

CMA FOUNDATION TEST

1 MARK EACH

1. A negotiable instrument, dated 30th August, 1878, it made payable three months after date. Decide:
 - (a) The instrument is at maturity on the 30th November, 1878.
 - (b) The instrument is at maturity on the 1st December, 1878.
 - (c) The instrument is at maturity on the 3rd December, 1878.
 - (d) none of the above
2. As per the provisions of section 26 of the Negotiable Instruments Act:
 - (a) A minor may draw instrument so as to bind all parties including himself
 - (b) A minor shall not draw instrument so as to bind any party
 - (c) A minor may draw instrument so as to bind all parties except himself
 - (d) DA minor shall not indorse instruments
3. By the notice for dishonour of cheque the Drawer is to be granted ...time for payment.
 - (a) 10 days
 - (b) 30 days
 - (c) 7 days
 - (d) 15 days
4. Days of grace provided to the Instruments at maturity is (as per the provisions of the Negotiable Instruments Act, 1881)
 - (a) 1 day
 - (b) 2 days
 - (c) 3 days
 - (d) 5 days
5. If an instrument may be construed either as a promissory note or bill of exchange, it is
 - (a) A valid instrument
 - (b) An ambiguous instrument
 - (c) A returnable instrument
 - (d) None of the above
6. The criminal complaint for dishonor of cheque is to be filled in court within.....of the Drawer failing to pay.
 - (a) 30 days
 - (b) 1 month

- (c) Both (A) and (B)
 - (d) None of them
- 7.** A person who receives a negotiable instrument in good faith for valuable consideration is known as
- (a) Holder of value
 - (b) Holder
 - (c) Holder in rights
 - (d) Holder in due course
- 8.** Under section 118 of the Negotiable Instruments Act, 1881, it is presumed, until the contrary is proved, that every transfer of a negotiable instrument was made
- (a) After its maturity
 - (b) Before its maturity
 - (c) At its maturity
 - (d) None of the above
- 9.** The offence of dishonour of cheques, for insufficiency, etc., of funds, in the account of the drawer, is punishable with:
- (a) Imprisonment for a term which may extend to one year or with fine which may extend to the amount of the cheques, or with both
 - (b) Imprisonment for a term which may extend to two year or with fine which may extend to twice the amount of the cheques, or with both
 - (c) Imprisonment for a term which may extend to six months or with fine which may extend five hundred rupees, or with both
 - (d) Imprisonment for a term which may extend to five year or with fine which may extend to five thousand rupees, or with both
- 10.** Truncated Cheque' is dealt within which section of the Negotiable Instruments Act, 1881?
- (a) Section 5
 - (b) Section 6
 - (c) Section 7
 - (d) Section 8
- 11.** A bearer cheque can be negotiated by:
- (a) Endorsement only
 - (b) Delivery only
 - (c) Endorsement and delivery
 - (d) Registration
- 12.** Which of the following instruments is not covered under the Negotiable Instruments Act?
- (a) Cheque
 - (b) Promissory Note
 - (c) Bill of Exchange
 - (d) Fixed Deposit Receipt

- 13.** Who can cross a cheque?
- (a) Drawer
 - (b) Holder
 - (c) Banker
 - (d) All of the above
- 14.** In case of a dishonored cheque, the payee must give notice to the drawer within how many days?
- (a) 15 days
 - (b) 30 days
 - (c) 60 days
 - (d) 90 days
- 15.** What is the effect of crossing a cheque?
- (a) It cannot be cashed at the counter.
 - (b) It can only be cashed at the counter.
 - (c) It becomes a bearer cheque.
 - (d) It can be endorsed further.
- 16.** Which of the following is not a type of crossing of cheques?
- (a) General Crossing
 - (b) Special Crossing
 - (c) Not Negotiable Crossing
 - (d) Limited Crossing
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- (a) General Crossing
 - (b) Special Crossing
 - (c) Not Negotiable Crossing
 - (d) Limited Crossing
- 18.** In the case of dishonor of a cheque, the drawer is liable to imprisonment for a term which may extend to:
- (a) One year
 - (b) Two years
 - (c) Three years
 - (d) Six months
- 19.** A negotiable instrument can be transferred by:
- (a) Delivery
 - (b) Endorsement and delivery
 - (c) Only by delivery
 - (d) Only by endorsement

- 20.** Who among the following is not a party to a cheque?
- (a) Drawer
 - (b) Drawee
 - (c) Acceptor
 - (d) Payee
- 21.** Who is primarily liable on a promissory note?
- (a) Drawer
 - (b) Acceptor
 - (c) Payee
 - (d) Maker
- 22.** The party which is involved in Bill of Exchange and to whom the order to pay is made is called
- (a) Drawer
 - (b) Drawee
 - (c) Payee
 - (d) Endorser
- 23.** An unconditional undertaking to pay a certain sum of money is
- (a) Cheque
 - (b) Bill of Exchange
 - (c) Promissory Note
 - (d) Hundi
- 24.** Which of the following is NOT a presumption about a negotiable instrument?
- (a) Date
 - (b) Consideration
 - (c) Stamp
 - (d) Absolute and good title to the transferee
- 25.** A cheque is crossed..... when it bears across its face an addition of the name of a banker, either with or without the words "not negotiable".
- (a) Specially
 - (b) General
 - (c) Restrictive
 - (d) None of the above
- 26.** The Negotiable Instruments Act, 1881 came into force on
- (a) 9th December, 1881
 - (b) 19th December, 1881
 - (c) 1st March, 1882
 - (d) None of the above.

- 27.** Who among the following cannot cross a cheque?
- (a) Drawer
 - (b) Holder
 - (c) Banker
 - (d) Foreigner
- 28.** An instrument incomplete in one way or other is called
- (a) Inchoate Instrument
 - (b) Ambiguous instrument
 - (c) Foreign Instrument
 - (d) Dishonored Instrument
- 29.** A promissory note, bill of exchange or cheque drawn or made in India and made payable in, or drawn upon any person resident in, India is treated as a/an –
- (a) Inland instrument
 - (b) Local instrument
 - (c) Foreign instrument
 - (d) Indigenous instrument
- 30.** Which is NOT an example of "Promissory Note":
- (a) "I acknowledge myself to be indebted to B in Rs. 1, 000, to be paid on demand, Tor value received."
 - (b) Mr B, I.O.U Rs. 1,000."
 - (c) "I promise to pay B or order Rs. 500".
 - (d) None of the above.
- 31.** The interim compensation payable under section 143 A may be recovered as if it were a fine;
- (a) As if it is a decree of a court
 - (b) As per the provisions of Income Tax act, 1961
 - (c) As per the provisions of the Code of Criminal Procedure 1973.
 - (d) None of the above
- 32.** The interim- compensation shall be paid within..... from the date of the order or within such further period not exceeding thirty days as may be directed by the Court on sufficient cause being shown by the drawer of the cheque:
- (a) Sixty days
 - (b) Fifty days
 - (c) Forty days
 - (d) Thirty days

- 33.** Not with standing anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), every offence punishable under the NI Act shall be:
- (a) Non-compoundable
 - (b) "Compoundable"
 - (c) Non-bailable
 - (d) Bailable
- 34.** Which among the following is a negotiable instrument:
- (a) Banker's Demand Draft
 - (b) Currency note
 - (c) Letter of Credit
 - (d) Letter of guarantee
- 35.** What is NOT true about the "bills of exchange":
- (a) it is an instrument in writing
 - (b) It is signed by the maker
 - (c) Certain sum of money is mentioned on the instrument.
 - (d) It contains a conditional order
- 36.** The definition of 'Promissory Note' has been defined in the NI Act in:
- (a) Section 7
 - (b) Section 6
 - (c) Section 5
 - (d) Section 4
- 37.** The maker of a bill of exchange or cheque is called:
- (a) The drawee
 - (b) The payee
 - (c) The drawer
 - (d) The banker
- 38.** A cheque is adrawn upon a specified banker and payable on demand:
- (a) Bill of exchange
 - (b) Hundi
 - (c) Promissory note
 - (d) None of the above
- 39.** A promissory note, bill of exchange or cheque drawn or made out of India and made payable in, or drawn upon any person resident in India shall be deemed to be:
- (a) Incomplete instrument
 - (b) Inchoate instrument
 - (c) Foreign instrument
 - (d) Inland instrument

- 40.** Which section of the NI Act defines the words, 'Negotiable Instrument':
- (a) Section 15
 - (b) Section 14
 - (c) Section 13A
 - (d) Section 13
- 41.** When a promissory note, bill of exchange or cheque is transferred to any person, so as to constitute the person the holder thereof, the instrument is said to be:
- (a) Mortgaged
 - (b) Assigned
 - (c) Negotiated
 - (d) Pledged
- 42.** The Negotiable Instruments Act, 1881 is an Act to define and amend the law relating to:
- (a) Cheques
 - (b) bills of exchange
 - (c) promissory notes,
 - (d) All of the above