20 One-Liners to Remember

Quick-fire facts for last-minute revision.

1. **A cheque is a bill of exchange drawn on a specified banker, payable on demand, as defined under Section 6 of the Negotiable Instruments Act, 1881.**
This definition is the legal foundation for every cheque type tested in JAIIB PPB.

2. **Every cheque involves three parties: the drawer who signs it, the drawee bank that pays it, and the payee who receives payment.**
Understanding this drawer-drawee-payee triangle is essential before studying cheque types.

3. **A bearer cheque is payable to whoever holds it and can be negotiated by mere delivery without endorsement.**
No signature is legally required at encashment, though banks may seek identification for large amounts.

4. **An order cheque is created by cancelling the printed word Bearer, and payment requires identification of the payee.**
Cancelling Bearer converts the instrument into an order cheque payable only to the named person.

5 **A crossed cheque carries two parallel transverse lines and cannot be paid in cash over the counter.**
Crossing forces payment through a bank account, reducing the risk of fraud.

6 **A generally crossed cheque, with just two lines or the words and Co, can be collected through any bank.**
General crossing offers safety but does not restrict which bank may collect the cheque.

7 **A specially crossed cheque names a particular bank between the lines and can be collected only by that bank.**
Special crossing gives stronger protection than general crossing against loss or fraud.

8 **An account payee cheque adds the words Account Payee to a crossing so funds go only into the named payee's account.**
This is considered the safest form of crossing since funds cannot be diverted to a third party.

9 **An open cheque is one that has not been crossed and is payable at the counter of the drawee bank.**
Because it is uncrossed, an open cheque can be encashed directly at the bank branch.

10 **A cheque generally becomes stale after about three months from its date, though the exact rule should be confirmed from current IIBF or RBI guidance.**
A stale cheque is treated as irregular, not invalid, and the bank may refuse to honour it.

11 **A stale cheque can be revived by the drawer through reconfirmation of payment or by issuing a fresh cheque.**
Staleness does not cancel the underlying debt, only the instrument's current payability.

12 **A post-dated cheque bears a date later than its issue date and cannot be paid until that future date arrives.**
Banks will not debit the account for a post-dated cheque before the date written on it.

13 **An ante-dated cheque bears a date earlier than the date of presentation and remains valid if it has not turned stale.**
Ante-dated cheques are payable as long as the staleness period has not lapsed from the date written.

14 **A mutilated cheque, torn into two or more pieces, generally requires the drawer's confirmation before the bank pays it.**
Banks may still pay if only corners are torn and no material fact like amount or signature is affected.

15 **A self cheque is drawn payable to Self so the account holder can withdraw cash from their own branch.**

Self cheques are typically encashed only at the branch where the account is held.

16 **A banker's cheque, also called a pay order, is a prepaid instrument issued by a bank, so its dishonour is practically impossible.**

Because the bank has already collected the funds from the customer, a banker's cheque rarely bounces.

17 **A banker's cheque is marked Not Negotiable and can be cleared at any branch of the issuing bank within the same city.**

The Not Negotiable marking prevents the instrument from being transferred further like an ordinary cheque.

18 **A gift cheque is a decoratively printed, pre-denominated instrument banks issue for occasions like birthdays and weddings.**

Gift cheques are designed to be an elegant and convenient way to give money as a present.

19 **A traveller's cheque is a signature-based instrument used to remit money safely while travelling and can be replaced if lost or stolen.**

Traveller's cheques are accepted at banks, hotels and exchange bureaus in multiple currencies.

20 **An outstanding cheque has been issued and recorded in the books but not yet presented for payment, a key item in bank reconciliation.**

Outstanding cheques explain differences between a company's ledger balance and its bank statement balance.