

Ref.:

(b) Negotiable Instruments

The word negotiable means "transferable by delivery" and the word instrument means "a written document by which a right is created in favour of some person".

The term negotiable "instrument" literally means a written document which creates a right in favour of somebody and is freely transferable by delivery".

A negotiable instrument is a piece of paper which entitles a person to certain sum of money and which is transferable from one to another person by delivery or by endorsement and delivery.

Characteristics of negotiable Instrument

- In writing: A negotiable instrument must be in writing.
- Signed by its maker: A negotiable instrument must be signed by its maker.

- Unconditional promise to pay :-
A negotiable instrument must contain a certain amount from one person to another.

- Freely transferable :-
A negotiable instrument must be freely transferable from one person to another.

- Defects in title :-
During the course of transfer of negotiable instrument, any defect in title will not effect sight of recovery of money to holder in due course.

Contract

A contract is a legally binding document that recognize and governs the right and duties of the parties to the agreement.

A contract is legally enforceable because it meets the requirements and approval of the law.

(11) Key. :

A contract typically involves the exchange of goods, service, money or promise of any of those.

ESSENTIAL ELEMENT OF CONTRACT

Substantive elements	Procedural elements
<ul style="list-style-type: none">• OFFER• ACCEPTANCE• CONSIDERATION• CAPACITY• LEGALITY	<ul style="list-style-type: none">• COMMUNICATION OF OFFER• MEETING OF MINDS.• COMMUNICATION OF ACCEPTANCE