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CHECKLIST · RECOVERY OF DEBTS

Cheque bounce (Section 138) checklist

Key deadlines and documents when a cheque given to you is dishonoured, under Section 138 of the Negotiable Instruments Act, 1881.

3 months
Validity of the cheque from the date written on it

30 days
To send the legal notice after receiving the return memo

15 days
Drawer's time to pay after receiving the notice

1 month
To file the complaint once the 15 days pass without payment

01 Documents to keep safe

- [ ] The **original dishonoured cheque**
- [ ] The bank's **return memo** stating the reason
- [ ] Your bank statement showing the cheque presented and returned
- [ ] Proof of the **debt or liability** — invoices, agreement, loan papers, ledger or acknowledgement

02 Drawer's details

- [ ] Full name of the drawer (and of the firm or company, if any)
- [ ] All known **addresses** for sending the notice
- [ ] For a company: names of directors in charge of its affairs

03 The legal notice

- [ ] Cheque number, date, amount and bank
- [ ] Date of return and the **reason** on the memo
- [ ] Clear **demand to pay** the cheque amount within 15 days
- [ ] Sent by registered post / speed post / courier — keep **receipts and tracking**
- [ ] Proof of delivery, or the returned envelope
- [ ] Any reply received from the drawer

Where to file: generally, the court with jurisdiction over the branch of your bank where the cheque was presented for collection.

Consequences for the drawer: imprisonment of up to two years, a fine of up to twice the cheque amount, or both. The court may also order interim compensation of up to 20% of the cheque amount.

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