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From Ledger to Cloud: Replacing the Bankers' Books Evidence Act, 1891

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CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

From Ledger to Cloud: Replacing the Bankers' Books Evidence Act, 1891

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> *The Lok Sabha passed the Bankers' Books Evidence Bill, 2026 on August 5, 2026. Moved by Finance Minister Nirmala Sitharaman, it would repeal and replace the Bankers' Books Evidence Act, 1891. Rajya Sabha approval was still pending as of this edition, so the 1891 Act remained in force. The Bill had been introduced in the Lok Sabha on August 4, 2026, and was passed without substantive discussion, amid Opposition sloganeering.*

WHAT THE 1891 ACT DID, AND WHY IT EXISTED

The original statute solved a specific and practical problem. Under ordinary rules of evidence, proving the contents of a document requires producing the **original**. For a bank, that would have meant carrying its bound ledgers into court and leaving them there for the duration of a trial, during which the bank could not use them to conduct business.

The 1891 Act created an exception. A **certified copy** of an entry in a banker's book became admissible as **prima facie evidence** of that entry, without production of the original, provided the prescribed certification accompanied it. The bank was thereby relieved of producing its books, and the litigant obtained usable evidence.

That architecture, sound for 1891, was written around **bound physical volumes**. Successive amendments extended it to printouts and to data stored on floppy disc, tape and other electro-magnetic media, but the underlying conception remained a book from which an entry is copied.

WHAT THE 2026 BILL CHANGES

ELEMENT	DETAIL
Repeals and replaces	**Bankers' Books Evidence Act, 1891**
Expanded definition of "bankers' books"	Records kept in **physical, electronic, digital, virtual and cloud-based** form
Effect, once in force	Electronic and digital records of a banker's book would be **admissible, valid and legally enforceable as evidence**, subject to prescribed conditions
Status as at this edition	Passed by the **Lok Sabha only**; **Rajya Sabha approval still pending**, so the 1891 Act remains in force
Moved by	**Nirmala Sitharaman**, Finance Minister
Introduced	Lok Sabha, **4 August 2026**
Passed	**Lok Sabha**, 5 August 2026, without substantive discussion. Rajya Sabha passage still pending

The inclusion of **cloud-based** records is the substantive addition. Indian banking data is now routinely held on third-party infrastructure, sometimes across multiple physical locations, sometimes managed by a vendor rather than by the bank. A statute conceived around a bank's own ledger did not obviously cover a record held by a technology provider on the bank's behalf.

WHERE THIS SITS IN THE LAW OF EVIDENCE

This is the placement that makes the item examinable, and it should be learnt as a pair.

INSTRUMENT	FUNCTION
Bharatiya Sakshya Adhiniyam, 2023	The general law of evidence, replacing the Indian Evidence Act, 1872. **Sections 61 to 63** govern electronic records: Section 61 provides that electronic records shall not be denied admissibility merely because they are electronic; Section 63 sets the conditions and the certificate requirement for admitting electronic records
Bankers' Books Evidence Bill, 2026	The **special law** for bank records specifically, providing the certified-copy route that avoids production of originals

A general law and a special law operating on the same subject is a familiar structure, and the special law governs where it applies.

THE COLONIAL-REPEAL PROGRAMME

The Bill belongs to a wider legislative effort to replace statutes of the colonial period. The most prominent instance is the trio that took effect in 2024:

NEW STATUTE	REPLACED
Bharatiya Nyaya Sanhita, 2023	Indian Penal Code, 1860
Bharatiya Nagarik Suraksha Sanhita, 2023	Code of Criminal Procedure, 1973
Bharatiya Sakshya Adhiniyam, 2023	Indian Evidence Act, 1872

The distinction worth drawing is that the 2023 trio involved substantial recasting of substantive and procedural law, while the present Bill is a narrower **technological updating** of a single evidentiary mechanism. Both are described as decolonisation of the statute book; they are not the same kind of exercise, and a careful answer says so.

THE QUESTION IT LEAVES OPEN

Admissibility is not the same as reliability, and extending admissibility to cloud-hosted records raises a **chain-of-custody** problem that the older architecture did not face.

A bound ledger has physical integrity: an alteration leaves a mark, the volume is in the bank's possession, and a single institution is answerable for it. A record held on third-party cloud infrastructure may be replicated across jurisdictions, accessed by vendor personnel, and modified without an obvious physical trace. The safeguards therefore have to be **logical rather than physical**: audit trails, hash verification, access logging and tamper-evidence.

Two consequences follow for policy.

For prosecution. Easier certification of bank records speeds up financial-fraud investigation and trial, which matters in a jurisdiction where economic-offence cases routinely take years and where documentary proof is the substance of the case.

For the account holder. The 1891 certification requirement was also a **safeguard**, protecting a customer against a fabricated statement being tendered in court. Any relaxation of the conditions for admitting a record shifts a small amount of protective weight away from the individual and toward the institution producing the record. Whether the prescribed conditions preserve that safeguard adequately will depend on the rules framed under the Act, which are not yet before the public.

There is also a **data-localisation** connection. The RBI's 2018 directive requires payment-system data to be stored in India. Recognising cloud-based records as evidence while payment data is subject to localisation requirements creates a question about records held on infrastructure partly outside India, and about which jurisdiction's process governs their production.

A NOTE ON THE MANNER OF PASSAGE

The Bill was passed **without substantive discussion**, amid Opposition sloganeering, in a session in which several economic measures moved the same way. That pattern is itself a GS2 point about the deliberative function of the legislature, and it applies with particular force to a Bill whose operative safeguards will be located in delegated rules rather than in the statute.

A companion measure, the **Taxation and Other Laws (Amendment) Bill, 2026**, was also introduced on August 4. It amends the Income-tax Act, 2025, the Finance Act, 2026 and the Payment and Settlement Systems Act, 2007, replaces the Income-tax (Amendment) Ordinance, 2026, and covers data centres, offshore fund managers and REIT and InvIT investors.

UPSC RELEVANCE

GS Paper 2: Government policies and interventions; parliamentary functioning and the conduct of business; statutes and the repeal of colonial-era law.

GS Paper 3: Banking; money laundering and economic offences; cybersecurity and data governance.

Prelims pointers:

- The Bill would repeal and replace the **Bankers' Books Evidence Act, 1891**; moved by **Nirmala Sitharaman**; introduced in the Lok Sabha **4 August 2026** and passed by that House on **5 August 2026**, with Rajya Sabha approval still pending.
- The expanded definition of "bankers' books" covers **physical, electronic, digital, virtual and cloud-based** records.
- The general law on electronic records is the **Bharatiya Sakshya Adhiniyam, 2023**, **Sections 61 to 63**; Section 63 carries the certificate requirement.
- The 2023 criminal-law trio: **Bharatiya Nyaya Sanhita** (for the IPC, 1860), **Bharatiya Nagarik Suraksha Sanhita** (for the CrPC, 1973), **Bharatiya Sakshya Adhiniyam** (for the Indian Evidence Act, 1872).
- The 1891 Act's core device was making a **certified copy** of an entry admissible as **prima facie evidence** without production of the original.
- Companion measure: the **Taxation and Other Laws (Amendment) Bill, 2026**, introduced 4 August 2026, replacing the Income-tax (Amendment) Ordinance, 2026.

UPSC RELEVANCE

Bankers’ Books Evidence Bill, 2026. Repeals and replaces the Act of 1891. Introduced in the Lok Sabha 4 August 2026, passed 5 August 2026 without substantive discussion. Moved by Finance Minister Nirmala Sitharaman.

expands “bankers’ books” to cover physical, electronic, digital, virtual and cloud-based records, and makes electronic and digital records of a banker’s book admissible and legally enforceable as evidence subject to prescribed conditions.

ordinary evidence rules require production of the original document. The Act made a certified copy of an entry admissible as prima facie evidence, so a bank need not surrender its ledgers to a court for the length of a trial.

Bharatiya Sakshya Adhiniyam, 2023, Sections 61 to 63, governs electronic records; Section 63 carries the certificate requirement. The Bill is the special law for bank records.

chain of custody. Physical ledgers carry physical integrity; cloud records require logical safeguards, audit trails, hashing, access logs, and those will sit in rules rather than in the statute.

Taxation and Other Laws (Amendment) Bill, 2026, introduced 4 August 2026, replacing the Income-tax (Amendment) Ordinance, 2026.

Sources: PRS Legislative Research, Ministry of Finance, Reserve Bank of India

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