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The object of bringing [Section 138](#) on statute appears to be to inculcate faith in the efficacy of [banking](#) operations and credibility in transacting business on negotiable instruments. Despite civil remedy, Section 138 intended to prevent dishonesty on the part of the drawer of negotiable instrument to draw a cheque without sufficient funds in his account maintained by him in a book and induce the payee or holder in due course to act upon it. Section 138 draws presumption that one commits the offence if he issues the cheque dishonestly. It is seen that once the cheque has been drawn and issued to the payee and the payee has presented the cheque and thereafter, if any instructions are issued to the bank for non-payment and the cheque is returned to the payee with such an endorsement, it amounts to dishonour of cheque and it comes within the meaning of Section 138

Electronics Trade & Technology Development Corporation Ltd., Secunderabad v/s Indian Technologists & Engineers (Electronics) (P) Ltd. and Another (1996) 2 SCC 739

Tags: [NIA S. 138](#), [NIA S. 138 - Object & Purpose](#)