

CHEQUE BOUNCE WHERE TO SUE?

**SUPREME COURT CLERIFICATION
ABOUT S.142(2)(A) NI ACT:**

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Supreme Court of India (SC) has clarified regarding where to sue (“where to file”) when a cheque bounces under Section 142(2)(a) of the Negotiable Instruments Act, 1881 — i.e. the “bounce / cheque-dishonour” scenario under Section 138 of the Negotiable Instruments Act, 1881.

What SC clarified: Where to file cheque-bounce case

- The Court held that for an “account payee” cheque (i.e. cheque deposited for collection through a bank account), the complaint must be filed *only at the court which has jurisdiction over the branch of the bank where the payee maintains their bank account*.
 - It does *not* matter where the cheque was physically deposited or presented. Even if the cheque was deposited at a different branch (for convenience) — the law treats it as “deemed delivered” to the payee’s “home branch” (i.e. branch where payee’s account actually is) for the purposes of territorial jurisdiction.
 - The Court reiterated that this is the effect of the 2015-amendment to Section 142 (sub-section 2(a)). The amendment was introduced to prevent forum-shopping and put beyond doubt that territorial jurisdiction depends on the *payee’s home branch*, not the place of presentation.
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Key Statutory Rule — Section 142(2)(a)

After the 2015 amendment, the relevant provision reads broadly as: if a cheque is delivered for collection through an account, “the offence under Section 138 shall be inquired into and tried only by a court within whose local jurisdiction the branch of the bank where the payee or holder ... maintains the account is situated.”

Hence, even if you deposit the cheque somewhere else, the “home branch” matters.

Implications / What this means in practice

- If you — as payee/holder — receive a bounced cheque and you maintain your bank account in, say, Gurugram (or any branch), then you must file the complaint in the court having jurisdiction over that bank-branch’s area.
 - You cannot file the complaint simply where you deposit the cheque (if that is a different branch), just because you dropped it there. That branch’s court will not have proper territorial jurisdiction under Section 142(2)(a).
 - This removes ambiguity and stops “forum-shopping” (i.e. pick whichever court gives you convenience), ensuring a fixed, objective jurisdiction rule.
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Recent Case: What triggered the Clarification

- Recently (judgement dated 28 Nov 2025), SC bench of Justices J. B. Pardiwala and R. Mahadevan delivered this ruling, reaffirming that cheque-bounce complaints under Section 138 must be filed at the payee's home-branch court, regardless of where cheque was deposited.
- In the related earlier case, though the cheque was deposited in Mumbai branch, payee's operative account was in Mangalore; SC held Mangalore court had jurisdiction and directed the case be heard there.

What you should check/apply (if you want to sue)

When preparing to file a cheque-bounce complaint:

- Identify the bank branch where **your** (payee's) account is maintained — that is your “home branch”.
- Ensure you file the complaint in a court whose territorial jurisdiction covers that branch.
- Don't file in a court just based on where cheque was deposited/presented; that would likely be dismissed for lack of jurisdiction.
- Act in accordance with other procedural requirements under Section 142 & Section 138 (notice period, etc.).

Checklist for “*Where to file a cheque-bounce case (S.138 NI Act) after Supreme Court's clarification on Section 142(2)(a)*”.

Cheque Bounce – Where to Sue?

Supreme Court Clarification on Section 142(2)(a) NI Act

1. File the Case ONLY at the Payee's Home-Branch Court

Home-branch = the bank branch where YOU (the payee/complainant) maintain your account.

- Even if you deposit the cheque at another branch for convenience —
you must file the case only at the court having jurisdiction over the branch where your bank account actually exists.

2. Territorial Jurisdiction Rule

Under Section 142(2)(a):

If the cheque is presented through an account, the complaint shall be filed **only in the court within whose jurisdiction the payee's bank branch is located.**

This rule is **mandatory**, not optional.

3. What Does NOT Matter Anymore

- It does **not** matter where the cheque was physically deposited.
- It does **not** matter where the drawer (accused) has an account.
- It does **not** matter where the dishonour memo was issued.
- It does **not** matter where the payee lives or works *if different from bank-branch area*.

Only the payee's home-branch decides jurisdiction.

4. Court Examples

Example 1

Your bank account: Axis Bank, Rajouri Garden Branch (Delhi)

You deposit cheque at: Connaught Place Branch

→ Case must be filed at the court having jurisdiction over Rajouri Garden, not CP.

Example 2

Your home branch: HDFC Bank, Gurugram Sector 14

Cheque dishonoured in: Delhi

Drawer lives in: Noida

→ You must file in Gurugram court (Sector 14 jurisdiction) because that's where your account is maintained.

5. Documents Required (Checklist)

- Cheque copy
 - Original bank return memo (dishonour memo)
 - Legal demand notice
 - Proof of sending notice (speed-post receipt + tracking)
 - Complaint under Section 138 read with Section 142 NI Act
 - Affidavit of evidence
 - Cognizance application
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6. Time Limits you must follow

- **Cheque validity:** 3 months
 - **Notice period:** Within 30 days of dishonour
 - **Waiting period:** 15 days after notice
 - **Filing complaint:** Within 30 days after expiry of 15-day notice period
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7. Basic Steps to File Case

- Send legal notice within 30 days
- Wait 15 days
- If no payment → prepare Section 138 complaint
- File it at **your home-branch court**
- Court will issue summons to accused

8. Supreme Court's Purpose Behind This Rule

1. Avoid “forum shopping”
2. Uniform rule across India
3. Fix a single, clear jurisdiction
4. Prevent harassment of accused by filing cases in distant places

