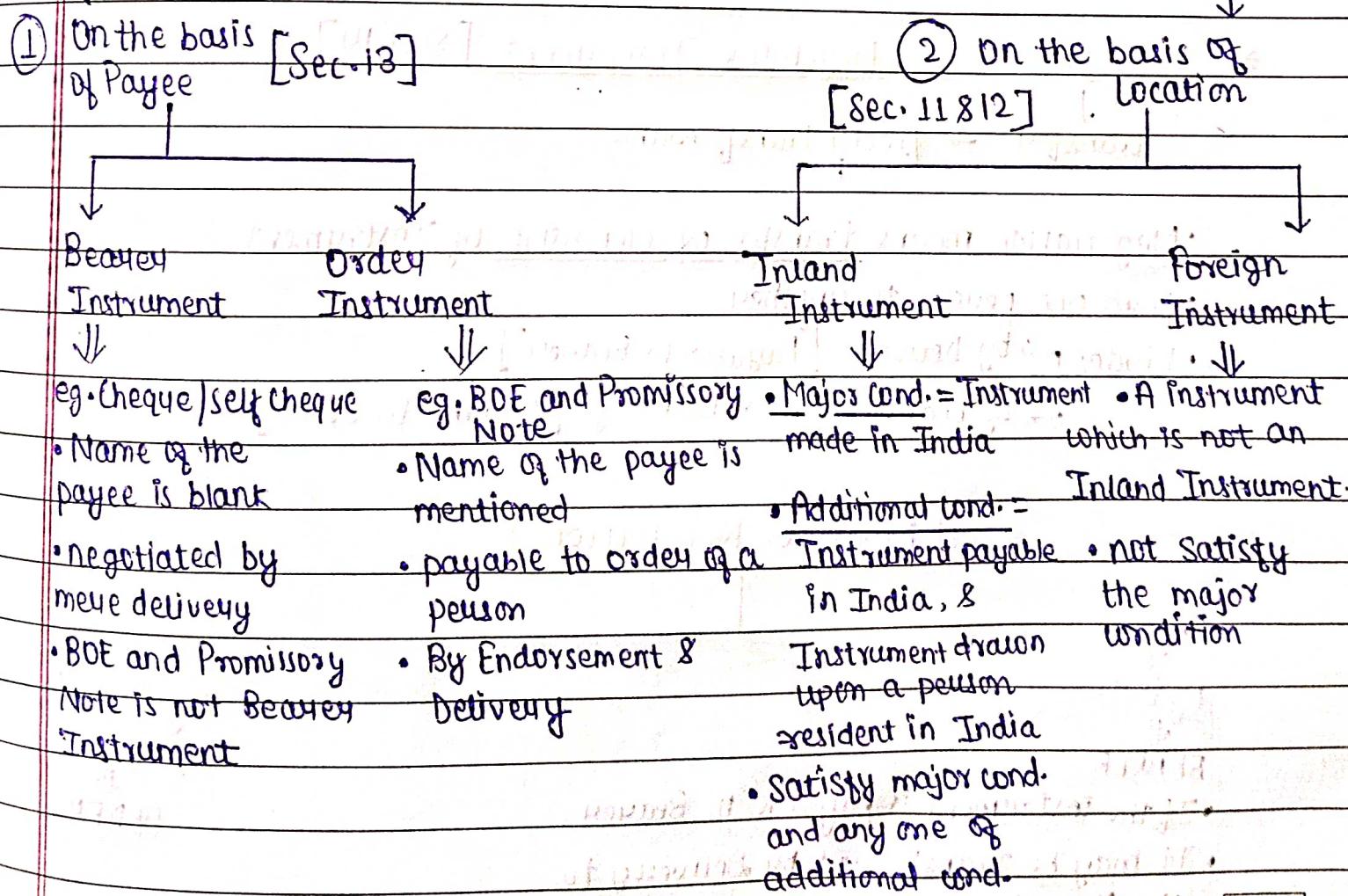


Classification of Negotiable Instrument



Classification of Negotiable Instrument

(3) On the basis of Validity

Inchoate Instrument

- incomplete instrument
- instrument wholly blank or written word incomplete.
- Holder make it complete by writing amount
- limit of amount specified → Stamp duty

Ambiguous Instrument

- complete instrument but, something NOT clear (B.O.E or P.N)
- Holder may at his election decide
- After exercising the option, holder CAN NOT change

Demand Instrument

- payable at sight
- payable on Demand
- payable on presentation

(4) On the basis of Payment

Time Instrument

- eg. Term Insurance
- time specified or
- Certain event specified

* Negotiation of Negotiable Instrument [Sec. 14]

transfer → freely transferable

• Negotiation means transfer of ownership of Instrument

• from one person to another

• Modes → by Delivery [Payable to BEARER]

→ by Endorsement & Delivery [Payable to ORDER]

Modes of Negotiation

By Delivery

BEARER

- If the instrument is payable to BEARER
- It may be transferred by Delivery to the Transferee.

By Endorsement & Delivery

ORDER

• By Endorsement and Delivery

- If the instrument to the specified Payee or to his order
- It must be endorsed

CONDITION:- (i) It must be in writing

(ii) must be signed by the holder

Endorsement

- When a maker or holder of the instrument write the person name on the face or back of the instrument
- and put his signature there to for the purpose of Negotiation
- It is called ENDORSEMENT.
- ENDORSER → person who sign
- ENDORSEE → to whom it is endorsed

CLASSIFICATION OF ENDORSEMENT

