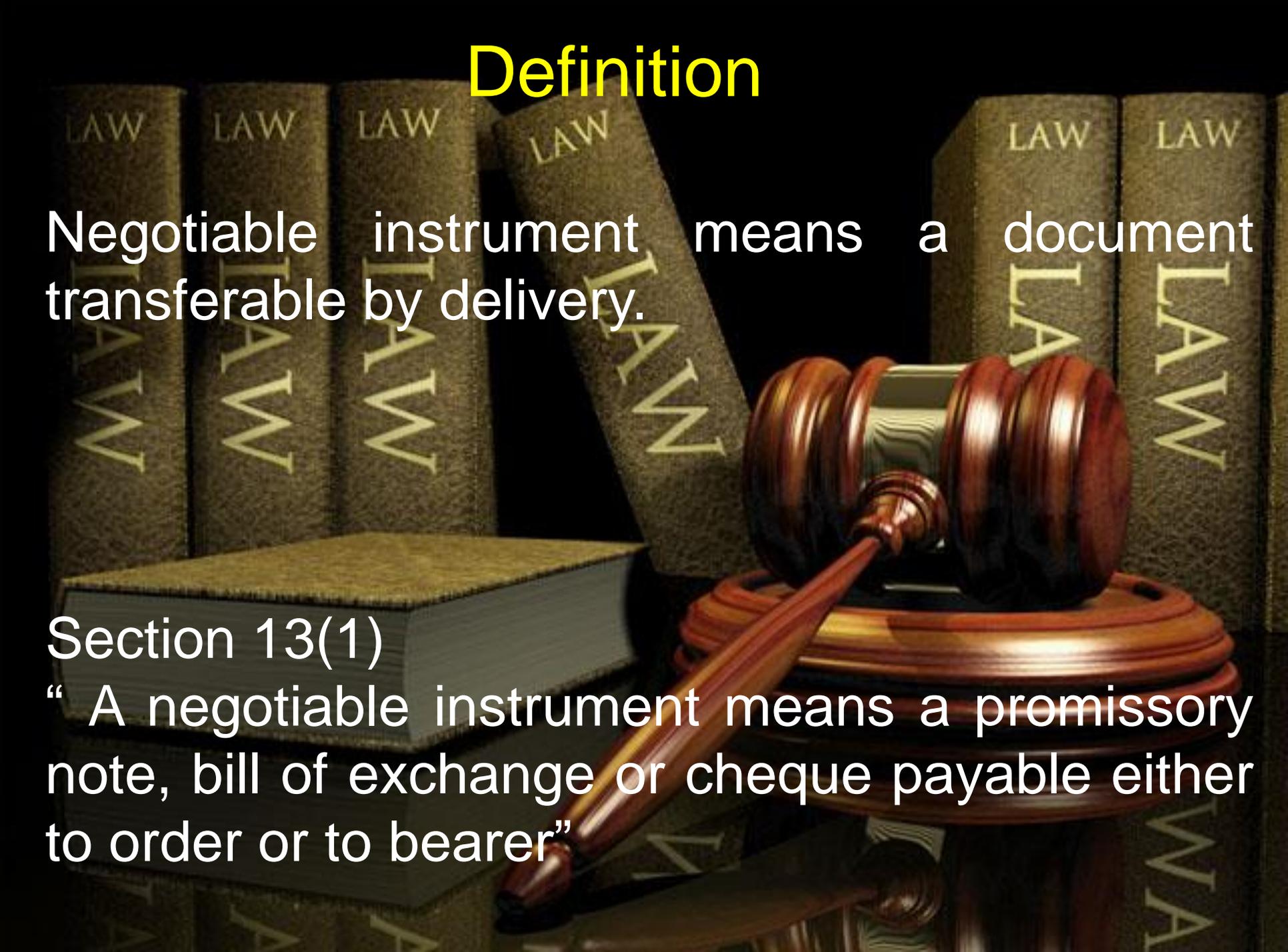


# The Negotiable Instrument Act, 1881



# Definition

The background of the slide features a stack of several dark brown, leather-bound books. The word 'LAW' is embossed in gold on the spines of the books. In the foreground, a polished wooden gavel with a handle and a head with two rounded ends rests on a matching wooden sound block. The lighting is dramatic, highlighting the textures of the wood and the leather.

Negotiable instrument means a document transferable by delivery.

Section 13(1)

“ A negotiable instrument means a promissory note, bill of exchange or cheque payable either to order or to bearer”

# Payable to Order

Expressed to be payable to a particular person or his order.

Ex:- (1) Pay A. (2) Pay A or order, (3) Pay to the order of A, (4) Pay A and B, and (5) Pay A and B and other ways to make the instrument . But the words like 'Pay to A only' or ' Pay to A and none else' not treated as payable to order and not considered as negotiable instrument.

# Payable to Bearer

Means Payable to any person whosoever bears it.

Ex. Pay to A or bearer or Pay A, B or bearer or pay bearer.

If instrument is originally payable to order but can be converted in to payable to bearer , if endorsed in blank by payee.

Ex: A cheque is payable to A. A endorses it merely by putting his signature on the back and delivers to B with the intention of negotiating it . In the hands of B the cheque is a bearer instru.

# Types

A wooden gavel with a dark handle and a light-colored head, resting on a stack of several books. The books have 'LAW' written on their spines in gold lettering. The scene is lit from the side, creating strong highlights and deep shadows.

As per the Act only three kinds of negotiable instruments are there :-

Promissory notes,  
Bills of exchange, and  
Cheque.

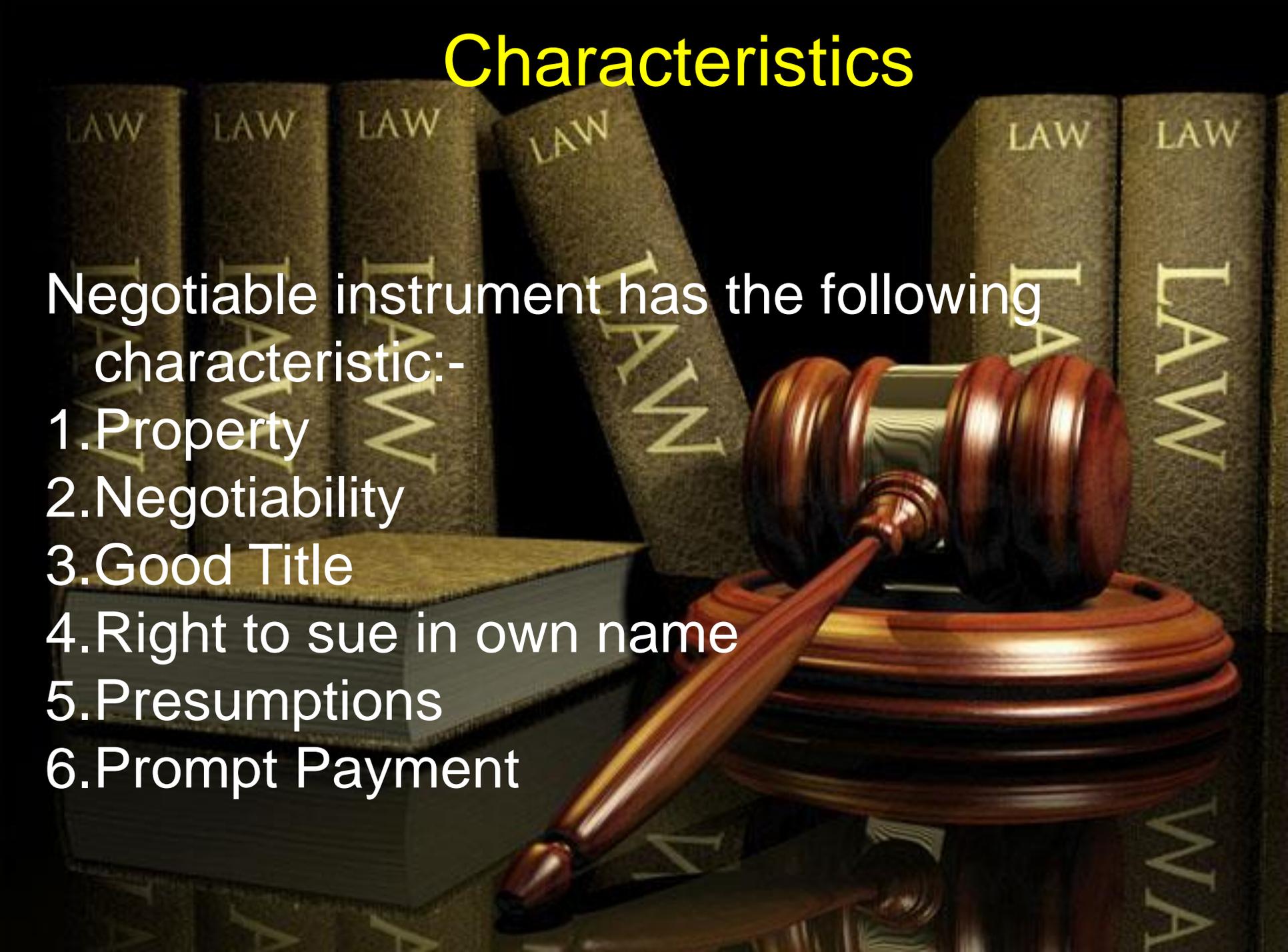
Apart from above there may be more negotiable instruments as per the usages.

# Conditions

An instrument is a negotiable instrument if it satisfies two conditions:-

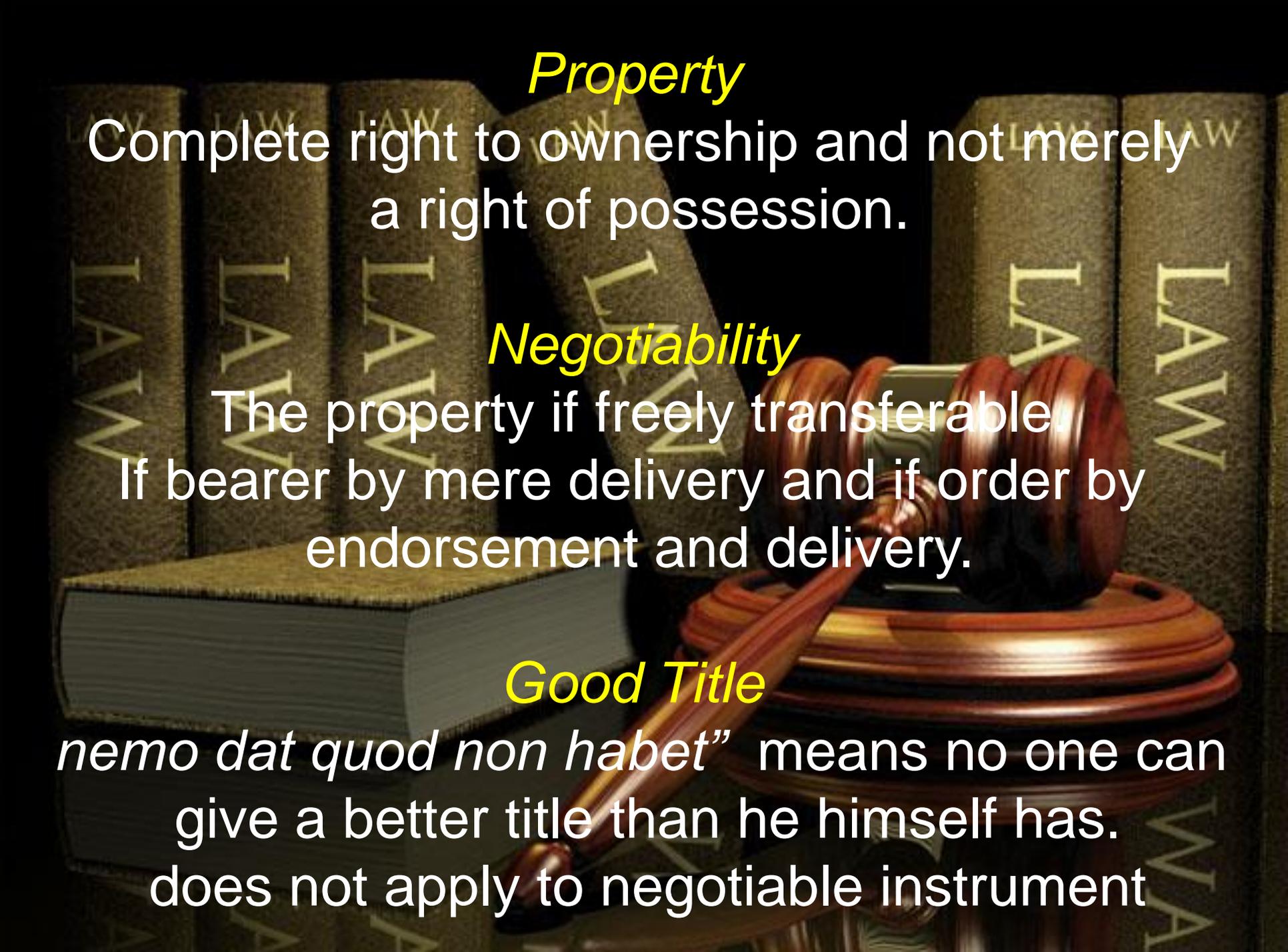
1. It is in a form which is capable of being used by the holder for the time being in his own name and,
2. It is transferable like cash by delivery.

# Characteristics

A wooden gavel with a polished handle and a double-headed head, resting on a stack of several books. The spines of the books are dark brown and have the word 'LAW' written in gold lettering. The background is dark, and the lighting highlights the texture of the wood and the books.

Negotiable instrument has the following characteristic:-

1. Property
2. Negotiability
3. Good Title
4. Right to sue in own name
5. Presumptions
6. Prompt Payment



## *Property*

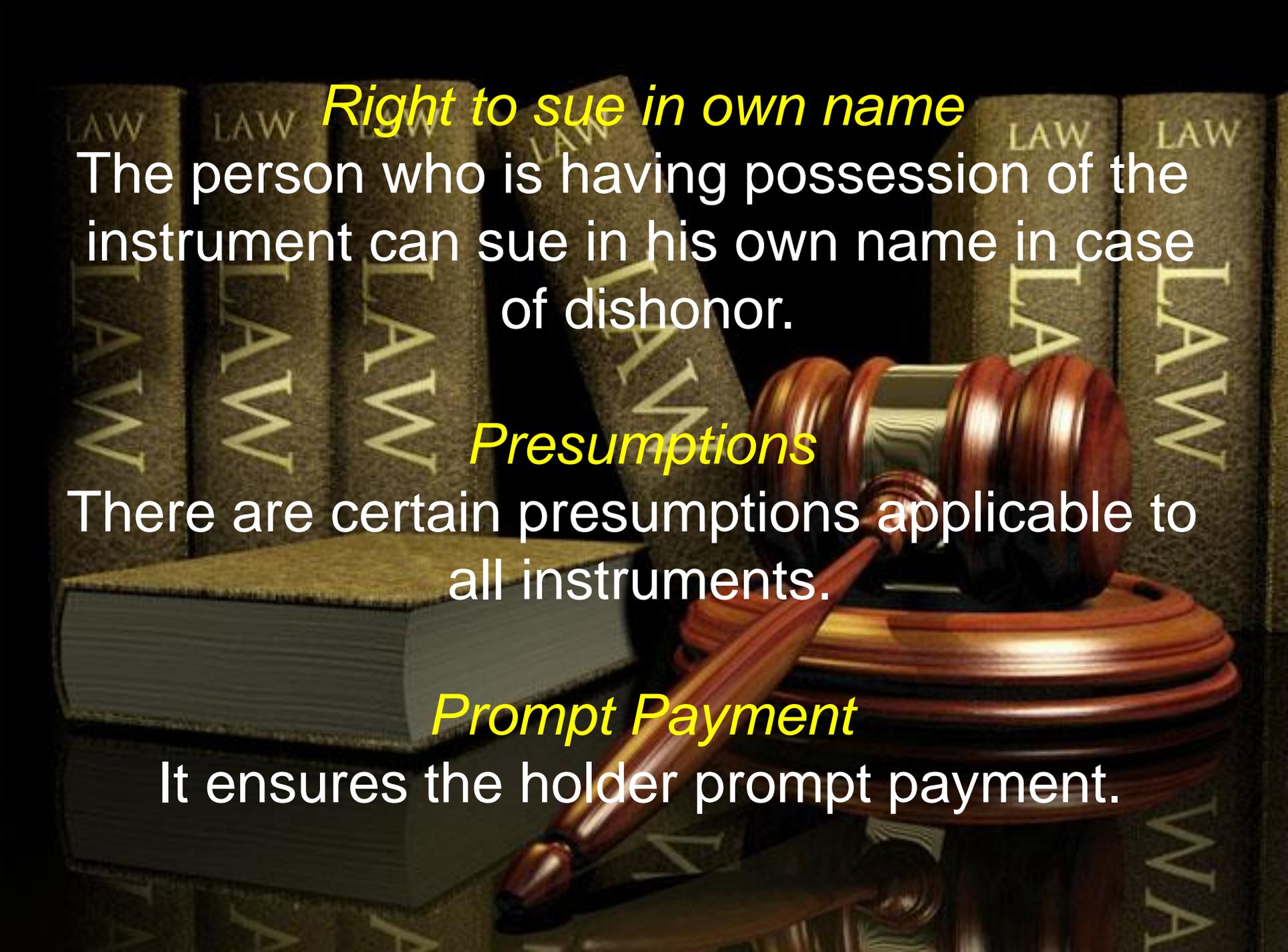
Complete right to ownership and not merely a right of possession.

## *Negotiability*

The property is freely transferable.  
If bearer by mere delivery and if order by endorsement and delivery.

## *Good Title*

*nemo dat quod non habet* means no one can give a better title than he himself has.  
does not apply to negotiable instrument



## *Right to sue in own name*

The person who is having possession of the instrument can sue in his own name in case of dishonor.

## *Presumptions*

There are certain presumptions applicable to all instruments.

## *Prompt Payment*

It ensures the holder prompt payment.

# Presumptions

- a) *Every NI was made, drawn, accepted, endorsed or transferred for consideration;*
- b) *Every NI bearing a date was made or drawn on such date;*
- c) *Every BoE was accepted within a reasonable time after its date and before its maturity;*
- d) *Every transfer of NI was made before its maturity ;*
- e) *The endorsement appearing upon a NI were made in the order in which they appear thereon;*
- f) *A lost NI was duly stamped;*
- g) *The holder of NI is a holder in due course; but this presumption would not arise where it is proved that the holder has obtained the instrument from its lawful owner, or from any person in lawful custody thereof by means of an offence, fraud or for unlawful consideration and in such a case the holder has to prove that he is a holder in due course;*
- h) *The instrument was dishonored, in case a suit upon a dishonored instrument is filed with the court and the fact of 'protest' is proved*

# Examples of Negotiable Instrument

## By Statute:-

1. Promissory Notes,
2. Bills of Exchange,
3. Cheque.

## By Usage or Custom

1. Share Warrants,
2. Port Trust Debentures
3. Indira Vikas patras
4. Govt. Pro. Notes
5. T Bills
6. Hundies
7. Bankers Draft

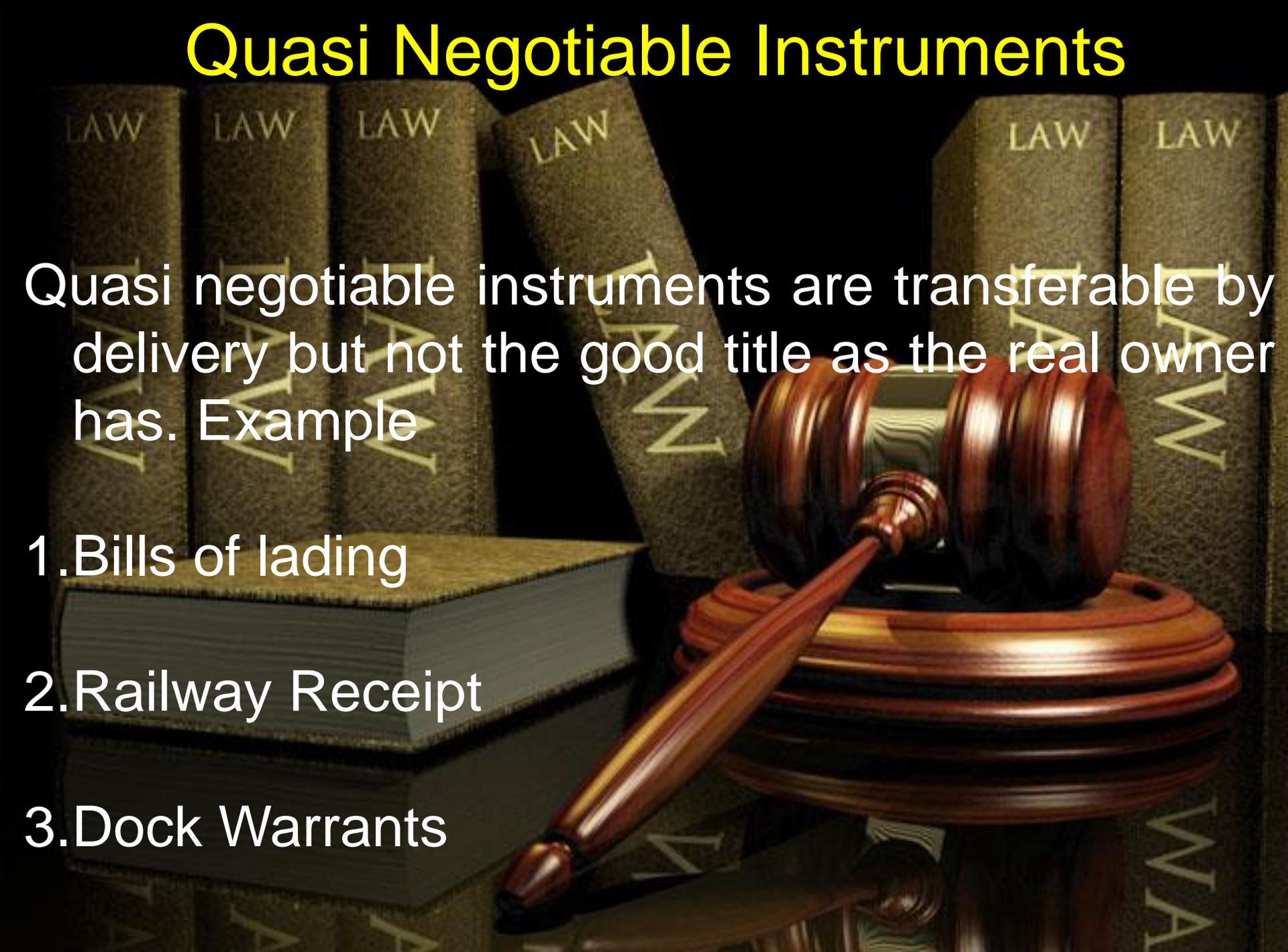


# Non Negotiable Instrument

1. Money order
2. Postal order
3. Share Certificate
4. currency



# Quasi Negotiable Instruments

The background of the slide features a wooden gavel resting on a stack of books. The spines of the books are visible, with the word 'LAW' printed on them in a gold or yellow color. The gavel is made of dark wood and has a polished, rounded head. The books are stacked in a way that they appear to be part of a library or a legal collection.

Quasi negotiable instruments are transferable by delivery but not the good title as the real owner has. Example

1. Bills of lading
2. Railway Receipt
3. Dock Warrants

# Presumptions as to Negotiable Instruments

The background of the slide features a stack of several old, leather-bound books. The spines of the books are visible, with the word 'LAW' printed in gold lettering on each. In the foreground, a wooden gavel with a polished handle and a rounded head rests on top of the books. The lighting is dramatic, highlighting the textures of the wood and leather.

1. Consideration
2. Date
3. Time of Acceptance
4. Time of transfer
5. Order of endorsement
6. Stamp
7. Holder in due course
8. Proof of protest