

Q-2  
Ans

A negotiable instrument means a promissory note, bill of exchange or cheques payable either to order or to bearer. Negotiable means transferable. Instrument means document. Negotiable instrument, therefore, means transferable document. Negotiable instrument entitles holder to the receipt of the money therein. It also gives him the right to transfer the same by delivery or by endorsement therefore. The act deals with only three types of negotiable documents instruments, that is promissory note, bills of exchange and cheques.

The law relating to negotiable instruments is contained in the negotiable instruments act, 1881. The act is based upon the English

Common law making relating to promissory notes, bills of exchange and cheques. The act was enacted to define and amend the law relating to promissory note, bills of exchange and cheques.