Hello Friends,

This post will provide you information about various types of cheques and terminology related to usage of cheques.

**What is a Cheque?**

A cheque is a document that orders a bank to pay a specific amount of money from a person's account to the person in whose name the cheque has been issued. In India, circulation of cheques is governed by *Negotiable Instruments Act, 1881*.

In a basic transaction conducted through cheque, following three parties are involved:

- **Drawer**: The Account Holder
- **Drawee**: The Bank with whom Drawer's account is maintained
- **Payee**: The person named in a cheque

**Types of Cheque**

There are two types of cheques – *Crossed Cheque* and *Uncrossed/Open Cheque*

**Crossed Cheque:**

- A cheque is considered to be a crossed cheque when two parallel transverse lines are drawn, with or without any words such as ‘& Co’, ‘not negotiable’, ‘Account Payee’ etc. on the left hand top corner of the cheque. This is also referred to as *General Crossing*.
- A crossed cheque cannot be cashed at the drawee bank’s cash counter; rather it can only be credited to the payee’s account through a collecting banker.
- Where a cheque bears across its face, an addition of the name of the banker, (either with or without words ‘not negotiable’), that addition shall be deemed as *Special Crossing*. For such cheques the drawee bank must pay only to the collecting banker named in the cheque.
- The advantage of crossing is that it reduces the danger of unauthorised persons getting possession of a cheque and cashing it. Crossing ensures security to the holder of the cheque as only the collecting banker credits the proceeds to the account of the payee of the cheque.
Specimen of a Crossed Cheque:

Uncrossed Cheques/Open Cheques:

- When a cheque is NOT CROSSED, it is referred to as ‘Uncrossed Cheque’ or ‘Open Cheque’
- This cheque can be cashed at the drawee bank’s cash counter
- Uncrossed Cheque/Open Cheque may be a Bearer cheque or an Order cheque
- **Bearer Cheque**: This is a Cheque on which the word ‘Bearer’ is NOT cancelled. Such cheque is payable by the drawee bank over the counter to the Bearer or presenter of the cheque. If this type of cheque is lost or stolen, it is as good as loss/theft of cash. However in current times, bankers conduct informal verification with the drawee before cashing such cheques
- **Order Cheque**: When the word ‘Bearer’ appearing on the cheque is cancelled and when in its place word ‘Order’ is written, it becomes an ‘Order’ Cheque. This cheque is payable only to the person whose name is written on the cheque. Such person has to establish his identity to draw the amount across the bank counter through an Order cheque. Order cheque is safer as compared to Bearer Cheque, but not as safe as any Crossed Cheque
Specimen of Bearer Cheque:

Specimen of Order Cheque:

Classification of Cheques on basis of Date

Post-Dated Cheque: A cheque having a date which is later than the current date is considered as Post Dated cheque. Such cheque cannot be processed for payment before the date written on it. There can be various reasons behind issuing a post dated cheque.
Example of Post-Dated Cheque: Suppose, today’s Date is 19th July 2019. If a cheque is issued for 1st August 2019, it is considered a post dated cheque till 1st August 2019

Stale Cheque: Cheque that is presented for payment 3 months after the date written on it is considered Stale Cheque. Such cheque cannot be processed for payment, unless the issuer modifies the date (with signature) or provides a fresh cheque in lieu of it.

Example of Stale Cheque: Suppose today’s Date is 19th July 2019. If a cheque is presented for payment on 1st December 2019, it is considered stale cheque and will not be processed.

Ante-Dated Cheque: A cheque having a date which is earlier than the current date is considered as Ante-Dated cheque. Such cheque can be processed for payment till it becomes stale (i.e. till three months from the date written on it)

Example of Ante – Dated Cheque: Suppose, today’s date is 19th July 2019. A cheque having a date of 1st June 2019 is considered an Ante-Dated Cheque.

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Thank You

GK Babaji