Uttarakhand Judicial and Legal Academy

Index of Cases on Negotiable Instruments Act: 1881

(Year 2025-2026)

Workshop on 'Negotiable Instruments Act, 1881'
on 14.09.2026 in (virtual mode)
For CJMs and ACJMs/Civil Judges (Sr. Div.)

S. No.	Case Title	Citation	Law Point
Offence u/s 138 NI Act, 1881			
1	S.C. Garg v. State of Uttar Pradesh	2025 SCC OnLine SC 791: 2025 LiveLaw (SC) 436 : 2025 INSC 493	**Cheating case under Section 420 IPC and Res Judicata in Criminal Law:** The Hon'ble Supreme Court held that findings and conclusions recorded in earlier, finalized proceedings (such as under Section 138 of the Negotiable Instruments Act) bind both parties in subsequent criminal complaints (e.g. Sec. 420 IPC) arising from the same transaction.
2	Vishnoo Mittal v. Shakti Trading Company	(2025) 9 SCC 417: 2025 LiveLaw (SC) 314 : 2025 INSC 346 : AIR 2025 SC 1741	**Cheque dishonour by itself doesn't create Sec. 138 of NI Act offence:** It arises on failure to pay after 15 days of demand notice receipt.
3	Kaveri Plastics v. Mahdoom Bawa Bahruden Noorul	2025 LiveLaw (SC) 927 : 2025 INSC 1133	**Contents of Notice:** Sec.138 Negotiable Instruments Act, 1881, complaint not maintainable if demand notice Section 138(b) NI Act of the didn't mention exact cheque amount; typo error no defence.
4	Rekha Sharad Ushir v. Saptashrungi Mahila Nagari Sahkari Patsansta Ltd.	2025 INSC 399 : AIR 2025 SC 1857	**Magistrates to ascertain truth of complaints before summoning accused:** The recording of the compainant's statement on oath was not an empty formality; magistrates must put questions to elicit the truth. The case established a critical legal precedent that suppressing material facts or omitting crucial documents when filing a complaint under Section 138 of the NI Act constitutes an abuse of the legal process disentitling the complainant from seeking relief under the doctrine of "clean hands".
5	S. Nagesh v. Shobha S. Aradhya	2026 SCC OnLine SC 18: 2026 LiveLaw (SC) 13 : 2026 INSC 27 :	**Cognizance can't be taken of time-barred cheque dishonour complaint without first condoning delay:** A Magistrate cannot take cognizance of a time-barred Section 138 NI Act complaint without first condoning the delay.
Presumption, Onus, Burden of Proof & Evidence			
6	Georgekutty Chacko v. M.N. Saji	2025 SCC OnLine SC 2204: 2025 LiveLaw (SC) 878	**Presumption Under the NI Act:** Under Section 118(a) of the Negotiable Instruments Act, 1881, there is a statutory presumption that a signed promissory note is backed by valid financial consideration. Once execution is admitted, the legal burden of proof shifts to the borrower to disprove the debt, rather than the lender having to track every sub-transaction.

7	Renuka v. State of Maha- rashtra	2026 LiveLaw (SC) 338 : 2026 INSC 327	**The Presumption under Section 139 of the NI Act:** The law automatically assumes a signed cheque is given for a real debt. A court cannot test or break this assumption before a trial.
8	Ashok Singh v. State of Uttar Pradesh	2025 SCC OnLine SC 706: 2025 LiveLaw (SC) 383 : 2025 INSC 427 : AIR 2025 SC 1931	**Complainant has no onus to prove financial capacity at the threshold:** A complainant in a cheque dishonour case under Section 138 of the Negotiable Instruments Act, 1881 does not need to prove their financial capacity at the very beginning of the trial. Once the drawer admits to signing the cheque; the presumption under Section 139 of the NI Act cannot be rebutted merely by questioning the complainant's debt-giving capacity.
9	V. Ganesan v. State	2026 LiveLaw (SC) 269 : 2026 INSC 265 : AIR 2026 SC 1547	**Dishonour of Post-Dated cheque by itself not enough to presume dishonest intention for cheating:** The Hon'ble Supreme Court emphasized that criminal liability for cheating requires proof of fraudulent intent at the inception of the transaction and cannot be inferred merely from subsequent failure to fulfil a promise. Held that a failed business investment or the dishonour of a post-dated cheque does not automatically constitute criminal cheating under Section 420 of the Indian Penal Code (IPC) unless a dishonest intention existed from the very inception of the transaction
10	Sumit Bansal v. MGI Developers and Promoters	(2026) 6 SCC 366: 2026 LiveLaw (SC) 34: 2026 INSC 40	**Separate Causes of Action:** Dishonour of multiple cheques arising from the same underlying transaction can give rise to separate causes of action under Section 138 of the Negotiable Instruments Act, 1881. Dishonour of multiple cheques does not merge into a single transaction. Each distinct cheque dishonour, when followed by its own statutory legal notice, constitutes an independent cause of action.
Jurisdiction & Limitation			
11	Jai Balaji Industries Ltd. v. Heg Ltd.	2025 SCC OnLine SC 2581: 2025 LiveLaw (SC) 1149 : 2025 INSC 1362	**Territorial Jurisdiction:** For the dishonour of an account-payee cheque, jurisdiction under Section 142(2)(a) of the Negotiable Instruments Act lies exclusively with the court where the payee's home branch (where the payee maintains their account and deposits the cheque) is located.
12	H.S. Oberoi Buildtech Pvt. Ltd. v. MSN Woodtech	2025 SCC OnLine SC 290: : 2025 LiveLaw (SC) 889	**There cannot be an 'automatic or presumed condonation' of a complaint filed beyond the statutory time limit:** A cheque bounce complaint under Section 138 of the Negotiable Instruments Act, 1881 filed beyond the 30-day limitation period is not maintainable without a formal, written application for condonation of delay.
13	Kamal Enterprises v. A. K. Constructions Co	2025 LiveLaw (SC) 289	**Jurisdiction Objections:** The Hon'ble Supreme Court held that the objection regarding lacked territorial jurisdiction must be raised directly before the local Magistrate, who has the power to return the complaint if jurisdiction is lacking. A transfer petition is not the proper route to decide this. **Personal Appearance:** The Hon'ble Supreme Court observed that accused parties can apply to the trial court for an exemption from personal appearance, provided they attend when their physical presence is strictly required.

14	Prakash Chimanlal Sheth v. Jagruti Keyur Rajpopat	2025 SCC OnLine SC 1511: 2025 LiveLaw (SC) 769 : 2025 INSC 897	**Territorial jurisdiction for filing criminal complaints:** **Payee's Account Location Dictates Jurisdiction:** Under Section 142(2)(a) of the NI Act, if a cheque is delivered for collection through a bank account, the jurisdiction to try the offense rests entirely with the court within whose local limits the branch of the bank where the payee maintains their account is situated. **Physical Location of Presentation is Irrelevant:** The physical branch where a cheque is handed over or scanned (in this case, Mumbai) does not shift the jurisdiction. As long as the cheque is routed to be credited into the payee's native account (in this case, Mangalore), held that native account branch holds the jurisdiction.
15	Shri Sendhuragro and Oil Industries v. Kotak Mahindra Bank	2024 SCC OnLine SC 5352: 2025 LiveLaw (SC) 292 :	**Lack of territorial jurisdiction no ground to transfer complaint:** A complaint under Section 138 of the Negotiable Instruments Act, 1881 cannot be transferred under Section 406 of the Code of Criminal Procedure (CrPC) solely on the grounds of lack of territorial jurisdiction or general convenience. Jurisdiction for dishonored cheques is governed by where the cheque is presented/delivered for collection. Filing a complaint where the bank branch maintains a collection account (e.g., Chandigarh) does not amount to harassment or abuse of process if it fits statutory jurisdiction rules. **Section 142(2) of the N.I. Act:** as amended in 2015: the jurisdiction for complaints under Section 138 lies with the court where the cheque is delivered for collection through the payee's bank account.
16	Golla Naraesh Kumar Yadav v. Kotak Mahindra Bank	2025 SCC OnLine SC 2710: 2025 LiveLaw (SC) 1172 : 2025 INSC 1387	**Transfer of cheque-bounce cases:** The Hon’ble Supreme Court strongly criticized the banking practice of filing complaints in distant locations to pressure small-time borrowers. **Misuse of Law":** The Hon’ble Supreme Court heavily rebuked the financial institution, characterising the battle as a **"David versus Goliath"** conflict. The Hon’ble Court observed that the legislation was never intended to allow banks to harass borrowers by exploiting jurisdictional flexibility just because they have collection centers nationwide. **Reference to a Larger Bench:** The bank relied heavily on a previous co-ordinate bench ruling, ***Shri Sendhur Agro & Oil Industries v. Kotak Mahindra Bank Ltd.,*** which held that mere geographical inconvenience is not a valid ground for transfer. However, the current bench explicitly doubted the correctness of the ***Sendhur Agro*** ruling. The Hon’ble Court observed that cheque bounce cases are private financial disputes (quasi-criminal in nature) rather than grave societal crimes, making the relative convenience of stakeholders crucial to establishing a fair defence. The Hon’ble Supreme Court allowed the transfer petition, shifting the proceedings from Chandigarh to the Chief Metropolitan Magistrate's Court in Hyderabad, Telangana while formally referring the broader legal issue

			to a larger bench to officially settle the law.
Offences by Companies and Vicarious Liability u/s 141 NI Act, 1881			
17	Dhanasingh Prabhu v. Chandrasekar	2025 SCC OnLine SC 2069 : 2025 LiveLaw (SC) 708 : 2025 INSC 831	**A complaint targeting the partners directly is fully maintainable; notice served to the partners acts effectively as notice to the firm:** Unlike a company (which is a separate juristic entity), a partnership firm has no distinct legal identity apart from its partners. Under the Indian Partnership Act, 1932, a "firm" is simply a collective compendious name for the individuals who compose it. **Joint and Several Liability:** Because a firm is not a distinct legal person, any liability or offense triggered in the name of the firm automatically extends to its partners. Partners remain personally, jointly, and severally liable for the firm's debts and actions.
18	Adhiraj Singh v. Yograj Singh	2024 SCC OnLine SC 555: 2025 LiveLaw (SC) 75	**A resigned director of a company cannot be held vicariously liable under Section 141 of the Negotiable Instruments Act, 1881 for the dishonour of cheques issued by the company after their resignation:** Liability under Section 141 of the NI Act requires a person to be actively managing or in charge of the company's operational affairs at the exact time the offence is committed.
19	K.S. Mehta v. Morgan Securities and Credits Pvt. Ltd.	(2025) 7 SCC 615: 2025 LiveLaw (SC) 286 : 2025 INSC 315 : AIR 2025 SC 1607 : (2025) 7 SCC 615	**Non-executive & independent company directors not liable for cheque's dishonour unless their direct involvement shown:** The non-executive and independent directors cannot be held vicariously liable for cheque dishonour under Section 138 and Section 141 of the Negotiable Instruments Act, 1881, unless the complaint contains specific, unambiguous allegations demonstrating their active involvement in the financial transaction.
20	HDFC Bank Ltd. v. State of Maharashtra	(2025) 9 SCC 653: 2025 LiveLaw (SC) 624 : 2025 INSC 759 : AIR 2025 SC 2707	**Cheque dishonour complaint need not state specific administrative role of company directors:** The complainant is supposed to know only generally as to who are in charge of the affairs of the company. The overall substance of the averments in a complaint matters more than mechanically repeating exact statutory phrases. If a complaint sufficiently shows that a director was involved in managing the company or signed guarantees, the burden shifts to the accused director during trial to prove they were not in charge.
21	Hitesh Verma v. Health Care at Home India Pvt. Ltd.	(2025) 7 SCC 623: 2025 LiveLaw (SC) 176	**Scope of vicarious liability of directors in cheque bounce cases under Sections 138 and 141 of the Negotiable Instruments Act, 1881:** There are twin requirements for an offence to fall under Section 141 of the Negotiable Instruments Act, which talks about the dishonour of a cheque committed by a company. Corporate directors cannot be criminally prosecuted purely on account of their official designation or title. The accused person should be in charge of and responsible to the company for the conduct of the business.

22	Sankar Padam Thapa v. Vijaykumar Dineshchandra Agarwal	2025 SCC OnLine SC 2194: 2025 LiveLaw (SC) 991 : 2025 INSC 1210	**Cheque Dishonour Complaint Maintainable Against Trustee Without Arraying Trust As Accused (Sections 138 and 141 of the *NI Act, 1881*, and Section 3 of the *Indian Trusts Act, 1882)*:** A cheque dishonour complaint under Section 138 of the Negotiable Instruments Act, 1881 is maintainable against a signatory trustee without needing to implead the Trust itself as an accused.
23	K. Ranganayakulu v. State of Telangana	2026 LiveLaw (SC) 605 : 2026 INSC 555	**An authorised signatory who signs a cheque on behalf of an organization qualifies as the "drawer" under Section 138 of the Negotiable Instruments Act, 1881:** When the company authorizes a particular individual to sign, issue cheques on the company's behalf, including the responsibility of making a payment, then such an individual would be treated as a 'drawer', attracting liability under Section 138 of the Negotiable Instruments Act, 1881.
24	Mansi Finance v. M. Lalitha	2026 LiveLaw (SC) 559; 2026 INSC 547 : 2026 SCC OnLine SC 949	**Mere designation of an individual holding a managerial position in a society would not be sufficient to invoke liability under Section 141 of the Negotiable Instruments Act, 1881:** The Hon’ble Supreme Court held that mere designation as an office bearer of a company or society is not enough to automatically attract vicarious liability for a cheque bounce case. However, if an office bearer actively participated in the underlying transaction and signed key loan documents (like a Memorandum of Understanding or Promissory Notes), they can face prosecution, even if they did not sign the actual dishonoured cheque.
25	Saroj Pandey v. Govt of NCT of Delhi	2026 LiveLaw (SC) 349 : 2026 INSC 324	**Signing a Board Resolution is not amount to Day-to-Day Management:** Merely signing a Board Resolution does not establish that a director was in charge of and responsible for the day-to-day affairs of a company, and therefore cannot by itself justify prosecution under Section 138 of the Negotiable Instruments Act. The complaint must feature a **clear, specific, and direct allegation** that the director was in charge of, and responsible to, the company for the conduct of its business at the exact time the cheque was issued.
Compounding			
26	Rajeev Khandelwal v. State of Maharashtra	2025 LiveLaw (SC) 1103	**Guidelines in 'Damodar Prabhu Judgment' On Costs For Compounding Cheque Bounce Cases Not Binding:** The Hon’ble Supreme Court agreed that previous guidelines on compounding costs were framed under specific circumstances using Article 142 and do not constitute a universal, unbending rule of law. Every case must be evaluated based on its distinct facts and realities. When the private complainant does not demand extra money and the petitioner genuinely cannot afford the penalty assigned to the Legal Services Authority, forcing the payment is legally unsustainable.

27	Parsharvanath Weld Wires v. State of Chhattisgarh	2026 LiveLaw (SC) 585	**The compounding of offences under Section 147 of the Negotiable Instruments Act after a settlement took place between the parties:** An offence under Section 138 of the Negotiable Instruments Act (cheque bounce) can be compounded based on a settlement, even after the accused has been convicted and is serving a jail sentence. Restitution and amicable financial resolution take precedence over punishment, allowing courts to quash convictions post-sentencing once the parties settle.
Sentencing			
28	Sanjabij Tari v. Kishore S. Borcar	2025 LiveLaw (SC) 952 : 2025 INSC 1158	**Accused In Cheque Dishonour Cases Entitled To Benefit Of Probation Of Offenders Act:** An accused in a cheque dishonour case can be entitled to the benefit of the Probation of Offenders Act under appropriate circumstances.
29	Gian Chand Garg v. Harpal Singh	2025 SCC OnLine SC 2317: 2025 LiveLaw (SC) 865	**Conviction under Section 138 of the Negotiable Instruments Act, 1881 cannot be sustained once the parties have voluntarily settled the dispute and the complainant has acknowledged full payment:** Conviction under s.138 NI Act can't be sustained after complainant & accused enter into settlement. Since the complainant had arrived at a compromise with appellant without any coercion and at his own will and voluntarily accepting the default sum in full and final settlement: then the proceedings under Section 138 NI Act would be of no use.
30	Poonam v. Dule Singh	(2026) 3 SCC 732: 2025 LiveLaw (SC) 1068 : 2025 INSC 1284	**Failure to disclousre of conviction under Section 138 of the Negotiable Instruments Act 1881 and Importance of transparency in elections:** The petitioner (Poonam) was convicted under Section 138 of the Negotiable Instruments Act, 1881 but failed to disclose this conviction in her nomination affidavit. The Hon'ble Supreme Court reaffirmed that candidate transparency regarding criminal antecedents is mandatory in democratic elections. The Hon'ble Court ruled that knowingly suppressing any prior criminal conviction in a nomination affidavit violates the voters' fundamental right to information and automatically renders the candidate's election void, regardless of the severity of the offense.
Appeal			
31	Celestium Financial v. A Gnanasekaran	2025 SCC OnLine SC 1320: 2025 LiveLaw (SC) 666 : 2025 INSC 804	**Complainant as Victim:** A complainant in a cheque dishonour case for the offence under section 138 of Negotiable Instrument Act, 1881 is a "victim" within the meaning of section 2(wa) of CrPC. The complainant can proceed as per the proviso to section 372 CrPC. Complainant need not invoke section 378(4) CrPC and could file appeal as 'victim' as per section 372 proviso.
32	Everest Automobiles v. Rajit Enterprises	2026 LiveLaw (SC) 155	**Referral: to Larger Bench:** The Hon'ble Supreme Court doubted the previous judgment ***Celestium Financial*** that allowed a cheque bounce complainant to file an appeal as a "victim" under Section 372 of the Code of Criminal Procedure (CrPC) without needing

			special leave. The Hon’ble Supreme Court referred to a larger Bench the question whether a complainant in a cheque dishonour case under Section 138 of the Negotiable Instruments Act can file an appeal against acquittal under the proviso to Section 372 of the Code of Criminal Procedure [Section 413 of the Bharatiya Nagarik Suraksha Sanhita] without obtaining special leave under Section 378(4) CrPC.

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