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SUPREME COURT

Supreme Court Clarifies Liability Under NI Act

Distinction Between Company Directors' Roles Matters

Sheikh Rayees • February 10, 2025

PUBLISHED REPORT

The Supreme Court has ruled that when it comes to cheque dishonour cases under Section 141 of the Negotiable Instruments Act, simply being a company director is not enough to establish liability. The Court underscored that a distinction exists between a director “in charge of” a company and one “responsible to” the company for its business conduct—both conditions must be met for prosecution. The case in question involved a director...

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