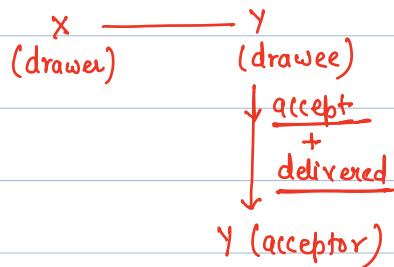


(iv) Acceptor and Acceptor for Honour (Sec. 7):

(a) Acceptor: A drawee of a bill is called 'acceptor'

- after he has signed his assent

(a) upon the bill



(b) if there are more parts thereof than one, upon
one of such parts

and

- delivered the same or given notice of such signing
to the holder or to some person on his behalf.

(b) Acceptor for honour:

- When a bill of exchange is dishonoured by non-acceptance and any person accepts it for honour of the drawer or any of the indorsees, such person is called 'Acceptor for honour'.

- Such acceptance is also called 'acceptance supra protest'

Essentials of valid acceptance: Signed, written, before maturity of bill,
for honour of drawer or any indorser, etc.

Rights and liabilities of acceptor for honour: (Sec. 111 and 112):

Acceptor for honour is liable to pay the amount to drawer / indorsee on maturity of instrument and is entitled to recover the same from the drawee or any of the prior parties.

(v) Holder and holder in due course:

(a) Holder (Sec. 8): Holder of a PIN, Bof or Cheque means any person entitled in his name!

(a) do the possession of the N.I.

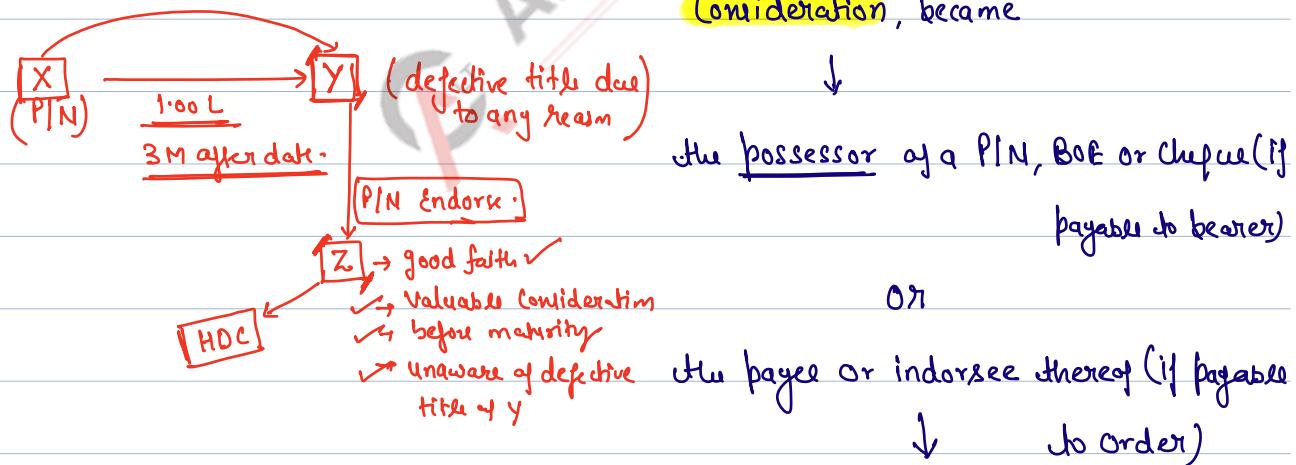
(and)

(b) do receive or recover the amount due thereon from the parties thereto.

Ex: X is having possession of a lost Cheque. (Not a holder)

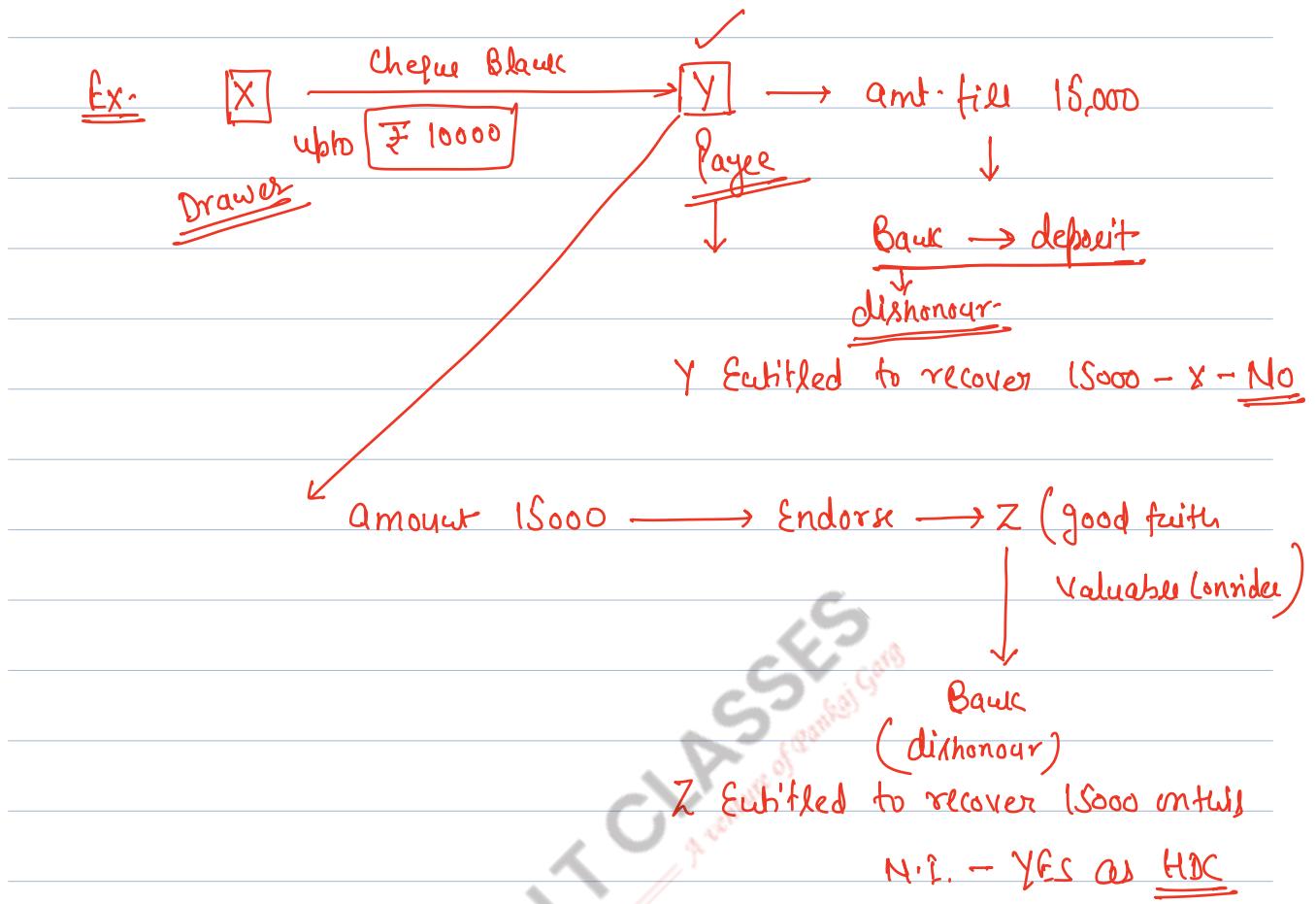
X ——————^{cheque}→ favoring Y for ₹ 10000 drawn on SBI, for debt due to him from Y, but not delivered to Y. (Not a holder)

(b) Holder in [due course] (Sec. 9): means any person who for consideration, became



before the amount mentioned in it became payable and

without having sufficient cause to believe that any defect existed in the title of the person from whom he derived his title.



Notes:

- (1) Holder and holder in due course of a forged instrument cannot enforce payment thereon.
- (2) In the event of payment of a forged instrument, payee cannot retain the money.
- (3) A H.O.C. is protected when there is a defect in the title.
- (4) In case of a gifted instrument, transferee cannot be a H.O.C., though his title is good and bona fide. (as a holder)
- (5) A holder in due course is privileged to have a good title inspite of the fact that title of the transferor was defective.

(6) Payment in due course (Sec. 10):

means payment in accordance with apparent tenor of the instrument in good faith and without negligence



To any person having possession of the instrument



Under circumstances which do not afford a reasonable ground for believing that the payee is not entitled to receive the payment -

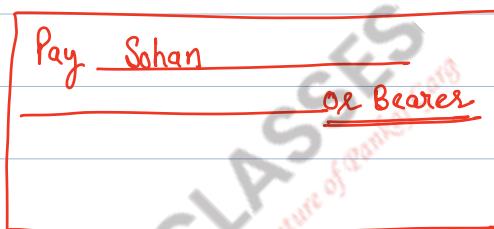
H.W: Written practice of 2 Questions - (Exam)

(vi) Classification of negotiable Instruments:

- (a) Bearer and Order Instruments
- ✓ (b) Inland and Foreign "
- (c) Inchoate and Ambiguous "
- (d) Demand and Time "

Bearer Instrument: [Payee - Blank | Payee - Specified or bearer
last Endorsement Blank]

→ delivery



Mohan Ram Shyam
Sohan (initials MR) (initials RS)
Sohan

Order Instrument: payable to a specified person, or order a person.

last Endorsement full

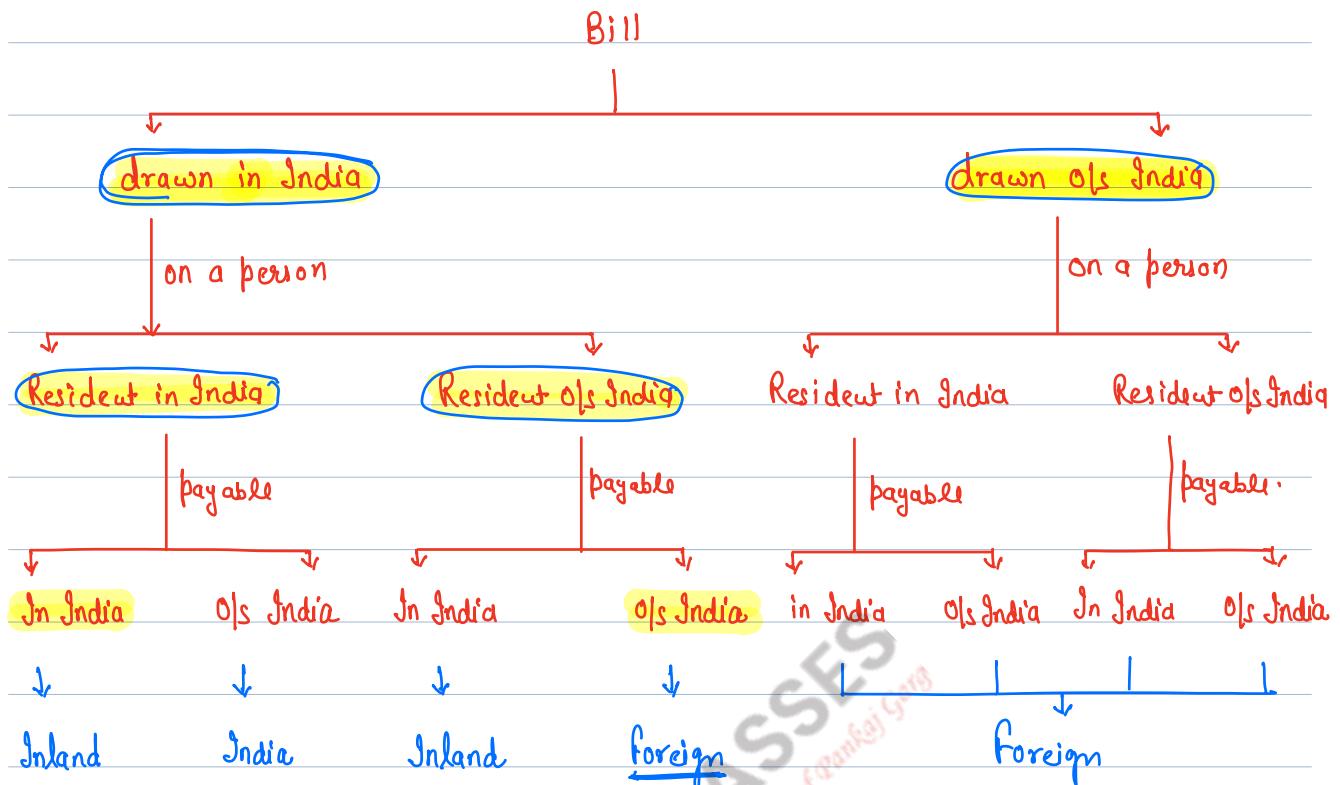
↓
Indorsement
and delivery

Inland Instrument - drawn in India. - Resident in India

(Payable anywhere)

→ Resident o/s India.
(Payable in India)

Foreign Instrument: Instruments which are not drawn as such
(Inland instruments)



Inchoate Instrument: Incomplete Instrument

Sec 30:

Amount not filled up - drawer - authority holder

to fill upto certain limit
(e.g. Socw)

✓ Ambiguous Instrument: Nature not defined - may P/I N or B&F.

Holder → Optim → Treat

Demand Instrument: payable on demand → at sight

→ on presentation

Time Instrument: payable after a fixed period.

after sight.

on a specified date

on happening of a certain Event.