

Sri Gopalaiah v. K. Manjunath

Criminal Appeal No. 583 of 2016

No separate citation stated in the source | 2026-07-16

Whether the accused could overturn the High Court remand for fresh consideration of a section 138 NI Act complaint, including on the ground that the cash-loan transaction was unenforceable because of section 269SS and that his denial and possession of other funds rebutted the statutory presumptions.

269SS | 271D

Two-judge bench | Manoj Misra, J. | Vijay Bishnoi, J.

Assessment years: See the source-scope notes; no year inferred.

01 FACTS OF THE CASE

The accused challenged the Karnataka High Court's 10 October 2013 remand in Criminal Appeal 228/2009. Two cheques, for Rs 8 lakh and Rs 50,000, had been returned unpaid for insufficient funds; the complainant alleged non-payment despite the demand notice and brought a section 138 NI Act complaint. The accused admitted that the cheques bore his signature but said they had been given to Srinivas in connection with a Rs 50,000 hand loan and had been misused after being passed to the complainant. The Trial Court acquitted him, relying on the absence of documentary proof of the alleged Rs 8.5 lakh advance, section 269SS and evidence that the accused already had money. The High Court, deciding several appeals together, remanded this complaint for a fresh decision on the evidence under the correct approach to statutory presumptions. In the Supreme Court the accused relied on his existing funds, denial and lack of documentary loan evidence; the complainant disputed the consistency of his explanations for the cheques. These are competing cases, not a Supreme Court finding that the underlying loan or offence was proved. The extended passage in paragraph 6 reproduces the High Court's account of the trial and evidence; it is not a fresh Supreme Court determination.

Source: [official signed order with ROP / paragraphs 2-5 / PDF pages 1, 2 / judgment](#); [official signed order with ROP / paragraphs 6 / PDF pages 2, 3, 4, 5 / quoted High Court judgment](#); [official signed order with ROP / paragraphs 7-11 / PDF pages 5, 6, 7, 8 / procedural history and party submissions](#)

02 DISCUSSION BY THE HON'BLE COURT

The Court expressly declined to reappraise the evidence or express an opinion on ultimate merits because the challenged order was a remand. It stated that admission of cheque execution attracts the presumptions of consideration under section 118(a) and discharge of a legally enforceable debt or liability under section 139 of the NI Act (paragraph 13).

On the Income-tax Act point, it held that breach of section 269SS attracts the statutory penalty consequence under section 271D, while neither provision declares the transaction illegal, invalid or statutorily void. A breach therefore does not by itself render the debt unenforceable for section 138 or rebut the NI Act presumptions. Footnote 7 expressly refers to *Sanjabi Tari v. Kishore S. Borcar & Anr.*, 2025 SCC OnLine SC 2069, paragraph 20. The tax proposition is applied within the cheque litigation; the Court did not impose a penalty or decide who would bear one in separate proceedings (paragraph 13, physical page 9).

The presumptions remain rebuttable. Mere denial is insufficient; the circumstances of issuance and the cheque reaching the payee require an explanation. Proven lack of the payee's financial capacity may help dislodge the presumption. The Court observed that the complainant appeared to have led evidence of capacity which the Trial Court had not properly considered. That justified leaving the remand in place, rather than resolving the disputed facts or entering a conviction (paragraphs 14-16).

Source: [official signed order with ROP / paragraphs 12-13 and footnotes 5-7 / PDF pages 8, 9 / judgment](#); [official signed order with ROP / paragraphs 14-15 / PDF pages 9, 10 / judgment](#)

03 JUDICIAL DECISION

The accused's appeal was dismissed. The High Court's remand to the Trial Court was upheld, and the Trial Court was directed to proceed expeditiously, bearing in mind that the complaint related to 2006. All pending applications were disposed of. The ROP records dismissal in terms of the signed order. The Supreme Court neither convicted the accused nor restored his acquittal.

Source: [official signed order with ROP / paragraphs 16-17 / PDF pages 10 / judgment](#); [official signed order with ROP / paragraphs ROP paragraphs 1-2 / PDF pages 11 / ROP](#)

04 OUTCOME / IN WHOSE FAVOUR

In whose favour: Respondent-complainant on preservation of the remand; ultimate criminal merits remain open

Accused's appeal dismissed; High Court remand upheld; Trial Court to proceed expeditiously; pending applications disposed of

Legal approach to enforceability and presumptions decided; factual guilt or innocence left for fresh Trial Court consideration

No income-tax assessment or penalty determination. The decision does not prove the particular cash advance, make NI Act presumptions irrebuttable or certify tax compliance.

Source: [official signed order with ROP / paragraphs 13; 16-17 / PDF pages 8, 9, 10 / judgment](#); [official signed order with ROP / paragraphs ROP paragraphs 1-2 / PDF pages 11 / ROP](#)

05 AKHB REVIEW POINT

Keep a cash-loan tax objection separate from the NI Act evidential enquiry. Record admitted execution, the accused's explanation for the cheque reaching the complainant, the lending evidence and any properly proved financial-capacity defence. Under this order, an alleged section 269SS breach alone cannot replace that enquiry or make the debt void. Its references to cash above Rs 20,000 do not reproduce the complete statutory threshold, aggregation rules, persons covered or exceptions. The wording about a payee or holder in due course is not an adjudication that this complainant owes a section 271D penalty. Preserve the procedural result: the accused lost his challenge to a remand, while the Trial Court retained responsibility for the merits. Sanjabi Tari is expressly cited for paragraph 20's cash-debt proposition; no wholesale adoption of that decision's separate case-management directions is asserted. Check the governing statutory text and later treatment before reliance; no automatic Income-tax Act, 2025 mapping is made.

Source: [official signed order with ROP / paragraphs 13-16 / PDF pages 8, 9, 10 / judgment](#)

PROVISION-SPECIFIC SCOPE

1.

Provision: Income-tax Act, 1961, section 269SS

Role: Substantive interpretation of the effect of a cash-loan restriction on legally enforceable debt and NI Act presumptions; not determination of an individual tax breach

Paragraphs: 5; 8; 13

Pdf pages: 2; 6; 8; 9

2.

Provision: Income-tax Act, 1961, section 271D

Role: Penalty consequence distinguished from transaction invalidity; no penalty imposed, computed or adjudicated

Paragraphs: 13

Pdf pages: 9

3.

Provision: Negotiable Instruments Act, 1881, sections 118(a), 138 and 139

Role: Operative criminal-law context and rebuttable presumptions of consideration and legally enforceable debt; remand retained for fresh evaluation

Paragraphs: 3; 13-16

Pdf pages: 1; 8; 9; 10

OTHER GOVERNING ACTS

Negotiable Instruments Act, 1881

RELEVANCE TO INCOME-TAX ACT RESEARCH

Substantive Income-tax Act application within non-tax litigation

ACT IDENTIFIED IN THE REVIEWED SOURCE

Income-tax Act, 1961

SOURCE & VERIFICATION

[Hon'ble Supreme Court source PDF \(official signed order with ROP\)](#)

Identified source rendition: 11 PDF pages; SHA-256 422b7ac2bd03a4ac1ab886cdf5440dd6c20923cc833184e4cf7873f6ab4b5932. Original bytes preserved. Physical PDF pages 1-10 contain the signed order, paragraphs 1-17; page 11 is the matching ROP. Paragraph 6 on pages 2-5 quotes the High Court judgment.

[Open cited source rendition](#)

The order is a final disposal of a criminal appeal against remand; it is not a final conviction, acquittal, income-tax assessment or penalty appeal.

Paragraph 6 quotes the High Court narrative, including an Rs 80,000 description of the defence on physical page 4, while the Supreme Court's own narrative and submissions refer to Rs 50,000. No attempt is made to reconcile those source accounts or treat either as a factual finding on the loan.

Paragraph 13 applies sections 269SS/271D but does not find that a particular taxpayer incurred a penalty, or decide the complete statutory coverage of cash loans.

The source footnote spells the cited party Sanjabi Tari; the linked reviewed record uses Sanjabij Tari. The alias is preserved without creating a duplicate precedent.

The separate prior Tari note is not modified; the forward citation relationship is recorded in this new note.

No individual author or reportability label is printed; neither is inferred from signature order. The signed decision date, rather than upload/signature timestamp, controls.

Full judicial and ROP boundaries reviewed; no neighbouring judgment or reporter headnote is present.

No reported or neutral citation for this order is printed in the inspected official source; none is assigned. The citation in footnote 7 belongs to Sanjabi Tari.

No assessment year is stated or adjudicated. The matter is a cheque-dishonour criminal appeal, not an income-tax assessment.

The signed order is not expressly attributed to an individual author. Both judges sign the order.

Signed closing date and ROP both state 16 July 2026; the digital-signature timestamp is 17 July 2026 and is not used as the decision date.

STATUTORY SCOPE

Historical provisions as discussed in the reviewed decision; no independent consolidated current-statute audit

No automatic mapping to the Income-tax Act, 2025 or certification of current compliance requirements.

LATER TREATMENT

Source checked 2026-10-04. Subsequent appeals, review proceedings, stays, reversals and later judicial treatment have not been comprehensively checked. Any specific cited-decision relationship or reported correction history identified below is a bounded source observation, not a citator status certificate.

IDENTIFIED SOURCE LINKS

[official signed order with ROP - PDF pages: 11](#)

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