

Paying banker

The paying banker is the bank whose name is printed on a given cheque. This bank pays the specified amount by the cheque to the collecting banker and withdraws that amount from the customer's account. This is done if the customer has sufficient funds within their account in order to enable the transaction.

It is also the Duty of the paying banker to examine the cheque and ensure that it has been properly signed, the endorsements are correct and that the cheque is generally in order.

In the case of bills, it is part of the paying banker's duty from instruction by the customer to pay them.

Otherwise the banker is not legally required to do so.

The paying banker is considered a party to a given cheque is merely left the banker to take care of and has no part in it.

Dishonour of cheque

Acc to Section 130 of the Act it is a criminal offence and is punishable by imprisonment up to two years or with monetary penalty or with both.

The notice should mention that the cheque amount has to be paid to the payee within 15 days from the date of receipt of the notice by the drawer.

If the cheque issuer fails to make a fresh payment within 30 days of receiving the notice the payee has the right to file a criminal complaint under section 130 of the Negotiable Instruments Act.