



THE HIGH COURT OF JUDICATURE AT MADRAS

Judgment reserved on : 17.02.2026	Judgment pronounced on : 30.03.2026
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CORAM

THE HON'BLE MR. JUSTICE P.B.BALAJI

A.S. No.912 of 2025

Krishna Reddy

..Appellant

Vs.

Vidhubala

..Respondent

Prayer: Appeal Suit filed under Section 96 of the Code of Civil Procedure, to set aside the judgment and decree dated 15.04.2024 passed in O.S. No.9 of 2021 by the learned District Judge, Mayiladuthurai and dismiss the suit and allowing the above first appeal.

For Appellant : Mr.S.S.Swaminathan

For Respondent : Mr.A.Muthukumar

JUDGMENT

The defendant in a suit for recovery of money, aggrieved by the judgment and decree in favour of the plaintiff has come up by way of this Appeal.



II. PLEADINGS:

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2 (1). Plaint in brief:

The defendant is the maternal uncle of the husband of the plaintiff. The defendant borrowed a sum of Rs.10,00,000/- to meet family expenses on 07.10.2018 and agreed to repay the same with 12% interest per annum. The defendant executed a promissory note on the very same date. Despite repeated requests, the defendant failed to discharge the loan. The plaintiff caused a lawyers notice on 13.11.2020, to which the defendant sent a reply with false allegation on 01.12.2020. Hence, the suit.

2(2). Written Statement filed by the defendant in brief:

The defendant never borrowed any amount from the plaintiff. The defendant did not execute any promissory note and defendant has already suitably replied to the pre-suit notice. The defendant has no necessity to borrow money, as he is an affluent person. The plaintiff's husband, only with an intention to grab money, has forged the promissory note and filed the suit in O.S. No.80 of 2020 before the District Munsif Court, Sirkazhi against the defendant.



2(3) Issues:

WEB COPY Based on the pleadings, the Trial Court has framed the following issues:-

1. வாதியிடம் பிரதிவாதி 07.10.2018ல் ரூ.10 லட்சம் கடனாக பெற்றுக்கொண்டு தாவா பிராமிசரி நோட்டினை எழுதிக்கொடுத்திருப்பதாக கூறப்படுவது சரியா?
2. தாவா பிராமிசரி நோட்டு மோசடியானது எனக் கூறப்படுவது சரியா?
3. வாதியால் கோரப்பட்டுள்ள தொகை விபரங்கள் வாதக்கு பிரதிவாதியிடமிருந்து கிடைக்கத்தக்கதா?
4. வாதிக்கு கிடைக்கக்கூடிய இதர பரிகாரங்கள் யாது?

2(4). Trial:

On the side of the plaintiff, three witnesses were examined as P.W.1 to P.W.3 and Ex.A1 to Ex.A4 were marked and on the side of the defendant, two witnesses were examined as D.W.1 & D.W.2 and Ex.B1 and Ex.B2 were marked.

2(5). Decision of the Trial Court:-

The Trial Court found that the plaintiff had proved due execution of the promissory note and decreed the suit as prayed for.



3. The present APPEAL:-

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I have heard Mr.S.S.Swaminathan, learned counsel for the appellant and Mr.A.Muthukumar, learned counsel for the respondent.

4. Arguments of the learned counsel for the appellant:-

The learned counsel for the appellant Mr.S.S.Swaminathan, would firstly invite my attention to the suit in O.S. No.80 of 2020, which has been filed by the plaintiff's husband against the defendant. He would therefore state that there is already enmity between the parties and only in order to slap further claims and arm-twist the defendant, the suit promissory note has been forged, as if the defendant borrowed money from the plaintiff. The learned counsel for the appellant would also state that even in the written statement, the defendant has specifically taken a plea that he was an affluent person and there was no necessity to borrow any money. It is therefore the submission of the learned counsel for the appellant Mr.S.S.Swaminathan, that when the defendant had denied due execution of the promissory note and also passing consideration, the burden was only on the plaintiff and according to the learned counsel for the appellant, Mr.S.S.Swaminathan, the said burden has not been discharged for it to shift on the defendant to thereafter, dislodge the presumption that would arise



under Section 118 of the Negotiable Instruments Act, 1881 that the pro-note was for consideration.

5. The learned counsel for the appellant, Mr.S.S.Swaminathan, would state that though two persons had witnessed the execution of promissory note, the plaintiff chose to examine only his tenant as P.W.2 and the sister of the plaintiff's husband who was the other witness to the suit promissory note has not been examined. He would also state that the amount of Rs.10,00,000/- is not a small sum and the plaintiff ought to have established that he has sufficient source to enable lending in the first place. He would also invite my attention to the deposition where the plaintiff admits that the loan transaction has not been reflected in the income tax records of the plaintiff. He would also state that the plaintiff admitted that his income is only Rs.15,000/- per month and therefore, there is no possibility for the plaintiff to have Rs.10,00,000/- at his disposal. The learned counsel for the appellant would also place reliance on Ex.B1 and Ex.B2, to contend that the Trial Court has not even factored the said exhibits which have a material bearing on the case. Mr.S.S.Swaminathan, learned counsel for the appellant therefore prays for the appeal being allowed.



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6. Arguments of the learned counsel for the respondent:-

Per contra, Mr.A.Muthukumar, learned counsel for the respondent, would straightaway invite my attention to the written statement, where no doubt, the defendant has taken a plea that there was no necessity for him to borrow any money as the defendant was financially well of. However, it is the specific argument of Mr.A.Muthukumar, learned counsel for the respondent, that the written statement does not even whisper about Ex.B1 and he would further state that Ex.B1, in fact goes against the version projected in the written statement. It is also the argument of Mr.A.Muthukumar, learned counsel for the respondent, that Ex.B1 ought to have been put to P.W.1 and P.W.3 and without doing so, merely marking it through the defendant was of no avail, especially when there was no pleading with regard to Ex.B1 in the written statement.

7. As regards passing of consideration, Mr.A.Muthukumar, learned counsel for the respondent would state that P.W.2 has been examined and he has clearly spoken about the execution of promissory note and passing of consideration and therefore, the burden would thereupon shift to the defendant. He would also state that the appellant has not taken any steps to establish that the promissory note was forged by seeking opinion of any expert or referring



the disputed signature for comparison with the admitted signature. The learned counsel for the respondent would therefore pray for dismissal of the appeal.

8. Points for considerations:-

I have carefully considered the submissions advanced by the learned counsel on either side. The only point that arises for consideration in this appeal is as to *whether the plaintiff has established due execution of the promissory note and passing of consideration?*

9. The defendant, at the earliest instance, by way of a reply notice has denied due execution and passing of any consideration under the alleged promissory note. Therefore, the initial burden is certainly upon the plaintiff to establish the same. It is in this regard that, apart from his own evidence, the plaintiff has also examined P.W.2 as well as P.W.3, who have clearly spoken about the defendant coming to the plaintiff's residence on 07.10.2018 and the manner in which, the promissory note was executed and the amount was passed on to the defendant, across execution of the promissory note. In fact, P.W.3, who is the husband of the plaintiff has also stated that the promissory note itself was brought by the defendant alone and according to P.W.2, he is a tenant of the plaintiff and he had come to handover rent at which point of time, the loan was



being transacted and therefore, he signed as a witness, at the request of the plaintiff. Both P.W.2 and P.W.3 have also spoken about the promissory note being witnessed by Kavitha, who is admittedly residing only with the plaintiff. I do not see any dent to the evidence adduced by P.W.2 and P.W.3 in cross examination, to disprove the evidence regarding the execution of the promissory note as well as passing of consideration. In such circumstances, the burden would certainly stand shifted to the defendant to disprove that he had not signed the promissory note and that it was not supported for consideration.

10. As rightly contended by Mr.A.Muthukumar, learned counsel for the respondent, the defendant having taken a specific plea that he has not even signed the promissory note and that the signature is forged, has not taken any steps to have the disputed signature compared with any admitted signature. Strong reliance is now placed on Ex.B1 and Ex.B2 by Mr.S.S.Swaminathan, learned counsel for the appellant. Ex.B1 is a document, in and by which, the dispute between the husband of the plaintiff and the defendant has been settled and in fact, the defendant under Ex.B1, categorically admits the factum of having borrowed monies from the plaintiff's husband. In such circumstances, the defence plea that the defendant is an affluent person and there was no necessity to borrow straightaway falls the ground. D.W.2 has spoken about the



loan transaction between the plaintiff's husband and the defendant and that the settlement was brought about only in a Panchayat. Ex.B1 is dated 14.07.2012.

It only indicates that after the loan transaction with the settlement of the loan, there was no further loan transaction between the plaintiff's husband and the defendant. I do not see how this document can be used by the defendant to contend that the defendant is not liable to pay the plaintiff or that there was no financial transaction between the plaintiff and the defendant.

11. Ex.B2 is the copy of the plaint in O.S. No.80 of 2020, which is a suit filed against the defendant by the plaintiff's husband for the relief of permanent injunction. The suit was filed in the year 2020 only, whereas the suit promissory note is dated 07.10.2018. Therefore, the argument of Mr.S.S.Swaminathan, learned counsel for the appellant that it was only because of enmity between the plaintiff's husband and filing of the suit which has resulted in the forged promissory note being created and the suit claim being made against the defendant also does not hold water. The suit promissory note is two years prior in point of time to even filing of the suit by the plaintiff's husband which again was in respect of an immovable property in respect of which relief of permanent injunction was sought for before the District Munsif Court, Seerkazhi.



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12. With regard to source sufficiency of funds and non reflecting of the loan transaction in the Income Tax records, though the arguments of Mr.S.S.Swaminathan, learned counsel for the appellant appears to be attractive at first blush, I find that the plaintiff has deposed that she had money available in her house. From the evidence adduced, it is seen that both the plaintiff and plaintiff's husband are gainfully employed and therefore, when they have been able to establish through P.W.2 and P.W.3 that there has been passing of consideration and the said evidence, read in line with the evidence of P.W.1, regarding availability of the money in her house, I do not see how the defendant can question the source of the plaintiff to lend Rs.10,00,000/-. As regards the plaintiff's admission that the loan transaction has not been reflected in the Income Tax records, the mere fact that the loan transaction is not reflected in the Income Tax records cannot invalidate the transaction itself. If the plaintiff had suppressed income from the Income Tax Department and had not brought it to the notice to the Department, then it is a matter when the Income Tax Department will pull up the plaintiff and it is not open to the defendant to state that merely because the loan transaction does not find place in the Income Tax records, the loan transaction itself has to be disbelieved.



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13. The Hon'ble Division Bench of this Court in *R.Singaravadivelan Vs. Durai Senthil* in *A.S.(MD).No.126 of 2024* dated *08.11.2024*, has held, in a similar case where the loan was not reflected in the income tax returns, that such omission cannot amount to tainting the money as illegal money and not recoverable through Court of Law, negated the argument that the money transaction not reflected in the income tax returns cannot be permitted to be enforced by instituting proceedings in the competent Court, held the plaintiff would be answerable for violation, namely omission to reflect the amounts and if the authorities concerned initiate proceeding, it is for the plaintiff to face the same and the defendant cannot take advantage of such violation and contend that because the loan amount is not reflected in the income tax returns, the suit is not maintainable. The said ratio laid down by the Division Bench of this Court would squarely apply to the facts of the present case

14. In the light of the above, the only irresistible conclusion that can be arrived at is that by leading sufficient and satisfactory oral and documentary evidence, the plaintiff had discharged the initial burden of due execution and passing of consideration and thereafter, despite the burden having shifted to the defendant to rebut the presumption and put the burden back on the plaintiff's shoulder, the defendant has miserably failed in his attempts. The Trial Court



has rightly decreed the suit and I do not see any grounds to interfere with the well considered findings of the Trial Court, in Appeal. The point framed for consideration is answered against the appellant.

15. In fine, the First Appeal is dismissed with costs.

30.03.2026

Neutral Citation Case: Yes / No
Speaking / Non-speaking order
Index: Yes/No
rkp
To

1. The District Judge, Mayiladuthurai.
2. The Section Officer,
V.R. Section, High Court of Madras.



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P.B.BALAJI.J.

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Pre-delivery judgment made in
A.S. No.912 of 2025

30.03.2026