CHARACTERISTICS OF A NEGOTIABLE INSTRUMENT pdf

1: Define the term 'negotiable instrument' and explain its characteristics | www.enganchecubano.com

A negotiable instrument has the following characteristics. 1. Property. The possessor of the negotiable instrument is presumed to be the owner of the property contained therein. A negotiable instrument does not merely give possession of the instrument but right to property also.

Definition, Characteristics, and Features! The Concept of the study Explains â€" Negotiable Instruments: The term can have different meanings, depending on what law is being applied and what country and context it is used in. Also learned, Commercial Bills , Negotiable Instruments: It deals with three kinds of negotiable instruments, i. Other documents like treasury bills, dividend warrants, share warrants, bearer debentures, port trust or improvement trust debentures, railway bonds payable to bearer etc. A Payable to order: But it should not contain any words prohibiting the transfer, e. There is, however, an exception in favor of a cherub. The definition given in Section 13 of the Negotiable Instruments Act does not set out the essential characteristics of a negotiable instrument. Possibly the most expressive and all-encompassing definition of negotiable instrument had been suggested by Thomas who is as follows: An examination of the above definition reveals the following essential characteristics of negotiable instruments which make them different from an ordinary chattel: They are transferable from one person to another without any formality. In other words, the property right of ownership in these instruments passes by either endorsement or delivery in case it is payable to order or by delivery merely in case it is payable to bearer , and no further evidence of transfer is needed. The transferee can sue in his own name without giving notice to the debtor: A bill, note or a cheque represents a debt, i. The creditor can either recover this amount himself or can transfer his right to another person. In case he transfers his right, the transferee of a negotiable instrument is entitled to sue on the instrument in his own name in case of dishonor, without giving notice to the debtor of the fact that he has become the holder. The better title to a bonfire transferee for value: Examples of Negotiable Instruments: The following instruments have been recognized as negotiable instruments by statute or by usage or custom: Examples of Non-negotiable Instruments: Section 15 defines endorsement as follows: If no space is left on the back of the instrument for the purpose of endorsement, further endorsements are signed on a slip of paper attached to the instrument. Endorsements may be of the following kinds: Blank or general endorsement: If the endorser signs his name only and does not specify the name of the indorse, the endorsement is said to be in blank. The effect of a blank endorsement is to convert the order instrument into bearer instrument which may be transferred merely by delivery. Endorsement in full or special endorsement: If the endorser, in addition to his signature, also adds a direction to pay the amount mentioned in the instrument to, or to the order of, a specified person, the endorsement is said to be in full. Section 56 provides that a negotiable instrument cannot be endorsed for a part of the amount appearing to be due on the instrument. In other words, a partial endorsement which transfers the right to receive only a partial payment of the amount due on the instrument is invalid. The indorse under a restrictive endorsement gets all the rights of an endorser except the right of further negotiation. In the case of a conditional endorsement, the liability of the endorser would arise only upon the happening of the event specified. But they endorse can sue other prior parties, e. Features of Negotiable Instruments: Negotiable Instrument, in law, a written contract or another instrument whose benefit can be passed on from the original holder to new holders. Major features of negotiable instruments are: Usually, when we transfer any property to somebody, we are required to make a transfer deed, get it registered, pay stamp duty, etc. But, such formalities are not required while transferring a negotiable instrument. The ownership is changed by mere delivery when payable to the bearer or by valid endorsement and delivery when payable to order. Further, while transferring it is also not required to give a notice to the previous holder. It means that a person who receives a negotiable instrument has a clear and indisputable title to the instrument. However, the title of the receiver will be absolute, only if he has got the instrument in good faith and for a consideration. Also, the receiver should have no knowledge of the previous holder having any defect in his title. Such a person is known as the holder in due course. This includes handwriting, typing, computer print out and engraving, etc. For example, one cannot make a promissory note on assets, securities, or goods. However, if the time of payment is linked to the death of a person, it is nevertheless a negotiable instrument as death is certain, though the time thereof is not. The payee can also be more than one person. Without the signature of the drawer or the maker, the instrument shall not be a valid one. Any negotiable instrument like a cheque or a promissory note is not complete until it is delivered to its payee. This is required as per the Indian Stamp Act, The value of stamp depends upon the value of the pro-note or bill and the time of their payment.

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2: Features of Negotiable Instruments

Important characteristics of Negotiable Instruments are: Property: The possessor of negotiable instrument is acknowledged to be the owner of property contained therein.

Features of Negotiable Instruments Features of Negotiable Instruments Negotiable Instrument , in law, a written contract or other instrument whose benefit can be passed on from the original holder to new holders. The original holder the transferor must countersign the instrument as in the case of a cheque or merely deliver it as in the case of a bank note to the new holder; the new holder is then entitled to the benefit of the instrument in the case of a cheque, to the money from the bank; in the case of the bank note, to the sum promised on the note. Major features of negotiable instruments are; Easy Transferability- A negotiable instrument is freely transferable. Usually, when we transfer any property to somebody, we are required to make a transfer deed, get it registered, pay stamp duty, etc. But, such formalities are not required while transferring a negotiable instrument. The ownership is changed by mere delivery when payable to the bearer or by valid endorsement and delivery when payable to order. Further, while transferring it is also not required to give a notice to the previous holder. Title- Negotiability confers absolute and good title on the transferee. It means that a person who receives a negotiable instrument has a clear and undisputable title to the instrument. However, the title of the receiver will be absolute, only if he has got the instrument in good faith and for a consideration. Also the receiver should have no knowledge of the previous holder having any defect in his title. Such a person is known as holder in due course. Must be in writing- A negotiable instrument must be in writing. This includes handwriting, typing, computer print out and engraving, etc. Unconditional Order- In every negotiable instrument there must be an unconditional order or promise for payment. Payment- The instrument must involve payment of a certain sum of money only and nothing else. For example, one cannot make a promissory note on assets, securities, or goods. The time of payment must be certain- It means that the instrument must be payable at a time which is certain to arrive. However, if the time of payment is linked to the death of a person, it is nevertheless a negotiable instrument as death is certain, though the time thereof is not. The payee must be a certain person- It means that the person in whose favor the instrument is made must be named or described with reasonable certainty. The payee can also be more than one person. Signature- A negotiable instrument must bear the signature of its maker. Without the signature of the drawer or the maker, the instrument shall not be a valid one. Delivery- Delivery of the instrument is essential. Any negotiable instrument like a cheque or a promissory note is not complete till it is delivered to its payee. This is required as per the Indian Stamp Act, The value of stamp depends upon the value of the pronote or bill and the time of their payment. Right ot file suit- The transferee of a negotiable instrument is entitled to file a suit in his own name for enforcing any right or claim on the basis of the instrument. Notice of transfer- It is not necessary to give notice of transfer of a negotiable instrument to the party liable to pay. Presumptions- Certain presumptions apply to all negotiable instruments, for example consideration is presumed to have passed between the transferor and the transferee. Procedure for suits- In India a special procedure is provided for suits on promissory notes and bills of exchange. Number of transfer- These instruments can be transferred indefinitely till they are at maturity. Rule of evidence- These instruments are in writing and signed by the parties, they are used as evidence of the fact of indebtness because they have special rules of evidence. Exchange- These instruments relate to payment of certain money in legal tender, they are considered as substitutes for money and are accepted in exchange off goods because cash can be obtained at any moment by paying a small commission.

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3: Negotiable instrument - Wikipedia

Characteristics of Negotiable Instruments Property - The processor of the negotiable instruments is considered as the owner of the document. A negotiable instrument does not just give possession of the document but the right of property also.

What are the Characteristics of a Negotiable Instrument? The property ownership in a negotiable instrument is transferred by mere delivery, if the instrument is payable to bearer, by delivery and endorsement if payable to order. The transferee, who takes its bona fide for value and before maturity called holder in due course gets a good title even if the title of the transfer was defective. Transferee can use in his own name: A transferee can sue upon a negotiable instrument in his own name. Notice of transfer not necessary: The transferee is not required to give a notice of transfer to the persons liable to pay the instrument. There are number of presumptions which are applied to a negotiable instrument unless the contrary is proved. As such these presumptions would not arise if the contrary is proved. It is presumed that every negotiable instrument was made or drawn, accepted, endorsed, negotiated or transferred for consideration. As such the holder need not prove consideration. However, this presumption would not arise if it is proved that the instrument was obtained from its owner by any offence, fraud, or for unlawful consideration. Every negotiable instrument is presumed to have been made on the date which it bears. It is presumed that every accepted bill was accepted within a reasonable time and before its maturity. It is presumed that every transfer was made before maturity. The endorsements are presumed to have been made in the same order in which they appear. In case an instrument is lost, it is presumed that it was duly stamped and the stamp was duly cancelled. Every holder is a holder in due course: Every holder is presumed to be a holder in due course. In case a suit is filed for dishonour of an instruments the Court, on the proof of protest presumes that the instrument was dishonoured. It should be noted that where the promisor denies the execution of the promissory note taking the plea that he signed on a blank paper, then the burden is on the plaintiff to prove execution. It should be noted further that presumption, as consideration, is not conclusive. If execution of promissory note is proved, then burden to prove lack of consideration is on the defendant. Marimuthm Rounder v Radha Krishn and Others.

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4: What are the Characteristics of a Negotiable Instrument?

Negotiable instruments are payable by legal tender money of India. The liabilities of the parties of Negotiable Instruments are fixed and determined in terms of legal tender money. 3. Negotiability: Negotiable Instruments can be transferred from one person to another by a simple process.

Examples include checks, banknotes, and promissory notes. To explore this concept, consider the following negotiable instrument definition. Definition of Negotiable Noun Transferable from one person to another in return for something of equal value. Able to be transferred from one person to another by delivery, with or without signature or endorsement, so that ownership or title passes to the transferee. Origin English The Negotiable Instrument The instrument itself is a document that contains the specifics of what is promised to be paid. In other words, whoever possesses the instrument will be paid the specified amount of money on the agreed upon date, whether that is immediately, or some time in the future. A negotiable instrument may be transferred to a third party, holding the same value to the new holder. An everyday example of a negotiable instrument is a bank check, which is given to a payee person to be paid , who then takes it to his bank to be cashed or deposited into his account. Uniform Commercial Code govern how negotiable instruments may be issued and transferred. Article 3 also specifies what conditions must be met in order for a written document to be considered a negotiable instrument. A negotiable instrument must contain the following: Contract While a negotiable instrument seems similar to a contract, it is different in that it simply conveys the value part of the agreement. The contract itself is outlines the obligations of the parties, and may give one party the right to hold the instrument. A negotiable instrument contains no promise to perform any duties under a contract, and makes no consequence if the payer defaults, as would a contract. A negotiable instrument merely gives the holder 1 the authority to demand payment, and 2 the right to be paid. While many instruments must contain an endorsement, usually in the form of a signature, by both parties involved in the transaction, this is not a requirement for the document to be considered a negotiable instrument. If such an instrument is lost or stolen, it may be deemed void. The most commonly used types of negotiable instruments include promissory notes, and bills of exchange. Promissory Note A promissory note is an unconditional promise to pay put into writing by a person or entity and signed by the borrower or person making the promise. Promissory notes are often created between a borrower and a lender in which the borrower promises to pay the lender a specific amount of money by the specified date. In terms of enforceability, a promissory notes lies somewhere between an informal IOU and a formal loan contract. Bills of Exchange Another commonly used type of negotiable instrument is the bill of exchange. A bill of exchange is a financial document that states an individual or business will pay a certain amount on a specific date. The date may range from the date it is signed, to within six months into the future. A bill of exchange must contain the signature of the individual promising to pay to be considered legally binding. Unlike a promissory note, a bill of exchange may be transferred to a third party, binding the payor to pay the third party who was not involved in the first place. This endorsement is done by placing his signature on the back of the check. For example, if John receives a check for payment, he places his signature on the back, transferring it to the bank in exchange for cash. In some circumstances, more than one person may be listed as payee on the check. How such a check may be endorsed depends on how the names are written. The person who signs endorses a negotiable instrument, does so for the purpose of obtaining payment by giving up their rights to the instrument itself. According to Article 3 of the UCC, there are five types of endorsement: Blank Endorsement â€" The most common, and least restrictive, type of endorsement, a blank endorsement features the signature of the payee exactly how it appears on the front of the check. Conditional Endorsement â€" A conditional endorsement specifies certain conditions that must be met before the check can be negotiated. For example, Mary has written a check to contractor Bob for the installation of a new dishwasher. Frank can only cash or deposit the check after he has finished the job for which he was hired. Restrictive Endorsement â€" Restrictive endorsement limits negotiability of the check. This prevents another person from endorsing and further negotiating the check in the case of theft. Qualified Endorsement â€" Qualified endorsement limits the responsibility of the holder of the instrument. Check cashers will not normally accept items with a qualified endorsement. Related Legal Terms and Issues Authority â€” The right or power to make decisions, give orders, or to control something or someone. Contract â€” An agreement between two or more parties in which a promise is made to do or provide something in return for a valuable benefit. Creditor â€” A person or entity to which money is owed by another person or entity. Debtor â€” A person who is in debt, or under a financial obligation to another. Default â€” Failure to fulfill an obligation, or to appear in a court of law when summoned. Obligation â€” A promise or contract that is legally binding; the act of binding or obliging oneself, as in a contract. Performance â€” The act of doing what is required by a contract. Promissory â€” Containing, implying, or having the nature of a promise.

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5: Negotiable Instrument - Definition, Examples

Characteristics of a Negotiable Instrument 1. Freely transferable. The property is a negotiable instrument passes from the one person to another by delivery, if the instrument is payable to bearer, and endorsement and delivery if it is payable order 2.

Promissory note[edit] Although possibly non-negotiable, a promissory note may be a negotiable instrument if it is an unconditional promise in writing made by one person to another, signed by the maker, engaging to pay on demand to the payee, or at fixed or determinable future time, certain in money, to order or to bearer. Bank notes are frequently referred to as promissory notes, a promissory note made by a bank and payable to bearer on demand. A common type of bill of exchange is the cheque check in American English , defined as a bill of exchange drawn on a banker and payable on demand. Bills of exchange are used primarily in international trade, and are written orders by one person to his bank to pay the bearer a specific sum on a specific date. Prior to the advent of paper currency, bills of exchange were a common means of exchange. They are not used as often today. Bill of exchange, A bill of exchange is essentially an order made by one person to another to pay money to a third person. A bill of exchange requires in its inception three partiesâ€"the drawer, the drawee, and the payee. The person who draws the bill is called the drawer. He gives the order to pay money to the third party. The party upon whom the bill is drawn is called the drawee. He is the person to whom the bill is addressed and who is ordered to pay. He becomes an acceptor when he indicates his willingness to pay the bill. The party in whose favor the bill is drawn or is payable is called the payee. The parties need not all be distinct persons. Thus, the drawer may draw on himself payable to his own order. A bill of exchange may be endorsed by the payee in favour of a third party, who may in turn endorse it to a fourth, and so on indefinitely. The "holder in due course" may claim the amount of the bill against the drawee and all previous endorsers, regardless of any counterclaims that may have disabled the previous payee or endorser from doing so. This is what is meant by saying that a bill is negotiable. In some cases a bill is marked "not negotiable"â€"see crossing of cheques. In that case it can still be transferred to a third party, but the third party can have no better right than the transferor. In the United States[edit] The examples and perspective in this section deal primarily with the English-speaking world and do not represent a worldwide view of the subject. You may improve this article , discuss the issue on the talk page , or create a new article , as appropriate. Thus, for a writing to be a negotiable instrument under Article 3, [12] the following requirements must be met: The promise or order to pay must be unconditional; The payment must be a specific sum of money, although interest may be added to the sum; The payment must be made on demand or at a definite time; The instrument must not require the person promising payment to perform any act other than paying the money specified; The instrument must be payable to bearer or to order. The latter requirement is referred to as the "words of negotiability": The only exception is that if an instrument meets the definition of a cheque a bill of exchange payable on demand and drawn on a bank and is not payable to order i. UCC Article 3 does not apply to money, to payment orders governed by Article 4A, or to securities governed by Article 8. An endorsement which purports to transfer the instrument to a specified person is a special endorsement â€" for example, "Pay to the order of Amy"; An endorsement by the payee or holder which does not contain any additional notation thus purporting to make the instrument payable to bearer is an endorsement in blank or blank endorsement ; An endorsement which purports to require that the funds be applied in a certain manner e. An endorsement purporting to add terms and conditions is called a conditional endorsement â€" for example, "Pay to the order of Amy, if she rakes my lawn next Thursday November 15th, ". The UCC states that these conditions may be disregarded. These real defenses include 1 forgery of the instrument; 2 fraud as to the nature of the instrument being signed; 3 alteration of the instrument; 4 incapacity of the signer to contract; 5 infancy of the signer; 6 duress; 7 discharge in bankruptcy; and, 8 the running of a statute of limitations as to the validity of the instrument. The holder-in-due-course rule is a rebuttable presumption that makes the free transfer of negotiable instruments feasible in the modern economy. A person or entity purchasing an instrument in the ordinary course of business can reasonably expect that it will be paid when presented to, and not subject to dishonor by, the maker, without involving itself in a dispute between the maker and the person to whom the instrument was first issued this can be contrasted to the lesser rights and obligations accruing to mere holders. The foregoing is the theory and application presuming compliance with the relevant law. Practically, the obligor-payor on an instrument who feels he has been defrauded or otherwise unfairly dealt with by the payee may nonetheless refuse to pay even a holder in due course, requiring the latter to resort to litigation to recover on the instrument. Usage[edit] While bearer instruments are rarely created as such, a holder of commercial paper with the holder designated as payee can change the instrument to a bearer instrument by an endorsement. The proper holder simply signs the back of the instrument and the instrument becomes bearer paper, although in recent years, third party checks are not being honored by most banks unless the original payee has signed a notarized document stating such. Alternatively, an individual or company may write a check payable to "cash" or "bearer" and create a bearer instrument. Great care should be taken with the security of the instrument, as it is legally almost as good as cash. Exceptions[edit] Under the Code, the following are not negotiable instruments, although the law governing obligations with respect to such items may be similar to or derived from the law applicable to negotiable instruments: Bills of lading and other documents of title, which are governed by Article 7 of the Code. Deeds and other documents conveying interests in real estate, although a mortgage may secure a promissory note which is governed by Article 3.

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6: Negotiable Instruments Act Notes - Speak HR

A negotiable instrument is a document guaranteeing the payment of a specific amount of money, either on demand or at a set time, with the payer usually named on the document.

Would you like to merge this question into it? MERGE already exists as an alternate of this question. Would you like to make it the primary and merge this question into it? MERGE exists and is an alternate of. A negotiable instrument is a document guaranteeing the payment of a specific amount of money, either on demand, or at a set time. According to the Negotiable Instruments Act, in India there are just three types of negotiable instruments i. More specifically, it is a document contemplated by a contract, which 1 warrants the payment of money, the promise of or order for conveyance of which is unconditional; 2 specifies or describes the payee, who is designated on and memorialized by the instrument; and 3 is capable of change through transfer by valid negotiation of the instrument. Under United States law, Article 3 of the Uniform Commercial Code as enacted in the applicable State law governs the use of negotiable instruments, except banknotes "Federal Reserve Notes", aka "paper dollars". Negotiable instrument is an instrument that may be negotiated ; specifically, in law, an instrument transferable by assignment, indorsement or delivery. There are but three forms of negotiable instruments in common use, viz: Check, bill of exchange draft and promissory note. An instrument to be negotiable must contain an unconditional promise or order to pay a certain sum in money; must be payable on demand or at a fixed or determinable future time; must be payable to order or to bearer; and when the instrument is addressed to a drawee he must be named or indicated therein with a reasonable certainty. An instrument which contains an order or promise to do any act in addition to the payment of money is not negotiable. But the negotiable character of an instrument is not affected by a provision which authorizes the sale of collateral securities in case of failure to pay at maturity or authorizes a confession of judgment if not paid at maturity or waives the benefit of any law intended for the advantage or protection of the obligor the one upon whom the obligation to pay rests or gives the holder the privilege of requiring something to be done in lieu of payment of money. The validity and negotiable character of an instrument are not affected by the fact that it is not dated or does not specify the value given or that any value has been given or does not specify the place where drawn or where payable or bears a seal or designates a particular kind of current money in which payment is to be made. The maker or drawer or the payee or drawee the one who is to pay and the acceptor may be the same person and if that person indorses the instrument and puts it in circulation it becomes a negotiable instrument. The negotiable instruments have some special characteristics which distinguish them from other kinds of instruments. Anybody dealing with Negotiable Instruments needs to know of these special features so as to protect his interests. Main characteristics of such instruments are: This is one of the most important characteristics of the Negotiable Instruments The significance of this characteristics can be best judged from following example. A person who takes a negotiable instrument say a cheque from another person, who had stolen it from somebody else, will have absolute and undisputable title to the instrument, provided he receives he same for value i. This means, he can recover the amount of the instrument from the party liable to pay thereon. In addition to above special features, the Negotiable Instruments Act under Section and , certain presumptions are taken for granted, unless contrary is proved. Some of such presumptions are: However, under certain conditions like fraud or unlawful consideration, the burden of proving that the holder is a holder in due course may lie upon him. Considered to be a negotiable instrument, the date for the demand to pay generally ranges from the current date to a date within the next six calendar months. A bill of exchange will also require the authorized signature of the debtor in order to be considered legal and binding. As an unconditional order to pay a fixed sum of money to a creditor, the bill of exchange can take on many different forms. One of the most common examples of the bill of exchange is the common bank check. A check specifies who is to receive the funds, with the order to pay the face value of the check to the order of the creditor. The exact amount of the payment is specified. The date specified on the check is often the issue date for the check, but may also be the date that the bank is to honor the payment. This process is referred to as post dating a check, since the creditor will physically receive the check at some time before it will be honored. They differ from IOUs in that they contain a specific promise to pay, rather than simply acknowledging that a debt exists. In common speech, other terms, such as "loan," "loan agreement," and "loan contract" may be used interchangeably with "promissory note" but these terms do not have the same legal meaning. Whereas a promissory note is evidence of a loan, it is not the loan contract.

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7: Characteristics of a Negotiable Instrument - SRD Law Notes

A negotiable instrument has the following characteristics. 1. Property The possessor of the negotiable instrument is presumed to be the owner of the property contained therein.

It deals with three kinds of negotiable instruments, i. Other documents like treasury bills, dividend warrants, share warrants, bearer debentures, port trust or improvement trust debentures, railway bonds payable to bearer etc. A Payable to order: But it should not contain any words prohibiting transfer, e. There is, however, an exception in favor of a cherub. The definition given in Section 13 of the Negotiable Instruments Act does not set out the essential characteristics of a negotiable instrument. Possibly the most expressive and all encompassing definition of negotiable instrument had been suggested by Thomas who is as follows: An examination of the above definition reveals the following essential characteristics of negotiable instruments which make them different from an ordinary chattel: They are transferable from one person to another without any formality. In other words, the property right of ownership in these instruments passes by either endorsement or delivery in case it is payable to order or by delivery merely in case it is payable to bearer , and no further evidence of transfer is needed. Transferee can sue in his own name without giving notice to the debtor: A bill, note or a cheque represents a debt, i. The creditor can either recover this amount himself or can transfer his right to another person. In case he transfers his right, the transferee of a negotiable instrument is entitled to sue on the instrument in his own name in case of dishonor, without giving notice to the debtor of the fact that he has become holder. Better title to a bonfire transferee for value: Examples of Negotiable Instruments: The following instruments have been recognized as negotiable instruments by statute or by usage or custom: I Bills of exchange; ii Promissory notes; iii Cheques; iv Government promissory notes; v Treasury bills; vi Dividend warrants; vii Share warrants; viii Bearer debentures; ix Port Trust or Improvement Trust debentures; x Hindis; xi Railway bonds payable to bearer, etc. Examples of Non-negotiable Instruments: Section 15 defines endorsement as follows: If no space is left on the back of the instrument for the purpose of endorsement, further endorsements are signed on a slip of paper attached to the instrument. Endorsements may be of the following kinds: Blank or general endorsement: If the endorser signs his name only and does not specify the name of the indorse, the endorsement is said to be in blank. The effect of a blank endorsement is to convert the order instrument into bearer instrument which may be transferred merely by delivery. Endorsement in full or special endorsement: If the endorser, in addition to his signature, also adds a direction to pay the amount mentioned in the instrument to, or to the order of, a specified person, the endorsement is said to be in full. Section 56 provides that a negotiable instrument cannot be indorsed for a part of the amount appearing to be due on the instrument. In other words, a partial endorsement which transfers the right to receive only a part payment of the amount due on the instrument is invalid. The indorse under a restrictive endorsement gets all the rights of an endorser except the right of further negotiation. In the case of a conditional endorsement the liability of the endorser would arise only upon the happening of the event specified. But the endorse can sue other prior parties, e.

8: Negotiable instruments- Meaning, Types & Differences -

Major features of negotiable instruments are; Easy Transferability- A negotiable instrument is freely transferable. Usually, when we transfer any property to somebody, we are required to make a transfer deed, get it registered, pay stamp duty, etc.

9: Negotiable Instrument

According to contract act it is defined as, "A negotiable instrument means a promissory note, bill of exchange or cheque payable by order or bearer." Example: Cheques, Bill of Exchange and Promissory Notes are the important examples of negotiable instruments.

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