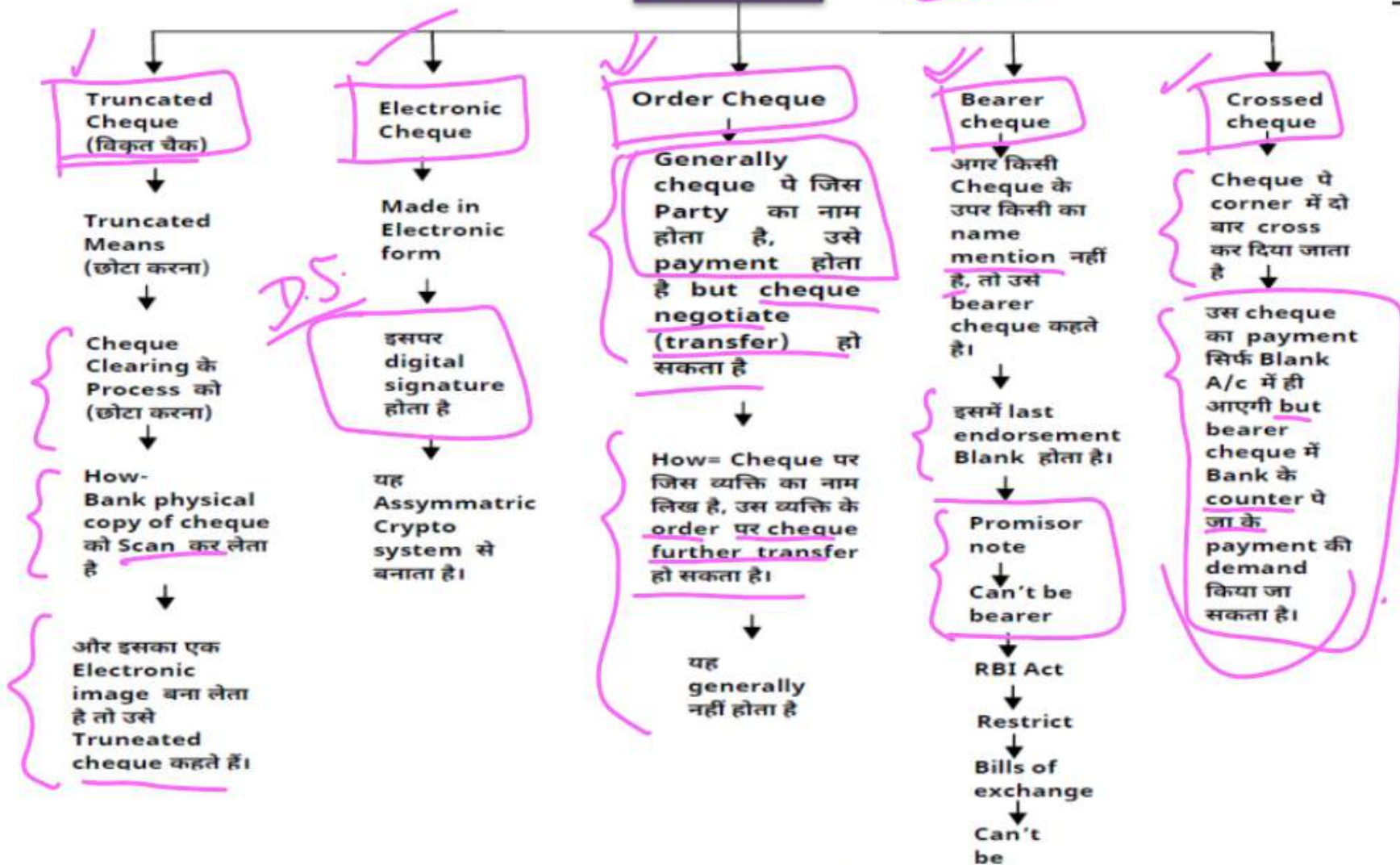
NEGOTIABLE INSTRUMENT ACT, 1881



NEGOTIABLE INSTRUMENT ACT, 1881

7. The term "a cheque in the electronic form" is defined in the Negotiable Instruments Act, 1881 under:
- (a) Section 6(a)
 - (b) Section 6(b)
 - ✓ (c) Explanation I(a) of Section 6
 - (d) None of these

Cheque



NEGOTIABLE INSTRUMENT ACT, 1881

8. टिप्पणी के विषय में आवश्यक उपबन्ध परक्राम्य लिखत अधिनियम की किस धारा में किया गया है-/In which section of the Negotiable Instrument, provisions are mentioned regarding "Noting":

(a) धारा 99/Section 99

(b) धारा 94/Section 94

(c) धारा 95/Section 95

(d) इनमें से कोई नहीं/None of the above

Sec. 99. Noting. —When a (promissory note or bill of exchange) has been dishonoured by non-acceptance or non-payment, the holder may cause such dishonour to be noted by a notary public upon the instrument, or upon a paper attached thereto, or partly upon each.

P/N BOE + Paper

MARATHON

Madhya pradesh, Maharashtra, Odisha, Uttarakhand



Educator	Time	25 Feb. 2022	26 Feb. 2022	27 Feb. 2022	28 Feb. 2022
Jagdish Chandra Jangid (GK, Current Affairs)	1:00 PM	ON LEGAL GK, INTERNATIONAL Organizations & CURRENT EVENTS 1	ON LEGAL GK, INTERNATIONAL Organizations & CURRENT EVENTS 2	ON LEGAL GK, INTERNATIONAL Organizations & CURRENT EVENTS 3	ON LEGAL GK, INTERNATIONAL Organizations & CURRENT EVENTS 4
Anoop Upadhyay Sir Mercantile Laws	5:30PM	Contract Act	Specific Relief Act	Negotiable Instrument Act	Sales of Goods Act Partnership Act
Apoorva Purohit (Local Laws)	6:45 PM	Previous year paper solution 1	Previous year paper solution 2	Previous year paper solution 3	Supreme Court this month! (Important Judgements)
Tansukh Paliwal (Linking Sir) (Major Laws)	8:00 PM	Civil Law	Criminal Law	Constitution	Evidence



Open House Session

25-28 Feb. 2022 | 9:30 PM to 10:00 PM





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Starts on March 1, 2022



Apoorva
Purohit
(Local Laws)



Surya Prakash
Sharma
(English)



Tansukh Pallwal
(Linking Sir)
(Major Laws)



Jagdish Chandra
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NEGOTIABLE INSTRUMENT ACT, 1881

- ✓ 9. परक्राम्य लिखत अधिनियम की कौन-सी धारा में प्रसाक्ष्य का वर्णन किया गया है-/In which Section of the Negotiable Instrument, Protest is mentioned?
- ✓ (a) धारा 100/Section 100
 - (b) धारा 93/Section 93
 - (c) धारा 98/Section 98
 - (d) धारा 105/Section 105

Noting & Certified
↓
Protest

Sec.100. Protest. —When a promissory note or bill of exchange has been dishonoured by non-acceptance or non-payment, the holder may, within a reasonable time, cause such dishonour to be noted and certified by a notary public. Such certificate is called a protest.

NEGOTIABLE INSTRUMENT ACT, 1881

10. परक्राम्य लिखत अधिनियम की किस धारा में परक्राम्य लिखत के विषय में उपधारणाएं वर्णित हैं?/In which Sections of the Negotiable Instrument, Presumptions regarding negotiable Instrument are provided?

(a) धारा 10/Section 10

(b) धारा 15/Section 15

(c) धारा 118/Section 118 - *Presumption*

(d) उपरोक्त सभी/All of the above

Sec. 100 | *Sec 105*

NEGOTIABLE INSTRUMENT ACT, 1881

✓ 11. अनुग्रह दिवस या रियायत दिवस दिनों का होता है-/How many days are there in Concession Day?

- (a) 3
- (b) 4
- (c) 5
- (d) 10

grace → 3 day

Maturity → Sec. 22

NEGOTIABLE INSTRUMENT ACT, 1881

12. For the purpose of attracting the provisions of Section 138 of the Negotiable Instruments Act, a cheque has to be presented to the bank within a period of

- (a) six months
- (b) 15 days from the date on which it is drawn
- (c) three months from the date on which it is drawn or within the period of its validity (whichever is earlier)
- (d) None of the above

138-147

Dishonor of cheques: Sec. 138

Chapter 17: Penalties in case of dishonor of cheque for insufficiency of funds in the accounts.

(138-147)

NEGOTIABLE INSTRUMENT ACT, 1881

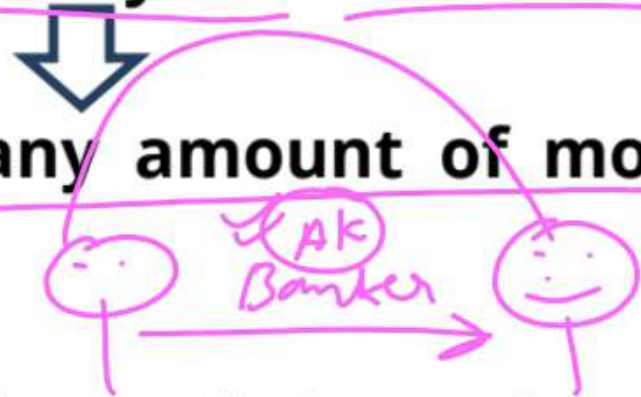
Sec. 138

Where any cheque drawn by a person on an account maintained by him with a banker

for payment of any amount of money to another person

from out of that A/C for the discharge of any debt or other liability,

Is returned by the bank unpaid due to insufficient amount to honor the cheque or it exceeds the amount in A/C



X

→

NEGOTIABLE INSTRUMENT ACT, 1881

अपराध



Such person shall be deemed to have committed an offence, be punished with imprisonment for a term of max. 2 years or with fine which may extend to twice the amount of cheque or both.



Condition

शर्त

upto

2 yrs

or
Cheque Amt → (2)
or
(both)

NEGOTIABLE INSTRUMENT ACT, 1881

❖ Cheque has been presented to bank within a period of 6 months from the date of cheque drawn

OR

within the period or its validity.

(Whichever is earlier)

❖ Payee/holder- cheque dishoner के information के 30 days के अंदर Notice भेजे तभी।

❖ Drwer, Notice प्राप्त होने के 15 days में payment देने में fail हो जाए।

NEGOTIABLE INSTRUMENT ACT, 1881

- ✓ 13. **Section 138** of the Negotiable Instruments Act deals with
- ✓ (a) Punishment for dishonour of cheque
 - (b) Rights of holder
 - (c) Rights of holder in due course
 - (d) None of the above

NEGOTIABLE INSTRUMENT ACT, 1881

- ✓ 14. Which of the following circumstances will attract the provisions of Section 138 of Negotiable Instruments Act?
- (a) Cheque dishonour due to insufficiency of funds
 - (b) Cheque returned by the Bank unpaid on the ground that the account is closed
 - (c) Cheque returned by the Bank unpaid due to stop payment instruction by drawer
 - ✓ (d) In all of the above circumstances

NEGOTIABLE INSTRUMENT ACT, 1881

- ✓ 15. Maximum sentence of fine which a J.M.F.C. can impose for offence under section 138 of the negotiable instruments Act:
- ✓ (a) Twice the amount of cheque
 - (b) Twenty thousand
 - (c) One lac
 - (d) Ten thousand

NEGOTIABLE INSTRUMENT ACT, 1881

16. A demand notice in writing has to be given to the drawer by the payee under Section 138 of "The Negotiable Instruments Act, 1881, after receiving intimation from the Bank of Dishonour of cheque, within the period of.

- (a) 15 days
- ~~(b) 30 days~~
- (c) 60 days
- (d) none of the above

NEGOTIABLE INSTRUMENT ACT, 1881

✓ 17. When the cause of action accrue, if the cheque issued by the drawer is dishonoured?

(a) On the date receipt of information by bank re-garding the return of cheque as unpaid.

(b) On the date when notice is issued by payee to the drawer.

✓ (c) On the date drawer of cheque fails to make the payment of cheque amount to payee within 15 days from the receipt of demand notice.

(d) None of these.

Payee
↓
Notice
↓
Drawer

Drawer

15 day

fail to make Payment