

# Sem -5-----Economics

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## Unit 4

### What is cheque & Different types of cheque

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A cheque is a document you can issue to your bank, directing it to pay the specified sum mentioned in digits as well as words to the person whose name is borne on the cheque

Cheques are also called negotiable instruments in banking terms, a negotiable instrument is a document that promises its bearer a payment of the specified amount either on furnishing the document to the banker or by a given date

The issuing party is called the drawer of the cheque and the one it is issued to or put simply is mentioned on the cheque is the drawee.

What are the types of cheque

#### **1. Bearer cheque**

A bearer cheque is the one in which the payment is made to the person bearing or carrying the cheque. These cheques are transferable by delivery that is, if you are payment to. The banks need no other authorisation from the issuer to be allowed to make the payment.

How can you identify a bearer cheque you know it is a bearer cheque when you see the words, or bearer printed on them.

#### **2. Order cheque**

In these cheques, the words 'or bearer' is cancelled. Such cheque can only be issued to the person whose name is mentioned on the cheque, and the bank will do its background check to authenticate the 'bearer's identity before releasing the payment

#### **3. Crossed cheque**

You may have observed cheques with two sloping parallel lines with the words 'a/c payee' written on the top left. That is crossed cheque. The lines ensure that irrespective of who presents the cheque, the payment will only be made to the individual whose name is written on the cheque, in the words, the a/c payee along with his/her account number. These cheques are relatively safe because they can be encashed only at the drawee's bank.

#### **4. Open cheque**

An open cheque is basically an uncrossed cheque. This cheque can be encashed at any bank, and the payment can be made to the person bearing the cheque. This cheque is transferable from the original payee [the original recipient of the payment] to another payee too. The issuer needs to put his signature on both the front and back of the cheque.

### **5. Post - Dated cheque**

These types of cheques bear a later date of being encashed. Even if the bearer presents this cheque to the bank immediately after getting it, the bank will only process the payment on the date mentioned on the cheque. This cheque stands valid past the date, but not before.

### **6. Stale cheque**

A cheque past its validity, three months after the date of being issued, is called a stale cheque.

### **7. Traveller's cheque**

Foreigners on vacations carry traveller's cheques instead of carrying hard cash, which can be cumbersome. These cheques are issued to them by one bank and can be encashed in the form of currency at a bank located in another location or country. Traveller's cheques do not expire and can be used for future trips.

### **8. Self cheque**

You can identify self cheques by the word 'self' written in the drawee column. Self cheques can only be drawn at the issuer's bank.

### **9. Banker's cheque**

A bank is the issuer of these types of cheques. The bank issues these cheques on behalf of an account holder to make a remittance to another person in the same city. Here the specified amount is debited from the account of the customer, and then, the cheque is issued by the bank. This is the reason banker's cheques are called non-negotiable instruments as there is no room for banks to dishonor these cheques. They are valid for three months, they can be revalidated provided specific conditions are met.

## **IMPS NEFT RTGS :**

**Summary:** IMPS NEFT and RTGS are different transfer methods to make money transfer easier. Each transfer type (IMPS, NEFT, RTGS) has different features. Check out now to live in this world comfortably, you need to embrace technology. The advancements in technology have a major influence on banking that most transactions are effectively made online. Transferring funds between two bank accounts is easy and safe using different digital systems. For instance, you can

send substantial amount of money from your bank account to another account thorough the **online payment systems** such as NEFT,RTGS, IMPS,etc.

The efforts of reserve bank of india to promote less-cash economy have paid off. The digital payment volumes have considerably increased between 2015 and 2019-20 to reach 55 percent with 34.35 billion transaction. The removal or reduction of charges for fund transfer have induced most people to adopt them. If you are among those people who are not using electronic funds transfer effectively, it is better you know the different between IMPS,NEFT,AND RTGS to use it more for safe and secured transactions.

## **What are IMPS NEFT and RTGS?**

The reserve bank of india [RBI]offers three common methods of digital payment, and they are:

### **National Electronic fund transfer [NEFT]**

An electronic funds transfer system introduced and maintained by RBI,NEFT helps with money transfer from your bank account to the beneficiary' account, irrespective of it being in any other bank.nevertheless, both the account should be NEFT-enabled . as for the NEFT clearance, there are permitted timings:

From Monday to Friday : you can make NEFT fund transfer from 8 am to 7 pm

Saturday : it is from 8 am to 12 pm

When it comes to NEFT, you can send money starting from Re 1. To encourage it, RBI has not stipulated any maximum limit,except for the per transaction limit of Rs 50,000. However,some banks have set the upper limit. IDFC FIRST bank has set a maximum money transfer limit of Rs 20,00,000. To effect NEFT fund transfer, you can either do it on the IDFC FIRST bank web portal or on the IDFC FIRST bank **safe online banking app** by installing it.

### **Immediate payment service [IMPS]**

IMPS is an interbank online **fund transfer** service introduced by the national payment corporation of india [NPCI]. It helps conduct real –time tranctions on various channels such as the internet, ATM, mobile and SMS .IMPS is an economic way of making payment or transferring funds instantly and safely within banks. The main difference between IMPS NEFT and RTGS is IMPS is simpler than the other two methods, for it needs only the mobile number.

Through the immediate payment service method, you can transfer a minimum amount of Re 1 and the maximum amount of Rs 20,00,000.However, there is a cap of Rs 2,00,000 maximum limit per transaction.

## Real Time Gross Settlement [RTGS]

With the RTGS method, you can have the payments settled or funds transferred instantly. It is generally used for high-value money transactions, and is maintained by the RBI. This is perhaps the most significant difference between IMPS, NEFT, and RTGS. The purpose of RTGS is to safeguard the user by clearing the funds almost instantly, and not in batches as done in NEFT.

The element of risk involved in transferring high-value amount is high despite the high-level security offered. The element of risk involved in transferring high-value amount is huge despite the high-level security offered by the banks. RTGS helps you by transferring a minimum amount of Rs 2 lakhs and the maximum Rs 20,00,000 with no charges. The account should however be RTGS-enabled. If you want to initiate an RTGS fund transfer at IDFC FIRST bank, you can click [here](#).

### Different between IMPS NEFT and RTGS

Basis of comparison	IMPS	NEFT	RTGS
Minimum transfer value	Re 1	Re 1	Rs 2 lakhs
Maximum transfer value	Rs 20 lakhs	Rs 20 lakhs	Rs 20 lakhs
Payment option	online	Online&offline	Online& offline
settlement	Instant	Half hourly	Instant
Service Timings	24/7	24/7	24/7
Funds transfer speed	Immediate	2 hours	Immediate
Managed by	NPCI	RBI	RBI

## What are multi-currency debit Cards?

A multi-currency debit card works largely the same as a traditional debit card: it is a physical or virtual card that consumers use to pay for goods and services. Payments can be made globally and online exactly like a regular debit card and spending can be tracked and controlled through a banking app.

Multi-currency debit cards usually work with Visa and Mastercard payment systems, which makes it simple for cardholders to pay for items at any POS [point of sale] that accepts both payment operators. They can be used to withdraw cash at ATMs, pay for items in-store, and to make purchases. Some multi-currency debit cards can also switch between fiat currencies [pounds, euros, dollars, etc.] and digital assets [Bitcoin, Litecoin, Ethereum, etc.].

### Multi-currency debit cards : the benefits

Multi-currency debit cards are primarily designed to be used online and internationally . with quick and automatic currency exchanges, users can benefit from a streamlined spending experience. Exchanges take place at POS terminals at an internal rate set by card vendors that typically does not include markups and commissions from third parties. This makes using Multi-currency debit cards cost-effective and potentially eliminates unexpected fees when purchasing goods and services online and abroad.

Previously, multi-currency debit cards were accessible primarily only to large companies. However, developments in fintech mean they are now a more widely available service. An account can be set up online and businesses have the option to create multiple Multi-currency virtual debit cards at once. Virtual cards can be created in seconds, making the process simple yet worthwhile.

### **When Should You Use Multi-Currency debit cards?**

Multi-currency debit cards offer streamlined international and online payments and also give account holders the ability to set up individual payment cards which can be used to make one-off payments. International business travel is made simpler with Multi-Currency debit cards; Individual cards can be specifically set to process flights and accommodation bookings, avoiding potentially costly FX fees.

There is also the option to set up individual payment cards for singular transactions, with the card becoming inactive once the payment is made. This gives businesses the assurance that money is being used for its intended purposes. Furthermore, this makes monitoring financial transactions easier and can help protect businesses from fraudulent activity.

### **Which multi-currency debit card is best for your business?**

There are a variety of multi-currency debit cards, Which serve different purposes, to choose from. Before making any decisions, it is important to establish Which card will best suit your business needs. One key advantage of virtual cards is that they provide users with quick setup times and added security.

Businesses can also choose between standard multi-currency debits cards and single-payment multi-currency cards. While standard cards work the same way as traditional debit cards, single-payment cards can be created to pay specific amount and their expiry date can be controlled. This is useful for businesses that often deal with new merchants or make larger payments, as it can help reduce the risk of fraud.

**Que : What is credit card and what are their types, advantages and disadvantages of Credit Card?....refer from text book**