

QB365 Question Bank Software Study Materials

The Negotiable Instruments Act, 1881 50 Important 1 Marks Questions With Answers (Book Back and Creative)

12th Standard

Commerce

Total Marks : 50

Multiple Choice Question

50 x 1 = 50

- 1) Negotiable Instrument Act was passed in the year _____.
(a) 1981 (b) **1881** (c) 1994 (d) 1818
- 2) Number of parties in a bill of exchange are _____.
(a) 2 (b) 6 (c) **3** (d) 4
- 3) Section 6 of Negotiable Instruments Act 1881 deals with _____.
(a) Promissory Note (b) Bills of exchange (c) **Cheque** (d) None of the above
- 4) _____ cannot be a bearer instrument.
(a) Cheque (b) **Promissory Note** (c) Bills of exchange (d) None of the above
- 5) A cheque will become stale after _____ months of its date:
(a) **3** (b) 4 (c) 5 (d) 1
- 6) Negotiable Instrument is freely transferable by delivery if it is a instrument.
(a) Order (b) **Bearer** (c) Both a & b (d) None of the above
- 7) The transferee of a Negotiable Instrument is the one _____.
(a) Who transfer the instrument (b) **On whose name it is transferred** (c) Who enchases it (d) None of the above
- 8) When crossing restrict further negotiation
(a) **Not negotiable crossing** (b) General Crossing (c) A\c payee crossing (d) Special crossing
- 9) Which endorsement relieves the endorser from incurring liability in the event of dishonour
(a) Restrictive (b) Faculative (c) **Sans recourse** (d) Conditional
- 10) Document of title to the goods exclude _____.
(a) Lorry receipt (b) Railway receipt (c) Airway bill (d) **Invoice**
- 11) The cheque is to be signed by the
(a) drawee (b) banker (c) **drawer** (d) none of these
- 12) Promissory Note, Bill of Exchange or cheque is payable to order is called
(a) Bearer Instrument (b) **Order instrument** (c) Inland instrument (d) Foreign instrument
- 13) An instrument which is not inland instrument is called
(a) **Foreign instrument** (b) Bearer instrument (c) Inland instrument (d) Ambiguous instrument
- 14) Negotiable instrument means a promissory note, bill of exchange or cheque, payable to
(a) bearer (b) order (c) **either to bearer or order** (d) neither bearer nor order

15) When an instrument has been lost it is presumed that it was
 (a) expired (b) **duly stamped** (c) stolen (d) misplaced

16) The number of parties to a bill of exchange is

- (a) 2 (b) 4 (c) 6 (d) **3**

17) The number of parties to a promissory note is

- (a) **2** (b) 4 (c) 3 (d) 6

18) Section 4 of negotiable instrument Act 1880 deals with

- (a) **Promissory note** (b) Bill of exchange (c) Cheque (d) None of the above

19) In the case of Bill of Exchange drawee is the

- (a) maker (b) payee (c) **acceptor** (d) none of these

20) When the loss of cheque is intimated to the bank. It is advisable to get the cheque.

- (a) dishonoured (b) Cancelled (c) stalled (d) **countermanded**

21) Holder of an instruments is a person who holds the instrument.

- (a) for a longer period (b) **before maturity** (c) after maturity (d) on behalf of the owner

22) A written document by which some legal rights are created in favour of some person.

- (a) Endorsement (b) **Instrument** (c) Promissory note (d) Negotiation

23)

LIST I		LIST II	
i)	Bill of Exchange	1)	Section 123
ii)	Cheque	2)	Section 124
iii)	General Crossing	3)	Section 6
iv)	Special Crossing	4)	Section 5

- (a)

(i)	(ii)	(iii)	(iv)
3	4	1	2

 (b)

(i)	(ii)	(iii)	(iv)
1	2	3	4

 (c)

(i)	(ii)	(iii)	(iv)
4	3	1	2

 (d)

(i)	(ii)	(iii)	(iv)
2	3	4	1

24) The word _____ means transferable from one person to another in return from consideration.

- (a) **Negotiable** (b) Instrument (c) Cheque (d) Endorsements

25) The word _____ means a written document by which a right is created in favour of certain person.

- (a) Negotiable (b) **Instrument** (c) Both 'a' and 'b' (d) None of these

26) _____ is the unique characteristics of a negotiable instrument.

- (a) **Negotiability** (b) Assignability (c) Both 'a' and 'b' (d) None of these

27) _____ refers to the transferability of personal properties and rights from one person to another as gift or sale of as security.

- (a) Negotiability (b) **Assignability** (c) Both 'a' and 'b' (d) None of these

28) _____ is payable on demand or on the expiry of a certain period.

- (a) **Bill of exchange** (b) Cheque (c) Endorsement (d) Document

29) _____ is usually made on the back of a negotiable instrument.

- (a) **Endorsement** (b) Bill of exchange (c) Cheque (d) All of the above

30) _____ endorsement does not operate as a negotiation of the instrument.

- (a) Restrictive (b) Sans recourse (c) Facultative (d) **Partial**

- 31) An _____ instrument means an instrument which can be construed either as a promissory note or a bill of exchange.
 (a) Inchoate (b) **Ambiguous** (c) Time (d) Clean bill
- 32) _____ means an incomplete instrument in some respect
 (a) Ambiguous instrument (b) Time instrument (c) **Inchoate instrument** (d) Documentary bill
- 33) _____ is defined as an instrument which is payable sometime in future.
 (a) Ambiguous instrument (b) Inchoate instrument (c) **Time instrument bill** (d) Inland instrument
- 34) _____ means the bill to which no document of title to the goods is attached.
 (a) Documentary bill (b) **Clean bill** (c) Time instrument (d) None of these
- 35) IFSC is a _____ character code.
 (a) 10 (b) **11** (c) 12 (d) 13
- 36) A negotiable instrument is freely transferable, by delivery if it is a/an _____ instrument.
 (a) order (b) **bearer** (c) both 'a' and 'b' (d) none of these
- 37) _____ is an instrument in writing containing an unconditional undertaking signed by the maker to pay a certain sum of money.
 (a) **Promissory note** (b) Bill of exchange (c) Cheque (d) None of these
- 38) Acceptance is _____ in case of bill of exchange.
 (a) **compulsory** (b) optional (c) not compulsory (d) none of these
- 39) _____ is an order to pay the third party.
 (a) **Promissory note** (b) Bill of exchange (c) Cheque (d) None of these
- 40) If the instrument is not 'on demand' _____ days of grace is granted.
 (a) 7 (b) 5 (c) **3** (d) 4
- 41) _____ refers to the transferability of all the rights and titles on an instrument by delivery or by endorsement and delivery.
 (a) Assignability (b) **Negotiability** (c) Bills of Exchange (d) Cheque
- 42) _____ can be drawn on any person including a banker.
 (a) **Bills of Exchange** (b) Cheque (c) Promissory Note (d) None of these
- 43) Who are parties involved in Bills of Exchange?
 (a) Drawer (b) Drawee (c) Payee (d) **All of these**
- 44) Promissory note contains _____.
 (a) Number (b) Time of a note (c) Date of a note (d) **All of these**
- 45) _____ can be drawn only one particular banker.
 (a) **Cheque** (b) Bills of Exchange (c) Promissory Note (d) Promissory Note
- 46) Section 123 of the Negotiable Instruments Act, 1881 deals with
 (a) **General Crossing** (b) Promissory note (c) Special Crossing (d) Bill of Exchange

47) Match the following.

Bill of Exchange	(i) Transferability of all the rights
Negotiability	(ii) Transferability property
Assignability	(iii) One person to another

Transferability	(iv) Unconditional order
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(a)	(b)	(c)	(d)
A B C D	A B C D	A B C D	A B C D
iv i iiiii	i iviiiiii	i ii iiiiv	i ii iiiiv

- 48) Pick out the odd one.
- (a) Blank or general Endorsement (b) Full or Special Endorsement (c) Conditional or qualified Endorsement
- (d) Cheque Endorsement**
- 49) Which is not correctly Matched?
- (a) Cheque - Order to pay money (b) Promissory note - Understantings to pay money
- (c) General crossing - Parallel and taransverse lines **(d) Special crossing - Parallel and transverse lines**
- 50) Assertion (A) : Endorsement is to be made on the face of the instrument or on its back.
Reason (R) : Instrument will not contain a order to Pay.
- (a) Both (A) and (R) are true and (R) is the correct explanation of (A)
- (b) Both (A) and (R) are true but (R) is not the correct explanation of (A) **(c) (A) is true, but (R) is false**
- (d) (A) is false, but (R) is true