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**Negotiable Instrument Act 1881 Chapter XVI - Of international law**

**134. Law governing liability of maker, acceptor or indorser of foreign instrument:** In the absence of a contract to the contrary, the liability of the maker of drawer of a foreign promissory note, bill of exchange or cheque is regulated in all essential matters by the law of the place where he made the instrument, and the respective liabilities of the acceptor and indorser by the law of the place where the instrument is made payable.

**Illustration**

A bill of exchange was drawn by A in California where the rate of interest is 25 per cent, and accepted by B, payable in Washington where the rate of interest is 6 per cent. The bill is indorsed in India, and is dishonoured. An action on the bill is brought against B in India. He is liable to pay interest at the rate of 6 per cent, only; but if A is charged as drawer, A is liable to pay interest at the rate of 25 per cent.

**135. Law of place of payment governs dishonor:** Where a promissory note, bill of exchange or cheque is made payable in a different place from that in which it is made or indorsed, the law of the place where it is made payable determines what constitutes dishonour and what notice of dishonour is sufficient.

**Illustration**

A bill of exchange drawn and indorsed in India, but accepted payable in France, is dishonoured. The indorsee causes it to be protested for such dishonour, and gives notice thereof in

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accordance with the law of France though not in accordance with the rules herein contained in respect of bills which are not foreign. The notice is sufficient.

**136. Instrument made, etc., out of India, but in accordance with the law of India:** If a negotiable instrument is made, drawn accepted or indorsed outside India, but in accordance with the law of India, the circumstance that any agreement evidenced by such instrument is invalid according to the law of the country wherein it was entered into does not invalidate any subsequent acceptance or indorsement made thereon within India.

**137. Presumption as to foreign law:** The law of any foreign country regarding promissory notes, bills of exchange and cheques shall be presumed to be the same as that of India, unless and until the contrary is proved.

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