

PAPER-3

NEGOTIABLE INSTRUMENTS ACT 1881

BANK PROMOTIONAL EXAM

PART-6



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Not Negotiable



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Sec. 63- Drawee's time for deliberation

- The holder must, if so required by the drawee of a bill of exchange presented to him for acceptance, allow the drawee 48 hours (exclusive of public holidays) to consider whether he will accept it.

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Sec. 65. Hours for presentment

- Presentment for payment must be made during the usual hours of business, and, if at a banker's within banking hours.

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Sec. 80- Interest when no rate specified

- When **no rate of interest is specified in the instrument, interest** on the amount due thereon shall, [notwithstanding any agreement relating to interest between any parties to the instrument], be calculated at the rate of 18% per annum, from the date at which the same ought to have been paid by the party charged, until tender or realization of the amount due thereon, or until such date after the institution of a suit to recover such amount as the Court directs.
- **Explanation.**—When the party charged is the indorser of an instrument dishonoured by non-payment he is liable to pay interest only from the time that he **receives notice of the dishonour.**

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Sec. 82- Discharge from liability

The maker, acceptor or indorser respectively of a negotiable instrument is discharged from liability thereon—

- (a) **by cancellation.**—to a holder thereof who cancels such acceptor's or indorser's name with intent to discharge him, and to all parties claiming under such holder;
- (b) **by release.**—to a holder thereof who otherwise discharges such maker, acceptor or indorser, and to all parties deriving title under such holder after notice of such discharge;
- (c) **by payment.**—to all parties thereto, if the instrument is payable to bearer, or has been indorsed in blank, and such maker, acceptor or indorser makes payment in due course of the amount due thereon

Sec. 85- Cheque payable to order

- Where a cheque payable to order purports to be endorsed by or on behalf of the payee, the drawee is discharged by payment in due course.
- Where a cheque is originally expressed to be payable to bearer, the drawee is discharged by payment in due course to the bearer

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Sec. 91- Dishonour by non-acceptance

- A bill of exchange is said to be dishonoured by non-acceptance when the drawee, or one of several drawees not being partners, makes default in acceptance upon being duly required to accept the bill, or where presentment is excused and the bill is not accepted.

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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.
- Such note must be made within a reasonable time after dishonour, and must specify the date of dishonour, the reason, if any, assigned for such dishonour, or, if the instrument has not been expressly dishonoured, the reason why the holder treats it as dishonoured, and the notary's charges.

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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.
- **Protest for better security.**—When the acceptor of a bill of exchange has become insolvent, or his credit has been publicly impeached, before the maturity of the bill, the holder may, within a reasonable time, cause a notary public to demand better security of the acceptor, and on its being refused may, within a reasonable time, cause such facts to be noted and certified as aforesaid. Such certificate is called a protest for better security

Q. A documents which reads as follows: “I acknowledge receipt of Rs. 2000 from Raman .This amount will be paid on demand” is a :-


- a) Bill of Exchange
- b) Promissory Note
- c) Cheque
- d) Ambiguous instrument



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Q. Which of the following can be treated as payment in due course?

- a) Payment of cheque in respect, where drawer given stop payment direction
- b) Payment of a cheque after working hours
- c) Payment of a negotiable instrument to the holder on or after its due date in good faith by the payer and with no notice of any defect in title. 
- d) Payment of cheque where alteration in words amount in cheque

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Q. Global Bank has received garnishee order for rupees 16000 on Nirmal Soni who is maintaining current account with bank. the balance in the account on the date of receipt of garnishee order is rupees 45000. on the same day we receive cheque for Rs 25,000 drawn on the account. under circumstances the bank;

- a) may pass the check as the balance left will be sufficient to meet the currency order
- b) should not pass cheque after receipt of garnishee order
- c) should request the party to deposit cash to meet the cheque
- d) should inform the facts to the court and act as per their advice
- e) none of the above



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Q. X issued a cheque in favors of Y who gifted it to Z who is holder in due course?

- a) X
- b) Y
- c) Z
- d) None



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Q. A issued a cheque of Rs. 10000 in favor of B. balance in the account was Rs. 9500. B enquired the existing balance in the account from the bank staff and deposited RS. 600 to get the cheque uncash.

- a) A claimed the amount from the bank stating bank has negligently disclose the account information.
- b) Bank has made no mistake in paying the cheque as the balance of the time payment was sufficient in the account
- c) Bank staff had acted negligently by disclosing the balance in customer accounts, hence bank is liable
- d) Bank is not liable as any person can deposit the amount in deposit account
- e) Bank should advice the customer to sort the issue with the payee



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Q. Bank can make payment of a cheque in which of the following circumstances:

1-stop payment by the payee

2- completion of the date of cheque by the payee

3-Payment of bearer cheque demanded by a person other than the person whose name is written as payee of the cheque

a) 1 to 3 all

b) 2 and 3 only

c) 1 and 3 only

d) 1 and 2 only



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