

# The Negotiable Instrument Act, 1881

**Prof.(Dr.) Hari Ram Anthala\***

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## ABSTRACT

*The Negotiable Instruments Act extends to whole of India except Jammu & Kashmir .It came into force on 1st March, 1882. The Negotiable Instrument. Act.1881 was amended in 2015.The negotiable means- transferable from one person to another in return for consideration and an instrument means- a written document by which a right is created in favour of some person. In this way a negotiable instrument is called a document which entitle person to a sum of money which is transferable from one person to another. There are three types of negotiable instruments i.e. Bills of exchange, promissory note and cheque. Section 13 of the Negotiable Instrument Act, 1881 provides that a promissory note, bill of exchange or cheque payable either to order or to bearer is negotiable instrument. This has been provided under **Sec. 146** of the NI Act, 1881 that cheque returning memo issued by the bank for dishonor of cheque is prime-facie evidence and sufficient proof for Court to decide the case*

**Key Words:** *Negotiable, instrument, bill of exchange, promissory note, cheques, penalties*

## INTRODUCTION

The Negotiable Instrument Act was enacted in the year 1881 during British regime to facilitate the business community not to carry cash for selling and purchasing goods and services. The practice of dealing with the traders through the negotiable instruments. Section 13 of the Negotiable Instrument Act, 1881 provides that a promissory note, bill of exchange or cheque payable either to order or to bearer is negotiable instrument. It

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\*School of Law, Raffles University, Neemrana Distt Alwar, Rajasthan , Ex Banker, Ph.D Law, NET-Law, LLM, M.A. (Pol. Sc.), CAIIB, LLB,B,A ,Fin.Advisor, Email: [hrranthala@gmail.com](mailto:hrranthala@gmail.com)