

### (X) Discharge from liability on bills, Notes and cheques: (Secs. 82-90)

- When a party who is liable on a N.I., ceases to be liable, he is said to be discharged from liability. (e.g. Sans recourse Indorsement)
- When only some of the parties to an instrument are discharged from liability, but others continue to be liable thereon, it is only discharge of some of the parties from liability. (e.g. Negotiation back)
- When the rights against all the parties to an instrument comes to an end, the instrument is discharged.

Note: After the discharge of an instrument, no person even a holder in due course, can claim any amount of the instrument from any party thereto.

### Modes of discharge from liability on instrument:

- Discharge by Cancellation
- " " Release
- " " Payment
- " " default of holder
- " " drawer not duly presenting a cheque for payment.
- " " Qualified or limited acceptance
- " " bill coming to acceptor's hand after maturity.
- " " Material Alteration.

H.w: Written practice of 1+1 Question.

### (xi) Material Alteration and Its affect:

- Any alteration which alters the operation of the instrument and affect liabilities of parties thereto is material alteration.
- Alteration as to date, time, amount, place of payment, parties, are generally considered to be Material alteration.

### Sec. 87: Effects of Material Alteration:

Any material alteration of a N.I. renders the same Void as against anyone who is a party thereto at the time of making such alteration and does not consent thereto

↓

Unless it was made in order to carry out the Common intention of original parties.

Note: Material alteration, if made by indorsee, will discharge the indorser from any liability on the instrument.

### Examples of Material and Non-Material Alteration:

- to be covered (Self) from the book -

## Permitted Alteration:

(i) Sec. 20: Incomplete Instrument can be filled up by the holder.

(ii) Sec. 49: Holder of an instrument in blank may convert it into full indorsement.

(iii) Sec. 125: Holder of an uncrossed cheque may cross it or may convert general crossing into special crossing or may make it not negotiable.

(iv) Sec. 89: Alteration which is not apparent on the face of the instrument.

Ex: an Instrument which is not specifically mention about the payment date, is altered so as to add the words, "on demand".

H.W: - Revision from the book -  
- Understanding of the "Examples of Alteration" -