

**IN THE SUPREME COURT OF INDIA
CRIMINAL APPELLATE JURISDICTION**

CRIMINAL APPEAL NOS. 1889-1890 OF 2024

INDRA JEET SINGH & ANR. ... APPELLANT(S)

VERSUS

**THE STATE OF UTTAR
PRADESH & ANR. ...RESPONDENT(S)**

ORDER

1. The instant appeals are preferred by the appellant-complainants against the impugned judgment and order dated 24.01.2017 and 18.05.2018 passed by the High Court of Judicature at Allahabad in Criminal Misc. Application No. 1565 of 2010 and also in Criminal Misc. Application No. 17536 of 2018 whereby the petitions filed under Section 482 Cr.P.C., seeking quashing of summons and the order rejecting the closure report filed in Case No.469 of 2009, as also setting aside the Non-Bailable Warrants issued against Appellant stood rejected .

2. On 22nd June 2009, the respondent lodged a complaint under Section 156(3) Cr.P.C. against the appellants in which, pursuant to the actions taken by the concerned court, the Investigating Officer submitted a closure report dated 11th August 2009 stating that on the basis of statements and documentary evidence, no offence has been made out. The Chief Judicial Magistrate, Gautam Buddha Nagar, while rejecting the closure report, took cognizance under Section 190(1)(b) CrPC and issued summons to the appellants under Section 395, 120B, 420, 406, 506 Indian Penal Code vide order dated 9th December 2009. The appellants challenged the same by way of petition filed under Section 482 CrPC which stood rejected.

3. The dispute as is apparent from the complaint as also the report, is civil in nature, pertaining to the sale of motor vehicle by the complainant respondent herein to the appellants for a consideration of Rs. 4 lakhs. Initially some amount was paid but subsequently dispute arose with regard to the payment of the remainder amount and actual possession of the vehicle in question. This, in our considered view, was sought to be projected as criminal in nature. We notice that the transaction goes back to 25th April 2006, and parties have been litigating since then.

4. The principles of law enunciated in the case of **Bhajan Lal**¹ and several other decisions rendered subsequently by this Court **viz.** *Kunti vs. State of U.P.*², squarely apply to the instant facts. In *Kunti* (supra) it was observed by one of us (Sanjay Karol J.) as follows:

“9. However, we do not find the need to engage with the grounds as urged, because a perusal of the record in no uncertain terms reflects the dispute as being of a civil nature. This Court recently, in *Sarabjit Kaur v. State of Punjab* [*Sarabjit Kaur v. State of Punjab*, (2023) 5 SCC 360] , observed that : (SCC p. 363, para 13)

“13. A breach of contract does not give rise to criminal prosecution for cheating unless fraudulent or dishonest intention is shown right at the beginning of the transaction. Merely on the allegation of failure to keep up promise will not be enough to initiate criminal proceedings.”

10. A two-Judge Bench of this Court in *ARCI v. Nimra Cerglass Technics (P) Ltd.* [*ARCI v. Nimra Cerglass Technics (P) Ltd.*, (2016) 1 SCC 348 : (2016) 1 SCC (Cri) 269] , while deliberating upon the difference between mere breach of contract and the offence of cheating, observed that the distinction depends upon the intention of the accused at the time of the alleged incident. If dishonest intention on the part of the accused can be established at the time of entering into the transaction with the complainant, then criminal liability would be attached.

11. In *Vijay Kumar Ghai v. State of W.B.* [*Vijay Kumar Ghai v. State of W.B.*, (2022) 7 SCC 124 : (2022) 2 SCC (Cri) 787] , one of us, (Krishna Murari J.) observed in reference to earlier decisions as under : (SCC pp. 139-40, paras 24-25)

“24. This Court in *G. Sagar Suri v. State of U.P.* [*G. Sagar Suri v. State of U.P.*, (2000) 2 SCC 636 : 2000 SCC (Cri) 513] observed that it is the duty and obligation of the criminal court to exercise a great deal of caution in issuing the process, particularly when matters are essentially of civil nature.

¹ (1992) Supp. (1) SCC 335

² (2023) 6 SCC 109

25. This Court has time and again cautioned about converting purely civil disputes into criminal cases. This Court in *Indian Oil Corpn. [Indian Oil Corpn. v. NEPC India Ltd., (2006) 6 SCC 736 : (2006) 3 SCC (Cri) 188]* noticed the prevalent impression that civil law remedies are time consuming and do not adequately protect the interests of lenders/creditors. The Court further observed that : (*Indian Oil Corpn. [Indian Oil Corpn. v. NEPC India Ltd., (2006) 6 SCC 736 : (2006) 3 SCC (Cri) 188]* , SCC p. 749, para 13)

‘13. ... Any effort to settle civil disputes and claims, which do not involve any criminal offence, by applying pressure through criminal prosecution should be deprecated and discouraged.’ ”

5. Having perused the material available on record, we are of the considered view that the continuance of a dispute pertaining to payment of money and handing over of possession of a motor vehicle, in the realm of criminal laws, would be unfortunate as also an abuse of process of law. That apart, no dishonest intention could be shown to satisfy the requirement of Section 420 IPC. In that view of the matter, the criminal proceedings subject matter of the appeal cannot continue and ought to be quashed. Ordered accordingly.

6. As such the appeal (Criminal Appeal No. 1890 of 2024) is allowed and the impugned judgment and order dated 24.01.2017 is set aside. Consequent to the above discussion, the criminal proceedings are rendered nugatory and as such Non-Bailable Warrants issued in connection therewith would also be rendered moot. Therefore, Criminal Appeal No. 1889 of 2024 is also allowed.

Pending application(s), if any, shall stand disposed of.

.....J.
(SANJAY KAROL)

.....J.
(PRASHANT KUMAR MISHRA)

New Delhi;
September 18, 2025