



PUBLIC NOTICE

REG : DISHONOUR OF ELECTRONIC FUNDS TRANSFER FOR INSUFFICIENCY OF FUNDS IN THE BANK ACCOUNT

All are aware that dishonor of a cheque on account of insufficiency of funds or that it exceeds the amount arranged to be paid from that account by an agreement made with that bank, or the payment of the cheque is stopped by the Drawer is a punishable offence under Section 138 of the Negotiable Instruments Act.

Section 25 of the Payment and Settlement Systems Act, 2007 accords the same rights and remedies to the payee (beneficiary) against dishonour of electronic funds transfer instructions for insufficiency of funds in the account of the payer (remitter), as are available to the payee under section 138 of the Negotiable Instruments Act, 1881.

The sub-section (5) of the section 25 of the Payment and Settlement Systems Act, 2007 provides for punishment of two years and twice the amount of electronic funds transfer instruction, or both for dishonour of such electronic funds transfer on par with the penalties stipulated for dishonour of cheques under the Negotiable Instruments Act, 1881.

As such, all customers and public in general are requested to use Electronic Fund Transfer system as they will not be in any disadvantageous position vis-à-vis the users of cheque payment system in so far as the dishonor of payment instructions are concerned.