



Lok Sabha Passes Bill on Cheque Bounce Cases

The Lok Sabha has passed the Negotiable Instruments (Amendment) Bill. The Bill seeks to amend the Negotiable Instruments Act, 1881.

- Negotiable instrument is a **signed document** that promises a sum of payment to a specified person or the assignee.
- It is **transferable** in nature, allowing the holder to take the funds as cash or use them in a manner appropriate for the transaction or according to their preference.
- Promissory notes, bills of exchange, and cheques are categorised as the negotiable instruments.
- The Bill specifies **penalties for bouncing of cheques**, and other violations with respect to such negotiable instruments.
- The Bill is expected to **help bring down litigation and provide credibility** to cheques and banking system. The Bill **aims to reduce inordinate delays** in cheque bounce cases.
- The amendment is in line with the government's push to make India a **less cash economy**.

Key Highlights of the Bill

- It allows a court hearing a cheque bounce case to direct the drawer (the person who wrote the cheque) to pay interim compensation to the person who filed the complaint.
- The interim compensation which is to be paid within 60 days of the court's order can be up to 20% of the value of the cheque.
- The interim compensation may be paid under certain circumstances, including where the drawer pleads not guilty of the accusation.
- The Bill specifies that if a drawer convicted in a cheque bouncing case files an appeal, the appellate court may direct him to deposit a minimum of 20% of the fine or compensation awarded by the trial court during conviction.
- This amount will be in addition to any interim compensation paid by the drawer during the earlier trial proceedings.

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