

EXTENSION OF LIMITATION PERIOD UNDER SECTION 29A OF THE ARBITRATION AND CONCILIATION ACT AND SECTION 138 OF THE NEGOTIABLE INSTRUMENTS ACT – SUPREME COURT’S ORDER

The Hon’ble Supreme Court on 06th May, 2020 extended the period of limitation for cheque bounce cases and arbitration proceedings with effect from March 15 till further orders. It is further directed that the suspension of the limitation period under all general and special laws, with effect from March 15, 2020, due to litigants facing difficulties in approaching the courts amidst the Covid-19 pandemic and lockdown.

The “**limitation period**” is the maximum time set by a statute beyond which the alleged violator faces legal action

If the limitation period has expired after March 15, then the period from March 15 - till the date on which the lockdown is lifted in the jurisdictional area where the dispute lies or where the cause of action arises shall be extended for a **period of 15 days after the lifting of lockdown.**

The Bench passed the below order invoking its special powers under Article 142 of the Constitution of India. Further, it held that the same shall be binding on all Courts/Tribunals as per Article 141. The below order passed by the Hon’ble Supreme Court “**To prevent from difficulties and to ensure that lawyers/litigants do not have to come physically to file such proceedings in respective Courts/Tribunals across the country including Supreme Court, it is hereby ordered that a period of limitation in all such proceedings, irrespective of the limitation prescribed under the general law or Special Laws whether condonable or not shall stand extended w.e.f. 15th March 2020 till further order/s to be passed by this Court in present proceedings.**”

What is Section 138 of the Negotiable Instruments Act, 1881?

- ◆ Section 138 of the Negotiable Instruments Act, 1881 provides for filing of case in case of dishonour of cheques;
- ◆ A legal notice can be issued to the drawer within 15 days of dishonour of cheque by registered post. The drawer is given a time of 15 days to make the payment, if the payment is not made then the complainant is to file a criminal case under the Section 138 of the Act, against the drawer within 30 days after expiry of 15 days’ specified in the notice, with the concerned magistrate court within the jurisdiction.

Section 29A of the Arbitration and Conciliation Act, 1996

- ◆ Section 29A of the Arbitration and Conciliation Act, requires that all arbitrations must be completed within **1 year of the arbitral tribunal being constituted**. This period is extendable by the parties’ agreement by up to **6 months i.e. a total of 18 months**. In the event that such an award has not been rendered within 18 months, the parties may approach the appropriate court which may grant an extension if it is

satisfied that the delay is on account of a sufficient cause, failing which the mandate of the arbitrators is terminated.

Please feel free to reach out to us!!!

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Thanks and Regards
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