

TopYug Educations**CA INTER – CORPORATE & OTHER LAWS****TEST 7 – NI Act**

Answer All the questions. Each question carries 5 marks each. Duration – 60 Mins

1. Explain the difference between Drawee in case of need and Acceptor for Honour?
2. Explain the meaning of 'Holder' and 'Holder in due course' of a negotiable instrument. The drawer, 'D' is induced by 'A' to draw a cheque in favour of P, who is an existing person. 'A' instead of sending the cheque to 'P', forges his name and pays the cheque into his own bank. Whether 'D' can recover the amount of the cheque from 'A's banker. Decide.
3. Manoj owes money to Umesh. Therefore, he makes a promissory note for the amount in favour of Umesh, for safety of transmission he cuts the note in half and posts one half to Umesh. He then changes his mind and calls upon Umesh to return the half of the note which he had sent. Umesh requires Manoj to send the other half of the promissory note. Decide how rights of the parties are to be adjusted.
Give your answer in reference to the Provisions of Negotiable Instruments Act, 1881 .
4. Which are the essential elements of a valid acceptance of a Bill of Exchange? An acceptor accepts a "Bill of Exchange" but write on it "Accepted but payment will be made when goods delivered to me is sold." Decide the validity.
5. Bharat executed a promissory note in favour of Bhushan for Rs.5 crores. The said amount was payable three days after sight. Bhushan, on maturity presented the promissory note on 1st Jan 2010 to Bharat. Bharat made the payment on 4th Jan 2010. Bhushan wants to recover interest for one day from Bharat. Advise Bharat, in the light of provisions of the NI Act, 1881, whether he is liable to pay the interest for one day?
6. Examine the validity under the provisions of NI Act, 1881:
 - (a) A bill is drawn "Pay to A or order the sum of one thousand rupees". In the margin, the amount stated is Rs.10,000/- in figures. (i) Is this a valid bill (ii) If so, for what amount?
 - (b) A cheque crossed 'Not Negotiable' is not transferable.

GOOD LUCK !