

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2250
ANSWERED ON:14.03.2008
BOUNCING OF CHEQUES
Chowdhury Shri Adhir Ranjan

Will the Minister of FINANCE be pleased to state:

- (a) whether the cheque bounce incidents have been increasing during each of the last three years;
- (b) if so, the details thereof;
- (c) the steps taken/being taken by the Government to prevent such incidents in the future;
- (d) whether the apex court has ruled that 10 per cent of bounced cheques amount should be paid to the courts as court fee; and
- (e) if so, whether the Government proposes to make any regulation in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) & (b): The database maintained by Reserve Bank of India (RBI), does not generate information as called for.
 - (c) to (e): The Negotiable Instruments Act was amended in December, 2002 with an objective of making the provision relating to the bouncing of cheques more stringent. These amendments, inter-alia, provide for increase in imprisonment term from one year to two years, for summary trial of the cheque bouncing cases, for making the offences compoundable, etc.
- Further RBI on June 26, 2003 issued guidelines to the banks which inter-alia, prescribe that banks should consider taking strong action against account holder such as non-issuance of cheque books, closure of current account in the event of dishonor of a cheque valuing rupees one crore and above on four occasions during the financial year. Further, if a cheque is dishonored for a third time in a particular account of the drawer during the financial year, banks are required to issue a cautionary advice to the concerned constituent in this regard.