

**13 Oct, 2022**

**ARTICLE No. 05**

**WIDENING OF SCOPE ON DISHONOUR OF CHEQUES**

As per recent order of court “funds involving dishonour of cheques on account of "stop payment", "account closed" and "Signature Mismatch" also fall under the offence under the provision of [Section 138 NI Act.](https://latestlaws.com/bare-acts/central-acts-rules/ni-act-section-138-dishonour-of-cheque-for-insufficiency-etc-of-funds-in-the-accounts/)

The Court, held that when a cheque is returned by the banker of a drawer with the comments “account closed” or “stop payment” also account as the same would an offence under Section 138 of NI Act.

Cases of dishonour of cheques on account of insufficiency of funds or on account of exceeding of arrangement and cases involving dishonour of cheques on account of “stop payment” and “account closed” have also been brought within the ambit of offence under the aforesaid provision", the Court observed.

So the scope has become very wide and it would be difficult to issue a cheque and get it bounced for above reasons and avoid legal proceedings.