

Chart of Difference between Bills of Exchange and Promissory Note

| Basis of Difference | Bills of Exchange | Promissory Note |
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| Meaning | A bill of exchange is an instrument that contains a promise to pay some amount of money to a certain person after a certain period of time | A promissory note is an instrument that contains the written and signed promise by the maker(debtor) to pay a certain amount to the creditor on the specific date or on demand. |
| Number of Parties | There may be three type of parties 1. Drawer 2. Drawee 3. Payee | There may be Two type of parties 1. Maker 2. Payee |
| Nature | This is an order to make the payment by the seller of goods to the buyer of goods. | This is a promise to make the payment by the purchaser of goods to the seller of goods. |
| Document Drawn By | It is drawn by the creditor or seller. | It is drawn by the Debtor or Purchaser. |
| Copies to be issued | Local bill needs to prepare only a single copy but in case of the foreign bill, it needs to prepare three copies of the bill. | In all cases, it needs only a single copy. |
| Difference between Drawer and Payee | In the case of Bills of Exchange, drawer and payee may be the same person. | In the case of promissory note, the drawer cannot be the payee. |
| Noting | Noting become very important in the case when the bill of exchange is dishonoured. | Noting is important in the case when the promissory note is dishonoured. |
| Need for Acceptance | The Bills of Exchange need a acceptance from the drawee or buyer because it is made by the seller of goods. | The promissory note, Don't need any acceptance, because it is made by the buyer himself. |
| Liability of Drawer | The liability of the drawer is secondary and conditional because the drawer is the seller, not a buyer. It only occurred in the case when he did discount the bill from the bank before the maturity date. | The liability of the drawer is primary because the drawer is the buyer. So, he has to pay the amount the seller or payee. |