

# Ordinance Summary

## The Negotiable Instruments (Amendment) Ordinance, 2015

- The Negotiable Instruments (Amendment) Ordinance, 2015 was promulgated on June 15, 2015. The Negotiable Instruments (Amendment) Bill, 2015 was passed by Lok Sabha on May 13, 2015 and is currently pending in Rajya Sabha.
- The Ordinance amends the Negotiable Instruments Act, 1881. The Act defines promissory notes, bills of exchange, cheques and specifies penalties for bouncing of cheques and other violations. Key features of the Ordinance include:
  - The Ordinance amends the Act to regulate the jurisdiction of courts for cases of cheque bouncing, such that in a case of cheque bouncing:
    - If the cheque is delivered for collection to the account of the payee, 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.
  - All cases regarding cheque bouncing which were pending in any court, before this Ordinance came in force, will be transferred to a court with appropriate jurisdiction.
- If the payee has filed a complaint against the drawer of a bounced cheque 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 branch 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.
- The Bills 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 and 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 the same as those assigned to them in the Information Technology Act, 2000.

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