



SNS COLLEGE OF TECHNOLOGY



Coimbatore - 35

19BAT604 – Legal Aspects of Business

Unit III – The Negotiable Instruments Act, 1881



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1st Indian
Institution
to Implement

Design
Thinking
Curriculum

Redesigning Common Mind and Business Towards Excellence



Guess the Topic!!!

Holder in due course





Recap



Negotiation

Parties to Negotiable instruments

Liability of the parties to a Negotiable instruments

Rules of Presentment for Payment

**IN CASE YOU
MISSED IT**



Agenda

- Why holder in due course is important?
- Holder in due course
- Holder for value
- Conditions for holder in due course



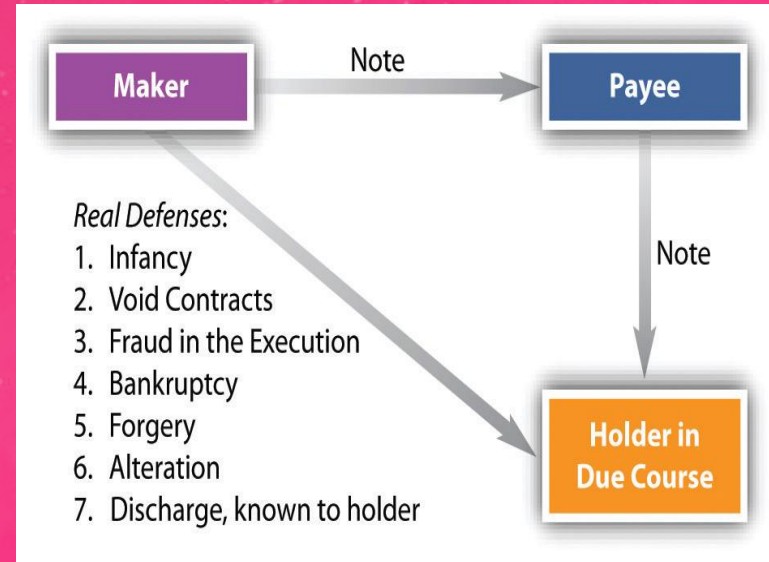
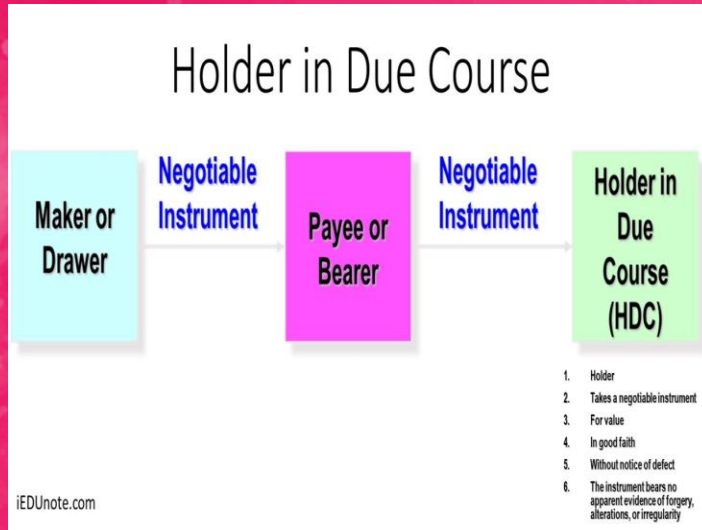


Why Holder in due course is important?





Holder in due Course





Holder for Value



He is a person who, for consideration became the possession of a negotiable instrument.

Except by his immediate transferor, nobody can set up the plea that the consideration is not present



Conditions for Holder in Due Course



The holder must have taken the instrument for valuable consideration.

The instrument must be obtained before it is matured.

The instrument must be complete and regular at its face.

He must have taken the instrument in good faith and without notice of any defect in the instrument or in the title of the person negotiating it to him.



Inchoate Instrument

Mr.X signs his name on a bank and stamped instrument and gives to Y with an authority to fill up as a note for a sum of Rs.2000 only



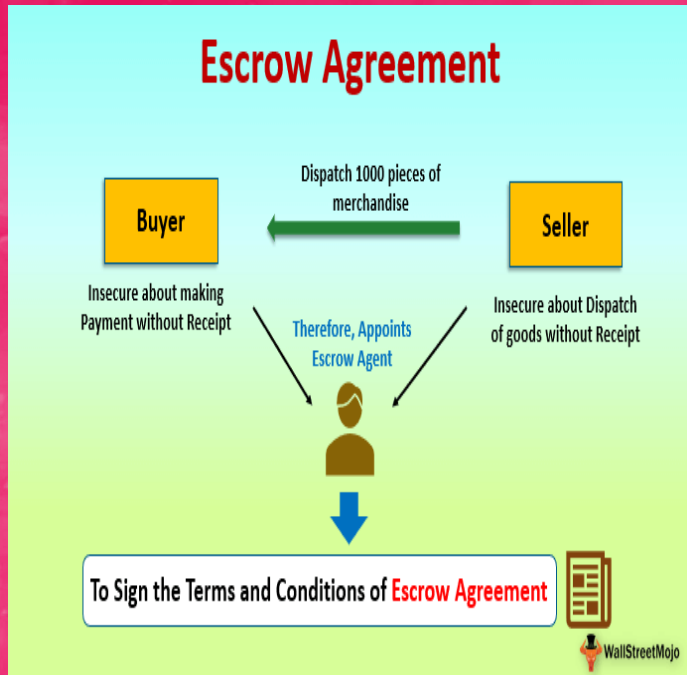
But Y fills it for Rs.20000 and then transfers it to Z for a consideration of Rs.20000 who takes it in good faith



Here Z is entitled to recover full amount of the instrument because he is HDC. But Y, being a holder, can not recover the amount because he filled in the amount in excess of his authority



Escrow



When the property in the instrument is transferred conditionally, it is called an “Escrow”.

A holder in due course is not affected by “escrow”



Knowledge Check



Holder of an instrument is a person who holds the instrument

For a longer period

Before maturity

After maturity

On behalf of the owner

Before maturity



Recap

- Why holder in due course is important?
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I just need
the main ideas





References

- ✓ <http://lawtimesjournal.in/holder-and-holder-in-due-course/>



Thanks!



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