

LAW ON NEGOTIABLE INSTRUMENTS IN INDIA

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CHAPTER -1

INTRODUCTION

The Act was originally drafted in 1866 by the 3rd Law Commission and introduced in December 1867 in the council and it was referred to a Select Committee. Objections were raised by the merchantile community and the Bill was to be re drafted in 1877. After the lapse of sufficient period the bill was revised by the Select Committee but the same could not reach the final stage. In 1880 by the Order of the Secretary of State, the Bill was referred to the New Law Commission. On the recommendation of the new Law Commission, the Bill was redrafted again and sent to the Select Committee which adopted most of the recommendations and additions made by the New Law Commission. The draft was thus prepared and was introduced in the council and was passed into law in 1881 being the Negotiable Instruments Act, 1881 (Act No. 26 of 1881). It came into force on 1st March, 1882. The Applicability of the act and its objects extends to the whole of India.

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OBJECTS & PURPOSE

- The main objective of the Act is to legalise the system by which instruments contemplated by it could pass from hand to hand by negotiation like any other goods.
- The main purpose and object of the Act is to inculcate in the efficacy of banking operations and credibility in transacting business on the negotiable instruments.

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CHAPTER -3

WHAT IS A NEGOTIABLE INSTRUMENT?

- The Negotiable Instruments Act, 1881 provides for three kinds of instruments viz. promissory notes, bills-of-exchange and cheques. With the advent of technology, two other modes of payments came to be recognised, that is, NEFT (National Electronic Fund Transfer) and RTGS (Real Time Gross Settlement). The law in regards to these electronic means of transfers, that is, NEFT and RTGS, has been provided for in the Payment & Settlement Systems Act, 2007. Section 25 of the Payment & Settlement Systems Act, 2007, deals with cases relating to dishonour of electronic transfers. Section 25(5) of the Payment & Settlement Systems Act, 2007 provides that, the provisions of Chapter XVII of the Negotiable Instruments Act, 1881 shall apply to cases relating to dishonour of electronic funds transfer.
- A negotiable instrument is a written document and is considered as complete and effective only when it is duly signed. Every document which entitles a person to a sum of money and which is transferable (like cash) by delivery,

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is permitted to be called a “negotiable instrument”. Thus, negotiable instrument means, a document transferable by delivery. The term “negotiable instrument”, as such, has not been defined in the Negotiable Instruments Act, 1881, for at the most, Section 13 of the Negotiable Instruments Act, 1881.

- It is presumed by law that every negotiable instrument is made or drawn for a consideration. Consequently, there is no necessity to state the same but it is not an irrefutable presumption. It must be rebutted by proof that the instrument had been obtained from its lawful owner by means of fraud, undue influence or for an unlawful consideration. The onus of proof is on the person who challenges the existence of consideration (i.e., the defendant). If the defendant is able to make out a good case by proving want of consideration then the responsibility to prove that there was consideration would shift on to the plaintiff that a negotiable instrument i.e. a promissory note, bill of exchange or cheque was payable either to order or to the bearer.

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3.1 TYPES OF NEGOTIABLE INSTRUMENT

I) Promissory Note (Section 4 of the Negotiable Instruments Act, 1881):

1. An instrument which satisfies the requirements of the definition contained in Section 4 of the Negotiable Instruments Act, 1881 must be held to be a promissory note, irrespective of, whether it is negotiable or not.

Section 4 of the Negotiable Instruments Act, 1881: “It is an instrument in writing (not being a bank-note or a currency note) containing an unconditional undertaking signed by the maker, to pay a certain sum of money only to, or to the order of, a certain person, or to the bearer of the instrument.”

2. It must be in writing, duly signed and properly stamped. It must be duly stamped under the Indian Stamp Act. A promissory note, which is not stamped, is a nullity.

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3. There must be an undertaking or promise to pay; mere acknowledgement of indebtedness is not enough;
4. It must not be conditional;
5. It must contain a promise to pay money and money only;
6. The parties to a promissory note, that is, the maker and the payee, must be certain;
7. It is payable on demand or after a certain date. It cannot be made payable to the bearer on demand or even payable to bearer after a certain period.
8. The sum payable must be certain.

II) Bill-of-Exchange (Section 5 of the Negotiable Instruments Act, 1881):

1. There are three (3) parties involved in a bill of exchange: the drawer, the drawee and the payee;
2. It must be in writing, duly signed and accepted by its drawee and properly stamped;
3. There must be an order to pay;
4. It must be un-conditional;
5. The amount and the parties must be certain.

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III) Cheque (Section 6 of the Negotiable Instruments Act, 1881):

1. There are three (3) parties involved in a cheque: the drawer, the drawee bank and the payee;
2. It must be in writing and it must be signed by the drawer;
3. The payee is always certain;
4. It is always payable on demand;
5. It must bear a date, otherwise it is invalid, and shall not be honoured by the bank;
6. The amount must be specified clearly- both in figures and in words. According to Section 18 of the Negotiable Instruments Act, 1881, if the amount undertaken or ordered to be paid is stated differently in figures and in words, the amount stated in words shall be the amount undertaken or ordered to be paid.

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3.2 Types of Cheques:

- a. **Open Cheque:** In such a cheque, it is possible to get the cash, over the counter of the bank;
- b. **Bearer Cheque:** It is somewhat similar to an open cheque; in case of a bearer cheque, any person holding or bearing the cheque, can be made payment of the amount mentioned in the cheque;
- c. **Crossed Cheque:** Generally speaking, open cheques are open to risk and it is dangerous to issue an open cheque, however, this risk can be avoided by using a crossed cheque which would only be credited into the bank account of the payee. A cheque can be crossed by drawing two parallel lines across the cheque on the left-hand side top corner of the cheque and with/without writing “Account Payee” or “Not Negotiable”;
- d. **Order Cheque:** It is a cheque which is payable to a particular person and in such a cheque the word bearer may be cut or cancelled;
- e. **Electronic Cheque:** It is a cheque which contains the exact mirror image of the cheque and it is generated in a secured system, ensuring safety standards with the use of digital signatures.

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3.3. PARTIES TO NEGOTIABLE INSTRUMENTS

Parties to Bill of Exchange:

1. **Drawer-** The maker of a bill of exchange is called the 'drawer'.
2. **Drawee-** The person directed to pay the money by the drawer is called the 'drawee'.
3. **Acceptor-** After a drawee of a bill has signed his assent upon the bill, or if there are more parts than one, upon one of such parts and delivered the same, or given notice of such signing to the holder or to some person on his behalf, he is called the 'acceptor'.
4. **Payee-** The person named in the instrument, to whom or to whose order the money is directed to be paid by the instrument is called the 'payee'. He is the real beneficiary under the instrument. Where he signs his name and makes the instrument payable to some other person, that other person does not become the payee.
5. **Endorser-** When the holder transfers or indorses the instrument to anyone else, the holder becomes the 'endorser'.
6. **Endorsee-** The person to whom the bill is indorsed is called an 'endorsee'.
7. **Holder-** A person who is legally entitled to the possession of the negotiable instrument in his own name and to receive the amount thereof, is called a

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‘holder’. He is either the original payee, or the endorsee. In case the bill is payable to the bearer, the person in possession of the negotiable instrument is called the ‘holder’.

- 8. Drawee in case of need-** When in the bill or in any endorsement, the name of any person is given, in addition to the drawee, to be resorted to in case of need, such a person is called ‘drawee in case of need’. In such a case it is obligatory on the part of the holder to present the bill to such a drawee in case the original drawee refuses to accept the bill.
- 9. Acceptor for honour-** In case the original drawee refuses to accept the bill or to furnish better security when demanded by the notary, any person who is not liable on the bill, may accept it with the consent of the holder, for the honour of any party liable on the bill. Such an acceptor is called ‘acceptor for honour’.

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Parties to a Promissory Note:

1. Maker- is the person who promises to pay the amount stated in the note and is also the debtor.
2. Payee- is the person to whom the amount is payable i.e. the creditor.
3. Holder- is the payee or the person to whom the note might have been indorsed.
4. The endorser and endorsee (as stated above).

Parties to a Cheque:

1. Drawer- is the person who draws the cheque,
2. Drawee- is the drawer's banker on whom the cheque has been drawn.
3. Payee- is the person who is entitled to receive the payment of the cheque.
4. The holder, endorser and endorsee (as stated above).

Section 8 and Section 9 of the Negotiable Instruments Act, 1881 defines Holder and Holder in Due Course respectively.

- Holder of a promissory note, bill of exchange or cheque means any person entitled - (i) in his own name, to the possession thereof i.e., he must be named in the instrument as payee or endorsee or he must be the bearer of the

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instrument and (ii) to receive or recover the amount due thereon from the parties thereto.

- Holder in due course' means any person who for consideration on became the possessor of a promissory note, bill of exchange or cheque if payable to bearer, or the payee or endorsee thereof, if payable to order, before the amount mentioned in it became payable and without having sufficient cause to believe that any defect existed in the title of the person from whom he derived his title. The holder must have obtained the instrument before its maturity in good faith and without any defect.

3.4 Negotiation Section 14

Negotiation means the transfer of an instrument for value to a person who, thereupon, become entitled to hold in and sue thereon in his own name.

3.5 Endorsement Section 15

Endorsement means signing on the face or back of negotiable instrument or on the slip of paper annexed to the negotiable instrument by the holder of negotiable instrument for the purpose of negotiating.

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NEGOTIATION/IMPORTANCE OF DELIVERY

Delivery Section 46

- The importance of delivery is an incident of the utmost importance in the case of an instrument. It is essential to the issue of an ‘instrument’; for “issue” means the delivery of the instrument, complete in form, to a person who takes it as a holder. It is equally essential to the negotiation of an instrument, for a bearer instrument, must be transferred by delivery and in the case of any other instrument, endorsement is incomplete without delivery. In fact, a negotiable instrument is nothing but a contract which is incomplete and revocable until the delivery of the instrument is made. For instance, in the case of a promissory note so long as the note, remains with the maker, the payee cannot claim payment; it is the delivery of the note to the payee that entitles him to claim payment.

Section 46 of the Act provides as follows:

- “The making, acceptance or endorsement of promissory note, bill of exchange or cheque is completed by delivery, actual or constructive”.

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- A promissory note must be handed over to the payee by the maker himself or by someone authorised by the maker. Similarly, a bill of exchange must be delivered to the transferee by the maker, acceptor or endorser, as a case may be.

Conditional and unconditional delivery

- An instrument may be delivered conditionally or only for a special purpose, and not for the purpose of transferring absolutely the property in the instrument. A bill delivered conditionally is called an 'escrow'. Although a conditional delivery is valid, the condition attaches exclusively to the delivery and not to the making or drawing of an instrument. A bill must be drawn and a note made unconditionally. When an instrument is delivered conditional or for special purpose, the property in the instrument does not pass on to the transferee until the condition is fulfilled and the transferee holds such instrument in law as trustee or agent of the transferor.

Negotiation by delivery (Section 47)

- An instrument payable to bearer is negotiable by delivery thereof. But when such instrument is delivered on condition that it is not to take effect except

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in certain event, it is not negotiable unless such event happens. The distinction between 'delivery' and 'negotiation' should be noticed. An instrument is said to be negotiated, when it is transferred from one person to another in such a manner as to constitute the transferee the holder thereof.

Negotiation by endorsement

- In order to negotiate, that is to transfer title to an instrument payable to order, it is at first to be endorsed and then delivered by the holder. The endorsement consists of the signature of the holder made on the back of the negotiable instrument with the object of transferring the instrument. If there is no space on the instrument, the endorsement may be made on a slip of paper attached to it. This attachment is known as "Allonge" and it then becomes part of the bill. According to Section 15 of the Negotiable Instruments Act, 1881 "when the maker or holder of a negotiable instrument signs the same, otherwise than as such maker, for the purpose of negotiation, on the back or face thereof or on slip of paper annexed thereto, or so signs for the same purpose a stamped paper intended to be completed as negotiable instrument, he is said to endorse the same, and is called the endorser."

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CHAPTER -5

NOTING & PROTEST

Noting: Sec.99

- It is a mode of authenticating the fact that a bill or note has been dishonoured. Where a promissory note or bill of exchange has been dishonoured by non-acceptance or non-payment, in order to create a proof of this fact, the holder may approach a Notary public and have the fact of dishonour noted either on the instrument itself or on a separate piece of paper or partly upon both.
- Noting must be made within a reasonable time after dishonour. Upon such request being received the notary inquires from the party liable to pay and if he still dishonours, the notary makes a note of the fact of dishonour noted or not.

Protest: Sec. 100

- Protest is one step further to noting. Where the holder gets the fact of dishonour noted, he may also have the dishonour and noting certified by the Notary Public. Thus, the holder will get a certificate from the Notary Public certifying the fact of dishonour. Such a certificate is called a protest. The

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advantage of noting and protesting is that this constitutes prima facie good evidence in the court, of the fact that the instrument has been dishonoured.

- The protest should be done within a reasonable me.

Protest of Foreign Bills: Sec. 104

- Foreign bills of exchange must be protested for dishonour when such protest is required by the law of the place where they are drawn. In case of inland bills, protest is optional.

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CHAPTER -6

Presumption under Section 118

- Every holder is deemed prima facie to be a holder in due course and the burden of proving his title is not on him. If it is proved otherwise, then the burden is shifted to the holder to prove that he is a holder in due course.

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CHAPTER -7

DISHONOUR OF A NEGOTIABLE INSTRUMENT

- The **Negotiable Instruments Act, 1881** ("Act") deals with negotiable instruments, such as promissory notes, bills of exchange, cheques etc. Chapter XVII containing Sections 138 to 142 was introduced with the aim of inculcating confidence in the efficacy of banking operations and giving credibility to negotiable instruments employed in business transactions. If a party issues a cheque as a mode of deferred payment and the payee of the cheque accepts the same on the faith that he will get his payment on due date, then he should not suffer on account of non-payment.
- The penal provisions contained in Sections 138 to 142 of the Act have been enacted to ensure that obligations undertaken by issuing cheques as a mode of deferred payment are honoured. Section 138 of the Act provides for circumstances under which a case for dishonour of cheques is filed.
- However, the sections 138 to 142 of the said Act were found deficient in dealing with dishonour of cheques. Thereby, the Negotiable Instruments (Amendment and Miscellaneous Provisions) Act, 2002, inter alia, amended

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sections 138, 141 and 142 and inserted new sections 143 to 147 in the said Act. These sections aimed at speedy disposal of cases relating to dishonour of cheque through their summary trial as well as making them compoundable. Punishment provided under section 138 too was enhanced from one year to two years. These legislative reforms aimed at encouraging the usage of cheque and enhancing the credibility of the instrument so that the normal business transactions and settlement of liabilities could be ensured.

- In case someone wants to go for civil proceeding, a money recovery suit has to be filed under Order 37 of Civil Procedure Code within 3 years of the date of cause of action. The drawer of the cheque will be ordered to pay the full amount of the cheque and the interest accrued from the date of suit to the date of decree. The choice is on the plaintiff. If a sufficiently large amount is involved it is advisable to file both.

The ingredients required for complying with Section 138 are as follows:

- a person must have drawn a cheque for payment of money to another for the discharge of any debt or other liability;
- that cheque has been presented to the bank within a period of three months;

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- that cheque is returned by the bank unpaid, either because insufficient of funds or that it exceeds the amount arranged to be paid from that account by an agreement made with the bank;
- the payee makes a demand for the payment of the money by giving a notice in writing to the drawer within 15 days of the receipt of information by him from the bank regarding the return of the cheque as unpaid;
- The drawer fails to make payment to the payee within 15 days of the receipt of the notice.

The Limitation for filing a complaint as envisaged in Section 142 of the Act has an outer limit of one month from the date of cause of action arose.

GROUND FOR DISHONOUR OF CHEQUES

- 1. Insufficiency of funds**– This means that the amount written in the cheque is more than the actual amount in the bank account of the drawer. While writing a cheque, the drawer has to be sure that he has sufficient funds in his account otherwise the cheque presented to the bank would get dishonoured.

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- 2. Irregular Signature-** If the signature of the drawer in the cheque does not match the specimen signature available with the bank, the cheque will get dishonoured.
- 3. Alterations-** According to RBI guidelines on Alterations/Corrections on the cheque effective from 1st December, 2010, no changes shall be allowed on the cheques except the mentioned date on the cheque. If any changes are to be made, a new cheque has to be issued. Even if the alteration is signed for verification then also the cheque will be considered invalid and will get dishonoured by the bank.
- 4. Post-dated Cheque-** It is a cheque in which a future date is mentioned for collection through an account. It has to be presented to the bank on the date mentioned on the cheque. If it is presented before that date then it will get dishonoured.
- 5. Stale Cheque-** If the cheque is presented to the bank after the expiry of its validity i.e. after three months, the cheque gets dishonoured.
- 6. Stop Payment instructions-** A 'Stop Payment' instruction is made to a bank to cancel a cheque or stop the process of payment. This order is made by the account holder and can be enacted if cheque or payment has not been processed. The cheque will get dishonoured in this case.

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7. Frozen Account- It is an account from which the account holder cannot withdraw or transfer money due to a court order but he can check his transactions and also receive deposits. Therefore a cheque presented for collection through this account will get dishonoured by the bank.

Presumption in favour of holder (Sec. 139)

- It shall be presumed, unless contrary is proved, that the holder of a cheque received the cheque for discharge, in whole or in part, of any debt or other liability.

Offences by companies (Sec. 141)

- If the person committing an offence is a company, every person who, at the time the offence was committed, was in charge of, and was responsible, to, the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of offence and shall be liable to be proceeded against and punished accordingly. Further, a director, manager, secretary, or other officer of the company shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly in case the offence has been committed with his consent or connivance, or is attributable to any neglect on his part in this regard.

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However, a person will not be liable –

- a) where such person proves that the offence was committed without his knowledge,
- b) where he had exercised all due diligence to prevent the commission of such offence. A nominee Director holding any office or employment in Government or Financial institution owned by Government shall not be liable.

The expression “**Company**” includes anybody corporate and includes a firm and association of individuals; and “director”, in relation to a firm, means a partner in the firm.

Cognizance of offences (Sec. 142)

- a) No Court shall take cognizance of any offence punishable under Sec. 138 except upon a complaint, in writing, made by the payee or, as the case may be, the holder in due course of the cheque;
- b) Such complaint is to be made within one month of the date on which the cause of action arises under Sec. 138;
- c) No Court inferior to that of a Metropolitan Magistrate or a Judicial Magistrate of the First Class shall try the offence;
- d) Offences u/s 138 are compoundable.

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CHAPTER -8

PRACTICE & PROCEDURE

Procedure followed in matters with regard to Section 138 of the Act is as follows:

- I.** A legal notice is to be issued to the drawer within 15 days of dishonor of cheque by registered post with all relevant facts. The drawer is given a time of 15 days to make the payment, if the payment is made then the matter is served and the issue is settled. On the other hand if the payment is not made then the complainant is to file a criminal case process under Section 138 of the Act, against the drawer within 30 days from the date of expiry of 15 days of the receipt of the notice/cause of action arose, with the concerned magistrate court within the jurisdiction. (LIMITATION - Saketh India Ltd. v. Indian Securities Ltd. reported in (1999) 3 SCC 1)
- II.** The complainant or his authorized agent should appear in the witness box and provide relevant details for filing the case. If the court is satisfied and finds substance in the complainant, then summons will be issued to the accused to appear before the Court.

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- III. If after being served with the summons the accused abstains himself from appearing then the court may issue a bailable warrant. Even after this if the drawer does not appear a non-bailable warrant may be issued.
- IV. On appearance of the drawer/accused, he may furnish a bail bond to ensure his appearance during trial. After which the plea of accused is recorded. In case he pleads guilty, the court will post the matter for punishment. If the accused, denies the charges then he will be served with the copy of complaint.
- V. The Complainant may present his evidence by way of affidavit and produce all documents including the original in support of his complaint. The complainant will be cross examined by the accused or his counsel.
- VI. The accused will be given an opportunity to lead his evidence. The accused will also be afforded an opportunity to submit his documents in support of his case, as well as witnesses in his support. Accused and his witnesses will be cross examined by the complainant.
- VII. Once all the evidence and cross examination of both parties are done the matter is kept for Recording of Statement under section 313 of the Cr. PC.
- VIII. The last stage of the proceeding is that of the arguments after which the court will pass a judgment. If the accused is acquitted then the matter ends,

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but the complainant can go on further appeal in the High Court, similarly if the accused is convicted he can file an appeal in the Sessions Court.

IX. The Complainant if aggrieved by the High Court can approach the Hon'ble Supreme Court of India. Similarly the Accused if aggrieved by the Sessions Court order can file before the Hon'ble High Court and thereafter the Hon'ble Apex Court.

It must be noted that the offence under Section 138 of the Act, has been made compoundable.

- Though the provisions contained in Sec. 143 of the Act provides that cases under section 138 are to be tried summarily, they should be tried as regular Summons Cases. If it appears to the Magistrate that the nature of such case is such that sentence of imprisonment for a term exceeding one year may have to be passed, or that it is for any other reasons undesirable to try the case summarily, Magistrate shall after hearing the parties record and order to that effect and try the case as a regular Summons Case.

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CHAPTER -9

COMPENSATION & INTERIM COMPENSATION

- The Negotiable Instruments Act, 1881 (“Act“) has been amended time and again to ensure and enhance the trust in negotiable instruments. In furtherance to this, an amendment to the Act has been passed by introducing the Negotiable Instruments (Amendment) Bill, 2017 which was given the Presidential assent on the 2nd of August 2018, making the Negotiable Instruments (Amendment) Act, 2018 (“Amendment Act“) come into existence. In furtherance to the assent, the Amendment Act has become effective from the 1st of September 2018, after being notified in the official gazette.
- The Amendment Act contains two significant changes – the introduction of Section 143A and Section 148. These sections provide interim compensation during the pendency of the criminal complaint and the criminal appeal.

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9.1 Section 143A of the Amendment Act

- In accordance with section 143A of the Amendment Act, any court while trying an offence for dishonour of a cheque can now direct the drawer, who is the issuer of the cheque, to pay interim compensation to the complainant. This amendment has been made in line with Section 138 of the Act which refers to the bouncing of cheque due to insufficiency of funds in the account or the amount as mentioned in the cheque exceeding the amount arranged to be paid from the bank account.
- Under this section of the Amendment Act, the court now has the authority to direct such interim compensation in circumstances of a summary trial or a summons case wherein the drawer pleads to be not guilty and upon the framing of any other charge. The amount of compensation payable cannot exceed 20% of the amount as stated in the cheque. This amount has to be paid within a stipulated time period of 60 days from the date of the order passed by the court, or further within the extended period of 30 days, as may be directed by the court on showing sufficient cause for the delay caused.
- On acquittal of the drawer, the court will consequentially direct the complainant to pay the drawer the prescribed amount along with the interest.

The interest will be levied at the rate which was prevalent at the beginning

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of the financial year. As per the section such recovery of the payment has to be made within a time period of 60 days in furtherance to a delay of 30 days.

It has to be further noted that the final compensation if awarded to the complainant on the disposal of the case, will be after the deduction of the interim compensation.

9.2 Section 148 of the Amendment Act

- The protection that has been provided in Section 143A of the Amendment Act extends during the period of appeal as well. Section 148 of the Amendment Act provides that in the event of the conviction of the drawer of the cheque, if the drawer proceeds to file an appeal, the appellate court has the power to order the drawer of a cheque to deposit an amount. This deposited amount has to be a minimum of 20% of the fine or compensation awarded by the Magistrate Court in the appeal preferred against his/her conviction. This amount can be ordered anytime during the pendency of the appeal. The procedure relating to payment of the above stated fine and refund of the same if the appeal succeeds, is similar to what has been laid down in Section 143A of the Amendment Act.

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CHAPTER -10

IMPORTANT CASE LAWS : CITATIONS

1) **JURISDICTION & INGRIDIENTS FOR CONSTITUTING THE OFFENCE U/S. 138 OF NIACT.**

- i) **K. Bhaskaran v. Sankaran Vaidhyan Balan, (1999) SCC 510**
- ii) **Harman Electronics (P) Ltd. v. National Panasonic India (P) Ltd., (2009) 1 SCC 720: This case over-ruled the case of K. Bhaskaran v. Sankaran Vaidhyan Balan, (1999) 7 SCC 510 as mentioned herein above.**
- iii) **Dashrath Roopsingh Rathod Vs. State of Maharashtra & Anr. (2014) 9 SCC 129**
- iv) The Parliament amended Section 142 to decisively lay down the territorial jurisdiction of courts deciding cases under section 138 N.I. Act vide The Negotiable Instruments (Amendment) Act, 2015 (26 of 2015).

2. WHO CAN FILE COMPLAINT

Associated Cement Company Ltd. vs. Keshavanand (1998) 91 company cases 3619 SC.

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3. STATUTORY NOTICE & DEEMED SERVICE

- i) **C.C. Alavi Haji vs Palapetty Muhammed, (2007) 7 SCR 326**
- ii) ***N. Parameswaran Unni vs G. Kannan, (2017) 5 SCC 737 (Deemed Service)***

4. SECOND OR SUCCESSIVE PRESENTATION OF CHEQUE

- i) **Sadanandan Bhadrans vs. Madhavan Sunil Kumar, (1998) 6 SCC 514:**
Overruled by MSR Leathers v. S. Palaniappan & Anr. (2013) 1 SCC 177,
- ii) **MSR Leathers vs. S. Palaniappan & Anr. (2013) 1 SCC 177**

5. CONDONATION OF DELAY IN FILING COMPLAINT

Birendra Prasad Sah vs State of Bihar 2019 7 SCC 273

6. POST DATED CHEQUES

Goa Plast (P) Ltd. vs. Chico Ursula D'Souza, (2003) 3 SCC 232
(Presumption with holder)

a) In Case of a blank cheque

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- *Bir Singh vs Mukesh Kumar*, (2019) 4 SCC 197.

b) Signature does not match

- *Laxmi Dyechem vs. State of Gujarat*, (2012) 13 SCC 375.

c) Account closed by the drawer

- *NEPC Micon Ltd. vs. Magma Leasing Ltd*, (1999) 4 SCC 253
- Stop payment” instructions by the drawer
- *MMTC Ltd. vs Medchl Chemicals & Pharma Pvt. Ltd.* (2002) 1 SCC 234

7. CONTENTS OF DEMAND NOTICE AND REGARDING INTEREST.

Suman Sethi vs. Ajay K. Churiwal AIR 2000 SC 828:

HAND WRITTEN NOTICE

Pawan Kumar Ralli vs. Maninder Singh Narula, AIR 2014 SC 3512

NO SPECIFIC FORMAT FOR NOTICE

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Central Bank of India & Anr. vs. Saxons Farms & Ors. (1999) 8 SCC 221,

8. SUMMARY TRIAL – SC DIRECTIONS

Indian Bank Association vs. Union of India, (2014) 5 SCC 590

9. CONDITIONS PRECEDEDENT FOR CONSTITUTING OFFENCE

US. 138

MSR Leathers vs S. Palaniappan (2013) 1SCC 177

10. EXPLAINED WHAT IS LEGALLY ENFORCEABLE DEBT OR LIABILITY

Nanda vs Nandkishor, 2010 SCC OnLine Bom 54.

11. PUNISHMENT & COMPOUNDING OF OFFENCE (147)

I) *Meters and Instruments (P) Ltd. vs. Kanchan Mehta, (2018) 1 SCC 560.*

II) *Damodar S. Prabhu vs. Sayed Babalal H., 2010 (5) SCC 663*

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III) *Rameshbhai Sombhai Patel vs. Dineshbhai Achalanand Rathi, 2004*
SCC OnLine Guj 469. (NO FORMAL PERMISSION REQUIRED
FOR COMPOUNDING OFFENCE)

12. PRESUMPTION (139 & 118)

- *Basalingappa vs. Mudibassapa, 2019 SCC OnLine SC 491.*
- *Laxmi Dyechem vs. State of Gujarat, (2012) 13 SCC 375*

13. REBUTTING PRESUMPTION

- *Rangappa vs. Sri. Mohan (2010) 11 SCC 441*

14. VICARIOUS LIABILITY (141)

- *Anil Hada vs. Indian Acrylic Ltd. (2000) 1 SCC 1.*
- *SMS Pharmaceuticals Ltd. vs. Neeta Bhalla, (2005) 8 SCC 89*
- *National Small Industries Corpn. Ltd. vs Harmeet Singh Paintal, (2010) 3*
SCC 330 (necessary averments)

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15. COMPANY NECESSARY TO BE MADE A PARTY

- *Aneeta Hada vs Godfather Travels & Tours (P) Ltd.*, (2012) 5 SCC 661.

16. OFFENCE BY A PARTNERSHIP FIRM & VICARIOUS LIABILITY OF PARTNERS

- *Katta Sujatha vs. Fertilizers & Chemicals Travancore Ltd.*, (2002) 7 SCC 655.

17. QUASHING U/S. 482 OF C.r. P.C / NECESSARY

- **AVERMENTS IN COMPLAINT**

- I. *Gunmala Sales (P) Ltd. vs. Anu Mehta*, (2015) 1 SCC 103

18. ONLINE & SPEEDY DISPOSAL - GUIDELINES

- *Meters and Instruments (P) Ltd. vs. Kanchan Mehta*, (2018) 1 SCC 560.

19. INTERIM COMPENSATION (143-A) & 148

- *G.J. Raja vs Telraj Surana* (2019) SCC OnLine SC 989

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20.MENS REA

- **Geekay Exim (India) Ltd. v. State of Gujarat (1998) 94 Comp Cas 516**

21.MEDIATION

- **Dayawati v. Yogesh Kumar Gosain (Delhi High Court)**

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