



# SNS COLLEGE OF TECHNOLOGY



Coimbatore - 35

19BAT604 – Legal Aspects of Business

Unit III – The Negotiable Instruments Act, 1881



Presented by,  
Ms.S.D.Shamini,  
*Design Thinker.*

1<sup>st</sup> Indian  
Institution  
to Implement

Design  
Thinking  
Curriculum

Redesigning Common Mind and Business Towards Excellence



# Guess the Topic!!!



## Transfer of Negotiable Instruments







# Agenda

- Negotiation
- Comparison between Assignment and Negotiation
- Delivery
- Types of Indorsement
- Acceptance
- Acceptance for presentment





# Negotiation



Negotiation

Bearer instruments are negotiated by mere delivery.

Instruments payable to order are negotiated by endorsement and delivery.

Delivery is essential in both the cases and it may be *actual or constructive*.



## Comparison between Negotiation and Assignment

Negotiation	Assignment
It is effected under the Transfer of Property Act, 1883	It is effected under the Negotiable Instruments Act, 1881
Consideration is presumed	Consideration must be proved
The bonafide holder in due course gets better title than the transferor.	The title of the transferee is subject to the same defects that of transferor.
Instruments payable to bearer are negotiated by mere delivery and instrument payable to order are negotiated by endorsement and delivery.	Assignment requires a written documents duly signed by the transferor.
Notice of transfer to the debtor by the transferee is not necessary.	Notice of assignment of a debt, in order to make the assignment complete and effective, must be given by the assignee to the debtor.
Negotiation requires no registration.	Assignment requires registration.



# Delivery



Delivery

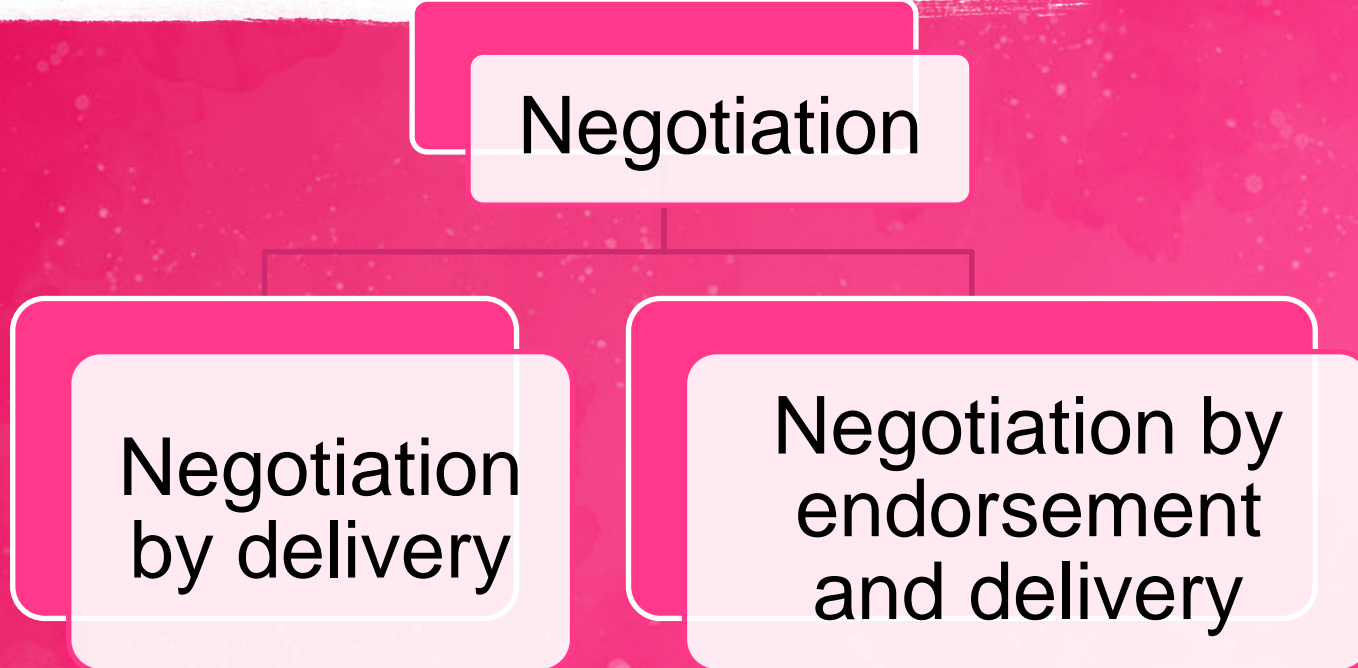
Bearer instruments are negotiated by mere delivery.

Instruments payable to order are negotiated by endorsement and delivery.

Delivery is essential in both the cases and it may be *actual or constructive*.



# Negotiation







# Types of Indorsement



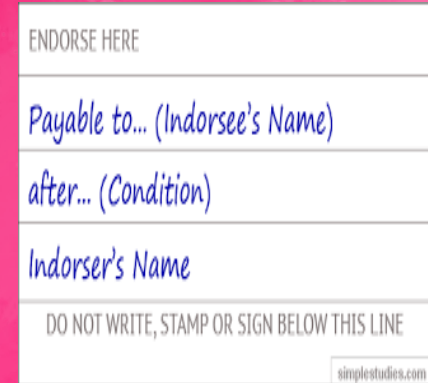
Blank Indorsement



Special Indorsement



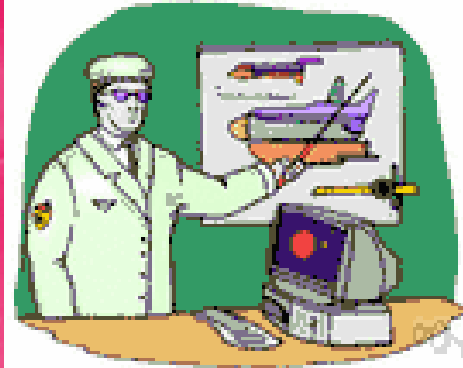
Restrictive Indorsement



Conditional Indorsement



# Presentment



Presentment

- It means presenting a negotiable instrument for getting payment or acceptance (if it is a bill).
- Presentment of the bill for acceptance is not obligatory in all the cases.
- The following bills must be presented for acceptance:
  - Where the bill is payable after sight, presentation is necessary to fix the maturity of the instrument.

When it is expressly stipulated that presentment shall be made for acceptance it must be presented for acceptance before payment.



# Acceptance for Presentment





# Knowledge Check



‘Something legally transferable from one person to another for a consideration’  
is known as

Endorsement

Bill of exchange

Promissory Note

Negotiation

**Negotiation**



## Recap

- Negotiation
- Comparison between Assignment and Negotiation
- Delivery
- Types of Indorsement
- Acceptance
- Acceptance for presentment





# References

- ✓ <http://legislative.gov.in/sites/default/files/A1881-26.pdf>
- ✓ <https://www.indiacode.nic.in/handle/123456789/2189?locale=en>



# Thanks!



snsinstitutions



snsinstitutions



snsinstitutions



snsinstitutions



snsinstitutions