



## **‘Prayaas’ Revision Test Papers**

### **Test 2- The Negotiable Instruments Act, 1881**

**Marks: 15 marks**

**Time: 25 mins**

**Date:**

Q1) A draws a bill on B. B accepts the bill without any consideration. The bill is transferred to C without consideration. C transferred it to D for value. Decide-

- (i) Whether D can sue the prior parties of the bill, and
- (ii) Whether the prior parties other than D have any right of action inter se?

Give your answer in reference to the Provisions of Negotiable Instruments Act, 1881. **(5 Marks)**

Q2) C issues a cheque for ₹ 55,00,00/- in favour of D. C has sufficient amount in his account with the Bank. The cheque was not presented within reasonable time to the Bank for payment and the Bank, in the meantime, C became bankrupt. Decide under the provisions of Negotiable Instruments Act, 1881, whether D can recover the money from C? **(4 Marks)**

Q3) Discuss with reasons, whether the following persons can be called as a ‘holder’ under the Negotiable Instruments Act, 1881:

- (i) X who obtains a cheque drawn by Y by way of gift.
- (ii) M, who finds a cheque payable to bearer, on the road and retains it.
- (iii) B, who steals a blank cheque of A and forges A’s signature.

**(3 Marks)**

#### **Q4) Multiple Choice Questions**

**(3 Marks)**

(i) A negotiable instrument that is payable to order can be transferred by:

- (a) Simple delivery
- (b) Indorsement and delivery
- (c) Indorsement
- (d) Registered post

(ii) Mr. Aylam issued a cheque amounting to INR 25,000 dated 2nd February 2020 to Mr. Gandhi which was deposited by Mr. Gandhi on 16th March 2020 in his bank account. The said cheque got dishonored on 17th March 2020 by the bank of Mr. Aylam citing insufficient funds in the account of Mr. Aylam. Then Mr. Gandhi demanded the payment from Mr. Aylam by issuing the notice on 31st March 2020 which was received by Mr. Aylam on 2nd April 2020. Assuming that Mr. Aylam failed to make the payment within stipulated time, what is the last date by which Mr. Gandhi should have made a complaint in the court?

- (a) 17th May 2020
- (b) 2nd May 2020
- (c) 17th April 2020
- (d) 30th April 2020



- (iii) As per the Negotiable Instruments Act, 1881, when the day on which a promissory note or bill of exchange is at maturity is a public holiday, the instrument shall be deemed to be due on the..... .
- (a) Said public holiday
  - (b) 5 days succeeding public holiday
  - (c) Next succeeding business day
  - (d) Next preceding business day

CA PREETI AGGARWAL