



# INTERNATIONAL JOURNAL FOR LEGAL RESEARCH AND ANALYSIS

Open Access, Refereed Journal Multi Disciplinary  
Peer Reviewed Edition :

[www.ijlra.com](http://www.ijlra.com)

## **DISCLAIMER**

No part of this publication may be reproduced or copied in any form by any means without prior written permission of Managing Editor of IJLRA. The views expressed in this publication are purely personal opinions of the authors and do not reflect the views of the Editorial Team of IJLRA.

Though every effort has been made to ensure that the information in Volume 2 Issue 7 is accurate and appropriately cited/referenced, neither the Editorial Board nor IJLRA shall be held liable or responsible in any manner whatsoever for any consequences for any action taken by anyone on the basis of information in the Journal.

Copyright © International Journal for Legal Research & Analysis

IJLRA

## **EDITORIAL TEAM**

### **EDITORS**

#### **Megha Middha**



*Megha Middha, Assistant Professor of Law in Mody University of Science and Technology, Lakshargarh, Sikar*

*Megha Middha, is working as an Assistant Professor of Law in Mody University of Science and Technology, Lakshargarh, Sikar (Rajasthan). She has an experience in the teaching of almost 3 years. She has completed her graduation in BBA LL.B (H) from Amity University, Rajasthan (Gold Medalist) and did her post-graduation (LL.M in Business Laws) from NLSIU, Bengaluru. Currently, she is enrolled in a Ph.D. course in the Department of Law at Mohanlal Sukhadia University, Udaipur (Rajasthan). She wishes to excel in academics and research and contribute as much as she can to society. Through her interactions with the students, she tries to inculcate a sense of deep thinking power in her students and enlighten and guide them to the fact how they can bring a change to the society*

#### **Dr. Samrat Datta**

*Dr. Samrat Datta Seedling School of Law and Governance, Jaipur National University, Jaipur. Dr. Samrat Datta is currently associated with Seedling School of Law and Governance, Jaipur National University, Jaipur. Dr. Datta has completed his graduation i.e., B.A.LL.B. from Law College Dehradun, Hemvati Nandan Bahuguna Garhwal University, Srinagar, Uttarakhand. He is an alumnus of KIIT University, Bhubaneswar where he pursued his post-graduation (LL.M.) in Criminal Law and subsequently completed his Ph.D. in Police Law and Information Technology from the Pacific Academy of Higher Education and Research University, Udaipur in 2020. His area of interest and research is Criminal and Police Law. Dr. Datta has a teaching experience of 7 years in various law schools across North India and has held administrative positions like Academic Coordinator, Centre Superintendent for Examinations, Deputy Controller of Examinations, Member of the Proctorial Board*



## ***Dr. Namita Jain***



*Head & Associate Professor*

*School of Law, JECRC University, Jaipur Ph.D. (Commercial Law) LL.M., UGC -NET Post Graduation Diploma in Taxation law and Practice, Bachelor of Commerce.*

*Teaching Experience: 12 years, AWARDS AND RECOGNITION of Dr. Namita Jain are - ICF Global Excellence Award 2020 in the category of educationalist by I Can Foundation, India. India Women Empowerment Award in the category of "Emerging Excellence in Academics by Prime Time & Utkrisht Bharat Foundation, New Delhi.(2020). Conferred in FL Book of Top 21 Record Holders in the category of education by Fashion Lifestyle Magazine, New Delhi. (2020). Certificate of Appreciation for organizing and managing the Professional Development Training Program on IPR in Collaboration with Trade Innovations Services, Jaipur on March 14th, 2019*

## **Mrs.S.Kalpana**

*Assistant professor of Law*

*Mrs.S.Kalpana, presently Assistant professor of Law, VelTech Rangarajan Dr. Sagunthala R & D Institute of Science and Technology, Avadi. Formerly Assistant professor of Law, Vels University in the year 2019 to 2020, Worked as Guest Faculty, Chennai Dr.Ambedkar Law College, Pudupakkam. Published one book. Published 8Articles in various reputed Law Journals. Conducted 1Moot court competition and participated in nearly 80 National and International seminars and webinars conducted on various subjects of Law. Did ML in Criminal Law and Criminal Justice Administration. 10 paper presentations in various National and International seminars. Attended more than 10 FDP programs. Ph.D. in Law pursuing.*



## **Avinash Kumar**



*Avinash Kumar has completed his Ph.D. in International Investment Law from the Dept. of Law & Governance, Central University of South Bihar. His research work is on "International Investment Agreement and State's right to regulate Foreign Investment." He qualified UGC-NET and has been selected for the prestigious ICSSR Doctoral Fellowship. He is an alumnus of the Faculty of Law, University of Delhi. Formerly he has been elected as Students Union President of Law Centre-1, University of Delhi. Moreover, he completed his LL.M. from the University of Delhi (2014-16), dissertation on "Cross-border Merger & Acquisition"; LL.B. from the University of Delhi (2011-14), and B.A. (Hons.) from Maharaja Agrasen College, University of Delhi. He has also obtained P.G. Diploma in IPR from the Indian Society of International Law, New Delhi. He has qualified UGC - NET examination and has been awarded ICSSR - Doctoral Fellowship. He has published six-plus articles and presented 9 plus papers in national and international seminars/conferences. He participated in several workshops on research methodology and teaching and learning.*

## **ABOUT US**

INTERNATIONAL JOURNAL FOR LEGAL RESEARCH & ANALYSIS

ISSN

2582-6433 is an Online Journal is Monthly, Peer Review, Academic Journal, Published online, that seeks to provide an interactive platform for the publication of Short Articles, Long Articles, Book Review, Case Comments, Research Papers, Essay in the field of Law & Multidisciplinary issue. Our aim is to upgrade the level of interaction and discourse about contemporary issues of law. We are eager to become a highly cited academic publication, through quality contributions from students, academics, professionals from the industry, the bar and the bench. INTERNATIONAL JOURNAL FOR LEGAL RESEARCH & ANALYSIS ISSN 2582-6433 welcomes contributions from all legal branches, as long as the work is original, unpublished and is in consonance with the submission guidelines.

# **ANALYSIS OF DISHONOUR OF CHEQUES AND LEGAL PROVISIONS IN INDIA: A COMPREHENSIVE STUDY**

AUTHORED BY: PRAVIN VISHNU GOTAKE

LL.M. 2<sup>ND</sup>YR. 2023-2024

## **Abstract:**

The dishonour of cheques poses significant challenges to the financial ecosystem in India, affecting businesses, individuals, and the overall economy. This paper provides a comprehensive analysis of the dishonour of cheques and the legal provisions surrounding it in India. The study explores the various reasons behind cheque dishonour, including insufficient funds, account closure, and mismatched signatures. It examines the impact of dishonoured cheques on businesses, financial institutions, and the legal system, emphasizing the need for effective mechanisms to address such occurrences.

Furthermore, the article delves into the legal framework governing dishonoured cheques in India, primarily focusing on the Negotiable Instruments Act, 1881, and subsequent amendments. It discusses the procedural aspects involved in initiating legal action against cheque dishonour, including the issuance of legal notices, filing complaints, and pursuing legal remedies. Moreover, the study highlights the role of alternative dispute resolution mechanisms, such as arbitration and mediation, in resolving cheque dishonour cases expediently and cost-effectively. It also evaluates the challenges and limitations encountered in the enforcement of legal provisions related to cheque dishonour and suggests potential reforms to enhance the efficacy of the existing framework.

Through a synthesis of legal analysis, case studies, and empirical evidence, this paper contributes to a deeper understanding of the dynamics surrounding cheque dishonour and provides valuable insights for policymakers, legal practitioners, and stakeholders in the Indian financial ecosystem. Ultimately, it underscores the importance of fostering a conducive environment for commercial transactions and upholding the integrity of negotiable instruments in India.

**Keywords:** Dishonour of Cheque, Amendments in Negotiable Instrument Act, Penalties

## **Introduction:**

India's cheque system has British ancestry. It is well known that the first bankers in England were the London Gold Smiths, and that the practice of paying with Cheques for cash dated back to the seventeenth century. Whether one is a layperson, a business magnate, an industrialist, a banker, or a member of the bench or bar, the cheque system affects them all. The Supreme Court's decision regarding BALCO and contract labor clearly shows that our judiciary is very aware of economic reforms. As a result, regardless of rulings regarding the concept of dishonour of cheque, there is an underlying concern about developing a sound banking system in India that complies with international norms.

In the intricate web of financial transactions, the dishonour of cheques stands as a significant legal issue with far-reaching consequences. In India, where cheques remain a prevalent mode of payment across various sectors, understanding the legal framework surrounding dishonoured cheques is imperative for businesses, individuals, and legal practitioners alike. The dishonour of a cheque occurs when the issuer's bank refuses to honour the cheque due to insufficient funds, alterations, or other reasons specified under the Negotiable Instruments Act, 1881. Such instances not only disrupt financial stability but also entail legal repercussions for both parties involved. This article delves into the multifaceted aspects of dishonoured cheques within the Indian legal context, exploring the pertinent provisions, procedures, and implications associated with them. From understanding the legal definition of dishonour to navigating the recourse available to aggrieved parties, we aim to provide comprehensive insights into this crucial aspect of financial law.

Firstly, we will elucidate the various grounds leading to the dishonour of cheques as outlined under the Negotiable Instruments Act, shedding light on factors such as insufficient funds, signature mismatch, post-dated cheques, and more. Understanding these grounds is fundamental for both cheque issuers and beneficiaries to mitigate risks and uphold financial integrity.

Secondly, we will delve into the procedural intricacies involved in dealing with dishonoured cheques, including the requisite legal notices, timelines, and avenues for recourse available to affected parties. This section will offer practical guidance on navigating the legal framework to seek redressal and enforce contractual obligations.

Furthermore, we will examine recent judicial pronouncements and legislative amendments aimed at streamlining the adjudication process and enhancing the efficacy of legal remedies concerning dishonoured cheques. The evolving legal landscape underscores the dynamic nature of cheque dishonour cases and underscores the importance of staying abreast of recent developments in this domain.

Lastly, we will explore the broader implications of dishonoured cheques on business operations, financial credibility, and investor confidence. Beyond the legal ramifications, dishonoured cheques can significantly impact commercial relationships, necessitating proactive measures to prevent and address such occurrences.

Through a comprehensive understanding of the legal provisions, procedural mechanisms, and broader implications, we aim to foster greater transparency, reliability, and integrity in India's financial ecosystem, thereby contributing to a more robust and equitable business environment.

### **Definition of Cheque:**

After the development of Information Technology as well as the Globalization, the Government decided to bring the definition of cheque by addition of the new sentence to previous definition. Parliament enacted the Negotiable Instruments Act, 2002 to the Principal Act Negotiable Instrument Act, 1881.

### **Definition after 2002 amendment to the Act:**

Section 6: "Cheque" – A "Cheque" is a bill of exchange drawn on a specified banker and not expressed to be payable otherwise than on demand and it includes the electronic image of a truncated cheque and a cheque in the electronic form.<sup>1</sup>

A "Cheque" comprises an electronic image of a truncated Cheque as well as a Cheque in electronic form. It is a bill of exchange drawn on a designated banker and not further stated to be payable other than on demand. Explanation I: For the purposes of this section, a "electronic Cheque" is one that is created, written, and signed using a secure system that ensures the minimum amount of fraud. It also contains the exact mirror image of a paper Cheque and is created, written, and

---

<sup>1</sup> Negotiable Instrument Act, 2002 amendment

signed using an asymmetric cryptosystem and digital signature (either with or without a biometric signature) on a secure system that guarantees the very minimum safety standards. b) A truncated Cheque is one that is cut short during a clearing cycle, either by the bank or the clearing house, depending on who is receiving or paying, as soon as an electronic picture is created for transmission, replacing the remaining portion.

### **The Negotiable Instrument Act, 1881 Section 138 to 147:**

The Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment) Act, 1988 introduced sections 138 to 147 of the Act, a criminal remedy of penalty, to ensure promptitude and remedy against defaulters and to ensure credibility of the holders of the negotiable instrument. The Negotiable Instrument Act (Amendment and Miscellaneous Provisions) Act, 2002 further modified the Act.

Sections 138 through 147 of the Act address dishonour of cheques and outline remedies and several types of penalties for such acts. The Act's section 138 addresses dishonouring a Cheque due to insufficient money in the account, among other things. It stipulates that the offender will face penalties for two years in prison and a fine if the bank returns the Cheque that the drawer issued without payment. The Cheque must be written off in full or in part as payment for any obligation or debt.<sup>2</sup> Kapadvanj pupils Co. Bank Ltd. V Jaintbhai Talasgi Marwadi<sup>2</sup>

### **DISHONOR OF NEGOTIABLE INSTRUMENT:**

If the person drawing the bill of exchange, the person receiving the bill of exchange, or the person cashing the Cheque defaults on the payment when it is due, the promissory note, bill of exchange, or Cheque is deemed in default. Promissory notes, bills of exchange, and Cheques are the three categories of instruments that are covered by section 92, in contrast to section 91. When a banker to whom a Cheque is drawn, the maker of a note, the acceptor of a bill of exchange, the drawee in case of necessity, the acceptor of a bill (above), or any of these individuals neglects to pay the amount against the instrument when it is presented to them on the due date, the dishonour is complete.<sup>3</sup>

---

<sup>2</sup> 2013 (1) DCR 270 (Guj.)

<sup>3</sup> Kanneganti Venkatasubbayya v. PR Rao Tobacco Co. AIR 1972 AP 72

## NECESSITY OF NOTICE OF DISHONOR:

Sections 91 through 93 would not have been required at all if notification of rejection was required each and every time a bill of exchange was not paid. Sending a letter of disgrace was already possible under Section 30, which would have sufficed to accomplish the aforementioned goals. Upon careful consideration of each component, we can state the following: Bills of exchange payable after sight are required by law to be presented for acceptance (A); but, if a bill of exchange is due on a specific date, the user is free to present it for acceptance at any time prior to that day. You are required to submit a notice of dishonour if it is provided for acceptance and later rejected; (C) a bill of exchange payable at sight is not legally required to be presented only for acceptance. Rather, upon being submitted for payment, it is deemed to have been 31 Times of Economics. Budget 2017: A new watchdog for payment systems and harsher penalties for dishonoured Cheques: February 1, 2017 51 were offered for payment as well as acceptance. If it isn't paid, the Act's sections 91 through 93 would apply, and a notice of humiliation would be required in accordance with those sections.<sup>4</sup>

Sections 91 through 93 would not have been required at all if notification of rejection was required each and every time a bill of exchange was not paid. Sending a letter of disgrace was already possible under Section 30, which would have sufficed to accomplish the aforementioned goals. Upon careful consideration of each component, we can state the following: Bills of exchange payable after sight are required by law to be presented for acceptance (A); but, if a bill of exchange is due on a specific date, the user is free to present it for acceptance at any time prior to that day. If it is presented for approval (C) that a bill of exchange payable at sight is not required by law to be provided just for acceptance; if a bill of exchange is accepted and then rejected, you will need to send a notice of dishonor. Rather, it is deemed to have been submitted for both acceptance and payment when it is made available for payment. Sections 91 to 93 of the Act would apply if it isn't paid, and a notice of shame would be required in accordance with those sections.

However, the **Bombay High Court** has held that constructive notice is shown favourably by a return receipt of recognition. ii) How we communicate with one another According to Section 94 of the Negotiable Instruments Act, the person to whom the notice of dishonour is due may do so

---

<sup>4</sup> Decriminalising bounced cheques will nullify their sanctity, says CAIT to Fin Min". The Economic Times. Retrieved 22 July 2020

through a duly authorized agent, his or her legal representative in the event of the person's death, or his or her assignee in the case of a declared bankrupt. It may be delivered verbally, in writing, or by mail if it is written. It doesn't matter how it looks; it only needs to identify the recipient. If the notification is correctly sent Despite being addressed and mailed, if the notice is misplaced during transit, it still has value.

The *Madras High Court* has upheld its previous ruling, which stated that registered mail is not required for the delivery of the written notice of dishonour required under Section 138(b). It might be delivered via telegram or even just a standard letter. The same High Court decided that it is legal to issue a warning requesting the payment of Cheques and other debts within a specific amount of time. The mere fact that the Cheque was returned does not give rise to a complaint under Section 138 of the Negotiable Instruments Act. Rather, a complaint can only be made following notice of demand for the Cheque's value from the payee or holder Cheque, and the Cheque drawer failed to settle the balance within 15 days of the notice being served to him or received by him.<sup>34</sup> On the other hand, the Madras High Court stated that the letter could be the basis for a complaint. The amount of times the cash can be used to pay for items is unlimited. Thus, within the allotted six months, any one of these instances may be selected for notice and prosecution. It adhered to the decision it had already taken in this instance. In a different instance, the judge ruled that the date the Cheque was written might come up during the trial. Since the Cheque hasn't been paid for the first time, none of the actions recommended in Section 138(b) and (c) of the Act have been done by the payee.

## **WAYS TO FILE A COMPLAINT –**

There is no definition of a complaint in the Act. Rather, it states that after 15 days of receiving the news from the bank, a notice of complaint must be made with the Magistrate 1st Class, who has jurisdiction over the issue, if a Cheque isn't paid. The term "complaint" is defined as "any claim made orally or in writing to a magistrate that someone, known or unknown, has broken the law and wants the magistrate to act" in Section 2(d) of the Code of Criminal Procedure, 1973. A. Private Complaint: Only private lawsuits may be brought, according to Section 142's clause (a).

This clause does not state that the complaint should not be forwarded to the police for an investigation in accordance with clause 156(3) of the Code of Criminal Procedure by the judge

hearing the case. The magistrate's decision to file charges based on a police report was declared invalid by the Andhra Pradesh High Court. The same High Court ruled in another case that the Magistrate lacked authority to refer the case to the police.

### **BAR OF LIMITATION:**

By making frivolous and delayed prosecutions years beyond the date the case of action began, the time limit on prosecutions is intended to deter persons from misusing the legal system. The objective of these regulations is obviously consistent with the notion of a fair trial, which is enshrined in Article 21 of the Indian Constitution. Therefore, it is crucial that every prosecution adhere to the letter of the law; otherwise, the prosecution may be dismissed on the grounds that the statute of limitations has passed. Therefore, the date the letter was sent to the drawer is crucial information for a complaint of this kind. As a result, the basis for bringing a complaint of this kind depends heavily on the sender's knowledge of the date the drawer got the notice. Because the Postal Department is responsible for returning the A/D card to the sender of the registered notice, the sender (the complainant) will never be aware of the exact time the notice was received when it is sent by registered post A/D. A/D cards are frequently not returned to the sender at all or in a timely manner. This implies that the sender must communicate with the Postal Department regarding the registered notice's delivery or service, as well as the date of such delivery or service, which may take some time. In these circumstances, the Postal Department's mistakes or delays are more likely to cause a comparable complaint to be unsuccessful than the complaint itself. According to Clause (b) of the relevant provision, the phrase "within 15 days of the receipt of the said notice" should refer to the date on which the sender discovers that the notice he sent was received, since it's crucial for fair play and natural justice that the sender knows when it was received. If someone has a deadline for obtaining a remedy, such deadline shouldn't begin before the wronged party actually became aware of the date the cause of action began to accrue.

If not, there's a chance that the legislation will be applied in an absurd manner. If the drawer failed to make payment within 15 days of the complainant learning that the drawer had received the notice, then, on a reasonable and just interpretation, the complainant would be entitled to sue the drawer. A. Statute of Limitations: According to a ruling by the Madras High Court, a complaint needs to be submitted no later than 45 days after the drawer received notice of disrespect. It is still possible to file the complaint on the following working day if the 45-day deadline expires on a

holiday.

### **Judicial Perspective on Dishonour of Cheque:**

The Supreme Court also has very strong penalties for anyone who present themselves before a bank to make a payment and are found to be at fault for a dishonored Cheque. The constitutional legitimacy of the Act, specifically Section 138, was confirmed by our judiciary. The court held in *B. Ventak Narendra Prasad vs. State of A.P.*<sup>5</sup> that the Act's proviso section 138 stipulates that in order for this section to be applied, the payee must demand payment of the stated amount, the drawer must fail to make payment within days of receiving notice, and the Cheque must be present within three months. Only when those prerequisites are met does section 138's principal enacting clause become operational.

### **Recent Developments in the Law:**

The Bombay High Court has ruled that Lok Adalats established under the Legal Services Authority Act, 1985 have the authority to hear issues involving cheque bouncing, and their decision is final in these situations.

Five ingredients of the offence under Section 138:

Only the combination of several acts can constitute the offense under Section 138 of the Act. The acts listed below are parts of the aforementioned offense:

Following are the acts, which are components of the said offence:

1. Drawing of the Cheque,
2. Presentation of the Cheque to the Bank,
3. Returning the Cheque unpaid by the drawee bank,
4. Giving notice in writing to the drawer of the cheque demanding payment of the cheque amount.
5. Failure of the drawer to make payment within 15 days of the receipt of notice.

All five of the aforementioned activities have to have taken place in the same area. Every one of those five acts might be performed in any one of those five locations. However, in order for the

---

<sup>5</sup> *B. Ventak Narendra Prasad vs. State of A.P*

offense to be completed under Section 138 of the Act, all five of the aforementioned requirements must be met.

### **Recent Amendments in the Act:<sup>6</sup>**

The amendment was enacted to guarantee that the defaulter would be prosecuted in a criminal court if there was deliberate fraud. The intention was to require sincerity in the Cheque issuance process as well as a certain amount of accountability from the Cheque drawer. Block payments and the repudiation of a Cheque for a signature inconsistency were later added to the list of restrictions. However, it was found that cases of Cheques bouncing are handled similarly to other civil concerns, nearly thirty years after the amendment making cheque dishonour a serious offense was passed. It has been observed recently that the legitimacy of criminal prosecutions involving Cheque bounces is declining. In corporate operations, the payment of invoices via Cheques is crucial.

Even with the availability of other payment methods, Cheques continue to be the most widely used form of payment. The NIA of 1881 has undergone numerous revisions to guarantee, among other things, a prompt determination in cases involving Cheque dishonour. In spite of this, the Central Government began receiving a number of lawsuits about the prevalence of Cheque failure cases from the general public, particularly the trade network. Due of the ease with which dishonest Cheque drawers can allege difficult circumstances and request a suspension of litigation, the equal can be linked to the delaying strategies they employ.

These delays call into question the legitimacy of the Cheque operations. This amended act incorporated Section 143 A and Section 148. Section 143A Section 143-A of the Act gives the court the authority to order the drawer of a Cheque to provide the aggrieved party with interim compensation. According to this Act, the compensation cannot be more than 20% of the original amount on the Cheque. The court may additionally require the drawer to give the desired compensation within the next 30 days, in addition to this 60-day term being followed by another 30 days. The court may further order the drawer to deliver the requested compensation within the following thirty days if it finds that the delay created by the drawer's refusal to provide the requested compensation was not justified.

---

<sup>6</sup> [www.kalaharijournals.com/resources/84\\_MARCH20ISSUE.pdf](http://www.kalaharijournals.com/resources/84_MARCH20ISSUE.pdf)

Under Section 421 of the CrPC, 1973, the interim damages owed under this clause may also be reclaimed as a penalty. The temporary payments paid or reclaimed will thereafter reduce the maximum penalties imposed under Section 138 of the NIA or the amount of damages awarded under Section 357 of the CrPC (Amendments to the Negotiable Instruments Act, 2018). Section 143 does not, however, apply in the past. Section 148 According to Section 148, the court may order the corporation to deposit money to start the appeals process if the person who drew the Cheque is found guilty of a crime. This sum cannot be more than twenty percent of the fine or award that the magistrate court has already granted. The court may further order the drawer to deliver the requested compensation within the following thirty days if it finds that the delay created by the drawer's refusal to provide the requested compensation was not justified.

The Hon'ble Supreme Court of India explained the retrospective application of the Act's Section 148 changes in its most recent ruling. All criminal complaints made under Section 138 of the NIA before the NI Amendment Act was passed are covered by the new Section 148 of the Act. The Supreme Court has acknowledged the significance of amending Section 148 of the NIA in order to do away with the unjust and ineffective practice of the drawer holding off on recognizing the value of the dishonour Cheque. The court observed that victims of fraud have had to spend a lot of time in court due to the delay in paying their compensation.

The court clarified that the dishonour Cheque's impact on the transaction's integrity stems from the drawer's delayed recognition of it. To resolve this issue, the Parliament decided to propose an amendment to the Act. The court further stated that all court appeals, including those involving criminal complaints that were not filed prior to the Act's enactment, shall be subject to the modifications made under Section 148 of the Act.

### **Conclusion:**

There has been dissatisfaction with the length of time that cases involving the allegation of cheque dishonour have remained unresolved, even though the act has been updated multiple times to facilitate the prompt resolution of such matters. The public's confidence in Cheques as a model for everyday payment is deteriorating as a result of the delay. In addition, the payee experiences unfair treatment since they have to spend money and time in court to get the full value of the Cheque back. In response, the aforementioned rules were passed, allowing the harmed parties to

have a little period of time until the court issues a final ruling, so averting a pointless lawsuit.

In addition, they would support the use of electronic fund transfers and offer assistance to those who have been wrongfully sued in pointless and frivolous cases. The suggested changes would also boost the economy's trade and commerce sectors and increase the dependability of Cheques. Nearly 20% of all litigation cases involve a Cheque bounce, according to the 213th Law Commission Report, and the Indian judicial system is now handling a large backlog of cases. Consequently, the recently passed laws will give the long-dormant sections of the N.I. Act 1881 new vitality. The terms of the speedy trial are still in effect, and the charge is now bailable, making cheque fraud cases more like civil disputes even if they are criminal in character and lead to a criminal conviction. According to this strategy, the recently passed regulations would be a positive step toward guaranteeing reliability.

### **SUGGESTIONS:**

1. The concepts of the Dashrath Rupsingh Rathore Case proved to be highly advantageous for both the courts and the borrowers in the resolution of their issues. But it's clear that the 2015 revisions approved by the parliament are detrimental to the welfare of the average citizen. As a result, corporations and other organizations are gathering enormous sums of money from individuals throughout India and mailing Cheques to distant locations for deposit at the appropriate location.
2. The trial must be finished within six months of the complaint's filing, per Section 143(3) of the Act. This law is completely contradictory, though, as the accused has sixty days to pay the debt back, and the court may also grant the accused a further thirty days to do so. This indicates that the study would take a very lengthy time, and its completion in six months would not be feasible.
3. In order to enforce cases of Cheque dishonour, the Reserve Bank of India may open a center. Additionally, a database will be established so that banks can record the information of their clients who owe more than five lakh rupees. No more Cheques should be written out to these customers until the whole amount has been cleared.
4. Instead of using the outdated technique of mentioning the drawer or the payment halted, the drawee bank should now include a justification for the return of an unpaid Cheque. Additionally, since the Cheque may have exceeded the terms of the agreement, banks ought to be more open about why it was not honored. This would expedite the resolution

of the complaints and assist the bank and the client in avoiding needless litigation. In order to increase transaction transparency, it is also critical that the Reserve Bank of India or a consortium of banks implement the appropriate modifications to banking procedures.

### **Bibliography:**

Negotiable Instrument Act, 2002 amendment

2013 (1) DCR 270 (Guj.)

Kanneganti Venkatasubbayya v. PR Rao Tobacco Co. AIR 1972 AP 72

Decriminalising bounced cheques will nullify their sanctity, says CAIT to Fin Min". The Economic Times. Retrieved 22 July 2020

B. Ventak Narendra Prasad vs. State of A.P

[www.kalaharijournals.com/resources/84\\_MARCH20ISSUE.pdf](http://www.kalaharijournals.com/resources/84_MARCH20ISSUE.pdf)

**Websites:** [www.wikipedia.com](http://www.wikipedia.com)

[www.kalaharijournals.com](http://www.kalaharijournals.com)

#### **Books:**

Act: Negotiable Instrument Act, 1881 R.K. Bangia

IJLRA