**IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA**

**Cr. Appeal No. 389 of 2014**
**Reserved on: 15.10.2026**
**Date of Decision: 29.10.2026.**

Ram Dass ...Appellant

Versus

Gulab Chand ...Respondent

*Coram*
***Hon'ble Mr Justice Rakesh Kainthla, Judge.***
*Whether approved for reporting?*[1] *No*

For the Appellant : None.
For the Respondent : Mr Rajesh Mandhotra, Advocate.

***Rakesh Kainthla, Judge***

The present appeal is directed against the judgment dated 18.09.2014 passed by learned Special Judicial Magistrate, Kullu, District Kullu, H.P. (learned Trial Court) vide which the respondent (accused before learned Trial Court) was acquitted of the commission of an offence punishable under Section 138 of the Negotiable Instruments Act (NI Act). *(The parties shall hereinafter be referred to in the same manner as they were arrayed before the learned Trial Court for convenience).*

[1] Whether reporters of Local Papers may be allowed to see the judgment? Yes.

2026:HHC:47337

2. Briefly stated, the facts giving rise to the present appeal are that the complainant filed a complaint before the learned Trial Court against the accused for the commission of an offence punishable under Section 138 of the NI Act. It was asserted that the complainant and the accused knew each other. The accused owed ₹50,000/- to the complainant, and he issued a cheque of ₹50,000/- to repay the money. The complainant presented the cheque before his bank, but it was dishonoured with an endorsement "drawers signatures differs/require/incomplete" and "funds insufficient". The complainant issued a legal notice to the accused asking him to repay the money. The notice was returned undelivered with a report of "not met". Hence, the complaint was filed before the learned Trial Court for taking action against the accused as per the law.

3. The learned Trial Court found sufficient reasons to summon the accused. When the accused appeared, a notice of accusation was put to him for the commission of an offence punishable under Section 138 of the NI Act, to which he pleaded not guilty and claimed to be tried.

2026:HHC:47337

4. The complainant examined himself (CW1), Tash Namgyal (CW2) and Hima Devi (CW3) to prove his complaint.

5. The accused, in his statement recorded under Section 313 of the Code of Criminal Procedure (CrPC), admitted that he is known to the complainant. He denied the rest of the complainant's case. He stated that the cheque did not bear his signature. The complainant used to visit the home of the accused. The complainant stole the cheque, forged the signatures of the accused and filed a false complaint. He examined himself (DW1) to prove his defence.

6. The learned Trial Court held that the complainant had stated in his cross-examination that the orchard was taken for ₹15,000/-, which shows that the cheque was issued for an amount which was not legally recoverable. An essential ingredient of the commission of an offence punishable under Section 138 of the NI Act was not satisfied. Therefore, the learned Trial Court acquitted the accused.

7. Being aggrieved by the judgment passed by the learned Trial Court, the complainant has filed the present appeal asserting that the learned Trial Court erred in acquitting the

accused. The plea taken by the accused that his cheque was stolen was not corroborated by any material on record. The accused had not filed any complaint with the police or the bank regarding the theft of the cheque. The cheque carried with it a presumption of consideration, and the accused had failed to rebut the presumption. Therefore, it was prayed that the present appeal be allowed and the judgment passed by the learned Trial Court be set aside.

8. When the matter was listed for arguments on 01.09.2026 and 15.10.2026, none appeared on behalf of the appellant/complainant; therefore, none could be heard on behalf of the complainant.

9. Mr Rajesh Mandhotra, learned counsel for the respondent/accused, submitted that the complainant himself admitted in his cross-examination that the orchard was taken for ₹15,000/- and the learned Trial Court was justified in holding that the cheque for ₹50,000/-cannot be said to be issued in discharge of the legally enforceable debt/liability. This was a reasonable view that could have been taken by the Court, and no interference is required with a reasonable view of the Court

2026:HHC:47337

acquitting the accused, even if another view is possible. Hence, he prayed that the present appeal be dismissed.

10. I have given considerable thought to the submissions made at the bar and have gone through the records carefully.

11. The present appeal has been filed against a judgment of acquittal. It was laid down by the Hon'ble Supreme Court in ***Sanjay Kumar v. State of Bihar, 2026 SCC OnLine SC 1373,*** that the Court can interfere with a judgment of acquittal only if it is impossible, perverse, wholly unsustainable, or manifestly illegal. It was observed:

> **Scope of interference with an acquittal:**
>
> **26.** At the outset, it is necessary to remind ourselves of the settled principles governing interference with an order of acquittal. An accused is presumed innocent until proven guilty. When a court of competent jurisdiction acquits the accused, the presumption of innocence is not weakened but reinforced. Where such acquittal is affirmed by the High Court, the caution to be exercised by this Court under Article 136 is even greater.
>
> **27.** In ***Kali Ram v. State of Himachal Pradesh (1973) 2 SCC 808: 1973 SCC (Cri) 1048***, this Court explained the golden thread running through criminal jurisprudence in the following words:
>
> > *"25. Another golden thread which runs through the web of the administration of justice in criminal cases is that if two views are possible on the evidence adduced in the case, one pointing to the guilt of the accused and the other to his innocence, the view which is favourable to the accused*

2026:HHC:47337

*should be adopted. This principle has a special relevance in cases wherein the guilt of the accused is sought to be established by circumstantial evidence. A rule has accordingly been laid down that unless the evidence adduced in the case is consistent only with the hypothesis of the guilt of the accused and is inconsistent with that of his innocence, the Court should refrain from recording a finding of guilt of the accused. It is also an accepted rule that in case the Court entertains reasonable doubt regarding the guilt of the accused, the accused must have the benefit of that doubt. Of course, the doubt regarding the guilt of the accused should be reasonable; it is not the doubt of a mind which is either so vacillating that it is incapable of reaching a firm conclusion or so timid that it is hesitant and afraid to take things to their natural consequences. The rule regarding the benefit of doubt also does not warrant acquittal of the accused by resort to surmises, conjectures or fanciful considerations. As mentioned by us recently in the case of* State of Punjab *v.* Jagir Singh, *a criminal trial is not like a fairy tale wherein one is free to give flight to one's imagination and fantasy. It concerns itself with the question as to whether the accused arraigned at the trial is guilty of the offence with which he is charged. Crime is an event in real life and is the product of the interplay of different human emotions. In arriving at the conclusion about the guilt of the accused charged with the commission of a crime, the Court has to judge the evidence by the yardstick of probabilities, intrinsic worth and the animus of witnesses. Every case in the final analysis would have to depend upon its own facts. Although the benefit of every reasonable doubt should be given to the accused, the Courts should not at the same time reject evidence which is ex facie trustworthy on grounds which are fanciful or in the nature of conjectures."*

**28.** The decision in ***Kali Ram*** (supra) further cautions that wrongful acquittal and wrongful conviction do not stand on the same footing, for conviction of an innocent person causes grave injustice and shakes public

confidence in the administration of criminal justice. The rule of benefit of doubt, therefore, is not a technical rule; it is a substantive safeguard flowing from the presumption of innocence.

**29.** In ***Ghurey Lal v. State of Uttar Pradesh (2008) 10 SCC 450: (2009) 1 SCC (Cri) 60***, this Court reiterated the limited scope of interference with acquittals. This Court observed:

> "75. The Trial Court has the advantage of watching the demeanour of the witnesses who have given evidence; therefore, the appellate court should be slow to interfere with the decisions of the Trial Court. An acquittal by the Trial Court should not be interfered with unless it is totally perverse or wholly unsustainable."

**30.** The decision in ***Ghurey Lal*** (supra) also crystallised certain propositions: first, there is a double presumption of innocence in favour of an acquitted accused; secondly, if two views are possible, the view favourable to the accused must prevail; thirdly, though the appellate court has the power to reappreciate evidence, it should interfere only when the acquittal is manifestly illegal, perverse or results in miscarriage of justice; and fourthly, due weight must be given to the Trial Court's findings, particularly because the trial judge had the advantage of observing the demeanour of witnesses.

**31.** In ***Chandrappa v. State of Karnataka (2007) 4 SCC 415: (2007) 2 SCC (Cri) 325***, this Court held that though the appellate court has full power to review and reappreciate the evidence, the presumption of innocence is strengthened by an order of acquittal. It was held that when two reasonable conclusions are possible on the basis of evidence on record, the appellate court should not disturb the finding of acquittal.

**32.** The same principle was restated in ***Mrinal Das v. State of Tripura (2011) 9 SCC 479***, wherein this Court held that an order of acquittal is to be interfered with only when there are compelling and substantial reasons for

> doing so. If two reasonable views are possible on the basis of the evidence on record, the appellate court should not disturb the finding of acquittal.
>
> **33.** Therefore, the question before us is not whether another view on the evidence is possible. The question is whether the view taken by the Trial Court and affirmed by the High Court is impossible, perverse, wholly unsustainable, or manifestly illegal. Having examined the record, we are unable to hold so.

12. While dealing with the appeal against the acquittal in a complaint filed for the commission of an offence punishable under Section 138 of the NI Act, the Hon'ble Supreme Court held in ***Rohitbhai Jivanlal Patel v. State of Gujarat (2019) 18 SCC 106*** that the normal rules with the same rigour cannot be applied to the cases under the Negotiable Instruments Act because there is a presumption that the holder had received the cheque for consideration to discharge the debt/liability. The Appellate Court is entitled to look into the evidence to determine whether the accused has discharged the burden or not. It was observed: -

> **"12....** 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 the trial court is one of the possible views of the 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 essential to remind the appellate court that an accused is

> presumed to be innocent unless proven guilty beyond a 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 the inquiry therein. The same rule with the 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 the 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 the preponderance indeed leans in favour of the accused.
>
> **13.** For determination of the point as to whether the High Court was justified in reversing the judgment and orders of the trial court and convicting the appellant for the offence under Section 138 of the NI Act, the basic questions to be addressed are twofold: as to whether the complainant Respondent 2 had established the ingredients of Sections 118 and 139 of the NI Act, so as to justify drawing of the presumption envisaged therein; and if so, as to whether the appellant-accused had been able to displace such presumption and to establish a probable defence whereby, the onus would again shift to the complainant?"

13. The ingredients of the commission of an offence punishable under Section 138 of the NI Act were explained in ***Kuntegowda v. Thurubaiah, 2026 SCC OnLine SC 1485*** as under:

> **5.3.** At this juncture, it is pertinent to highlight the key ingredients as highlighted by this Court in the case of

***Kusum Ingots & Alloys Ltd. v. Pennar Peterson Securities Ltd., (2000) 2 SCC 745: 2000 SCC (Cri) 546: (2000) 100 COMP CAS 755.***

"10. On a reading of the provisions of Section 138 of the NI Act, it is clear that the ingredients which are to be satisfied for making out a case under the provision are:

(i) a person must have drawn a cheque on an account maintained by him in a bank for payment of a certain amount of money to another person from out of that account for the discharge of any debt or other liability;

(ii) that 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;

(iii) that cheque is returned by the bank unpaid, either because the amount of money standing to the credit of the 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 the bank;

(iv) the payee or the holder in due course of the cheque 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 15 days of the receipt of information by him from the bank regarding the return of the cheque as unpaid;

(v) the drawer of such cheque fails to make payment of the said amount of money to the payee or the holder in due course of the cheque within 15 days of the receipt of the said notice.

11. If the aforementioned ingredients are satisfied, then the person who has drawn the cheque shall be deemed to have committed an offence. In the

2026:HHC:47337

explanation to the section, clarification is made that the phrase "debt or other liability" means a legally enforceable debt or other liability.

**5.4.** The ingredients of the offence under Section 138 are as follows:

i. The drawing of a cheque by a person on an 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 within the period of six months or within the period of its validity.

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 arranged to be paid from that account.

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 thirty days of the receipt of information from the bank in regard to the return of the cheque.

vi. Failure of the drawer of the cheque to make payment of the amount of money to the payee or the holder in due course within fifteen days of the receipt of the notice.

vii. Filing of the complaint within a month from the date of expiry of the grace period of fifteen days before a Metropolitan Magistrate or a Judicial Magistrate not below first class.

14. The present appeal has to be decided as per the parameters laid down by the Hon'ble Supreme Court.

2026:HHC:47337

15. The complainant stated in his cross-examination that he had not paid any money to the accused but had handed over his orchard to the accused for ₹15,000/- on 15.08.2010. No agreement was executed with the accused.

16. The accused Gulab Chand (DW1) denied in his examination-in-chief that he had taken the complainant's orchard or any money from the complainant. It was suggested to him in the cross-examination that he had taken the complainant's orchard for ₹70,000/-, out of which ₹20,000/- was paid in cash and a cheque was issued for the payment of the remaining amount.

17. The complainant had stated in his cross-examination that he had handed over his orchard to the accused for ₹15,000/-. He suggested to the accused in his cross-examination that the orchard was handed over for ₹70,000/-, out of which ₹20,000/- were paid in cash and a cheque was issued for ₹50,000/-. Thus, the evidence of the complainant was contradictory regarding the consideration for which the cheque was issued.

18. Once the accused had asserted in his cross-examination that the orchard was taken for ₹15,000/-, the

conclusion drawn by the learned Trial Court that the accused did not have any liability to pay ₹50,000/- was reasonable. The contradictory stand regarding the consideration also made the complainant's version doubtful. It was laid down by the Hon'ble Supreme Court in ***Dattatraya v. Sharanappa*, *(2024) 8 SCC 573: (2024) 3 SCC (Cri) 776: 2024 SCC OnLine SC 1899*** that when the complainant was unable to put forth the details of the loan and made contradictory statements, the presumption attached to the cheque will not help him. It was observed:

> 30. Admittedly, the appellant was able to establish that the signature on the cheque in question was of the respondent and, in regard to the decision of this Court in ***Bir Singh v. Mukesh Kumar, (2019) 4 SCC 197: (2019) 2 SCC (Civ) 309: (2019) 2 SCC (Cri) 40***, a presumption is to ideally arise. However, in the above-referred context of the factual matrix, the inability of the appellant to put forth the details of the loan advanced, and his contradictory statements, the ratio therein would not impact the present case to the effect of giving rise to the statutory presumption under Section 139 of the NI Act, 1881. The respondent has been able to shift the weight of the scales of justice in his favour through the preponderance of probabilities.
>
> 31. The trial court had rightly observed that the appellant was not able to plead even a valid existence of a legally recoverable debt, as the very issuance of a cheque is dubious based on the fallacies and contradictions in the evidence adduced by the parties. Furthermore, the fact that the respondent had inscribed his signature on the agreement drawn on white paper and not on stamp paper,

> as presented by the appellant, creates another set of doubts in the case. Since the accused has been able to cast a shadow of doubt on the case presented by the appellant, he has therefore successfully rebutted the presumption stipulated by Section 139 of the NI Act, 1881.

19. It was submitted that the cheque carried with it a presumption that it was issued for consideration to discharge the liability. There can be no dispute with the proposition of law that a cheque carries with it a presumption that it was issued for consideration in discharge of the liability; however, the presumption is rebuttable, and can be rebutted by the cross-examination of the complainant's witnesses or the evidence led by the accused. It was laid down by the Hon'ble Supreme Court in ***Rajesh Jain v. Ajay Singh, (2023) 10 SCC 148: 2023 SCC OnLine SC 1275,*** that the presumption applies in the absence of evidence and disappears after the evidence is produced. It was observed:

> "38. ***John Henry Wigmore [John Henry Wigmore and the Rules of Evidence: The Hidden Origins of Modern Law]*** *on Evidence* states as follows:
>
> > "The peculiar effect of the presumption of law is merely to invoke a rule of law compelling the Jury to reach the conclusion in the absence of evidence to the contrary from the opponent but if the opponent does offer evidence to the contrary (sufficient to satisfy the Judge's requirement of some evidence), the presumption 'disappears as a rule of law and the case is in the Jury's hands free from any rule'."

2026:HHC:47337

20. In the present case, the presumption was rebutted by the complainant's evidence.

21. Therefore, the learned Trial Court had taken a reasonable view while acquitting the accused and no interference is required with the reasonable view of the learned Trial Court while deciding an appeal against acquittal, even if another view is possible.

22. No other point was urged.

21. In view of the above, the present appeal fails and is dismissed. Pending applications, if any, also stand disposed of.

23. In view of the provisions of Section 437 A of the Code of Criminal Procedure (Section 481 of Bhartiya Nagarik Suraksha Sanhita, 2023) the respondent is directed to furnish bail bond in the sum of ₹50,000/- with one surety of the like amount to the satisfaction of the learned Registrar (Judicial) of this Court/learned Trial Court, which shall be effective for six months with a stipulation that in the event of a Special Leave Petition being filed against this judgment or on grant of the leave, the respondent on receipt of notice thereof shall appear before the Hon'ble Supreme Court.

2026:HHC:47337

24. A copy of the judgment, along with the record of the learned Trial Court, be sent back forthwith.

**(Rakesh Kainthla)**
**Judge**

**29th October, 2026**
(Nikita)