

THE NEGOTIABLE INSTRUMENTS (AMENDMENT) BILL, 2015

The Union Cabinet introduced the Negotiable Instruments (Amendment) Bill, 2015 ('**Amendment Bill**') in the Lok Sabha on May 6, 2015 which was passed on May 13, 2015. The Amendment Bill now awaits passage in the Rajya Sabha. The Amendment Bill primarily seeks to redress difficulties expressed by various financial institutions and industry associations arising out of the recent legal interpretation of the place of jurisdiction for filing cases under Section 138 to be the place of drawers' bank by the Supreme Court in a recent judgment¹.

Some of the key changes proposed in the Amendment Bill are:

- **Jurisdiction of cheque bouncing cases** - The Amendment Bill seeks to amend the Negotiable Instruments Act, 1881 ('**Act**') to state that cases of bouncing of cheques can be filed only in a court within whose jurisdiction the bank branch of the payee (the person who receives the cheque) lies and 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. It has been specified that if more than one case is filed against the same person before different courts, the case will be transferred to the court with the appropriate jurisdiction.
- **Definition of 'Cheque in electronic form'** - The Amendment Bill has changed the definition of 'cheque in the electronic form'. Previously, under the Act it 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 in electronic medium using any computer resource and which is signed in a secure system with a digital signature, or electronic system.

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¹ Dashrath Rupsingh Rathod Vs State of Maharastra and Another (2014) 9 SCC 129