

# Bill Summary

## The Negotiable Instruments (Amendment) Bill, 2015

- The Negotiable Instruments (Amendment) Bill, 2015 was introduced in the Lok Sabha, on July 27, 2015 by the Minister of Finance, Mr. Arun Jaitley. The Bill seeks to amend the Negotiable Instruments Act, 1881. The Act defines promissory notes, cheques and specifies penalties for bouncing of cheques, and other violations.
- The Bill replaces the Negotiable Instruments (Amendment) Ordinance, 2015 which was promulgated on June 15, 2015.
- The Bill seeks to modify the definition of a cheque in electronic form, and clarify the appropriate area of jurisdiction of courts, where cases of cheque bouncing can be filed.
- In the case of a cheque being dishonoured:
  - If the cheque is delivered for collection to the account of the payee (person who receives the cheque), the jurisdiction lies in the area of the bank branch where the payee maintains an account, or
  - If the payee presents a cheque to a bank in any other way, the jurisdiction lies in the area of the bank branch where the drawer (person who writes the cheque) maintains an account.
- If the payee has filed a complaint against the drawer in a court with the appropriate jurisdiction, all subsequent complaints against that person regarding cheque bouncing will be filed in the same court. This will be irrespective of whether the cheque was delivered for collection or presented at a bank within the territorial jurisdiction of that court.
- If more than one case is filed by the same payee against the same drawer before different courts, the case will be transferred to the court with the appropriate jurisdiction before which the first case was filed.
- All cases regarding cheque bouncing which are pending in any court, before this Bill comes into force, will be transferred to a court with appropriate jurisdiction.
- The Bill also amends the definition of 'cheque in the electronic form'. Under the Act, this was defined as a cheque containing the exact mirror image of a paper cheque and generated in a secure system using a digital signature. The definition has been amended to mean a cheque drawn in electronic medium using any computer resource, which is signed in a secure system with a digital signature and asymmetric crypto system (pair of a public key and private key to create a digital signature), or electronic system.
- The definitions of 'computer resource', 'digital signature', 'electronic system' and 'asymmetric crypto system' are amended to be the same as those assigned to them in the Information Technology Act, 2000.

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