

MEPL CLASSES
THE NEGOTIABLE INSTRUMENTS ACT, 1881

Each question carries 5 marks

TOTAL MARKS – 50

TIME ALLOWED – 90 MINUTES

Question 1.

Define the following Instruments under the Negotiable Instruments Act, 1881:

Question 2.

A promissory note, payable at a certain period after sight, must be presented to the maker thereof for payment. Under which scenarios presentment for payment is not necessary and the instrument is dishonoured at the due date for presentment according to the provisions of the Negotiable Instruments Act, 1881?

Question 3.

"Negotiable Instruments is an instrument which is freely transferable from one person to another by mere delivery or by endorsement and delivery." Classify the different types of Negotiable instruments according to manner in which it is made as per the provisions of the Negotiable Instrument Act, 1881.

Question 4.

Mr. K draws a bill of exchange payable 60 days after sight to Mr. J. Mr. J holds the bill for 30 days before presenting it to Mr. N, the drawee, for acceptance. Mr. N accepts the bill upon presentation. Decide as per the provisions of the Negotiable Instruments Act, 1881, when does the maturity period of the bill commence?

Question 5.

A promissory note is made payable at a specific place on a fixed date. The holder, Mr. Mohan presents the note for payment two days after the due date because of unforeseen circumstances.

Decide each of the following as per the provisions of the Negotiable Instruments Act, 1881:

- (A) Does the delay in presentation affect Mr. Mohan's right to recover the amount?
- (B) Under what circumstances can a delay in presentation be excused according to the Act

Question 6.

Priyansh purchased some goods from Sumit. He issued a cheque to Sumit for the sale price on 14.06.2023. Sumit presented the cheque in his bank and his bank informed him on 19.06.2023 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 Instrument Act, 1881. State with reasons, whether this suit is maintainable?

Question 7.

A promissory note, payable at a certain period after sight, must be presented to the maker thereof for payment. Under which scenarios presentment for payment is not necessary and the instrument is dishonoured at the due date for presentment according to the provisions of the Negotiable Instruments Act, 1881?

Question 8.

"Delivery of an instrument is essential whether instrument is payable to bearer or order for effecting the negotiation." Discuss this statement with reference to provisions of the Negotiable Instruments Act, 1881.

Question 9.

Differentiate between a promissory note and bill of exchange.

Question 10.

Ram purchased a second-hand car from his friend Rohan for ₹ 5 lakhs on 10th November, 2022. He paid ₹ 4 lakh immediately and promised to pay ₹ 1 lakh within a year. But, he could not pay the remaining amount till December-2023. On 5th January, 2024 Ram received an invitation for Rohan's wedding which he could not attend but sent a cheque of ₹ 51,000 as gift by post.

When Rohan deposited the cheque, it was returned unpaid due to insufficient balance in the account of Ram. Rohan considered it as an offence under Section 138 of the Negotiable Instruments Act, 1881.

Advise

- (i) Whether Ram would be held liable for dishonour of cheque?
- (ii) Whether Rohan was justified in considering this as an offence under Section 138 of the Negotiable Instruments Act, 1881.