**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

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**RSA-3383-2018 (O&M)**
**Date of decision : 20.01.2026**

**Lichhman (since deceased) through his LRs ...... Appellant**

**versus**

**Suresh Kumar (since deceased) through his LRs ...... Respondent**

**CORAM : HON'BLE MR. JUSTICE PANKAJ JAIN**

Present: Mr. Jagjeet Beniwal, Advocate
for the appellant.

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**PANKAJ JAIN, J. (Oral)**

1. The defendant is in second appeal aggrieved of the judgment and decree passed by both the Courts below. The plaintiff filed suit seeking recovery of an amount of Rs.6,00,000/-, which includes principal amount of Rs.5,00,000/- and interest of Rs.1,00,000/-. Suit is based on promissory note.

2. The suit was resisted by the defendant denying execution of promissory note and receipt claiming both of them to be an act of fraud. Regarding findings on issue No.1, Court of First Instance found that the plaintiff successfully proved execution of promissory note and the defendant failed to prove the plea of fraud and misrepresentation as pleaded.

3. The only issue raised by the learned counsel for the appellant is with respect to plaintiff being in money lending business without possessing due license. This issue has already been dealt by this Court in ***RSA No.1711 of 2024,*** titled as ***'Kitab Singh vs. Raj***

***Singh'*** decided on 27.05.2025, wherein it has been held as under:-

> "6. Punjab Registration of Money Lenders Act, 1938 was enacted with an intent to regulate the business of money lending. Section 2(9) defines, 'money lenders. The same reads as under : -
>
> *"Money-lender" means a person, or a firm carrying on the business of advancing loans as defined in this Act, and shall include the legal representatives and the successors-in-interest whether by inheritance, assignment or otherwise, of such person or firm; provided that nothing in this definition shall apply to –*
>
> (a) *a person who is the legal representative or is by inheritance the successor-in-interest of the estate of a deceased money-lender together with all his rights and liabilities; provided that such person only –*
>
> *(i) winds up the estate of such money-lender;*
>
> *(ii) realises outstanding loans;*
>
> *(iii) does not renew any existing loan, nor advance any fresh loan;*
>
> *(b) a bona fide assignment by a money-lender of a single loan to any one other than the wife or husband of such assignor, as the case may be, or any person, who is descended from a common grand-father of the assignor.*
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> 7. The aforesaid provisions came for interpretation before Division Bench of this Court in **Amar Singh** v. **Kuldip Singh AIR 1952 (P&H) 207** wherein the Division Bench has held as under : -
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> *"8. The only point seriously argued by Mr. Sibbal was the point that the plaintiff was a money-lender. Mr. Sibbal argued that it had been proved by evidence on the record that the plaintiff did money-lending systematically and continuously and it was the system and the continuity in his transactions which showed that he was carrying on business of advancing loans so as to come within the definition of a money-lender given in Clause (9) of Section 2 of the Punjab Registration of Money-lenders' Act III of 1938. Mr. Sibfaal quoted Halsbury's Laws of England, Vol. 23 page 181 and said it was the system and continuity in money-lending transactions Which made a person a money-lender. He cited a number of authorities*

*which, according to him, supported him in the finding to be given in this case that the plaintiff was money-lender. One of the authorities cited by him was 'Bonnard v. Dott', (1905) 92 1. T 822. In that case Kekewich J. said in one part of his judgment:*

> *"Now, it appears from the evidence that the defendant has lent money again and again, and he writes letters in accordance with the usage of the money Jending class as though to the manner born, but that of itself, of course, is not sufficient to constitute him a money lender within the Act. To bring him within that Act he must be not merely a man who lends money, bub under Section 6 of the Act a man whose business is that of money lending."*

*In another part of his judgment he said:*

> *"Now, I have heard the evidence of a good many gentlemen to whom the defendant has lent money from time to lime, and I take it that those cases are only samples, and that the defendant has also lent money to many other per son, and I take it that all those other transactions have been of a similar character to those we have heard about."*

*On the facts of that case Kekewich, J., came to the conclusion that the defendant was a money-lender.*

*9. Another case that was cited by Mr. Sibbal, was, 'Sano Kashinath v. Patttto Sacuto', AIR 1942 Pat 384. In that case which was before a Division Bench Harries, C. J., quoted the case of 'Lttchfield v. Dreyfus', C1905) 1 KB 584, in which Farwell, J. Said.:*

> *"But not every man who lends money at interest carries on the business of money-lending. Speaking generally, a man who carries on a money-lending business is one who is ready and willing to lend to all and sundry, provided, that they are from his point of view eligible. I do not, of course, mean that a money-lender can evade the Act by limiting his clientele to these whom he chooses to designate as 'friends' or otherwise, it is a question of fact in each case.....So far as regards the few persons whom he has assisted since 1903, either by way of discounting bills of other*

> *persons for them or by discount-Ing their own bills, it would be a straining of the language of the Act to hold that a man who so obliges friends is carrying on the business of a money lender. The Act was intended to apply only to persons who are really carrying on the business of money lending as a business, not to persons who lend money as an incident of another business or to a few old friends by way of friendship."*

*Another judgment was also referred to in that case. That was a case of 'Edgelow v. Mac Ei-wee', (1918) 1 KB 205, McCardie, J., in that case observed:*

> *"A man does not become a money-lender by reason of occasional loans to relations, friends or acquaintances, whether interest be charged or not. Charity and kindliness are not the basis of. usury. Nor does a man become a money-lender merely because he may upon one or several isolated occasions lend money to a stranger. There must be more than occasional and disconnected loans. There must be a business of money-lending, and the business' imports the notion of system, repetition and continuity..... The line of demarcation cannot be defined with closeness or indicated by any specific formula. Each case must depend on its own peculiar features. It is ever a question of degree."*

*Another case that was referred to in that judgment was a Full Bench judgment of the Allahabad High Court in the matter of Bhairo Dutt', AIR 1940 All 1, in which it was held 'that an ele-ment of continuity and habit is essential to con-stitute the exercise of a profession or business. Investments of his savings by an advocate do not necessarily amount to engagement in money-lending business, the more so when such investments are few and far between and are mostly made to relations and friends. Harries, C. J., applying the principles of the rulings before him and on the facts of that case held that the person they were dealing with was not a money-lender, in that case over a period of thirty years four advances had been made and in each case there appears to nave been special circumstances which caused the advance of money. Money did not appear to have been lent regularly, but* *there were merely isolated transactions and made in very special circumstances. In view of the aforesaid interpretation, a person who carries money lending business is one who is ready and willing to lend to all and sundry."*

4. Thus as per settled law, for a person to be a 'money lender', there must be evidence to prove that he is ready and willing to lend money to all. Admittedly, no such evidence was brought on record to prove that the plaintiff was lending money to all and sundry on interest. Few instances of lending money to one or more than one person itself would not bring the plaintiff within the ambit of money lender as enumerated under Section 2(9) of the 1938 Act."

5. In the absence of there being any evidence evincing any other loan transactions by the plaintiff, the plea cannot be accepted and the plaintiff cannot be held to be a money lender as contemplated under the provisions of The Punjab Registration of Money Lenders Act, 1938 that would necessitate license of money lender.

6. Finding no merits in the present appeal, the same is ordered to be dismissed.

7. Since the main case has been decided, pending miscellaneous application, if any, shall also stands disposed off.

**(PANKAJ JAIN)**
**JUDGE**

**20.01.2026**
Dinesh

Whether speaking/reasoned : Yes

Whether Reportable : No