

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:776
ANSWERED ON:25.07.2003
DISHONOUR OF CHEQUES
A.P. JITHENDER REDDY;JAYABEN B. THAKKAR

Will the Minister of FINANCE be pleased to state:

- (a) whether the existing law is not sufficient to tackle the cases relating to dishonour of cheques;
- (b) if so, the details of flaws in the existing law;
- (c) whether RBI is reviewing the norms pertaining to dishonour of cheques from stock exchanges including proposal to amend the Information Technology Act, 2000 relating to electronic clearance of cheques; and
- (d) if so, the time by which it is likely to be done?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANDRAO V. ADSUL)

- (a) After recent amendments in the Negotiable Instruments Act, 1881, the existing law is sufficient to tackle cases relating to dishonour of cheques.
- (b) Does not arise.
- (c) Pursuant to the recommendations contained in paragraph 5.214 of the Report of the Joint Parliamentary Committee on Stock Market Scam for the issuance of specific guidelines by Reserve Bank to all banks regarding the procedure to be followed by them in respect of dishonour of cheques from stock exchanges, the Reserve Bank has issued a circular No.113 dated 26th June, 2003 after reviewing the extant instructions relating to return of all dishonoured cheques. The circular contains guidelines to the banks with regard to the procedure to be followed by them in the event of dishonour of cheques, which includes prompt action to be taken by them. However, there is no proposal under consideration of the Government for amending the Information Technology Act 2000 relating to electronic clearance of cheques.
- (d) Does not arise.