

## Section - 4

Q.1  
Ans Bill of exchange means a bill drawn by a person who directs another person to pay the specified sum of money to another person. A bill of exchange is of actual use if it is accepted by the person directed to pay the amount.

\* Kinds of bills of ~~all~~ exchange:-

i) Demand bill - the bill of ~~exchange~~ is payable when it's demanded. The bill does not have a fixed date of payment.

ii) Usance bill - It is the time bound bill which means the payment has to be made within the given time period.

iii) Inland-bill - An inland bill is payable ~~only~~ only in one country and not in any foreign country.

iv) Clean bill - This bill does not have any proof of documents so the interest is comparatively higher than the foreign bill.

v) Accommodation bill - A bill that is sponsored drawn accepted without any condition is known as an accommodation bill.

vi) Foreign bill - A bill that can be paid outside country India is termed as a foreign bill.

Hundi is a negotiable financial instrument which consists of an unconditional contract to warrant the payment of money, the promise or order

A cheque refers to an instrument in writing which contains an unconditional order, addressed to a banker and is signed by a person who has deposited his money with the banker.

\* features of Cheque are:

- i) Must be in writing - The cheque may be in written hand by using ink or ballpoint, typed or even printed.
- ii) Must be unconditional - The order to pay the amount must be unconditional.
- iii) Certain Sum of money - It is one of the essential requirements of the cheque that it must be payable in money only.
- iv) Certain Payee - The parties of the cheque must be certain.
- v) Date - In a valid cheque it must be signed by the drawer with date, otherwise it would not be valid cheque.

## \* Types of cheques:

- i) Open cheque - a cheque so called open cheque when it is possible to get cash over the counter at the bank.
- ii) Crossed cheque - Since open cheque is subject to risk of theft, it is dangerous to issue such cheques. This risk can be avoided by issuing crossed cheques.
- iii) Bearer cheque - A cheque which is payable to any person who represents it for payment at the bank counter is called bearer cheque.