

LL.B. VI Term

Paper : LB – 6042 - Negotiable Instruments, Banking and Insurance

PART – A : NEGOTIABLE INSTRUMENTS

Prescribed Legislations:

1. The Negotiable Instruments Act, 1881 (N.I. Act)
2. The Information Technology Act, 2000 (I.T. Act)

Prescribed Books:

1. O. P. 'Faizi' & Ashish Aggarwal, **Khergamvala on The Negotiable Instruments Act** (20th ed., 2008)
2. Ranganath Misra, **Bhashyam & Adiga's The Negotiable Instruments Act** (18th ed., 2008)
3. Avtar Singh, **Negotiable Instruments** (4th ed., 2005)
4. S. Krishnamurti Aiyar, **Law Relating to the Negotiable Instruments Act** (10th ed., 2009)

Recommended Readings:

1. Law Commission of India, **Eleventh Report on the Negotiable Instruments Act, 1881** (1958)
2. Law Commission of India, **One hundred and twenty fifth Report relating to establishment of Evening Courts** (1988)
3. Law Commission of India, **Two hundred thirteenth Report on Fast Track**
4. **Magisterial Courts for Dishonoured Cheque Case** (2008)

Topic 1 : General Introduction

History and Nature of Negotiable Instruments

Topic 2 : Kinds of Negotiable Instruments

Promissory Note, Bill of Exchange, Cheque – Definition and Nature
(N.I. Act, sections 4-7, 13)

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| 1. | <i>Mohammad Akbar Khan v. Attar Singh</i> , AIR 1936 PC 171 | 1 |
| 2. | <i>Ponnuswami Chettiar v. P. Vellaimuthu Chettiar</i> ,
AIR 1957 Mad. 355 | 7 |
| 3. | <i>Nanga v. Dhannalal</i> , AIR 1962 Raj. 68 | 9 |
| 4. | <i>Ashok Yeshwant Badeve v. Surendra Madhavrao Nighojakar</i> ,
AIR 2001 SC 1315 : (2001) 3 SCC 726 | 20 |

Topic 3 : ‘Holder’ and ‘Holder in Due Course’

Definition of Holder and Holder in Due Course; Comparison between Indian and English Law; Rights of holder in due course; Law Commission of India, Eleventh Report, 1958 (N.I. Act, section 8 read with 78; 9, 19-25, 53, 58, 59 and 118; and the English Bills of Exchange Act, 1882, sections 2, 29 and 90)

5	<i>Lachmi Chand v. Madanlal Khemka</i> , AIR 1947 All. 52	23
6	<i>Singheshwar Mandal v. Gita Devi</i> , AIR 1975 Pat. 81	28
7	<i>Nunna Gopalan v. Vuppuluri Lakshminarasamma</i> , AIR 1940 Mad. 631	30
8	<i>S.D. Asirvatham v. G. Palniraju Mudaliar</i> , AIR 1973 Mad. 439	33
9	<i>U. Ponnappa Moothan Sons v. Catholic Syrian Bank Ltd.</i> (1991) 1 SCC 113	37

Topic 4 : Transfer of Negotiable Instruments

Modes - Negotiation (N.I. Act, sections 14, 46, 47, 48, 57); Assignment (The Transfer of Property Act, 1882, sections 130-132); Meaning of Indorsement - Who can indorse (N.I. Act, sections 15 and 51); Kinds of Indorsement – Indorsement in Blank and Full (N.I. Act, sections 16 and 54), Conditional Indorsement (N.I. Act, section 52), Restrictive Indorsement (N.I. Act, section 50), Sans Recourse Indorsement (N.I. Act, section 52); Partial Indorsement (N.I. Act, section 56)

Topic 5 : Liability of Parties

Liability of Maker, Drawer, Drawee and Indorser (N.I. Act, sections 30, 31, 32, 35 and 36)

10.	<i>Canara Bank Ltd. v. I.V. Rajagopal</i> (1975) 1 M.L.J. 420	47
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Topic 6 : Discharge of Parties from Liability on Promissory Note, Bill of Exchange and Cheque

Modes – Cancellation [N.I. Act, section 82 (a)]; Release [N.I. Act, section 82 (b)]; Payment [N.I. Act, section 82(c)]; Material alteration (N.I. Act, sections 87-89)

11	<i>London Joint Stock Bank, Ltd. v. Macmillan</i> (1918-19) All ER Rep. 30	56
12	<i>Allampati Subba Reddy v. Neelapareddi Ramanareddi</i> , AIR 1966 A.P. 267	60
13	<i>Shivalingappa v. P.B. Puttappa</i> , AIR 1971 Mys. 273	63

Topic 7 : Crossing of Cheques

Object of crossing; Kinds of crossing – general, special, not-negotiable & account payee crossing; Who may cross; Rights and duties of paying banker; Protection of collecting banker (N.I. Act, sections 123-131-A)

14.	<i>L. Pirbhu Dayal v. The Jwala Bank</i> , AIR 1938 All. 374	65
15.	<i>M/s. Tailors Priya v. M/s. Gulabchand Danraj</i> , IR 1963 Cal. 36	67
16.	<i>Great Western Rail Co. v. London & County Banking Co. Ltd.</i> (1900-3) All ER Rep. 1004 (HL)	73
17.	<i>Bapulal Premchand v. Nath Bank Ltd.</i> , AIR 1946 Bom. 482	76
18.	<i>Indian Overseas Bank v. Industrial Chain Concern</i> 1990) 1 SCC 484	84
19.	<i>State Bank of India v. United Commercial Bank Ltd.</i> , AIR 2003 Del. 284	

Topic 8 : Liabilities for Dishonour of Cheques

Dishonour of cheque for insufficiency etc. of funds; cognizance of offences (N.I. Act, sections 138-147)

20.	<i>Modi Cements Ltd. v. Kuchil Kumar Nandi</i> (1998) 3 SCC 249	94
21.	<i>Kusum Ingots & Alloys Ltd. v. Pennar Peterson Securities Ltd.</i> (2000) 2 SCC 745 : AIR 2000 SC 954	99
22.	<i>Dalmia Cement (Bharat) Ltd. v. Galaxy Traders & Agencies Ltd.</i> (2001) 6 SCC 463 : AIR 2001 SC 676	103
23.	<i>Suganthi Suresh Kumar v. Jagdeeshan</i> , AIR 2002 SC 681	108
24.	<i>MMTC Ltd. v. Medchl Chemicals & Pharma (P) Ltd.</i> , AIR 2002 SC 182	111
25.	<i>Goaplast Pvt. Ltd. v. Chico Ursula D' Souza</i> , AIR 2003 SC 2035 : (2003) 9 SCALE 791	115
26.	<i>C.C. Alavi Haji v. Palapetty Muhammed</i> , 2007 (7) SCALE 380	120
27.	<i>Smt. Shamshad Begum v. B. Mohammed</i> , 2008 (13) SCALE 669	127
28.	<i>S.L. Construction v. Alapati Srinivasa Rao</i> (2009) 1 SCC 500	129

PART – B : BANKING

Prescribed Legislation:

The Banking Regulation Act, 1949 (B.R. Act)

Prescribed Books:

1. C.R. Datta & P.M. Bakshi, **M.L. Tannan's Banking - Law and Practice in India** (21th ed., 2008)
2. R.K. Gupta, **Banking - Law and Practice** (2nd ed. 2008)
3. Mark Hapgood, **Paget's Law of Banking** (13th ed., 2007)

Topic 9 : Banking System in India and Control by Reserve Bank of India

Definition of 'bank', 'banker', 'banking', 'banking companies'; Development of banking business and companies; Regulations and restrictions; Powers and control exercised by the Reserve Bank of India (B.R. Act, sections 5-36AD)

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| 29. | <i>Sajjan Bank (Pvt.) Ltd. v. Reserve Bank of India</i> , AIR 1961 Mad. 8 | 133 |
| 30. | <i>Canara Bank v. P.R.N. Upadhyaya</i> (1998) 6 SCC 526 | |

PART C : INSURANCE

Prescribed Legislations:

1. The Insurance Act, 1938
2. The Marine Insurance Act, 1963
3. The Life Insurance Corporation Act, 1956
4. The General Insurance Business (Nationalisation) Act, 1972
5. The Insurance Regulatory and Development Authority Act, 1999

Prescribed Books:

1. K.S.N. Murthy & K.V.S. Sarma, *Modern Law of Insurance in India* (4th ed., 2002)
2. S.V.Joga Rao, M.N. Srinivasan's *Principles of Insurance Law* (9th ed., 2009)

Topic 10 : Law of Insurance

Nature and Scope of Insurance; Classification; General Principles – Proximate Cause

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| 31. | <i>Pink v. Fleming</i> (1890) 25 QBD 396 | 139 |
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Topic 11 : Doctrine of Utmost Good Faith

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| 32. | <i>Mithoolal Nayak v. Life Insurance Corporation of India</i> ,
AIR 1962 SC 814 | 140 |
| 33. | <i>Kasim Ali Bulbul v. New India Assurance Co.</i> , AIR 1968 J & K 39 | 148 |
| 34. | <i>Smt. Krishna Wanti Puri v. Life Insurance Corporation of India</i> ,
AIR 1975 Del. 19 | 157 |
| 35. | <i>Smt. Dipashri v. Life Insurance Corporation of India</i> ,
AIR 1985 Bom 192 | 166 |
| 36. | <i>Life Insurance Corporation of India v. Smt. G.M. Channabasamma</i>
(1991) 1 SCC 357 | 174 |
| 37. | <i>Life Insurance Corporation of India v. Asha Goel</i> , AIR 2001 SC 549 | 178 |

Topic 12 : Rules of Construction of Insurance Policy

38.	<i>New India Assurance Co. Ltd. v. M/s Zuari Industries Ltd.</i> (2009) 9 SCC 70	182
39.	<i>Simmonds v. Cockell</i> (1920) All ER Rep. 162	188
40.	<i>Harris v. Poland</i> (1941) All ER 204 : 1 K.B.D. 204	190

IMPORTANT NOTE:

1. The students are advised to read only the books prescribed above along with legislations and cases.
2. The topics and cases given above are not exhaustive. The teachers teaching the course shall be at liberty to add new topics/cases.
3. The students are required to study the legislations as amended up-to-date and consult the latest editions of books.
4. The Question Paper shall include one compulsory question consisting of five parts out of which four parts will be required to be attempted. The question papers set for the academic years 2008 and 2010 are printed below for guidance.

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LL.B. VI Term Examinations, April-May, 2008

Note: Answer any *five* questions including Question No. 1 which is compulsory.
All questions carry *equal* marks.

1. Attempt briefly any *four* of the following:
 - (i) Endorsement in Blank and Endorsement in full;
 - (ii) Liability of the drawee of a cheque;
 - (iii) Effect of Not Negotiable crossing;
 - (iv) Effect of material alteration of a negotiable instrument;
 - (v) Doctrine of *causa proxima*.
2. (a) What are the salient features of a valid Bill of Exchange.
 (b) Discuss the nature of the following Negotiable Instruments; Support your answer with reasons.
 - (i) "I promise to pay M's son of Rs. 5000/- for value received." (M has three sons).
 - (ii) "I promise to pay X Rs. 5000/- on the death of Y".
 - (iii) "I promise to pay the bearer the sum of Rs. 5000/-".
 - (iv) A writes to B "Please pay X or order Rs. 5000/- sixty days after sight.
3. (a) State briefly the anomalies in the definition of the term 'Holder' in the Negotiable Instruments Act, Suggest necessary modifications.