

Chapter 12

NEGOTIABLE INSTRUMENTS ACT, 1881

THIS CHAPTER COVERS MCQs ON:

- Definition of a Negotiable Instrument
- Important Characteristics of Negotiable Instruments
- Classification of Negotiable Instruments
- Kinds of Negotiable Instruments
- Promissory Notes
- Bills of Exchange
- Cheques
- Modes of Crossing
- Negotiation
- Importance of Delivery
- Endorsement
- Acceptance of a Bill of Exchange

INTRODUCTION

1. The Negotiable Instruments Act, came into force on the.....
 - a) 1.1.1881
 - b) 1.2.1881
 - c) 1.4.1881
 - d) 1.12.1981
2. The Negotiable Instruments Act, 1881 extends to the.....
 - a) Whole of India excluding State of Jammu
 - b) Whole of India excluding State of Jammu & Kashmir
 - c) Whole of India
 - d) Whole of India excluding State of Goa
3. The Negotiable Instruments Act, 1881 define and amend the law relating to.....
 - a) Promissory notes
 - b) Bills of exchange
 - c) Cheques
 - d) All of above
4. A “negotiable instrument” means a promissory note, bill of exchange or cheque payable either.....

- a) To order
- b) To bearer
- c) (a) or (b)
- d) (a) and (b)

CHARACTERISTICS OF NEGOTIABLE INSTRUMENTS

5. Which of the following can be considered as characteristics of Negotiable Instruments?
 - a) The holder of the instrument is presumed to be the owner.
 - b) They are not freely transferable.
 - c) They are transferable subject to restriction.
 - d) (b) or (c)
6. Which of the following can be considered as characteristics of Negotiable Instruments?
 - a) The holder in due course is entitled to sue on the instrument in his own name.
 - b) The instrument is transferable till maturity and in case of cheques till it becomes stale.
 - c) Both (a) & (b)
 - d) None of above
7. Which of the following can NOT be considered as characteristics of Negotiable Instruments?
 - a) The holder of the instrument is not presumed to be the owner.
 - b) They are conditionally transferable
 - c) A holder in due course is entitled to sue on the instrument in his own name.
 - d) (a) & (b)
8. Which of the following can NOT be considered as characteristics of Negotiable Instruments?
 - a) A holder do not gets the instrument free from all defects of title of any previous holder.
 - b) The instrument is transferable till maturity
 - c) They are freely transferable.
 - d) All of above

9. A negotiable instrument is freely transferable.
- No
 - Yes
 - Partly yes
 - None of above

CLASSIFICATION OF NEGOTIABLE INSTRUMENTS

10. A promissory note, bill of exchange or cheque is payable to bearer when.....
- It is expressed to be payable to a particular person.
 - It is expressed to be so payable
 - The only or last endorsement on the instrument an endorsement in blank
 - (b) or (c)
11. A promissory note, bill of exchange or cheque is payable to order....., and does not contain any words prohibiting transfer or indicating an intention that it shall not be transferable.
- Which is expressed to be so payable
 - The only or last endorsement on the instrument is an endorsement in blank
 - Which is expressed to be payable to a particular person
 - (a) or (c)
12. A promissory note, bill of exchange or cheque drawn or made in India, and made payable, or drawn upon any person, resident in India shall be deemed to be.....
- Foreign Instruments
 - An inland instrument
 - Demand Instruments
 - Bearer Instruments
13. A promissory note, bill of exchange or cheque drawn or made in....., and made payable, or drawn upon any person, resident in India shall be deemed to be an inland instrument.
- India
 - Outside India

- Undivided India
 - None of above
14. A promissory note, bill of exchange or cheque drawn or made in India, and made payable, or drawn upon any person.....shall be deemed to be and inland instrument.
- Resident in India
 - Not ordinary resident in India
 - Non-resident in India
 - Resident outside India
15. An inland instrument is one which is.....
- Drawn and made payable in India
 - Drawn in India upon some persons resident therein, even though it is made payable in a foreign country
 - Either (a) or (b)
 - None of above
16. The essentials of a foreign instrument include that:.....
- It must be drawn outside India and made payable outside or inside India
 - It must be drawn in India and made payable outside India and drawn on a person resident outside India.
 - Either (a) or (b)
 - None of above
17. A promissory note or a bill of exchange payable after a fixed period, or after sight, or on specified day, or on the happening of an event which is certain to happen, is known as a.....
- Time instrument
 - Demand Instruments
 - Foreign Instruments
 - An inland instrument
18. The expression "after sight" in a promissory note means that.....
- The payment can be demanded without it has been shown to the maker.
 - The payment cannot be demanded on it unless it has been shown to the maker.

- c) The holder may treat the instrument, at his option, either as a bill of exchange or as a promissory note.
 d) The payment cannot be demanded
19. In the case of bill of exchange, the expression "after sight" means.....
 a) After acceptance
 b) After noting for non-acceptance
 c) After acceptance, or after noting for non-acceptance or after protest for non-acceptance
 d) None of above
20. An instrument, which in form is such that it may either be treated by the holder as a bill or as a note, is.....
 a) Inchoate or Incomplete Instrument
 b) Order Instruments
 c) An inland instrument
 d) An ambiguous instrument
21. Bill drawn to or to the order of the drawee or by an agent on his principal, or by one branch of a bank on another or by the direction of a company or their cashier are also ambiguous instruments.
 a) False
 b) True
 c) Partly true
 d) None of above
22. When one person signs and delivers to another a paper stamped in accordance with the law relating to negotiable instruments, and either wholly blank or having written thereon an imcomplete negotiable instrument, he thereby gives prima facie authority to the holder there of to make or complete, as the case may be, upon it a negotiable instrument, for any amount specified therein, and not exceeding the amount, covered by the stamp. Such an instrument is called.....
 a) Inchoate or Incomplete Instrument
 b) Order Instruments
 c) An inland instrument

- d) An ambiguous instrument
23. A signs, as maker, a blank stamped paper and gives it to B and authorizes him to fill it as a note for Rs. 500 to secure an advance which 'C' is to make to 'B'. 'B' fraudulently fills it up as a note for Rs. 2,000 payable to 'c', who has in good faith advanced Rs. 2,000. Decide, whether 'C' is entitled to recover the amount, and if so, up to what extent?
 a) Rs. 500
 b) Rs. 1,500
 c) Rs. 2,000
 d) Rs. 1,000

KINDS OF NEGOTIABLE INSTRUMENTS

24.is an instrument in writing containing an unconditional undertaking, signed by the maker to pay a certain sum of money to, or to the order of, a certain person, or only to bearer of the instrument.
 a) A Bank note
 b) A currency note
 c) A promissory note
 d) Bills of Exchange
25. A promissory note is an instrument.....containing an unconditional undertaking, signed by the maker to pay a certain sum of money to, or to the order of, a certain person, or only to bearer of the instrument.
 a) In writing
 b) Made orally
 c) Partly in writing
 d) None of above
26. A promissory note is an instrument in writing containing....., signed by the maker to pay a certain sum of money to, or to the order of, a certain person, or only to bearer of the instrument.
 a) Conditional undertaking
 b) Implied undertaking
 c) An unconditional undertaking
 d) Deemed undertaking

27. A promissory note is an instrument in writing containing an unconditional undertaking, signed by.....to pay a certain sum of money to, or to the order of, a certain person, or only to bearer of the instrument
- The payee
 - The holder
 - The endorser
 - The maker
28. A promissory note is an instrument in writing containing an unconditional undertaking, signed by the maker to pay.....to, or to the order of, a certain person, or only to bearer of the instrument.
- A certain type of goods
 - A certain type of old coins
 - A certain sum of money
 - Any of above
29. A promissory note is an instrument in writing containing an unconditional undertaking, signed by the maker to pay a certain sum of money.....
- To, or to the order of, a certain person
 - Only to bearer of the instrument.
 - (a) or (b)
 - Bothe (a) & (b)
30. The person who makes or executes the note promising to pay the amount stated there in is called as
- The payee
 - The holder
 - The endorser
 - The maker
31. The person to whom the amount is payable is called as.....
- The payee
 - The holder
 - The endorser
 - The maker
32. Which of the following is/ are essential(s) of promissory note?
- It must be in writing.
 - An oral promise to pay will do.
 - It must contain oral promise t pay.
 - All of above
33. Which of the following is/ are essential (s) of promissory note?
- It must be in writing.
 - It must contain an express promise or clear undertaking to pay.
 - The payee must be certain.
 - All of above
34. Which of the following is/ are essential (s) of promissory note?
- The maker must sign the promissory not in token of an undertaking to pay to the payee or his order.
 - The maker must be a certain person
 - The payee must be certain.
 - All of above
35. Promissory note must contain.....
- An express promise to pay
 - Clear undertaking to pay
 - (a) or (b)
 - None of above
36. The promissory not should be signed by:.....
- Drawer
 - Drawee
 - Payee
 - Promise
37.is an instrument in writing containing an unconditional order, signed by the maker, directing a certain person to pay a certain sum of money only to or to the order of, a certain person or to the bearer of the instrument.
- A bill of exchange
 - A promissory note
 - A cheque
 - Hundi
38. The person who draws the bill is known as.....
- Drawee
 - Drawere
 - Payee
 - Endorser

39. The person on whom the bill is drawn is known as.....
- Drawee
 - Drawer
 - Payee
 - Endorser
40. When the holder endorses the bill to anyone else he becomes the.....
- Endorsee
 - Drawer
 - Payee
 - Endorser
41.is the person to whom the bill is endorsed.
- Endorsee
 - Drawer
 - Payee
 - Endorser
42.is the person to whom the sum stated in the bill is payable
- Endorsee
 - Drawee
 - Payee
 - Endorser
43. The bill is drawn as an order to drawee to pay certain amount to payee. If drawee refuses to honour the bill, another person may be named in the bill itself, as.....
- Endorsee in case of need
 - Endorser in case of need
 - Drawee in case of need
 - Payee in case of need
44. Essentials of a bill of exchange:.....
- It must be signed by the drawer.
 - The parties must be certain.
 - It must contain an unconditional order to pay money only and not merely a request.
 - All of above
45. Essentials of a bill of exchange:.....
- The sum payable must also be certain.
 - It must comply with other formalities e.g. stamps, date, etc.
 - It need not be signed by the drawer.
 - (a) & (b)
46. A bill of exchange must contain.....order to pay money only.
- A conditional
 - An unconditional
 - A contingent condition
 - An implied
47. A bill of exchange must contain an unconditionalto pay money only.
- Request
 - Order
 - (a) or (b)
 - (a) & (b)
48. A bill of exchange must contain an unconditional order to pay.....only.
- Money
 - Goods
 - Property
 - Assets
49. Kavita draws a bill on Shyam for Rs 30,000. Kuntal endorsed it to Ram. Ram endorsed it to Rahim. The payee of the bill will be:.....
- Ram
 - Kavita
 - Shyam
 - Rahim
50. A promissory note is a three-party instrument.
- True
 - False
 - Partly true
 - Partly false
51. In a bill of exchange there are there parties- drawer, drawee and payee.
- True
 - False
 - Partly true
 - Partly false
52. A promissory note can be made payable to the maker himself.
- True
 - Fasle
 - Partly true

- d) Partly false
53. In a bill of exchange, the drawee and payee may be the same person.
- True
 - False
 - Partly true
 - Partly false
54. The liability of the maker of a promissory note is.....
- Secondary and conditional
 - Primary and absolute
 - Primary and conditional
 - Secondary and absolute
55. Foreign bill of exchange must be protested for dishonor.
- True
 - False
 - Partly true
 - Partly false
56. Normally foreign bills are drawn in sets of.....
- Four copies
 - Three copies
 - Two copies
 - Ten copies
57. A bill drawn and accepted for a genuine trade transaction is termed as a.....
- Foreign Bill
 - Accommodation Bill
 - Trade bill
 - Account sale
58.is a bill in which a person lends or gives his name to oblige a friend or some person whom he knows or otherwise.
- Foreign Bill
 - Accommodation Bill
 - Trade bill
 - Account sale
59. A bill which is drawn, accepted or endorsed.....is called an accommodation bill.
- With consideration
 - Without consideration
 - (a) or (b)
 - (a) and (b)
60. It is only the.....who can ask for a duplicate bill, promissory note or cheque.
- Holder
 - Drawee
 - Endorser
 - None of above
61. A bill of exchange is called a.....when a bill of exchange drawn by one bank on another bank, or by itself on its own branch,
- Cheque
 - Promissory note
 - Bank draft
 - Accommodation bill
62. A bank draft can be drawn only by a bank on another bank, usually its own branch.
- True
 - False
 - Partly true
 - None of above
63. A bank draft cannot be made payable to bearer.
- True
 - False
 - Partly true
 - None of above
64. Ais a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand
- Promissory note
 - Cheque
 - Accommodation bill
 - Trade bill
65.means a cheque which contains the exact mirror image of a paper cheque, and is generated, written and signed in a secure system ensuring the minimum safety standards with the use of digital signature (with or without biometrics signature) and asymmetric crypto system;
- A cheque in the electronic form
 - A truncated cheque
 - Bank draft
 - Paper cheque

66.means a cheque which is truncated during the course of a clearing cycle, either by the clearing house or by the bank wheter paying or receiving payment, immediately on generation of an electronic image for transmission, substituting the further physical movement of the cheque in writing.
- A cheque in the electronic form
 - A truncated cheque
 - Bank draft
 - Paper cheque
67. A cheque is a bill of exchange drawn on a bank payable always.....
- On request
 - On demand
 - On order
 - Any of above
68. A cheque is a bill of exchange.....
- Which is always drawn on a banker
 - Which is always payable on demand
 - (a) or (b)
 - (a) and (b)
69. A cheque does not require acceptance.
- True
 - False
 - Partly true
 - None of above
70. Essential of a cheque:.....
- It is always drawn on a banker.
 - It is always payable on demand.
 - It does not require acceptance.
 - All of above
71. Stamp is required to be affixed on cheques.
- True
 - False
 - Partly true
 - None of above
72. A grace of 3 days is allowed in the case of a cheque.
- True
 - False
 - Partly true
 - None of above

73. Notice of the dishonor of a bill is necessary, but not in the case of a cheque.
- True
 - False
 - Partly true
 - None of above
74. A bill may be crossed, but not a cheque.
- True
 - False
 - Partly true
 - None of above

BANKER

75. In which of the following case banker **MUST** refuse to honour the cheque?
- When a customer countermands payment i.e., where or when a customer, after issuing a cheque issues instructions not to honour it, the banker must not pay it.
 - When the banker receives notice of customer's death.
 - When customer has been adjudged an insolvent.
 - All of above
76. In which of the following case banker **MUST** refuse to honour the cheque?
- When the banker receives notice of customer's insanity.
 - When an order of the Court, prohibits payment.
 - When the customer has given notice of assignment of the credit balance of his account.
 - All of above
77. In which of the following case banker **MAY** refuse to honour the cheque?
- When the banker receives notice of customer's insanity.
 - When an order of the Court, prohibits payment.
 - When the cheque is post-dated.
 - When customer has been adjudged an insolvent.

78. In which of the following case banker MAY refuse to honour the cheque?
- When an order of the Court, prohibits payment.
 - When the banker has no sufficient funds of the drawer
 - When customer has been adjudged an insolvent.
 - When a customer countermands payment i.e., where or when a customer, after issuing a cheque issue instructions not to honour it , the banker must not pay it.
79. A payment will be a payment in due course if:.....
- It is in accordance with the apparent tenor of the instrument
 - It is made in good faith and without negligence
 - It is made to the person in possession of the instrument who is entitled as holder to receive payment
 - All of above

OVERDUE, STALE OR OUT-OF-DATE CHEQUES

80. A cheque is overdue or becomes statute-barred after.....from its due date of issue.
- Six years
 - Three years
 - Six months
 - Three months
81. In India, a cheque, which has been in circulation for more than....., is regarded by banker as stale.
- Six years
 - Three years
 - Six months
 - Three months

CROSSING OF CHEQUES

82.can be presented by the payee to the paying banker and is paid over the counter.

- A crossed cheque
 - An open cheque
 - (a) or (b)
 - (a) and (b)
83. cannot be paid across the counter but must be collected through a banker.
- A crossed cheque
 - An open cheque
 - (a) or (b)
 - (a) and (b)
84.is a direction to the paying banker to pay the money generally to a banker or to a particular banker, and not to pay otherwise.
- A requesting
 - A passing
 - A crossing
 - Any of above
85. Crossing is a direction to the paying banker that the cheque should be paid only to.....
- A banker
 - A specified banker
 - (a) or (b)
 - A customer
86. To restrain negotiability, addition of words.....is necessary.
- Not negotiable
 - Account payee only
 - (a) or (b)
 - None of above
87. Which of following can be crossed?
- Bill of exchange
 - Promissory note
 - Cheque
 - All of above
88. In general crossing a cheque bears across its face an addition of.....
- Two parallel transverse lines
 - Three parallel transverse lines
 - Four parallel transverse lines
 - Two cross line

89. "Account Payee" crossing warns the collecting banker that the proceeds are to be credited only to the.....
- Account of the payee
 - Party named or his agent
 - Account of the payee, or the party named, or his agent
 - None of above

MATURITY

- When period of bill is stated in days, calculation will be in days, which include the date of payment but exclude the date of transaction.
- When period of bill is stated in months, calculation will be in months ignoring the days in months.
- If due date of bill falls on public holiday, the due date will be preceding business day.
- If due date of bill falls on sudden public holiday, the due date will be next business day.
- Days of grace are not allowed on bill payable on demand.
- If bill is drawn using words after sight then calculation will start from the date of acceptance.

90. The date on which payment of an instrument falls due is called its.....
- Event
 - Maturity
 - Collection date
 - Accounting date
91. Every instrument payable at.....is entitled to three days of grace.
- A specified period after date
 - After sight
 - A specified period after date or after sight
 - Demand
92. Days of grace are allowed for cheques.
- True
 - False
 - Partly true

- None of above
93. A negotiable instrument dated 31st January, 2011 is made payable at one months after date. The instrument is at maturity on.....
- 31st January, 2011
 - 28th February, 2011
 - 3rd March, 2011
 - 1st March, 2011
94. A negotiable instrument dated the 31st August, 2001, is made payable three months after date. The instrument is at maturity on.....
- 30th August, 2011
 - 3rd December, 2011
 - 1st December, 2011
 - 31st December, 2011
95. If the day of maturity falls on a public holiday, the instrument is payable on the.....
- Preceding business day.
 - Next business day.
 - Next Monday
 - Following day
96. If a bill is at maturity on a Sunday. It will be deemed due on.....
- Monday
 - Saturday
 - Friday
 - Partly on Saturday and partly on Monday
97. If due date of bill falls on sudden public holiday, the due date will be.....
- Preceding business day
 - Next business day
 - Next Monday
 - Next day
98. If due date of bill falls on....., the due date will be preceding business day.
- Public holiday
 - Sudden public holiday
 - Private holiday
 - Birthday

99. If due date of bill falls on....., the due date will be next business day.
- Public holiday
 - Sudden public holiday
 - Private holiday
 - Birthday
100. On 1.1.2011, X draws a bill on Y for Rs. 20,000 for 3 months maturity date of the bill will be:.....
- 1.4.2011
 - 3.4.2011
 - 4.4.2011
 - 4.5.2011
101. On 15.8.2011, X draws a bill on Y for 3 months for Rs. 20,000. 18th Nov was a sudden holiday, maturity date of the bill will be:.....
- 17th Nov
 - 18th Nov
 - 19th Nov
 - 15th Nov
102. On 16.6.2011 X draws a bill on Y for Rs. 25,000 for 30 days. 19th July is a public holiday, maturity date of the bill will be:.....
- 19th July
 - 18th July
 - 17th July
 - 16th July
103. X draws a bill on Y for Rs. 30,000 on 1.1.2011. X accepts the same on 4.1.2011 for period of 3 months after date. What will be the maturity date of the bill:
- 4.4.05
 - 3.4.05
 - 7.4.05
 - 8.4.05
104. X draws a bill on Y. X endorsed the bill to Z. The payee of the bill will be:.....
- X
 - Y
 - Z
 - None

105. X draws a bill on Y for Rs. 20,000 on 1.1.2011 for 3 months after sight, date of acceptance is 6.1.2011. Maturity date of the bill will be:.....
- 8.1.2011
 - 9.1.2011
 - 10.1.2011
 - 11.1.2011
106. On 1.8.2011, X draws a bill on Y "for 30 days after sight". The date of acceptance is 8.8.2011. The maturity date of the bill will be:.....
- 8.9.2011
 - 10.9.2011
 - 11.9.2011
 - 9.9.2011
107. On 18.2.2011 A draw a bill on B for Rs. 10,000. B accepted the bill on 21.2.2011. the bill is drawn for 30 days after sight. The maturity date of the bill will b:
- 24.3.2011
 - 22.3.2011
 - 26.3.2011
 - 21.3.2011
108. Which of the following person do not incur any liability as parties to negotiable instruments?
- Minors
 - Lunatics
 - Drunken person
 - All of above

NEGOTIATION & ASSIGMENT

109. A negotiable instrument may be transferred by:.....
- Negotiation
 - Assignment
 - Negotiation or assignment
 - Delivery
110.is the transfer of an instrument a note, bill or cheque for one person to another in such a maner as to convey title and to constitute the transferee the holder thereof.

- a) Negotiation
- b) Assignment
- c) Delivery
- d) Sale

111. In case of assignment, there is a transfer of ownership by means of adocument.

- a) Written
- b) Registered
- c) Written and registered
- d) Stamped

ENDORSEMENT

112.means and involves the writing of something on the back of an instrument for the purpose of transferring the right, title and interest therein some other person.

- a) Endorsement
- b) Assignment
- c) Handing over
- d) (b) & (c)

113. The person to whom the instrument is endorsed is called the.....

- a) Endorser
- b) Endorsee
- c) Transferor
- d) Debtor

114. An endorsement is to be.....where the endorser merely writes his signature on the back of the instrument, and the instrument so endorsed becomes payable to bearer, even though originally it was payable to order.

- a) blank
- b) general
- c) blank or general
- d) restrictive

115. if the endorser signs his name and 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.

- a) Blank or general

- b) Special or in full
- c) Conditional or qualified
- d) Blank or qualified

116. An endorsement is restrictive which prohibits or restricts the further negotiation of an instrument.

- a) True
- b) False
- c) Partly true
- d) None of above

117. An endorsement is conditional or qualified which limits or negatives the liability of the endorser.

- a) True
- b) False
- c) Partly true
- d) None of above

118. An endorser may limit his liability in any of the following ways:.....

- a) By sans recourse endorsement
- b) By making his liability depending upon happening of a specified even which may never happen
- c) (a) or (b)
- d) None of above

119. When a person who has been a party to the negotiable instrument takes it again then an instrument is said to have been.....

- a) Assigned back
- b) Negotiated back
- c) Sale back
- d) Transfer back

FORGED ENDORSEMENT

120. Forgery conveys no title.

- a) True
- b) False
- c) Partly true
- d) None of above

121. If an instrument be negotiated by means of a forged endorsement, the endorsee acquires no title even though he be a purchaser for value and in good faith, for the endorsement is a nullity.

- a) True
- b) False
- c) Partly true
- d) None of above

NOTING AND PROTEST

122. Noting is necessary in case of.....of bill.
- a) Transfer
 - b) Assignment
 - c) Endorsement
 - d) Dishonor
123. The.....is the formal notarial certificate attesting the dishonor of the bill, and based upon the noting which has been effected on the dishonor of the foreign bill.
- a) Protest
 - b) Noting
 - c) Writing
 - d) All of above

MATERIAL ALTERATION

124. A material alteration renders the instrument.....
- a) Void
 - b) Voidable
 - c) Legal
 - d) Enforceable
125. Alteration of date, sum payable, time of payment, place of payment, name of parties or rate of interest will be treated as material alteration.
- a) True
 - b) False
 - c) Partly true
 - d) None of above
126. Which of the following act will not be treated as material alteration in relation to negotiable instrument?
- a) Alteration of the date of the instrument
 - b) Alteration of the sum payable
 - c) Alteration of the place of payment
 - d) Correction of a mistake

127. Which of the following act will not be treated as material alteration in relation to negotiable instrument?
- a) Crossing a cheque
 - b) Addition of the words "on demand" in an instrument where no time of payment is staed.
 - c) Alteration of the sum payable
 - d) (a) & (b)

HUNDIS

128.are negotiable instruments written in an oriental language.
- a) Hundis
 - b) Bank draft
 - c) Cheque
 - d) All of above
129. Which of the following is not covered under the Negotiable Instruments Act, 1881?
- a) Promissory note
 - b) Cheque
 - c) Hundis
 - d) Bill of exchange
130. Hundis are governed by the.....in the locality.
- a) Customs
 - b) Usages
 - c) Both (a) and (b)
 - d) None of above
131. The hundis were in circulation in Inda even before the present Negotiable Instruments Act, 1881 came into operation.
- a) True
 - b) False
 - c) Partly true
 - d) None of above

OFFENCES & PENALTIES

132. Offence of dishonor shall be punishable with.....
- a) With imprisonment for a term which may extend to Two years

- b) With fine which may extend to twice the amount of the cheque,
 - c) With imprisonment for a term which may extend to Two years, or with fine which may extend to twice the amount of the cheque, or with both.
 - d) None of above
133. Merely because the drawer issued a notice to the drawee or to the Bank for 'stop payment', it would not preclude an action under Section 138 by the drawee or holder in due course.
- a) True
 - b) False
 - c) Partly true
 - d) None of above