

# UNIT 18 – BANKING - Banking Pathway - Cheques and Types

Good Morning Readers,

Today we are starting the day with one of the most important topics of general awareness where 1-2 questions can be expected related to cheques.

## **Cheque**

It is an instrument in writing containing an unconditional order, addressed to a banker, sign by the person who has deposited money with the banker, requiring him to pay on demand a certain sum of money only to or to the order of certain person or to the bearer of instrument."

## **Types of Cheque**

### **1. Bearer Cheque or open Cheque**

When the words "or bearer" appearing on the face of the cheque are not cancelled, the cheque is called a bearer cheque. The bearer cheque is payable to the person specified therein or to any other else who presents it to the bank for payment. However, such cheques are risky, this is because if such cheques are lost, the finder of the cheque can collect payment from the bank.

### **2. Order Cheque**

When the word "bearer" appearing on the face of a cheque is cancelled and when in its place the word "or order" is written on the face of the

cheque, the cheque is called an order cheque. Such a cheque is payable to the person specified therein as the payee, or to any one else to whom it is endorsed (transferred).

### **3. Crossed Cheque**

Crossing of cheque means drawing two parallel lines on the face of the cheque with or without additional words like "& CO." or "Account Payee" or "Not Negotiable". A crossed cheque cannot be encashed at the cash counter of a bank but it can only be credited to the payee's account.

### **4. Ante-Dated Cheque**

If a cheque bears a date earlier than the date on which it is presented to the bank, it is called as "anti-dated cheque". Such a cheque is valid upto three months from the date of the cheque.

### **5. Post-Dated Cheque**

If a cheque bears a date which is yet to come (future date) then it is known as post-dated cheque. A post dated cheque cannot be honoured earlier than the date on the cheque.

### **6. Stale Cheque**

If a cheque is presented for payment after 3 months from the date of the cheque it is called stale cheque. A stale cheque is not honoured by the bank.

### **7. A self cheque**

A self cheque is written by the account holder as pay self to receive the money in the physical form from the branch where he holds his account.

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