<u>IN THE COURT OF MR. HARGURVARINDER SINGH JAGGI, ADDL. SESSIONS JUDGE (FTC– 01), SOUTH DISTRICT, SAKET COURTS, NEW DELHI</u>

CA No.: 603/2025	
CNR No.: DLST01-018727-2025	
Police Station: Ambedkar Nagar	
u/Section: 138 NI Act, 1881	

<u>IN THE MATTER OF</u>:

CHANDER PAL SINGH **… Appellant**

Through – Mr. Amit Kumar and Mr. Karamveer Tanwar, Advocates for the Appellant.

v.

MEENAKSHI CHAUHAN **… Respondent**

Through – Mr. Gaurav Sharma, Advocate for the Respondent.

Date of filing of appeal:	**22.03.2025**
Date of allocation of appeal to this Court:	**17.11.2025**
Date of reserving judgment:	**02.07.2026**
Date of pronouncement of judgment:	**29.07.2026**

J U D G M E N T
29.07.2026

1. Chander Pal Singh (appellant) has preferred an appeal under the proviso to Section 413 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (BNSS) and Section 372 of the Code of Criminal Procedure, 1973 (CrPC, 1973) arising out of judgment dated 28.01.2025 (impugned judgment) pronounced by the Court of Ld. Judicial Magistrate First Class (NI Act) – 08, South District, Saket Court Complex, New Delhi (Trial Court) in a complaint titled as ***Chander Pal Singh v. Meenakshi Chauhan – CC NI Act No. 9023/2023*** (complaint case).

2. At the outset, it is observed that the present appeal was initially instituted as a criminal leave petition titled as ***Chander Pal Singh v. Meenakshi Chauhan – CRL.L.P. No. 205/2025***, before the Hon'ble High Court of Delhi. Leave to appeal was granted by the Hon'ble High Court on 28.03.2025, and the appeal was registered as CRL.A. 430/2025.

3. During the pendency of the appeal, the Hon'ble High Court *vide* order dated 18.09.2025, relying upon the decision of the Supreme Court in ***Celestium Financial vs A. Gnanasekaran,***[1] observed that the complainant is considered a "victim" and has a statutory right to challenge a judgment of acquittal before the Sessions Court under the proviso to Section 372 CrPC (now Section 413 BNSS).

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[1] 2025 SCC OnLine Sc 1320

4. Consequently, the Hon'ble High Court transmitted the entire case record to the Ld. Principal District and Sessions Judge, South District, Saket Courts Complex, New Delhi. It is in the light of the above directions that the captioned appeal was allocated to this Court *vide* order dated 17.11.2025.

5. The appellant herein was the complainant, whereas the respondent herein was the accused before the Trial Court. For the sake of clarity, convenience and avoidance of confusion, the parties before this Court are interchangeably referred to by their rank and status before the Trial Court.

FACTUAL MATRIX

6. The facts of the case as urged by the complainant, Chander Pal Singh, before the Trial Court were that the accused, who is a distant relative and also a tenant of the complainant, approached him in the month of December 2020 for financial assistance.

7. The complainant, having recently sold his house (Property No. 13/267, Dakshinpuri Extension), possessed sufficient funds and agreed to provide a friendly loan of ₹2,50,000/- (Rupees Two Lakhs Fifty Thousand Only) in cash to the accused on 15.12.2020 for her personal needs and to meet her father's litigation expenses.

8. After regular pursuance, the accused, in discharge of her liability, issued Cheque No. 606380 dated 14.09.2023 for an amount of ₹2,50,000/- drawn on State Bank of India, Ambedkar Nagar, Dakshinpuri, New Delhi in favour of the complainant.

9. Upon presentation of the said cheque for encashment, it was dishonoured and returned unpaid by the drawee bank with the remarks "Other Reasons" *vide* return memo dated 16.09.2023. A statutory legal demand notice dated 11.10.2023 under Section 138 of the Negotiable Instruments Act, 1881 (NI Act) was sent to the accused through Speed Post. Despite the service of the legal notice on 12.10.2023, the respondent failed to make the payment within the statutory period, prompting the filing of the complaint on 03.11.2023.

TRIAL COURT'S HOLDING

10. The Trial Court by impugned judgment dated 28.01.2025 acquitted Meenakshi Chauhan for the alleged commission of offence under Section 138 of the NI Act. The broad brush findings of the Trial Court as traced from its holding are as below:

10.1. The Trial Court held that the accused successfully rebutted the mandatory presumptions of law by discrediting the testimony of the complainant regarding his financial capacity to advance the loan of ₹2,50,000/-.

10.2. The Trial Court observed that the complainant failed to place any loan agreement or receipt on record, and heavily relied on the fact that a pending civil suit for eviction (*Gajraj Singh Vs. Sheela*) between the parties did not mention this outstanding debt.

10.3. The Trial Court accepted the defence argument that there were "loopholes in the version of complainant" since the cheque was purportedly presented after around three years of advancement of the loan, leading to the conclusion that the complainant failed to prove the debt beyond reasonable doubt.

GROUNDS OF APPEAL

11. On being aggrieved by the impugned judgment passed by the Trial Court, Chander Pal Singh assailed the same on the following grounds:

11.1. The Trial Court completely ignored the statutory presumptions under Section 118 and Section 139 of the NI Act operating in favour of the complainant.

11.2. The Trial Court proceeded to decide the case by illegally shifting the onus onto the complainant to prove his case beyond reasonable doubt, rather than requiring the accused to establish a probable defence.

11.3. The Accused took contradictory stands, varying her defence from the stage of the notice under Section 251 CrPC to her statement under Section 313 CrPC, and failed to lead any defence evidence.

11.4. The Trial Court was unnecessarily distracted by the facts of a civil suit for eviction pending between the parties, failing to appreciate that there was no legal necessity or cause of action to mention a personal loan amount in an eviction petition.

SUBMISSION BY COUNSEL FOR PARTIES

12. Mr. Amit Kumar, learned counsel for the appellant, opened his arguments by challenging the impugned judgment passed by the Trial Court as being perverse, contrary to facts, and based on an erroneous application of the law regarding the burden of proof. Written submissions were also placed on record on behalf of the appellant.

13. The learned counsel for the appellant submitted that the accused in her statement under Section 313 CrPC explicitly admitted to the issuance of the cheque and her signature upon it, thereby automatically activating the legal presumptions under Sections 118 and 139 of the NI Act.

14. Relying extensively on the written submissions, the learned counsel for the appellant argued that the defence of the accused was glaringly inconsistent. At the time of framing of notice under Section 251 CrPC, she claimed the cheque was not in her handwriting and did not bear her signature. However, during her statement under Section 313 CrPC, she improved her defence and admitted that she had kept the blank signed cheque with her mother, which was allegedly misused by one Mr. Gajraj Singh. The counsel emphasized that the accused neither had led defence evidence to prove this fabricated story, nor did she file any police complaint regarding the alleged misuse of her cheque.

15. To fortify his submissions, the learned counsel for the appellant relied upon the recent pronouncement of the Hon'ble Supreme Court in ***Ashok Singh v. State of Uttar Pradesh & Anr., 2025 INSC 427***,

arguing that since the accused failed to reply to the statutory legal demand notice, a rebuttable adverse inference arises that she had no sustainable or valid defence to justify the dishonour of the cheque. Reliance was also placed on ***Sanjabij Tari v. Kishore S. Borcar & Anr., 2025 INSC 1158***, emphasizing the restricted scope of overturning statutory presumptions on mere bald assertions.

16. On the other hand, Mr. Gaurav Sharma, learned counsel for the respondent, supported the impugned judgment. The learned counsel submitted that the Trial Court pronounced a well-reasoned judgment and rightly dismissed the complaint by finding that the complainant lacked the financial capacity to advance the loan, especially during the COVID-19 pandemic in December 2020.

17. The respondent in the Trial Court had relied upon the judgments in ***Anil Aggarwal v. State & Anr.***, ***Devender Kumar v. Khem Chand***, and ***Sanjay Verma v. Gopal Halwai*** to argue that the complainant must prove his financial capacity and the existence of a legally enforceable debt. The learned counsel submitted that since the complainant did not produce any written receipt or agreement, the Trial Court correctly acquitted the accused on the preponderance of probabilities.

LEGAL PROVISION AND LEGAL PRINCIPLES

18. The present appeal emanates from a complaint filed by Chander Pal Singh against Meenakshi Chauhan under Section 138 of the NI Act, wherein the Trial Court did not find Meenakshi Chauhan guilty and acquitted her from the alleged offence punishable under Section

138 of the NI Act. Thus, it is imperative to set out the legal standard by referring to the appropriate legal provisions and legal principles.

19. In ***Rohitbhai Jivanlal Patel v. State of Gujarat & Anr. (2019 INSC 393)***, the Apex Court observed that ordinarily, an appellate court will not upset a judgment of acquittal if the trial court's view is plausible. The court may only interfere if the judgment is found to be perverse—not supported by evidence or wholly unsustainable in law.

20. The relevant extract of paragraph 11 of the ***RJ Patel's case*** is reproduced *verbatim* as below:

> *"11. According to the learned counsel for the accused-appellant, the impugned judgment is contrary to the principles laid down by this Court in the case of Arulvelu (supra) because the High Court has set aside the judgment of the Trial Court without pointing out any perversity therein. The said case of Arulvelu (supra) related to offences under Sections 304-B and 498-A IPC. Therein, on the scope of the powers of Appellate Court in an appeal against acquittal, this Court observed as follows:*
>
> *"36. Carefully scrutiny of all these judgments lead to the definite conclusion that the appellate court should be very slow in setting aside a judgment of acquittal particularly in a case where two views are possible. The trial court judgment cannot be set aside because the appellate court's view is more probable. The appellate court would not be justified in setting aside the trial court judgment unless it arrives at a clear finding on marshalling the entire evidence on record that the judgment of the trial court is either perverse or wholly unsustainable in law."*
>
> *11.1 The principles aforesaid are not of much debate. In other words, ordinarily, the Appellate Court will not be upsetting the judgment of acquittal, if the view taken by Trial Court is one of the possible views of matter and unless the Appellate Court arrives at a clear finding that*

> *the judgment of the Trial Court is perverse, i.e., not supported by evidence on record or contrary to what is regarded as normal or reasonable; or is wholly unsustainable in law. Such general restrictions are essentially to remind the Appellate Court that an accused is presumed to be innocent unless proved guilty beyond reasonable doubt and a judgment of acquittal further strengthens such presumption in favour of the accused. However, such restrictions need to be visualised in the context of the particular matter before the Appellate Court and the nature of inquiry therein. The same rule with same rigour cannot be applied in a matter relating to the offence under Section 138 of the NI Act, particularly where a presumption is drawn that the holder has received the cheque for the discharge, wholly or in part, of any debt or liability. Of course, the accused is entitled to bring on record the relevant material to rebut such presumption and to show that preponderance of probabilities are in favour of his defence but while examining if the accused has brought about a probable defence so as to rebut the presumption, the Appellate Court is certainly entitled to examine the evidence on record in order to find if preponderance indeed leans in favour of the accused."*

21. In summary, while appellate courts should be cautious in overturning acquittals, they are empowered to do so where the Trial Court's decision is perverse, unsustainable, or contrary to law, especially in cases involving statutory presumptions like those under the Negotiable Instruments Act, 1881.

22. The Parliament amended the NI Act by insertion of Chapter XVII, *Of Penalties in case of Dishonour of Certain Cheques for Insufficient of Funds in the Accounts* by the Act 66 of 1988 w.e.f. 01.04.1989. Section 138 of the NI Act reads as below:

> *"**138. Dishonour of cheque for insufficiency, etc., of funds in the account.**—Where any cheque drawn by a person on an account maintained by him with a banker for payment of any amount of money to another person from*

out of that account for the discharge, in whole or in part, of any debt or other liability, is returned by the bank unpaid, either because of the amount of money standing to the credit of that account is insufficient to honour the cheque or that it exceeds the amount arranged to be paid from that account by an agreement made with that bank, such person shall be deemed to have committed an offence and shall, without prejudice to any other provision of this Act, be punished with imprisonment for [a term which may be extended to two years'], or with fine which may extend to twice the amount of the cheque, or with both:

Provided that nothing contained in this section shall apply unless—

(a) the cheque has been presented to the bank within a period of six months from the date on which it is drawn or within the period of its validity, whichever is earlier;

(b) the payee or the holder in due course of the cheque, as the case may be, makes a demand for the payment of the said amount of money by giving a notice; in writing, to the drawer of the cheque, [within thirty days]of the receipt of information by him from the bank regarding the return of the cheque as unpaid; and

(c) the drawer of such cheque fails to make the payment of the said amount of money to the payee or, as the case may be, to the holder in due course of the cheque, within fifteen days of the receipt of the said notice.

Explanation.—For the purposes of this section, "debt of other liability" means a legally enforceable debt or other liability."

23. The NI Act enlists three essential conditions, which ought to be fulfilled before Section 138 can be invoked. *Firstly*, the cheque ought to have been presented within the period of its validity. *Secondly*, a demand for payment ought to have been made by the presenter of the cheque to the issuer, and *lastly*, the drawer ought to have failed to pay the amount within a period of 15 days of the receipt of the demand.

24. These principles and pre-requisites stand well established through judgment of the Apex Court in ***Sadanandan Bhadran v. Madhavan Sunil Kumar*** – ***(1998) 6 SCC 514***. There is an explicit limitation of 30 days, beginning from the period when the cause of action arose, prescribed by Section 142(b) of the NI Act, to initiate the proceedings under Section 138 of the NI Act.

25. His Lordship Dr. Dhananjay Y. Chandrachud, J., (As His Lordship then was) in ***Gimpex Private Limited vs. Manoj Goel – 2021 INSC 637***, culled out the ingredients forming the basis of the offence under Section 138 of the NI Act in the following structure:

(i) The drawing of a cheque by person on the account maintained by him with the banker for the payment of any amount of money to another from that account;

(ii) The cheque being drawn for the discharge in whole or in part of any debt or other liability;

(iii) Presentation of the cheque to the bank arranged to be paid from that account;

(iv) The return of the cheque by the drawee bank as unpaid either because the amount of money standing to the credit of that account is insufficient to honour the cheque or that it exceeds the amount;

(v) A notice by the payee or the holder in due course making a demand for the payment of the amount to the drawer of the cheque within 30 days of the receipt of information from the bank in regard to the return of the cheque, and

(vi) The drawer of the cheque failed to make payment of the amount of money to the payee or the holder in due course within 15 days of the receipt of the notice.

26. The Superior Courts have expounded that the issuance of cheque towards a liability, the presentation of the cheque within the prescribed period, its return on account of dishonour, notice to the accused, and failure to pay within 15 days thereof, stand as *sine qua non* for an offence under Section 138 of the NI Act.

27. At this stage, a reference to Section 118 of the NI Act is also relevant as it lays down special rules for evidence to be adduced with the scheme of the NI Act. Section 118 is reproduced *verbatim* as below:

> *"**118. Presumptions as to negotiable instruments.**—Until the contrary is proved, the following presumptions shall be made: —*
>
> *(a) **of consideration:**—that every negotiable instrument was made or drawn for consideration, and that every such instrument, when it has been accepted, indorsed, negotiated or transferred, was accepted, indorsed, negotiated or transferred for consideration;*
>
> *(b) **as to date:**—that every negotiable instrument bearing a date was made or drawn on such date;*
>
> *(c) **as to time of acceptance:**—that every accepted bill of exchange was accepted within a reasonable time after its date and before its maturity;*

> *(d)* ***as to time of transfer:****—that every transfer of a negotiable instrument was made before its maturity;*
>
> *(e)* ***as to order of indorsements:****—that the indorsements appearing upon a negotiable instrument were made in the order in which they appear then on;*
>
> *(f)* ***as to stamp:****— that a lost promissory note, bill of exchange or cheque was duly stamped;*
>
> *(g)* ***that holder is a holder in due course:****—that the holder of a negotiable instrument is a holder in due course: provided that, where the instrument has been obtained from its lawful owner, or from any person in lawful custody thereof, by means of an offence or fraud, or has been obtained from the maker or acceptor thereof by means of an offence or fraud, or for unlawful consideration, the burden of proving that the holder is a holder in due course lies upon him."*

28. The above-quoted legal provision of Section 118 showcases, it raises a rebuttable presumption as against the drawer to the extent that the concerned negotiable instrument was drawn and subsequently accepted, indorsed, negotiated, or transferred for an existing consideration, and the date so designated on such an instrument is the date when the concerned negotiable instrument was drawn. It is also further presumed that the same was transferred before its maturity and that the order in which multiple indorsements appear on such an instrument, that is the deemed order thereon. Lastly, the holder of a negotiable instrument is one in its due course, subject to a situation where the concerned instrument while being obtained from a lawful owner and from his or her lawful custody thereof through undertaking of an offence as contemplated under any statute or through the means of fraud, the burden to prove him or her being a holder in due course,

instead, lies upon such a holder – *See* ***Sri Dattatraya v. Sharanappa – 2024 INSC 586***.

29. Another relevant provision of the NI Act is Section 139, which reads as below:

> *“**139. Presumption in favour of holder.**—It shall be presumed, unless the contrary is proved, that the holder of a cheque received the cheque of the nature referred to in section 138 for the discharge, in whole or in part, of any debt or other liability.”*

30. Section 139 of the NI Act, mandates the presumption, which involves an obligation on the Court conducting the trial for an offence under Section 138 of the NI Act, to presume that the cheque in question was issued by the drawer or accused for the discharge of a particular liability. The use of expression “shall presume” sets out the right of the accused to present evidence for the purpose of rebutting the said presumption. The presumption under Section 139, NI Act is a rebuttable one – *See* ***Rangappa v. Sri Mohan – 2010 INSC 500 (Rangappa’s case).*** The effect of the presumption under Section 139 NI Act is that on filing of the complaint along with supporting documents, thereby *prima facie* establishing the case against the drawer (accused), the onus of proof shifts on the drawer or accused to adduce cogent material and evidence for rebutting the said presumption based on preponderance of probabilities – *See* ***Laxmi Dyechem v. State of Gujarat and Others – 2012 INSC 546.***

31. At this juncture, it is relevant to expound upon the landmark judgment of the Apex Court in the ***Rangappa’s case.*** The three Judges

Bench of Hon’ble Supreme Court examined the liability under Sections 138 and 139 of the NI Act, in a cheque-dishonour case involving stop-payment instructions on a post-dated cheque. The Court clarified that Section 138 applies even when payment is countermanded and that Section 139 raises a rebuttable presumption of a legally enforceable debt once the drawer’s signature is admitted. The Apex Court emphasized that the accused must raise a probable defence on the preponderance of probabilities to rebut the statutory presumption, not an unduly high standard of proof. Applying these principles, the Court upheld the High Court’s conviction because the accused failed to present a credible, timely defence and did not contest the existence of the debt convincingly.

32. Hon’ble Supreme Court in the case of ***Basalingappa v. Mudibasappa – 2019 INSC 500 (Basalingappa’s case)***, while dealing with a criminal appeal concerning a hand loan of ₹6,00,000/- culled out legal principles after reviewing the evidentiary presumptions under Sections 118(a) and 139 of the Act, assessing whether the accused rebutted the presumption that the cheque discharged a debt and whether the complainant proved lending capacity. The Apex Court held that the defence evidence raised a probable doubt about the complainant’s financial capacity and contradictions in his testimony.

33. The legal principles culled out in ***Basalingappa’s case*** are reproduced for ready reference as below:

> *“23. We having noticed the ratio laid down by this Court in above cases on Sections 118(a) and 139, we now*

summarise the principles enumerated by this Court in following manner:-

(i) Once the execution of cheque is admitted Section 139 of the Act mandates a presumption that the cheque was for the discharge of any debt or other liability.

(ii) The presumption under Section 139 is a rebuttable presumption and the onus is on the accused to raise the probable defence. The standard of proof for rebutting the presumption is that of preponderance of probabilities.

(iii) To rebut the presumption, it is open for the accused to rely on evidence led by him or accused can also rely on the materials submitted by the complainant in order to raise a probable defence. Inference of preponderance of probabilities can be drawn not only from the materials brought on record by the parties but also by reference to the circumstances upon which they rely.

(iv) That it is not necessary for the accused to come in the witness box in support of his defence, Section 139 imposed an evidentiary burden and not a persuasive burden.

(v) It is not necessary for the accused to come in the witness box to support his defence."

34. A neat question arose before the Hon'ble Supreme Court in the case of ***Rajesh Jain v. Ajay Singh – 2023 INSC 888*** (***Rajesh Jain's case***) that since the execution of the cheque is admittedly, not under dispute, whether the accused can be said to have discharged his evidential burden, for the Courts below to have concluded that the presumption of law supplied by Section 139, NI Act had been rebutted.

35. His Lordship Aravind Kumar, J., in ***Rajesh Jain's case*** analysed the proper application of the statutory presumption under Section 139,

NI Act, how it shifts the evidential burden onto the accused once the cheque's execution is established. The Apex Court found errors in Trial Court and High Court's reasoning and held that the accused failed to rebut the presumption on preponderance of probabilities and allowed the appeal, convicted the accused and sentenced him to a fine and alternative imprisonment.

36. In ***Rajesh Jain's case***, the Supreme Court clarified and reinforced several key legal principles regarding prosecutions under Section 138 of the NI Act, particularly concerning the operation of statutory presumptions and the burden of proof:

36.1. ***Presumption Under Section 139 and Shifting Burden***:

36.1.1. *Once execution/signature on the cheque is admitted*: the presumption under Section 139 NI Act is automatically activated. This presumption is that the cheque was issued in discharge of a debt or liability.

36.1.2. *The evidential burden then shifts to the accused:* The accused must rebut the presumption, either by leading defence evidence or by establishing, on a preponderance of probabilities, that no debt or liability existed at the time of cheque issuance.

36.1.3. *Nature and Standard of Rebuttal*: The accused can rebut the presumption by – leading direct evidence to prove non-existence of debt, liability or relying on circumstances and probabilities arising from the case record, including the complainant's own evidence. The standard of proof for the accused is not "beyond reasonable doubt" but the lesser standard of "preponderance of probabilities"—like a civil case.

36.1.4. *Role of the Court in Evaluating Evidence*: Once the presumption is activated, the Court's focus must shift to the accused's case and whether the accused has discharged the evidential burden. If the accused fails to discharge this burden, the presumption stands, and the complainant is not required to do anything further. If the accused does discharge the burden, the complainant must independently prove the existence of debt/liability, without the aid of the presumption. The proper approach is to first determine if the accused has rebutted the presumption; only then, if rebutted, does the onus shift back to the complainant.

36.1.5. *Consistency and Credibility in Defence*: The Court emphasized that the defence set up by the accused must be credible and consistent. Contradictory or implausible defences, unsupported by evidence or reasonable explanation, will not suffice to rebut the presumption.

36.2. ***General Principles on Presumptions and Burden of Proof***: The Court reiterated the distinction between legal burden (remains on complainant) and evidential burden (can shift during trial). Section 139 is a "shall presume" provision, meaning the court is compelled to raise the presumption once basic facts are established.

37. On the issue of a signed blank cheque, the Supreme Court in ***Bir Singh v. Mukesh Kumar – (2019) 4 SCC 197*** explicitly held that if a signature on a blank cheque is admitted to have been inscribed voluntarily, it is sufficient to trigger the statutory presumption under Section 139 of the NI Act.

38. Regarding the financial capacity of the complainant, the Supreme Court in ***Tedhi Singh v. Narayan Dass Mahant – 2022 INSC 272*** elucidated that the complainant is not required to prove his financial capacity at the threshold. It is only when the accused successfully establishes a probable defence challenging the financial capacity of the complainant that the burden shifts back to the complainant.

39. Further, in ***Ashok Singh v. State of Uttar Pradesh & Anr. – 2025 INSC 427***, the Supreme Court held that the failure of an accused to reply to the statutory demand notice permits the Court to draw an adverse inference that the accused possessed no valid defence to justify the dishonour.

40. Finally, on the scope of appellate interference against an acquittal, the Apex Court in ***Rohitbhai Jivanlal Patel v. State of Gujarat & Anr. – 2019 INSC 393*** emphasized that while an appellate

court should be slow in setting aside an acquittal, it is entirely justified and duty-bound to do so if it arrives at a clear finding that the judgment of the trial court is perverse, wholly unsustainable in law, or fails to apply the statutory presumptions correctly.

41. His Lordship Amit Mahajan, J., of Hon'ble High Court of Delhi in a latest judgment in the case of ***Manoj Kumar Panchal v. Mahender Kumar Panchal – 2025 DHC 4537*** dismissed a leave-to-appeal against an acquittal under Section 138 of the NI Act, concerning a disputed cheque for ₹1,68,000 and conflicting claims about an alleged loan between relatives engaged in an aluminium fabrication business. The Trial Court acquitted the respondent after finding the complaint lacked material particulars and the complainant's statements inconsistent.

42. On appeal, the High Court analysed statutory presumptions under Sections 118 and 139, examined handwriting and FSL evidence, and applied Supreme Court precedent on rebutting presumptions – *See **Rajesh Jain's case***. Finding no perversity in the Trial Court's evaluation and that the respondent successfully raised a probable defence, the High Court dismissed the petition.

ANALYSIS

43. Now coming to the case at hand with the above-said legal standards as anchor point, to ascertain whether the impugned judgment is marred by perversity and ought to be interfered with. Chander Pal Singh is aggrieved by the impugned judgment passed by

the Trial Court, whereby the Trial Court acquitted Meenakshi Chauhan based on its findings.

44. For the purpose of a structured framework for analysing, logical reasoning and enabling the parties to understand this decision, the Court deems fit to note the points for determination in the present appeal, which are as below:

44.1. Whether the Trial Court erred in law or on facts in holding that the accused, Meenakshi Chauhan successfully rebutted the statutory presumptions under Section 118 and 139 of the NI Act without leading any defence evidence?

44.2. Whether the impugned judgment suffers from perversity, manifest illegality, or gross miscarriage of justice warranting interference by the Appellate Court.

45. An Appellate Court may interfere with an acquittal only when the view taken by the Trial Court is perverse, manifestly illegal, or such that no reasonable person could have arrived at it on the evidence on record. Where two views are possible, the one favouring the accused is ordinarily to be adopted.

46. The findings of the Trial Court in the impugned judgment and the notice dated 03.02.2024 under Section 251, CrPC reveal it to be a glaring example of a Trial Court fundamentally misapplying the burden of proof under the NI Act.

47. The most critical flaw in the accused's case, which the Trial Court completely glossed over, is the glaring inconsistency in her defence. The record demonstrates that at the time of the framing of notice under Section 251 CrPC, the accused brazenly denied her signature and handwriting on the cheque. Yet, during her statement recorded under Section 313 CrPC, she admitted that she had signed the blank cheque and kept it with her mother, and concocted a story that it was misused by one Mr. Gajraj Singh.

48. As established by the Apex Court in ***Bir Singh v. Mukesh Kumar – (2019) 4 SCC 197***, the moment the signature on the cheque is admitted, even if it is a blank cheque, the statutory presumption under Section 139 of the NI Act stands activated in favour of the complainant.

49. Once the presumption is activated, the burden shifts to the accused to rebut it on the standard of preponderance of probabilities. To discharge this burden, the accused merely offered a bald, uncorroborated statement under Section 313 CrPC about the cheque being misused. She did not step into the witness box, nor did she lead any independent defence evidence, nor did she place on record any police complaint regarding the alleged theft or misuse of her signed cheque. A bare denial in a Section 313 CrPC statement cannot equate to discharging the evidential burden under the NI Act.

50. Moreover, the accused completely failed to reply to the statutory legal demand notice issued by the complainant. Guided by the binding precedent of the Supreme Court in ***Ashok Singh v. State***

of Uttar Pradesh & Anr. (2025 INSC 427), squarely relied upon by the appellant in his written submissions, this Court is bound to draw a strong adverse inference against the accused. The failure to respond to the legal notice indicates that the defence of "misuse" was a mere afterthought.

51. The Trial Court also misdirected itself by shifting the initial burden of proving financial capacity onto the complainant. The appellant had clearly testified that he had arranged the funds from his savings and the sale of his property bearing No. 13/267, Dakshinpuri Extension, New Delhi, and even produced the Sale and Purchase document (Mark CW-1/A).

52. Applying the *ratio* of ***Tedhi Singh v. Narayan Dass Mahant 2022 INSC 272***, the complainant is not required to prove his financial capacity beyond a reasonable doubt at the threshold unless the accused successfully builds a probable defence. The accused never raised the defence of financial capacity during the Section 251 CrPC notice or her Section 313 CrPC statement. The Trial Court's finding that the complainant failed to establish his financial capacity due to the COVID-19 pandemic is based on conjectures and surmises rather than evidence on record.

53. *Lastly,* the Trial Court's reliance on the non-mentioning of the loan in a pending civil suit for eviction (***Gajraj Singh v. Sheela***) is legally absurd. An eviction suit and a complaint for cheque dishonour represent entirely separate, distinct, and independent causes of action. There is no statutory or legal requirement to plead an unsecured

personal loan in an eviction petition concerning an immovable property.

54. The fundamental error in the Trial Court's approach lies in the fact that it questioned the want of documentary evidence. like loan agreements, receipts on the part of the complainant to support his allegation of having extended the loan, when it ought to have concerned itself with whether the accused had discharged her evidential burden. This approach is perverse and wholly unsustainable in law.

DECISION

55. On a careful re-appraisal of the evidence and the applicable law, this Court finds that the view taken by the Trial Court is not a possible or plausible view. The Trial Court committed a fundamental error by failing to apply the mandatory statutory presumptions under the Negotiable Instruments Act, 1881, despite the admission of the signature on the cheque by the accused. Such an omission, coupled with the reliance on extraneous factors like the non-mention of a personal loan in a civil eviction suit, renders the impugned judgment perverse and wholly unsustainable in law.

56. Accordingly, the instant appeal titled as ***Chander Pal Singh v. Meenakshi Chauhan – CA No. 603/2025*** is **ALLOWED**. The impugned judgment of acquittal dated 28.01.2025 passed by the Ld. JMFC (NI Act)-08, South District, Saket Courts, New Delhi in ***CC NI Act 9023/2023*** is hereby set aside. The accused miserably failed to

rebut the statutory presumptions, and the complainant has successfully proved the case beyond a reasonable doubt.

57. The respondent/accused, Meenakshi Chauhan, is hereby convicted for the commission of the offence punishable under Section 138 of the Negotiable Instruments Act, 1881.

58. Now to come up on **31.07.2026**, for hearing the respondent/convict, Meenakshi Chauhan on sentencing.

Hargurvarinder Singh jaggi

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Pronounced in the open Court on July 29, 2026	**(Hargurvarinder Singh Jaggi)** **Addl. Sessions Judge (FTC-01)** **South District** **Saket Courts, New Delhi**

<u>Note</u>: *This judgment comprises **25** pages in total. The electronic signature certificate (digital signature) of the Presiding Officer has been appended on the last page of the electronic or digital copy (PDF) of this document.*