

Differentiate Between Promissory Note and bill of exchange.

1. Number of Parties

There are 2 parties in promissory note i.e. maker and payee.

There are 3 parties.

Drawer.

Drawee

Payee.

2. Promise & Order.

It contains a promise to pay.

It contains an order to pay.

3. Acceptance.

No acceptance is required here. It is directly presented for payment.

It must be presented for acceptance before being presented for payment.

4. Relationship.

Here there is immediate relationship between maker and payee.

Here drawer and acceptance in immediate relation but acceptance and payee has no immediate relation.

5. Payable to maker.

A promissory note can't be made payable to maker.

A bill of exchange can be made payable to drawee.

6. Nature of Liability.

Liabilities of makers of pro-note are of primary and absolute nature.

Liabilities of a drawer of a bill are of secondary nature.

7. Protest.

In case of foreign pronote, there is no need to be protested for dishonor.

Foreign bills must be protested for dishonors.

8. Notice of Dishonor.

In case of pro-note there is no need to give notice of dishonor.

In case of bill of exchange, it is necessary to give notice of dishonor to the drawer by the holder.

9. Sets.

A Promissory note is not drawn is sets.

A bill of exchange is drawn is sets.

10. Debtor or Creditor.

The person who makes the bill is a debtor and he himself partner obligation to pay.

Here drawer of a bill is a creditor who order debtor to pay.