

Chart of Difference between Bills of Exchange and Promissory Note

Basis of Difference	Bills of Exchange	Promissory Note
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.