

The Negotiable Instruments Act was amended by the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment) Act 1988 wherein new Chapter XVII was incorporated for penalties in case of dishonour of cheques due to insufficiency of funds in the account of the drawer of the cheque. These provisions were incorporated in order to encourage the culture of use of cheques and enhancing the credibility of the instrument. The insertion is aimed at early disposal of cases relating to dishonour of cheques , enhancing punishment for offenders, introducing electronic image of a truncated cheque and a cheque in the electronic form as well as exempting an official nominees of director from prosecution under the Act.

Indra Kumar Patodia V/S Reliance Industries Limited (2012) 6 SCC 463