

Q-2
Ans

A negotiable instrument means a promissory note, bill of exchange or cheques payable either to order or to bearer. Negotiable instrument means transferrable documents.

* Characteristics of Negotiable instruments are as follows:-

i) Property - The possessor of the instrument is the holder and owner therefore.

ii) Defects in title - The holder in good faith and for value called the holder in due course gets the instrument free from all defects of any previous holder.

iii) Remedy - The holder can sue upon the negotiable instrument in his own name. All prior parties are liable to him.

- iv Rights - The holder in due course is not affected by certain defences which might be available against previous holder.
- v) Payable to bearer - a promissory note is payable to bearer which is expressed to be so payable or which the only or last endorsement is endorsement in blank.
- vi) Consideration - Consideration in the case of a negotiable instrument is presumed.

A contract is an agreement made between two or more parties which the law will enforce.

Some essential elements of a contract are as follows:

- 1) Offer - first an offer must be extended in order to begin a contract, it should include all the agreements and its terms and conditions.

- i) Acceptance - its in the hand of the offere to accept or reject the proposal and its terms and conditions.
- ii) Meeting of the minds - also called as mutual agreement when a moment when both parties have recognized the contract and agreed to enter into its obligations.
- iii) Consideration - something of value must be exchanged in order to have a valid legal agreement.
- iv) Capacity - Each party must be fully able or have legal capacity to enter into the contract. in order for it be considered valid.
- v) Legality - Each party must show legal intent with their buyer ~~or~~ if their buyer does not pay them.