



CNR: KAHC010121282025

NC: 2026:KHC:50649
CRL.P No. 2857 of 2025

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 17TH DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

CRIMINAL PETITION NO. 2857 OF 2025 (482(Cr.PC)

/ 528(BNSS)-)

BETWEEN:

SMT BHADRAMMA
W/O NAGAPPA
AGED ABOUT 42 YEARS
R/AT NO 495
5TH CROSS, GOWDANAPALYA
SUBRAMANYAPURA POST
BENGALURU 560061

...PETITIONER

(BY SRI. PRABHAKARA T C., ADVOCATE)

AND:

1. STATE OF KARNATAKA
REP BY STATE PUBLIC PROSECUTOR
HIGH COURT BUILDING
BENGALURU 560001
2. SMT LEELAVATHI VENKATESH PUNJALI
W/O VENKATESH
AGED MAJOR
R/AT NO 292, 2ND CROSS
C/O POLICE RAJANNA BUILDING
BRIGHTWAY SCHOOL ROAD
DODDAGOWDANAPALYA
BENGALURU 560061

...RESPONDENTS

(BY SMT. RASHMI PATEL., HCGP FOR R1;
R2-SERVED)

THIS CRIMINAL PETITION IS FILED UNDER U/S 482 CR.PC
(FILED U/S 528 BNNS) PRAYING TO QUASH THE ENTIRE

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PROCEEDINGS INITIATED AGAINST THE PETITIONER IN C.C NO. 43740/2024 ARISING OUT OF PCR NO. 16035/2024 FOR AN ALLEGED O/P/U/S 138 OF THE N I ACT PENDING ON THE FILE OF HONBLE XVI ADDITIONAL CHIEF JUDICIAL MAGISTRATE AT BENGALURU CITY COGNIZANCE TAKEN UNDER SEC.223 BNSS ACT.

THIS PETITION, COMING ON FOR ADMISSION, THIS DAY, ORDER WAS MADE THEREIN AS UNDER:

CORAM: HON'BLE MR. JUSTICE SURAJ GOVINDARAJ

ORAL ORDER

1. The petitioner is before this Court seeking for the following reliefs:

Quash the entire proceedings initiated against the petitioner in C.C No. 43740/2024 arising out of PCR No. 16035/2024 for an alleged O/P/U/S 138 of the N I act pending on the file of Honble XVI Additional Chief Judicial Magistrate at Bengaluru City Cognizance taken under sec.223 BNSS act.

2. Respondent no.2 had filed a private complaint in PCR No.15607/2024 under Section 223 of the Bharatiya Nagarik Suraksha Sanhita 2023 read with Section 138 of the Negotiable Instruments Act on the ground that the cheque which had been issued by the petitioner to respondent No.2 had been dishonoured with the endorsement of no such bank. It is in those circumstances that a notice had been issued. The notice, though served, was not replied to, and in pursuance thereof, a private complaint came to be

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filed. After recording the sworn statement, a criminal case in CC No.43740/2024 was registered and summons issued. It is challenging the same that the petitioner is before this Court.

3. The submission of learned counsel for the petitioner is that

3.1. The cheque of the account of the petitioner in Vijaya Bank had not been issued by the petitioner. The said cheque had been misplaced, and a police complaint had been filed by the petitioner, and the allegation is that the respondent has misused the said cheque and presented it on 07.11.2024. Secondly, his submission is that Vijaya Bank had been merged with Bank of Baroda in the year 2019, and the endorsement which has been issued is that there is no such bank, which would indicate that there is no offence committed by the petitioner since a cheque of a bank not in existence had been presented.

3.2. In this regard, he relies upon the decision of the Hon'ble Andhra Pradesh High Court in the case of ***Ms.Ganta Kavitha Devi vs. The State of***

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Andhra Pradesh and another¹ more particularly
Paras 11 and 12 thereof which are reproduced
hereinunder for easy reference:

11. Admittedly, in the instant case, the subject cheque was issued on 20.09.2021 and the same was drawn on State Bank of Hyderabad. By that date. State Bank of Hyderabad was merged with State Bank of India and the cheques of the said bank were valid till 31.03.2018 only. As per the proviso (a) of Section 138 of N.I.Act. if the cheque itself is invalid, the Bank is bound to dishonour the same. As such, on presentation of the said cheque before ICICI Bank, the same was returned on 22.09.2021 with an endorsement "Invalid cheque (SBH)". Therefore, it can be presumed that the cheque in question was invalid on the date of presentation before the ICICI Bank

12. In view of the above discussions, the subject cheque, which was issued from the account maintained in erstwhile State Bank of Hyderabad after its merger with State Bank of India, was not a valid cheque on the date of its presentation before the ICICI Bank as required by proviso (a) of Section 138 of N.I.Act. Hence, dishonouring the same will not attract the liability under Section 138 of N.I. Act. Therefore, this Court is of the view that, it is a fit case to exercise the jurisdiction under Section 482 Cr.P.C., for quashing the proceedings against the Petitioner.

3.3. By relying on **Ganta Kavita Devi**, his submission is that once a cheque has been issued of a particular bank and the bank had

¹ Crl.P No.8827/2022 dated 25.10.2024



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been merged, the cheque would not be a valid cheque and the dishonour thereof would not amount to an offence under Section 138 of the NI Act.

- 3.4. He also relies upon the decision of the Hon'ble Allahabad High Court in the case of ***Smt.Archana Singh Gautam vs. State of UP and another²*** more particularly, Para No.11, which is reproduced hereunder for easy reference:

11. In view of the above analysis, the cheque in question, which was issued from the account maintained in erstwhile Allahabad Bank after its merger with Indian Bank, was not the valid cheque on the date of presentation before the Indian Bank as required by proviso (a) of Section 138 of NI Act, therefore, dishonouring the same will not attract the liability u/s 138 of N I Act.

- 3.5. His submission is that in that case the Allahabad Bank had been merged with Indian Bank and thereafter the said cheque was not a valid cheque and no proceedings could be initiated for dishonour of a cheque in respect of a cheque which is invalid.

- 3.6. He also relies upon the decision of the Co-ordinate Bench of this Court in the case of

² 2024:AHC:102434



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Savithramma vs. M.S.Ramachandra³ .dated 11.02.2025, more particularly para 6 thereof, which is reproduced hereunder for easy reference:

6. *My answer to the above point is in the negative, for the following reasons;*

As per the case of the appellant - complainant, the cheque – Ex.P1 has been issued by the respondent - accused for making payment of the amount borrowed in a sum of Rs.1,00,000/-. The appellant - complainant has presented the said cheque for encashment. The said cheque came to be dishonoured and the bank endorsement is at Ex.P3. On perusal of Ex.P3, the cheque issued by the respondent - accused ie., Ex.P1 has been dishonoured for the reason "bank under liquidation as per R.B.I order from 12.02.2004". The cheque is not dishonoured for want of funds in the account of the respondent - accused. The cheque – Ex.P1 has been dishonoured as the bank in which the respondent – accused is having account on which Ex.P1 – cheque has been issued was under liquidation. The said endorsement that the bank under liquidation does not amount to dishonour of the cheque for want of funds in the account of the respondent - accused. The words used in Section 138 of the N.I.Act for return of the cheque unpaid by the Bank is "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." The said words itself would indicate that the said cheque has to be dishonoured for want of funds in the account of the drawer. In the case on

³ Crl.P No.381/2013 dated 11.02.2025



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hand, the cheque has been dishonoured as the bank under liquidation. The said endorsement does not amount to dishonour of cheque for want of funds in the account of the respondent - accused. Therefore, the offence under Section 138 of the N.I.Act is not attracted. Even though the judgment of acquittal passed by the Appellate Court is on the other grounds / reasons, but considering the above aspects, there are no grounds for allowing the appeal and convicting the respondent - accused for the offence under Section 138 of the N.I.Act.

- 3.7. By relying on the said judgment, he submits that in that case the bank was under liquidation. A cheque having been dishonored on account of the bank being in liquidation would not amount to an offence under Section 138 of the Negotiable Instruments Act.
- 3.8. On all the above grounds, he submits that the criminal petition is required to be allowed and the proceedings are required to be quashed.
4. Heard the learned counsel for the petitioner and perused papers.
5. The short question that arises for consideration is whether a cheque becomes invalid merely because the bank on which it was drawn was subsequently merged with another bank.

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6. In my considered view, the answer has to be in the **negative**.
7. It is not in dispute that the petitioner had an account with Vijaya Bank and that Vijaya Bank was subsequently merged with Bank of Baroda. The merger of the two banks, by itself, does not bring the account of a customer to an end. The assets, liabilities and customer accounts of the erstwhile bank are taken over by the successor bank. The change is in the banking institution and not in the underlying relationship between the customer and the bank. The same principle must apply to a cheque already issued by the customer.
8. A cheque is issued by the drawer as an instruction to the bank to pay the amount mentioned in the cheque to the person in whose favour it is issued. Once the drawer has issued the cheque, a subsequent merger of the bank is an event which is entirely outside the control of the drawer as well as the payee.
9. The payee cannot be expected to know, at the time of receiving a cheque, whether the bank named on the cheque will continue to exist in the same form in the future. A merger of two banks is a matter concerning the banking institutions. It is not an act



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of the payee. If the merger were to be treated as automatically invalidating all cheques issued on the erstwhile bank, the person who would suffer would be the payee, even though the payee had no role whatsoever in the merger. The drawer, on the other hand, would get the benefit of an event which had nothing to do with the transaction between the drawer and the payee. Such a result cannot be accepted.

10. Once a person issues a cheque, he cannot avoid the consequences attached to that cheque merely because the bank on which it was drawn is subsequently merged with another bank. The merger does not, by itself, discharge the drawer from the liability represented by the cheque.
11. The learned counsel for the petitioner has relied upon the decision of the Hon'ble Andhra Pradesh High Court in **Ganta Kavitha Devi v. State of Andhra Pradesh and another**, CrI.P. No.8827/2022, decided on 25.10.2024. The said decision has been carefully considered. In that case, the cheque was drawn on the erstwhile State Bank of Hyderabad. The Hon'ble Andhra Pradesh High Court found that the cheques of the erstwhile State Bank of Hyderabad

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were valid only up to 31.03.2018. The cheque in that case was issued on 20.09.2021 and was returned with the endorsement "Invalid cheque (SBH)". On those facts, the Hon'ble Andhra Pradesh High Court held that the cheque was not a valid cheque on the date on which it was presented and consequently held that Section 138 of the Negotiable Instruments Act was not attracted. The decision has to be understood in the light of those facts. The Hon'ble Andhra Pradesh High Court was dealing with a cheque which had ceased to be valid before it was presented. It cannot be understood as laying down an absolute proposition that every cheque becomes invalid merely because the bank on which it is drawn is subsequently merged with another bank.

12. There is a clear distinction between the two situations. If a particular cheque has ceased to be valid because the old cheque leaves were discontinued after the merger, that is one matter. But if the only reason relied upon for saying that the cheque is invalid is that the bank has merged with another bank, that is an entirely different matter. The merger of the bank cannot, by itself, extinguish the liability of the drawer.

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13. The decision of the Hon'ble Allahabad High Court in **Smt. Archana Singh Gautam v. State of U.P. and another**, 2024:AHC:102434, relied upon by the petitioner, also has to be understood in the context of the facts of that case. There, the cheque was drawn on the erstwhile Allahabad Bank. The Hon'ble Allahabad High Court considered the validity of the old cheque leaves and found that the cheque was no longer valid on the date on which it was presented. The decision, therefore, turned upon the validity of the particular cheque at the time of its presentation. It does not lay down that the mere merger of a bank puts an end to every cheque previously issued by its customers. The distinction is important. The fact that a bank has merged does not necessarily mean that every cheque issued before the merger has become void. What has to be seen is whether the particular cheque had ceased to be valid. In the present case, there is no material to show that the cheque became invalid merely because Vijaya Bank was merged with Bank of Baroda.
14. The third decision relied upon is that of this court in **Savithramma v. M.S. Ramachandra**, Crl.P. No.381/2013, decided on 11.02.2025. That case stands on a different footing altogether. There, the

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cheque was returned with the endorsement that the bank was under liquidation. This Court held that such dishonour did not amount to dishonour for insufficiency of funds as contemplated under Section 138 of the Negotiable Instruments Act. Liquidation and merger are not the same. In the case of liquidation, the bank is being wound up and its ability to carry on banking operations is brought to an end. In the case of a merger, the banking business, accounts, assets and liabilities of the erstwhile bank are taken over by the successor bank.

15. Therefore, the reasoning in **Savithramma** cannot be applied to the present case merely because Vijaya Bank is no longer an independent banking entity.
16. In the present case, the account of the petitioner did not disappear with the merger of Vijaya Bank. The account and the liabilities connected with it stood transferred to Bank of Baroda. The fact that the old name of the bank continues to appear on the cheque cannot, by itself, make the cheque void.
17. The liability of the drawer and the identity of the bank are two different matters. The petitioner issued the cheque. The respondent received the cheque and presented it for payment. The subsequent merger

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was not an act of either of them. If the merger were held to discharge the petitioner, the respondent would be made to suffer for an event over which the respondent had no control. The law cannot be understood in a manner which gives the drawer an advantage merely because the bank subsequently underwent a merger.

18. The endorsement on the cheque in the present case is "no such bank". The said endorsement also cannot, by itself, lead to the conclusion that the petitioner is discharged from his liability. The question as to why such an endorsement came to be made and whether the cheque could have been processed by the successor bank may require examination of the banking records. But the endorsement does not alter the basic position that the merger of the bank, by itself, does not extinguish the liability of the drawer. If the successor bank had taken over the account of the petitioner, it cannot be said that the account ceased to exist merely because the cheque continued to bear the name of Vijaya Bank. The merger cannot operate to the prejudice of a person who had received the cheque in the ordinary course.



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19. There is also no reason to place the burden of the merger upon the payee. The payee did not choose the bank. The payee did not cause the merger. The payee did not decide whether the old cheque leaves should continue to be used. The payee merely presented a cheque issued by the drawer. If the drawer's liability were to disappear because of the merger, the entire consequence of the merger would fall upon the payee. Such an interpretation would be difficult to reconcile with the object of the Negotiable Instruments Act. The drawer cannot issue a cheque and thereafter rely upon a subsequent change in the banking institution to say that the cheque is no longer enforceable. Once the cheque has been issued, the drawer remains subject to the consequences prescribed by law, provided the other requirements of Section 138 are satisfied.
20. The petitioner has also contended that the cheque had been misplaced and that he had lodged a police complaint regarding the same. That contention stands on a different footing. Whether the cheque was actually misplaced, whether it was subsequently obtained by the complainant, whether the petitioner had issued it or whether it was misused are all disputed questions of fact. Those questions cannot

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be decided merely on the basis of the allegations made in the petition. They require evidence.

21. The petitioner is entitled to raise those questions before the learned Trial Court. At this stage, however, they do not provide a ground to quash the proceedings when the complaint otherwise discloses the necessary allegations.
22. This Court is conscious that the power under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 is to be exercised carefully. This Court is not required to conduct a trial while considering a petition seeking quashing of criminal proceedings.
23. In the present case, the complaint alleges that the petitioner issued the cheque, that the cheque was presented for payment, that it was dishonoured, that the statutory notice was issued and served and that payment was not made. Whether those allegations will ultimately be proved is a matter for trial. The contention that the cheque became invalid merely because Vijaya Bank was merged with Bank of Baroda, however, does not provide a ground for quashing the proceedings.

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24. The three decisions relied upon by the petitioner do not call for a different conclusion. **Ganta Kavitha Devi and Archana Singh Gautam** dealt with cases where the particular cheque had been found to have ceased to be valid on the date of presentation. **Savithramma** dealt with a bank under liquidation. None of these decisions requires the Court to hold that the merger of a bank, by itself, extinguishes the liability of a drawer on a cheque already issued by him. The present case is different. The account of the petitioner continued with the successor bank. The merger did not extinguish the account or the underlying liability. The cheque cannot therefore be treated as invalid merely because the name of the erstwhile bank appears on it.
25. The principle that emerges is therefore clear. A merger of the drawee bank does not, by itself, invalidate a cheque already issued by the drawer. It does not extinguish the liability of the drawer. The payee cannot be made to suffer merely because the bank subsequently underwent a merger, an event in which the payee had no role.
26. If the petitioner has a defence that he did not issue the cheque, that it was lost or misused, or that there

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was no legally enforceable debt or liability, those questions can be considered by the Trial Court on the basis of evidence. But the petitioner cannot avoid the consequences of the cheque merely by relying upon the merger of Vijaya Bank with Bank of Baroda.

27. In that view of the matter, no ground is made out for exercising the inherent jurisdiction of this Court under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023. The criminal petition is accordingly **dismissed.**

28. It is made clear that the petitioner is at liberty to raise all permissible defences before the learned Trial Court. Nothing stated in this order shall be understood as an expression of opinion on the disputed questions relating to the issuance or alleged misuse of the cheque, the existence of a legally enforceable debt or liability, or the ultimate merits of the complaint.

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(SURAJ GOVINDARAJ)
JUDGE