

Cheque Bounce Cases Can Now be Filed Where It is Presented

Parliament passes law to facilitate easy legal recourse after Rajya Sabha okay

Parliament has passed a law allowing cheque bounce cases to be filed at the place where the cheque is presented for clearance and not the place of issue, a change that is expected to go a long way in improving legal recourse in such cases.

The Rajya Sabha passed the Negotiable Instruments (Amendment) Bill on Monday without any debate.

The Minister of State for Finance Jayant Sinha moved the bill for passage that had been passed by the Lok Sabha earlier.

The amendments to the Negotiable Instruments Act will impact over 18 lakh cheque bounce cases pending in various courts, Sinha said while moving the bill.

The amendments overturn a Supreme Court ruling which said the cases have to be initiated where the cheque-issuing branch was located.

The court had reasoned that the territorial jurisdiction for dishonour of cheques is restricted to the court within whose local jurisdiction the offence was committed, where the cheque is dishonoured by the bank on which it is drawn.

Subsequently, stakeholders made representations to the government, pointing out the wide impact this judgment would have on the business interests offering undue protection to defaulters at the expense of the aggrieved complainant.

The government decided to amend the Negotiable Instruments Act, 1881.

As per the amendment cases involving bounced cheques can be filed only in a court in whose jurisdiction the bank branch of the payee, the person who receives the cheque, lies.

“The offence under section 138 shall be inquired into and tried only by a court within whose local jurisdiction the bank branch of the payee, where the payee presents the cheque for payment, is situated,” the new provision says.

Under this rule, the aggrieved person can file a cheque bounce case in his area and the defendant will have to travel to defend himself, enhancing the strength of the legal recourse.

The amended law also provides that if a complaint against a person issuing a cheque has been filed in the court with the appropriate jurisdiction, then all subsequent complaints against that person will be filed in the same court, irrespective of the relevant jurisdiction area.

(Economic Times)