

NATIONAL SMALL INDUSTRIES CORPORATION LTD.

v.

STATE (NCT OF DELHI) & ORS.

(Criminal Appeal No.1802 of 2008 etc.)

NOVEMBER 17, 2008

**[R.V. RAVEENDRAN AND DALVEER BHANDARI, JJ.]**

*Code of Criminal Procedure, 1973 – s. 200 Proviso, Clause (a) – Exemption under – Applicability of – In respect of complaint for dishonour of cheque by Government Company through its officer who is a public servant – Held: In a case of dishonour of cheque where a company (an incorporeal body) is the payee, becomes **de jure** complainant and the employee representing it becomes a **de facto** complainant – If the employee-representative is a public servant, exemption under the provision is applicable – Negotiable Instruments Act, 1881 – ss. 138 and 142.*

*Words and Phrases – ‘Public Servant’ – Meaning of in the context of s.200 Cr.P.C. and s. 21 IPC.*

**The question for consideration in the present appeal is where a complaint with regard to dishonour of cheque is made by a Government Company, represented by its officer who is a public servant, whether the exemption made under clause (a) of the proviso to Section 200 Cr.P.C., is available.**

**Allowing the appeals, the Court**

**HELD: 1.1. The object of Section 200 Cr.P.C. requiring the complainant and witnesses to be examined, is to find out whether there are sufficient grounds for proceeding against the accused and to prevent issue of process on**

A complaints which are false or vexatious or intended to harass the persons arrayed as accused. Where the complainant is a public servant or court, clause (a) of proviso to Section 200 Cr.P.C. raises an implied statutory presumption that the complaint has been made responsibly and bona fide and not falsely or vexatiously. On account of such implied presumption, where the complainant is a public servant, the statute exempts examination of the complainant and the witnesses, before issuing process. When an employee of a Government company or statutory corporation, who is a public servant, acts or purports to act in the discharge of his official duties, it necessarily refers to doing acts done or duties discharged by such public servant, for and on behalf of his employer, namely, the Government company/statutory corporation. Any complaint by a public servant (if he happens to be an employee of a Government company) acting or purporting to act in the discharge of his official duties, can only be in regard to the transactions or affairs of the employer company. [Para 9] [93-C-G]

E 1.2. In a complaint relating to dishonour of a cheque (which has not been endorsed by the payee in favour of anyone), it is the payee alone who can be the complainant. The requirement of section 142 of Negotiable Instruments Act, 1881 that payee should be the complainant, is met if the complaint is in the name of the payee. If the payee is a company, necessarily the complaint should be filed in the name of the company. Section 142 of the Act does not specify who should represent the company, if a company is the complainant. A company can be represented by an employee or even by a non-employee authorized and empowered to represent the company either by a resolution or by a power of attorney. [Para 10] [94-D-F; H]

H 1.3. Section 138 of the Act mandates that payee

alone, whether a corporeal person or incorporeal person, shall be the complainant. Section 200 Cr.P.C. contemplates only a corporeal person being a complainant. It mandatorily requires the examination of the complainant and the sworn statement being signed by the complainant. If Section 142 of the Act and section 200 Cr.P.C. are read literally, the result will be : (a) the complainant should be the payee of the cheque; and (b) the complainant should be examined before issuing process and the complainant's signature should be obtained on the deposition. Therefore, if the payee is a company, an incorporeal body, the said incorporeal body can alone be the complainant. The mandatory requirement of Section 200 Cr.P.C. is that a Magistrate taking cognizance of an offence on complaint, shall examine upon oath the complainant, and that the substance of such examination reduced to writing shall be signed by the complainant. An incorporeal body can obviously neither give evidence nor sign the deposition. If literal interpretation is applied, it would lead to an impossibility as an incorporeal body is incapable of being examined. In the circumstances, a harmonious and purposive interpretation of Section 142 of the Act and Section 200 Cr.P.C. becomes necessary. [Para 11] [95-A-E]

1.4. Where the complainant is a company, who will represent the company and how the company will be represented in such proceedings, is not governed by Cr.P.C. but by the relevant law relating to companies. Section 200 Cr.P.C. mandatorily requires an examination of the complainant; and where the complainant is an incorporeal body, evidently only an employee or representative can be examined on its behalf. As a result, the company becomes a *de jure* complainant and its employee or other representative, representing it in the criminal proceedings, becomes the *de facto* complainant. Thus in every complaint, where the complainant is an

A incorporeal body, there is a complainant -- *de jure*, and a  
complainant -- *de facto*. Clause (a) of the proviso to  
section 200 Cr.P.C. provides that where the complainant  
is a public servant, it will not be necessary to examine the  
complainant and his witnesses. Where the complainant  
B is an incorporeal body represented by one of its  
employees, the employee who is a public servant is the  
*de facto* complainant and in signing and presenting the  
complaint, he acts in the discharge of his official duties.  
Therefore, it follows that in such cases, the exemption  
under clause (a) of the first proviso to Section 200 Cr.P.C.  
C will be available. [Para 11] [95-F-H; 96-A-B]

1.5. When in a complaint in regard to dishonour of a  
cheque issued in favour of a company or corporation, for  
the purpose of section 142 of the Act, the company will  
D be the complainant, and for purposes of Section 200  
Cr.P.C. its employee who represents the company or  
corporation, will be the *de facto* complainant. In such a  
complaint, the *de jure* complainant, namely, the company  
or corporation will remain the same but the *de facto*  
E complainant (employee) representing such *de jure*  
complainant can change, from time to time. And if the *de*  
*facto* complainant is a public servant, the benefit of  
exemption under clause (a) of proviso to Section 200  
Cr.P.C. will be available, even though the complaint is  
F made in the name of a company or corporation. Where  
an incorporeal body is the payee and the employee who  
represents such incorporeal body in the complaint is a  
public servant, he being the *de facto* complainant, clause  
(a) of the proviso to Section 200 Cr.P.C. will be attracted  
and consequently, the Magistrate need not examine the  
G complainant and the witnesses. [Paras 13 and 14] [98-D-  
F, G, H]

*Associated Cement Co. Ltd. vs. Keshvanand 1998 (1)*  
SCC 687 and *Municipal Corporation of Delhi vs. Jagdish Lal*  
1969 (3) SCC 389, relied on.  
H

*Nirmaljit Singh Hoon vs. The State of West Bengal 1973* A  
(3) SCC 753, referred to.

**Case Law Reference:**

1973 (3) SCC 753	Referred to.	Para 9	
1998 (1) SCC 687	Relied on.	Para 12	B
1969 (3) SCC 389	Relied on.	Para 12	

CRIMINAL APPELLATE JURISDICTION : Criminal Appeal  
No. 1802 of 2008. C

From the final Judgment and Order dated 12.1.2007 of the  
High Court of Delhi at New Delhi in Crl.M.C. 4489-4491 of  
2005.

WITH D

Crl.A. Nos. 1803-1821 of 2008.

Shobha, Harish Sharma, R.P. Yadav, Sanat Kumar and  
Sanjay Sharawat, for the Appellant.

Vijay Kumar Agarwal, Prabhjit Jauhar, S.S Jauhar, Manish  
Shanker Verma, Anupam Lal Das and Amit Sharma for the  
Respondents E

The Judgment of the Court was delivered by F

**R. V. RAVEENDRAN J.** 1. Leave granted. Heard the  
counsel for the parties. The following question of law arises for  
consideration in these appeals : Where a complaint in regard  
to dishonour of a cheque is made by a Government company,  
represented by its officer who is a public servant, whether the  
exemption made under clause (a) of the proviso to section 200  
of Code of Criminal Procedure, ('Code' for short) is available? G

**Crl. Appeal No. 1802/2008 (@ SLP(Crl.) No.2009/2007)**

2. The National Small Industries Corporation Limited H

A ('NSIC' for short) – the appellant herein, is a 'government company' within the meaning of that expression under section 617 of the Companies Act, 1956. Its object is to extend financial and other assistance to small scale industries. The appellant lodged a complaint in the Court of the Metropolitan Magistrate, Delhi, alleging that the second respondent company had issued a cheque drawn in favour of the appellant, towards discharge of its liability, and the said cheque was dishonoured when presented for payment. The appellant therefore prayed for summoning and punishing the second respondent and its Directors (respondents 3 and 4).

3. On 4.2.2002, the learned Magistrate took cognizance and summoned the accused. He did not examine the complainant and its witnesses, under section 200 of the Code. He recorded the following reasons in that behalf :

"Complaint has been filed by a public servant in discharge of his public duties. Hence his examination is dispensed with. I have perused the record and considered the submission. I have also perused the original documents also. I consider that prima facie case under Sections 138/142 of Negotiable Instruments Act is made out."

Respondents 2 to 4 filed a petition under section 482 of the Code challenging the summoning order. They contended that as the complainant was a government company and not a public servant, the exemption under clause (a) of the proviso to section 200 of the Code was not available; and that the learned Magistrate could not have dispensed with the mandatory requirement of examining the complainant on oath, under section 200 of the Code. The High Court accepted the said contention on the following reasoning :

"Public servant is defined in section 21 of the IPC and a government company would not fall under any of the descriptions mentioned in the said section. Once it is held that NSIC is not a public servant, mandate of section 200

Cr.PC was to be followed by the learned MM, which provides compulsory examination of the complainant and the witnesses present, if any, on oath and on the basis of such pre-summoning evidence, the Magistrate is to decide as to whether cognizance of the offence is to be taken and summons are to be issued to the accused persons or not. This is the unambiguous mandatory procedure prescribed under section 200 Cr.P.C.”

Consequently, by order dated 12.1.2007, the High Court allowed the petition and quashed the summoning order. It however made it clear that the learned Magistrate would be at liberty to record the statement of the complainant and the witnesses and thereafter take appropriate decision in the matter in accordance with section 200 of the Code. The said order is challenged in this appeal.

**Contentions:**

4. The appellant company submitted that being an incorporeal person, it acts through its officers. In the complaint lodged against respondents 2 to 4, it is represented by its Development Officer, who is a public servant, and he has signed the complaint on its behalf. The appellant contended that though the appellant was the *de jure* complainant, its Development Officer who represents it in the complaint was the *de facto* complainant; and when the complaint by a government company is signed and presented by its employee who is a public servant, it should be deemed to be a complaint by such public servant acting in the discharge of his official duties. Consequently, clause (a) of the proviso to section 200 of the Code would be attracted and the Magistrate was not required to examine the complainant and the witnesses, on taking cognizance. It is therefore contended that a complaint by a *government company* represented by its officer who is a *public servant*, should be treated as complaint by a public servant.

A 5. On the other hand, the second respondent submitted that  
the wording of clause (a) of the proviso to section 200 of the  
Code made it clear that the Magistrate was not required to  
examine the complainant and the witnesses only where the  
B or purporting to act in discharge of his official duties; and (b) a  
court. The second respondent contended that if the intention was  
to exempt such examination even where the complainant was  
a government company or statutory corporation, clause (a)  
would have read : "if a public servant acting or purporting to act  
C in the discharge of his official duties, or a court, statutory  
corporation or Government company, has made the complaint"  
instead of "if a public servant acting or purporting to act in the  
discharge of his official duties or a court has made the  
D complaint". It is argued that the use of the words "public servant  
acting or purporting to act in the discharge of his official duties",  
would show that the exemption is intended to apply only where  
government servants or employees of statutory bodies are  
required to file complaints in the discharge of statutory duties.  
Reference was made by way of illustration to section 11 of the  
E Essential Commodities Act, which provides that "No court shall  
take cognizance of any offence punishable under the Act except  
on a report in writing of the facts constituting such offence made  
by a person who is a *public servant* as defined in section 21  
of IPC.....".

F 6. The second respondent next contended that if all the  
employees of a government company are public servants, the  
government company does not become a public servant, as it  
has an identity distinct from its employees. In support of the said  
contention, the second respondent relied upon the following  
G observations in *State Trading Corporation of India Ltd. v.*  
*Assistant Superintendent of Commercial Taxes* [AIR 1963 SC  
1811]:

H "We are dealing here with an incorporated company. The  
nature of the personality of an incorporated company which

arises from a fiction of law, must be clearly understood ..... A  
Unlike an unincorporated company, which has no separate  
existence and which the law does not distinguish from its  
members, an incorporated company has a separate  
existence and the law recognizes it as a legal person  
separate and distinct from its members. This new legal B  
personality emerges from the moment of incorporation and  
from that date the person subscribing to the memorandum  
of association and other persons joining as members are  
regarded as a body corporate or a corporation aggregate  
and the new person begins to function as an entity. But C  
the members who form the incorporated company do not  
pool their status or their personality. *If all of them are  
citizens of India the company does not become a citizen  
of India any more than if all are married the company  
would be a married person.* The personality of the D  
members has little to do with the persona of the  
incorporated company. The persona that comes into being  
is not the aggregate of the personae either in law or in  
metaphor."

(emphasis supplied) E

In reply, the learned counsel for appellant clarified that the  
appellant had never contended that it was a public servant. The  
contention always was that the employee who represented the  
appellant in the complaint was the *de facto* complainant and F  
he being public servant, the exemption was available.

**Legal provisions:**

7. Section 138 of the Negotiable instruments Act (for short  
'NI Act') provides that dishonour of a cheque for insufficiency G  
of funds in the bank account etc., is an offence punishable with  
imprisonment for a term which may be extended to two years  
or with fine which may extend to twice the amount of the  
cheque or with both. Section 142 of the NI Act provides that  
notwithstanding anything contained in the Code, no court shall H

A take cognizance of any offence punishable under section 138 except upon a complaint in writing made by the Payee (or where it has been endorsed in favour of another, the holder in due course) of the cheque.

B 8. Section 190 of the Code enumerates the various modes of taking cognizance of offences by Magistrates. It provides for taking cognizance upon receiving a complaint of facts which constitutes such offence. Section 200 of the Code relates to examination of complainant. Relevant portion of which reads as under :

C "200. Examination of complainant. – A Magistrate taking cognizance of an offence on complaint shall examine upon oath the complainant and the witnesses present, if any, and the substance of such examination shall be reduced to writing and shall be signed by the complainant and the witnesses, and also by the Magistrate:

D Provided that, when the complaint is made in writing, the Magistrate need not examine the complainant and the witnesses –

E (a) If a public servant acting or purporting to act in the discharge of his official duties or a court has made the complaint; or

= (b) xxxxx"

The term 'public servant' is not defined in the Code. However, section 2(y) of the Code provides that words and expressions used but not defined in the Code will have the meaning assigned to them under the Indian Penal Code. Section 21 IPC defines 'public servant', the relevant portion of which is extracted below :

G "21. 'Public servant'. - The words "pubic servant" denote a person falling under any of the descriptions hereinafter following; namely –

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Twelfth – Every person – xxxxx (b) in the service or pay of a local authority, a corporation established by or under a Central, Provincial or State Act or a Government company as defined in section 617 of the Companies Act, 1956."

Having regard to the aforesaid definition, it is clear that the appellant which is a government company is not a 'public servant', but every employee of the appellant is a 'public servant'.

### The issue

9. The object of section 200 of the Code requiring the complainant and witnesses to be examined, is to find out whether there are sufficient grounds for proceeding against the accused and to prevent issue of process on complaints which are false or vexatious or intended to harass the persons arrayed as accused. (See: *Nirmaljit Singh Hoon vs. The State of West Bengal* – 1973 (3) SCC 753). Where the complainant is a public servant or court, clause (a) of proviso to section 200 of the Code raises an implied statutory presumption that the complaint has been made responsibly and bona fide and not falsely or vexatiously. On account of such implied presumption, where the complainant is a public servant, the statute exempts examination of the complainant and the witnesses, before issuing process. When an employee of a Government company or statutory corporation, who is a public servant, acts or purports to act in the discharge of his official duties, it necessarily refers to doing acts done or duties discharged by such public servant, for and on behalf of his employer, namely, the government company/statutory corporation. Any complaint by a public servant (if he happens to be an employee of a government company) acting or purporting to act in the discharge of his official duties, can only be in regard to the transactions or affairs of the employer company. When an offence is committed in regard to a transaction of the Government company, it will be illogical to say that a complaint regarding such offence, if made by an employee acting for and

- A on behalf of the company will have the benefit of exemption under clause(a) of the proviso to section 200 of the Code, but a complaint in regard to very same offence, if made in the name of the company represented by the said employee, will not have the benefit of such exemption. The contention of the second
- B respondent, if accepted, would mean that a complaint by 'The Development Officer, NSIC' as the complainant can avail the benefit of exemption, the same complaint by 'NSIC represented by its Development Officer' as complainant will not have the benefit of exemption. Such an absurd distinction is clearly to
- C be avoided.

10. The term 'complainant' is not defined under the Code. Section 142 NI Act requires a complaint under section 138 of that Act, to be made by the payee (or by the holder in due course). It is thus evident that in a complaint relating to
- D dishonour of a cheque (which has not been endorsed by the payee in favour of anyone), it is the payee alone who can be the complainant. The NI Act only provides that dishonour of a cheque would be an offence and the manner of taking cognizance of offences punishable under section 138 of that
- E Act. However, the procedure relating to initiation of proceedings, trial and disposal of such complaints, is governed by the Code. Section 200 of the Code requires that the Magistrate, on taking cognizance of an offence on complaint, shall examine upon oath the complainant and the witnesses
- F present and the substance of such examination shall be reduced to writing and shall be signed by the complainant and the witnesses. The requirement of section 142 of NI Act that payee should be the complainant, is met if the complaint is in the name of the payee. If the payee is a company, necessarily
- G the complaint should be filed in the name of the company. Section 142 of NI Act does not specify who should represent the company, if a company is the complainant. A company can be represented by an employee or even by a non-employee authorized and empowered to represent the company either by
- H a resolution or by a power of attorney.

11. Section 138 NI Act mandates that payee alone, whether a corporeal person or incorporeal person, shall be the complainant. Section 200 of the Code contemplates only a corporeal person being a complainant. It mandatorily requires the examination of the complainant and the sworn statement being signed by the complainant. If section 142 of NI Act and section 200 of the Code are read literally, the result will be : (a) the complainant should be the payee of the cheque; and (b) the complainant should be examined before issuing process and the complainant's signature should be obtained on the deposition. Therefore, if the payee is a company, an incorporeal body, the said incorporeal body can alone be the complainant. The mandatory requirement of section 200 of the Code is that a Magistrate taking cognizance of an offence on complaint, shall examine upon oath the *complainant*, and that the substance of such examination reduced to writing shall be signed by the *complainant*. An incorporeal body can obviously neither give evidence nor sign the deposition. If literal interpretation is applied, it would lead to an impossibility as an incorporeal body is incapable of being examined. In the circumstances, a harmonious and purposive interpretation of section 142 of NI Act and section 200 of the Code becomes necessary. Section 142 only requires that the complaint should be in the name of the payee. Where the complainant is a company, who will represent the company and how the company will be represented in such proceedings, is not governed by the Code but by the relevant law relating to companies. Section 200 of the Code mandatorily requires an examination of the complainant; and where the complainant is an incorporeal body, evidently only an employee or representative can be examined on its behalf. As a result, the company becomes a *de jure* complainant and its employee or other representative, representing it in the criminal proceedings, becomes the *de facto* complainant. Thus in every complaint, where the complainant is an incorporeal body, there is a complainant — *de jure*, and a complainant — *de facto*. Clause (a) of the proviso to section 200 provides that where the

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A complainant is a public servant, it will not be necessary to examine the complainant and his witnesses. Where the complainant is an incorporeal body represented by one of its employees, the employee who is a public servant is the *de facto* complainant and in signing and presenting the complaint, he acts in the discharge of his official duties. Therefore, it follows that in such cases, the exemption under clause (a) of the first proviso to section 200 of the Code will be available.

12. We are fortified in our view by two decisions of this Court. In *Associated Cement Co. Ltd. vs. Keshvanand* [1998 (1) SCC 687], this Court held as follows :

“Chapter XV of the new Code contains provisions for lodging complaints with magistrates. Section 200 as the starting provision of that chapter enjoins on the Magistrate, who takes cognizance of an offence on a complaint, to *examine the complainant on oath*. Such examination is mandatory as can be discerned from the words “shall examine on oath the complainant...”. The Magistrate is further required to reduce the substance of such examination to writing and it “*shall be signed by the complainant*”. Under Section 203 the magistrate is to dismiss the complaint if he is of opinion that there is no sufficient ground for proceeding after considering the said statement on oath. Such examination of the complainant on oath can be dispensed with only under two situations, one if the complaint was filed by a public servant, acting or purporting to act in the discharge of his official duties and the other when a court has made the complaint. Except under the above understandable situations the complainant has to make his physical presence for being examined by the magistrate. Section 256 or Section 249 of the new Code clothes the Magistrate with jurisdiction to dismiss the complaint when *the complainant is absent, which means his physical absence*.

The above scheme of the new Code makes it clear that

*complainant must be a corporeal person who is capable of making physical presence in the court. Its corollary is that even if a complaint is made in the name of an incorporeal person (like a company or corporation) it is necessary that a natural person represents such juristic person in the court and it is that natural person who is looked upon, for all practical purposes, to be the complainant in the case. In other words, when the complainant is a body corporate it is the de jure complainant, and it must necessarily associate a human being as de facto complainant to represent the former in court proceedings."*

(emphasis supplied)

In *Municipal Corporation of Delhi vs. Jagdish Lal* [1969 (3) SCC 389], the facts were that the Delhi Municipal Corporation had by a resolution authorized the Municipal Prosecutor to launch a prosecution under section 20 of the Prevention of Food Adulteration Act. Accordingly, one S.S. Mathur, the Municipal Prosecutor, filed a complaint against the respondent. The learned Magistrate acquitted the respondent. Section 417 of the old Code provided that where an order of acquittal was passed in any case instituted upon complaint by the High Court granting special leave to appeal from the order of acquittal on an application made to it by the complainant, the complainant may present an appeal to the High Court. The Delhi Municipal Corporation made an application to the High Court for special leave under section 417 against the order of acquittal. The application was granted. When the appeal came up for hearing, the respondent raised a preliminary objection that as the complaint had been filed by S. S. Mathur, the Municipal Prosecutor, he alone was competent to file the appeal and not the Municipal Corporation. It was contended that as the application seeking leave was not filed by the complainant but by the Municipal Corporation, the appeal itself was not maintainable. The said contention was negated by this Court.

- A This Court expressed its inability to accept the contention that as S.S. Mathur, Municipal Prosecutor, was the complainant, the Delhi Municipal Corporation was not competent to make an application for special leave. This Court noted that S.S. Mathur, Municipal Prosecutor, filed the complaint under the authority given to him under the resolution of the Municipal Corporation.
- B This Court held that in filing the complaint, S.S. Mathur was not acting on his own personal behalf but was acting as an agent of the Delhi Municipal Corporation and therefore, it must be deemed that the Delhi Municipal Corporation was the complainant in the case; and that as S.S. Mathur was only acting in a representative capacity and as the Delhi Municipal Corporation was the complainant, the application for special leave filed by the Municipal Corporation was properly instituted.

13. Resultantly, when in a complaint in regard to dishonour of a cheque issued in favour of a company or corporation, for the purpose of section 142 NI Act, the company will be the complainant, and for purposes of section 200 of the Code, its employee who represents the company or corporation, will be the *de facto* complainant. In such a complaint, the *de jure* complainant, namely, the company or corporation will remain the same but the *de facto* complainant (employee) representing such *de jure* complainant can change, from time to time. And if the *de facto* complainant is a public servant, the benefit of exemption under clause (a) of proviso to section 200 of the Code will be available, even though the complaint is made in the name of a company or corporation.

14. Thus, the answer to the question raised is :

- G Where an incorporeal body is the payee and the employee who represents such incorporeal body in the complaint is a public servant, he being the *de facto* complainant, clause (a) of the proviso to section 200 of the Code will be attracted and consequently, the Magistrate need not examine the complainant and the witnesses.

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STATE (NCT OF DELHI) & ORS. [R.V. RAVEENDRAN, J.]

The appeal is accordingly allowed, the order of the High Court is set aside and summoning order of the Magistrate stands restored. A

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Following the decision in the main matter, these appeals are allowed. The impugned orders of the High Court are set aside. The summoning orders are restored.

K.K.T. Appeals allowed. C