Chapter XII - Of Compensation

Chapter in 2 minutes

- Calculate principal, expenses, exchange and interest under the statutory compensation rules and document mitigation.
- Primary control: loss calculation gate.
- Separate principal, expenses, exchange and interest and evidence mitigation.
- Apply the exact current section text, amendment history and transaction evidence together.
- Do not confuse a negotiable instrument remedy with automatic proof of the underlying transaction.

Execution gates

- Legally enforceable transaction
- Instrument classification and stamp
- Authority/mandate and custody
- Presentation, return and notice clocks
- Evidence, forum and entity liability
- Settlement, accounting and retention

Provision/control map

Provision	Subject	Control
Section 117	Rules as to compensation.	Separate principal, rate, dates, expenses, exchange, payments and mitigation; avoid duplication.

Evidence file

Instrument/image; mandate; contract/invoice/delivery; ledger/bank/tax; presentment/return; notice/service; calculations; settlement/orders; source log.

Default response

Freeze timeline; verify debt and authority; preserve originals; validate bank memo; calculate statutory/civil clocks; decide cure, notice, settlement and filing.

Source review 2026-07-18. Official Act/Gazette, binding judgments and current RBI directions prevail. Educational information.