

V. K. BANSAL

v.

STATE OF HARYANA AND ORS. ETC. ETC.

(Criminal Appeal Nos. 836-851 of 2013)

JULY 05, 2013

[T.S. THAKUR AND GYAN SUDHA MISRA, JJ.]

Negotiable Instruments Act, 1881:

s. 138 – Dishonour of Cheques – Conviction and sentence – Plea for concurrent running of sentences – Held: Applying the principle of single transaction, the substantive sentences awarded to the appellant in each case relevant to the transactions with each company ought to run concurrently — However, there is no reason to extend that concession to transactions in which the borrowing company is different, no matter the appellant before the court is the promoter/Director of the said other companies also — Direction regarding concurrent running of sentence shall be limited to the substantive sentences only because the provisions of s. 427, Cr.P.C. do not permit a direction for the concurrent running of the substantive sentences with sentences awarded in default of payment of fine/ compensation – Code of Criminal Procedure, 1973 – s.427.

The instant appeals arose out of the conviction and sentences imposed upon the appellant, as a director of the borrowing companies, in several cases, for dishonour of cheques issued by the said companies. The question for consideration before the Court was: whether the High Court was right in declining the prayer made by the appellant for a direction in terms of s. 427 read with s. 482 of the Code of Criminal Procedure, 1973 for the sentences awarded to him in the cases u/s. 138 of the Negotiable Instruments Act, to run concurrently.

A Allowing the appeals in part, the Court:

HELD: 1.1. Section 427 of the Code of Criminal Procedure, 1973 deals with situations where an offender who is already undergoing a sentence of imprisonment is sentenced on a subsequent conviction to imprisonment or imprisonment for life. It provides that such imprisonment or imprisonment for life shall commence at the expiration of the imprisonment to which he has been previously sentenced unless the court directs that the subsequent sentence shall run concurrently with such previous sentence. Section 427(1) of the Code, stipulates a general rule to be followed except in three situations, one falling under the proviso to sub-s (1) to s. 427 i.e. where the person concerned is sentenced to imprisonment by an order u/s. 122 in default of furnishing security which is not the position in the case at hand; the second falling under sub-s (2) where a person already undergoing a sentence of imprisonment for life is sentenced on a subsequent conviction to imprisonment for a term or imprisonment for life; it provides that the subsequent sentence shall in such a case run concurrently with such previous sentence; and the third where the court directs that the sentences shall run concurrently. It is manifest from s. 427(1) that the court has the power and the discretion to issue a direction but in the very nature of the power so conferred upon the court the discretionary power shall have to be exercised along judicial lines and not in a mechanical, wooden or pedantic manner. It is difficult to lay down any strait jacket approach in the matter of exercise of such discretion by the courts. Whether or not a direction ought to be issued in a given case would depend upon the nature of the offence(s) committed, and the fact situation in which the question of concurrent running of the sentences arises. High Courts in this country have, therefore, invoked and exercised their discretion to issue

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directions for concurrent running of sentence* as much as they have declined such benefit to the prisoners**. [Para 8-10] [623-F-H; 624-E-H; 625-A-E] A

**State of Punjab v. Madan Lal* 2009 (3) SCR 1175 = (2009) 5 SCC 238; *Mohd. Akhtar Hussain v. Assistant Collector of Customs* 1988 (2) Suppl. SCR 747 = (1988) 4 SCC 183 and *Mulaim Singh v. State* 1974 CrL.J. 1397 – referred to. B

***Sumlo @ Sumla Himla Bhuriya and Ors. v. State of Gujarat and Ors.* 2007 CrL.J. 612 and *State of Gujarat v. Zaverbhai Kababhai* 1996 CrL.J. 1296 – referred to. C

1.2. The legal position favours exercise of discretion to the benefit of the prisoner in cases where the prosecution is based on a single transaction, no matter different complaints in relation thereto may have been filed as is the position in cases involving dishonour of cheques issued by the borrower towards repayment of a loan to the creditor. [Para 15] [627-E-F; 628-E-H] D

1.3. The 15 cases at hand against the appellant fall in three distinct categories. The transactions forming the basis of the prosecution relate to three different corporate entities who had either entered into loan transactions with the State Financial Corporation or taken some other financial benefit like purchase of a cheque from the appellant that was on presentation dishonoured. Applying the principle of single transaction, each one of the loan transactions/financial arrangements was a separate and distinct transaction between the complainant on the one hand and the borrowing company/appellant on the other. If different cheques which are subsequently dishonoured on presentation, are issued by the borrowing company acting through the appellant, the same could be said to be arising out of a single loan transaction so as to justify a direction for H

A concurrent running of the sentences awarded in relation to dishonour of cheques relevant to each such transaction. That being so, the substantive sentence awarded to the appellant in each case relevant to the transaction with each company ought to run concurrently. However, there is no reason to extend that concession to transactions in which the borrowing company is different no matter the appellant before the Court is the promoter/Director of the said other companies also. Similarly, there is no reason to direct running of the sentence concurrently in the case filed by the State Bank of Patiala which transaction is also independent of any loan or financial assistance between the State Financial Corporation and the borrowing companies. Ordered accordingly. [Para 17] [627-G-H; 628-E-H; 629-A-C]

D 1.4. It is made clear that the direction regarding concurrent running of sentence shall be limited to the substantive sentence only. The sentence which the appellant has been directed to undergo in default of payment of fine/compensation shall not be affected by this direction, because the provisions of s. 427 of the Cr.P.C. do not, permit a direction for the concurrent running of the substantive sentences with sentences awarded in default of payment of fine/compensation. [Para 17] [629-B-D]

Case Law Reference:

	2009 (3) SCR 1175	referred to	para 7
G	2007 Cr.L.J. 612	referred to	para 10
	1996 Cr.L.J. 1296	referred to	para 11
	1974 Cr. L.J. 1397	referred to	para 12
	1988 (2) Suppl. SCR 747	referred to	para 13

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CRIMINAL APPELLATE JURISDICTION : Criminal Appeal A
Nos. 836-851 of 2013.

From the Judgment and Order dated 07.08.2009 of the High Court of Punjab and Haryana at Chandigarh in Crl. Revision Nos. 1536, 1537, 1538, 1539, 1540, 1541, 1542, 1543 of 2009, order dated 11.08.2009 in Crl. Revision Nos. 2081, 2082, 2083 & 2084 of 2009, order dated 15.11.2010 in Crl. Revisions Nos. 241, 242 & 299 of 2009 and order dated 30.04.2009 in Crl. Misc. No. 11367 of 2009. B

D.N. Ray, Subodh Patil, Sumita Ray for the Appellant. C

Jitendra Kumar, Dushyant Parashar, Surya Kant, Kamal Mohan Gupta for the Respondents.

The Judgment of the Court was delivered by D

T.S. THAKUR, J. 1. Leave granted.

2. The short question that falls for determination in these appeals by special leave is whether the High Court was right in declining the prayer made by the appellant for a direction in terms of Section 427 read with Section 482 of the Code of Criminal Procedure for the sentences awarded to the appellant in connection with the cases under Section 138 of the Negotiable Instruments Act filed against him to run concurrently. E

3. The material facts are not in dispute. The appellant is a Director in a group of companies including Arawali Tubes Ltd., Arawali Alloys Ltd., Arawali Pipes Ltd. and Sabhyata Plastics Pvt. Ltd. The appellant's case before us is that in connection with his business conducted in the name of the above companies, he had approached the respondent, Haryana Financial Corporation for financial assistance and facilities. The Corporation had accepted the requests made by the Companies and granted financial assistance to the first three of the four companies mentioned above. Several cheques towards repayment of the amount borrowed by the appellant in F
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A the name of the above companies were issued in favour of the
Haryana Financial Corporation which on presentation were
dishonoured by the banks concerned for insufficiency of funds.
Consequently, the Corporation instituted complaints under
Section 138 of the Negotiable Instruments Act against the
B appellant in his capacity as the Director of the borrowing
companies. These complaints were tried by Judicial
Magistrates at Hissar culminating in the conviction of the
appellant and sentence of imprisonment which ranged between
6 months in some cases to one year in some others besides
C imposition of different amounts of fine levied in each complaint
case and a default sentence in the event of non payment of
amount awarded in each one of those cases.

4. Aggrieved by his conviction and the sentence in the
cases filed against him the appellant preferred appeals which
D were heard and dismissed by the Additional Sessions Judge,
Hissar in terms of separate orders passed in each case. In
some of the cases the Appellate Court reduced the sentence
from one year to nine months.

E 5. The appellant then approached the High Court by way
of revision petitions. The High Court dismissed 15 out of 17
revisions petitions in which the appellant was convicted. The
remaining two revision petitions are still pending before the
High Court. The High Court noticed that the appellant had not
F questioned the correctness of the conviction before the
appellate Court which disentitled him to do so in revision. That
position was, it appears, not disputed even by the appellant,
the only contention urged before the High Court being that
instead of the sentences awarded to him running consecutively
they ought to run concurrently. That contention was turned down
G by the High Court holding that the sentence of imprisonment
awarded to the appellant was not excessive so as to warrant
its reduction or a direction for concurrent running of the same.
The High Court noted:

H "As regards sentence, keeping in view the amount of

cheques, sentence of simple imprisonment for six months in each case cannot be said to be excessive so as warrant reduction or direction for concurrent running of the sentences in all the 8 cases. Even sentence in default of payment of fine, which is huge amount, also cannot be said to be excessive".

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6. The revision petitions filed by the appellant along with the criminal miscellaneous applications moved under Section 482 of the Cr.P.C. were accordingly dismissed. The present appeals assail the correctness of the orders passed by the High Court which are no doubt separate but in similar terms.

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7. Learned counsel appearing for the appellant strenuously argued that the High Court has committed an error in declining the prayer made by the appellant for an appropriate direction to the effect that the sentences awarded to the appellant in the cases in which he was found guilty ought to run concurrently and not consecutively. It was urged that the trial Court and so also the appellate and the revisional Courts were competent to direct that the sentences awarded to the appellant should run concurrently. The power vested in them to issue such a direction has not been properly exercised, contended the learned counsel. Reliance in support was placed upon the decision of this Court in *State of Punjab v. Madan Lal* (2009) 5 SCC 238.

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8. Section 427 of the Code of Criminal Procedure deals with situations where an offender who is already undergoing a sentence of imprisonment is sentenced on a subsequent conviction to imprisonment or imprisonment for life. It provides that such imprisonment or imprisonment for life shall commence at the expiration of the imprisonment to which he has been previously sentenced unless the Court directs that the subsequent sentence shall run concurrently with such previous sentence. Section 427 may at this stage be extracted:

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"427. Sentence on offender already sentenced for another offence - (1) when an person already undergoing

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A sentence of imprisonment is sentenced on a subsequent conviction to imprisonment or imprisonment for life, such imprisonment or imprisonment for life shall commence at the expiration of the imprisonment to which he has been previously sentenced unless the Court directs that the subsequent sentence shall run concurrently with such previous sentence.

Provided that where a person who has been sentenced to imprisonment by an order under Section 122 in default of furnishing security is, whilst undergoing such sentence, sentenced to imprisonment for an offence committed prior to the making of such order, the latter sentence shall commence immediately.

(2) When a person already undergoing a sentence of imprisonment for life is sentenced on a subsequent conviction to imprisonment for a term or imprisonment for life, the subsequent sentence shall run concurrently with such previous sentence."

9. That upon a subsequent conviction the imprisonment or imprisonment for life shall commence at the expiration of the imprisonment which has been previously awarded is manifest from a plain reading of the above. The only contingency in which this position will not hold good is where the Court directs otherwise. Proviso to sub-section (1) to Section 427 is not for the present relevant as the same deals with cases where the person concerned is sentenced to imprisonment by an order under Section 122 in default of furnishing security which is not the position in the case at hand. Similarly sub-section (2) to Section 427 deals with situations where a person already undergoing a sentence of imprisonment for life is sentenced on a subsequent conviction to imprisonment for a term or imprisonment for life. Sub-section (2) provides that the subsequent sentence shall in such a case run concurrently with such previous sentence.

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10. We are in the case at hand concerned more with the nature of power available to the Court under Section 427(1) of the Code, which in our opinion stipulates a general rule to be followed except in three situations, one falling under the proviso to sub-section (1) to Section 427, the second falling under sub-section (2) thereof and the third where the Court directs that the sentences shall run concurrently. It is manifest from Section 427(1) that the Court has the power and the discretion to issue a direction but in the very nature of the power so conferred upon the Court the discretionary power shall have to be exercised along judicial lines and not in a mechanical, wooden or pedantic manner. It is difficult to lay down any strait jacket approach in the matter of exercise of such discretion by the Courts. There is no cut and dried formula for the Court to follow in the matter of issue or refusal of a direction within the contemplation of Section 427(1). Whether or not a direction ought to be issued in a given case would depend upon the nature of the offence or offences committed, and the fact situation in which the question of concurrent running of the sentences arises. High Courts in this country have, therefore, invoked and exercised their discretion to issue directions for concurrent running of sentence as much as they have declined such benefit to the prisoners. For instance a direction for concurrent running of the sentence has been declined by the Gujarat High Court in *Sumlo @ Sumla Himla Bhuriya and Ors. v. State of Gujarat and Ors.* 2007 Cri.L.J. 612 that related to commission of offences at three different places resulting in three different prosecutions before three different Courts. The High Court observed:

"The rule of 'single transaction' even if stretched to any extent will not bring the cases aforesaid under the umbrella of 'single transaction' rule and therefore, this application fails. The application is rejected."

11. Similarly a direction for concurrent running of sentence has been declined by the same High Court in *State of Gujarat*

A *v. Zaverbhai Kababhai* 1996 Cr.L.J. 1296 which related to an offence of rape committed at different places resulting in conviction in each one of those offences in different prosecutions. The High Court observed:

B "....It is true that it is left to the discretion of the Court while ordering the sentence to run either consecutively or concurrently. However, such discretion has to be exercised judicially, having regard to the facts and circumstances of the case. As observed by the Supreme Court, the rule with regard to sentencing concurrently will have no application, if the transaction relating to offence is not the same and the facts constituting the two offences are quite different. The respondent-accused is found to be guilty for the offence punishable under Section 376 of the Indian Penal Code in two different and distinct occurrences on two different dates, and the transactions relating to the commission of the offences have no nexus with each other...

12. There are also cases where the High Courts have depending upon whether facts forming the basis of prosecution arise out of a single transaction or transactions that are akin to each other directed that the sentences awarded should run concurrently. As for instance the High Court of Allahabad has in *Mulaim Singh v. State* 1974 Cr. L.J. 1397 directed the sentence to run concurrently since the nature of the offence and the transactions thereto were akin to each other. Suffice it to say that the discretion vested in the Court for a direction in terms of Section 427 can and ought to be exercised having regard to the nature of the offence committed and the facts situation, in which the question arises.

13. We may at this stage refer to the decision of this Court in *Mohd. Akhtar Hussain v. Assistant Collector of Customs* (1988) 4 SCC 183 in which this Court recognised the basic rule of convictions arising out of a single transaction justifying

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concurrent running of the sentences. The following passage is in this regard apposite: A

"The basic rule of thumb over the years has been the so called single transaction rule for concurrent sentences. If a given transaction constitutes two offences under two enactments generally, it is wrong to have consecutive sentences. It is proper and legitimate to have concurrent sentences. But this rule has no application if the transaction relating to offences is not the same or the facts constituting the two offences are quite different." B C

14. In *Madan Lal's* case (supra) this Court relied upon the decision in *Akhtar Hussain's* case (supra) and affirmed the direction of the High Court for the sentences to run concurrently. That too was a case under Section 138 of the Negotiable Instruments Act. The State was aggrieved of the direction that the sentences shall run concurrently and had appealed to this Court against the same. This Court, however, declined interference with the order passed by the High Court and upheld the direction issued by the High Court. D E

15. In conclusion, we may say that the legal position favours exercise of discretion to the benefit of the prisoner in cases where the prosecution is based on a single transaction no matter different complaints in relation thereto may have been filed as is the position in cases involving dishonour of cheques issued by the borrower towards repayment of a loan to the creditor. F

16. Applying the above test to the 15 cases at hand we find that the cases against the appellant fall in three distinct categories. The transactions forming the basis of the prosecution relate to three different corporate entities who had either entered into loan transactions with the State Financial Corporation or taken some other financial benefit like purchase of a cheque from the appellant that was on presentation dishonoured. The 15 cases that have culminated in the H

A conviction of the appellant and the award of sentences of imprisonment and fine imposed upon him may be categorised as under:

- B 1) Cases in which complainant-Haryana State Financial Corporation advanced a loan/banking facility to M/s Arawali Tubes Ltd. acting through the appellant as its Director viz. No.269-II/97; No.549-II/97; No.393-II/97; No.371-II/97; No.372-II/97; No.373-II/97; No.877-II/96; No.880-II/96; No.878-II/96; No.876-II/96; No.879-II/96; No.485-II/96
- C 2) Cases in which complainant-Haryana State Financial Corporation advanced a loan/banking facility to the appellant to M/s Arawali Alloys Ltd. acting through the appellant as its Director viz. No.156-II/1997 and No.396-II/1998
- D 3) Criminal complaint No. 331-II/97 in which complainant- State Bank of Patiala purchased/ discounted the cheque offered by Sabhyata Plastics acting through the appellant as its Director.
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17. Applying the principle of single transaction referred to above to the above fact situations we are of the view that each one of the loan transactions/financial arrangements was a separate and distinct transaction between the complainant on the one hand and the borrowing company/appellant on the other. If different cheques which are subsequently dishonoured on presentation, are issued by the borrowing company acting through the appellant, the same could be said to be arising out of a single loan transaction so as to justify a direction for concurrent running of the sentences awarded in relation to dishonour of cheques relevant to each such transaction. That being so, the substantive sentence awarded to the appellant in each case relevant to the transactions with each company referred to above ought to run concurrently. We, however, see

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H no reason to extend that concession to transactions in which

the borrowing company is different no matter the appellant before us is the promoter/Director of the said other companies also. Similarly we see no reason to direct running of the sentence concurrently in the case filed by the State Bank of Patiala against M/s Sabhyata Plastics and M/s Rahul Plastics which transaction is also independent of any loan or financial assistance between the State Financial Corporation and the borrowing companies. We make it clear that the direction regarding concurrent running of sentence shall be limited to the substantive sentence only. The sentence which the appellant has been directed to undergo in default of payment of fine/compensation shall not be affected by this direction. We do so because the provisions of Section 427 of the Cr.P.C. do not, in our opinion, permit a direction for the concurrent running of the substantive sentences with sentences awarded in default of payment of fine/compensation.

18. In the result, these appeals succeed but only in part and to the following extent:

- 1) Substantive sentences awarded to the appellant by the Courts of Judicial Magistrate, First Class, Hissar and Additional Chief Judicial Magistrate, Hissar, in Criminal complaint cases No.269-II/97; No.549-II/97; No.393-II/97; No.371-II/97; No.372-II/97; No.373-II/97; No.877-II/96; No.880-II/96; No.878-II/96; No.876-II/96; No.879-II/96; No.485-II/96 relevant to the loan transaction between Haryana Financial Corporation and Arawali Tubes shall run concurrently.
- 2) Substantive sentences awarded to the appellant by the Court of Judicial Magistrate, First Class, Hissar in Criminal complaint cases No.156-II/1997 and No.396-II/1998 between Haryana Financial Corporation and Arawali Alloys relevant to the transactions shall also run concurrently;

- A 3) Substantive sentences inter se by the Court of Judicial Magistrate, First Class, Hissar in the above two categories and that awarded in complaint case No.331-II/97 shall run consecutively in terms of Section 427 of the Code of Criminal Procedure.
- B 4) No costs.

R.P.

Appeals partly allowed.