

Bill Summary

The Negotiable Instruments (Amendment) Bill, 2017

- The Negotiable Instruments (Amendment) Bill, 2017 was introduced in Lok Sabha on January 2, 2018. It seeks to amend the Negotiable Instruments Act, 1881. The Act defines promissory notes, bills of exchange, and cheques. It also specifies penalties for bouncing of cheques, and other violations with respect to such negotiable instruments.
- **Interim compensation:** The Bill inserts a provision allowing a court trying an offence related to cheque bouncing, to direct the drawer (person who writes the cheque) to pay interim compensation to the complainant. This interim compensation may be paid under certain circumstances, including where the drawer pleads not guilty of the accusation. The interim compensation will not exceed 20% of the cheque amount, and will have to be paid by the drawer within 60 days of the trial court's order to pay such a compensation.
- **Deposit in case of appeal:** The Bill inserts a provision specifying 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.
- **Returning the interim compensation:** In case the drawer is acquitted (during trial or by the appellate court), the court will direct the complainant to return the interim compensation (or deposit in case of an appeal case), along with an interest. This amount will be repaid within 60 days of the court's order.

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