

A

RAJESH BAJAJ

v.

STATE NCT OF DELHI AND ORS.

MARCH 12, 1999

B

[K.T. THOMAS AND S. SYED SHAH MOHAMMED QUADRI, JJ.]

C

Criminal Procedure Code, 1973—Section 482—Quashing of criminal complaint—Complainant induced to enter into a commercial transaction—Payment as per the invoice was not made after delivery of goods—Complaint lodged containing all relevant facts—High Court quashed the complaint holding, it did not disclose offence of cheating and that it was purely a commercial transaction where payment assured was not made—On appeal Held, if factual foundation is laid then complaint need not reproduce ingredients of offence alleged—Court should not hasten to quash proceedings at investigation stage—Quashing of complaint on ground that it disclosed only a commercial transaction not justified—Indian Penal Code, 1860—Sections 415 and 420.

D

Constitution of India—Article 226—Quashing of criminal Complaint—Meticulous scrutiny of all ingredients of offence not needed—Hyper-technical approach adopted by court may be justified during trial but not during the stage of investigation—Indian Penal Code, 1860—Sections 415 and 420.

E

The appellant belongs to a company manufacturing and exporting garments. Respondent No. 5 approached him as a representative of a German company to purchase garments for export. He induced the appellant to believe that payments shall be made on receiving the invoice. The goods were delivered along with the invoices by the appellant, but only a part of the payment due was received. Respondent agreed under a second understanding reached between the parties to pay the amount due. This understanding was also not honoured. The appellant filed a complaint stating all the relevant facts and also alleged that the respondent had duped many other manufacturers through this *modus operandi*.

F

G

High Court quashed the FIR as it found that the complaint did not disclose commission of any offence of cheating punishable under Section 420 I.P.C., that there was nothing to indicate a dishonest or fraudulent intention and that it was purely a commercial transaction where balance

H

amount of the goods received was not paid as per the assurance made. A
Hence this appeal by the complaint.

Allowing the appeal, this Court

HELD : 1. It is not necessary that a complainant should verbatim reproduce in the body of his complaint all the ingredients of the offence he is alleging. Nor is it necessary that he should state in so many words that the intention of the accused was dishonest or fraudulent. Splitting up of the definition into different components of the offence to make a meticulous scrutiny, whether all the ingredients have been precisely spelled out in the complaint, is not needed at this stage. If factual foundation for the offence has been laid in the complaint the Court should not hasten to quash criminal proceedings during investigation stage merely on the premise that one or two ingredients have not been stated with details. For quashing an FIR the information in the complaint must be so bereft of even the basic facts which are absolutely necessary for making out the offence. [1016-A-C]

State of Haryana v. Bhajan Lal, [1992] Supp. 1 SCC 335, relied on. D

2. The facts narrated in the complaint would as well reveal a commercial transaction or money transaction but that is hardly a reason for holding that offence of cheating would elude from such transactions. It is the intention of the person who induces the victim of his representation and not the nature of the transaction which would become decisive in discerning whether an offence was committed or not. [1016-F] E

3. The hyper-technical approach adopted by the High Court for testing ingredients under Section 415 IPC may be justified during trial but certainly not during the stage of investigation. [1017-C] F

CRIMINAL APPELLATE JURISDICTION : Criminal Appeal No. 295 of 1999.

From the Judgment and Order dated 2.9.98 of the Delhi High Court in CrI. W. No. 640 of 1998. G

R.K. Jain, Aseem Mehrotra and A.P. Medh for the Appellant.

K.N. Rawal, Additional, Solicitor General, Anil Katiyar, S.W.A. Quadri, Ms. Sushma Suri for the Respondents Nos. 1-2. H

A Arun Jaitley, A.K. Sinha and Neeraj Choudhary for the Respondent
No. 5.

The Judgment of the Court was delivered by

THOMAS, J. Leave granted.

B

Appellant lodged an FIR with the police for the offence under Section 420, Indian Penal Code. A Division Bench of the Delhi High Court quashed the FIR on the premise that the complaint did not disclose the offence. The Division Bench reminded themselves that jurisdiction under Article 226 of the Constitution or Section 482 of the Code of Criminal Procedure "should be exercised sparingly and with circumspection" for quashing criminal proceedings. Nevertheless, learned judges found that the case on hand could not pass the test laid down by this Court in *State of Haryana v. Bhajan Lal*, [1992] Suppl. 1 SCC 335]. The appellant is obviously aggrieved by the aforesaid course of action adopted by the High Court and hence he filed the special leave petition.

D

In the complaint filed by the appellant before the police, on the strength of which the FIR was prepared, the following averments, *inter alia*, were made. Appellant belongs to a company (M/s Passion Apparel Private Limited) which manufactures and exports Readymade garments. On 15.11.1994 fifth respondent (Gagan Kishore Srivastava) Managing Director of M/s Avren Junge Mode Gumbh Haus Der Model approached the complainant for purchase of Readymade garments of various kinds and induced the appellant to believe that 5th respondent would pay the price of the said goods on receiving the invoice. Such payment was promised to be made within fifteen days from the date of invoice of the goods which complainant would despatch to Germany. Appellant believed the aforesaid representation as true and on that belief he despatched goods worth 4,46,597.25 D.M. (Deutsch Marks). In March/April 1995 respondent on receipt of 37 different invoices got the goods released and sold them to others. But the respondent paid only a sum of 1,15,194 D.M. Appellant further alleged in the complaint that respondent induced him to believe that he is a genuine dealer, but actually his intentions were not clear.

E

F

G

Appellant also mentioned in the complaint that one of the representatives of appellant's company went to Germany in October 1995 for realising the amount on the strength of an understanding reached between

H

them that respondent would pay 2,00,000 D.M. in lieu of the remaining part of the price. However, the respondent did not honour even that subsequent understanding.

A

Appellant further mentioned in the complaint that he came to know later about the modus operandi which respondent adopted in regard to certain other manufacturers who too were duped by the respondent to the tune of rupees ten crores.

B

Learned Judges of the High Court have put forward three premises for quashing the FIR. First is that the complaint did not disclose commission of any offence of cheating punishable under Section 420 of the Indian penal Code. Second is that there is nothing in the complaint to suggest that the petitioner had dishonest or fraudulent intention at the time the respondent exported goods worth 4,46,597.25 D.M. by 37 different invoices. There is also nothing to indicate that the respondent, by deceiving the complainant, induced him to export goods worth 4,48,597.25 D.M. The third is that on the face of the allegations contained in the complaint "it is purely a commercial transaction which in a nut-shell is that the seller did not pay the balance amount of the goods received by him as per his assurance."

C

D

After quoting Section 415 of IPC learned judges proceeded to consider the main elements of the offence in the following lines:

E

"A bare reading of the definition of cheating would suggest that there are two elements thereof, namely, deception and dishonest intention to do or omit to do something. In order to bring a case within the first part of Section 415, it is essential, in the first place, that the person, who delivers the property should have been deceived before he makes the delivery; and in the second place that he should have been induced to do so fraudulently or dishonestly. Where property is fraudulently or dishonestly obtained, Section 415 would bring the said act within the ambit of cheating provided the property is to be obtained by deception."

F

G

It was thereafter that the High Court scanned the complaint and found out that "there is nothing in the complaint to suggest that the accused had dishonest or fraudulent intention at the time of export of goods."

H

A It is not necessary that a complainant should verbatim reproduce in the body of his complaint all the ingredients of the offence he is alleging. Nor is it necessary that the complainant should state in so many words that the intention of the accused was dishonest or fraudulent. Splitting up of the definition into different components of the offence to make a meticulous scrutiny, whether all the ingredients have been precisely spelled out in the complaint, is not the need at this stage. If factual foundation for the offence has been laid in the complaint the court should not hasten to quash criminal proceedings during investigation stage merely on the premise that one or two ingredients have not been stated with details. For quashing an FIR (a step which is permitted only in extremely rare cases) the information in the complaint must be so bereft of even the basic facts which are absolutely necessary for making out the offence. In *State of Haryana v. Bhajan Lal* (supra) this Court laid down the premise on which the FIR can be quashed in rare cases. The following observations made in the aforesaid decisions are a sound reminder:

D "We also give a note of caution to the effect that the power of quashing a criminal proceeding should be exercised very sparingly and with circumspection and that too in the rarest of rare cases; that the court will not be justified in embarking upon an enquiry as to the reliability or genuineness or otherwise of the allegations made in the FIR or the complaint and that the extraordinary or inherent powers do not confer an arbitrary jurisdiction on the court to act according to its whim or caprice."

E

It may be that the facts narrated in the present complaint would as well reveal a commercial transaction or money transaction. But that is hardly a reason for holding that the offence of cheating would elude from such a transaction. In fact, many a cheatings were committed in the course of commercial and also money transactions. One of the illustrations set out under Section 415 of the Indian Penal Code (illustrations "f") is worthy of notice now:

G "(f) A intentionally deceives Z into a belief that A means to repay any money that Z may lend to him and thereby dishonestly induces Z to lend him money, A not intending to repay it. A cheats."

The crux of the postulate is the intention of the person who induces the victim of his representation and not the nature of the transaction which

H

would become decisive in discerning whether there was commission of offence or not. The complainant has stated in the body of the complaint that he was induced to believe that respondent would honour payment on receipt of invoices, and that the complainant realised later that the intentions of the respondent were not clear. He also mentioned that respondent after receiving the goods have sold them to others and still he did not pay the money. Such averments would *prima facie* make out a case for investigation by the authorities.

The High Court seems to have adopted a strictly hyper-technical approach and sieved the complaint through a cullendar of finest gauzes for testing the ingredients under Section 415 , IPC. Such an endeavour may be justified during trial, but certainly not during the stage of investigation. At any rate, it is too premature a stage for the High Court to step in and stall the investigation by declaring that it is a commercial transaction simplicitor wherein no semblance of criminal offence is involved.

The appellant is, therefore, right in contending that the FIR should not have been quashed in this case and the investigation should have been allowed to proceed.

We, therefore, allow this appeal and set aside the impugned order.

A.Q.

Appeal allowed.