

## State Of Kerala vs Mathal Verghese & Ors on 19 November, 1986

**Equivalent citations:** 1987 AIR 33, 1987 SCR (1) 317, AIR 1987 SUPREME COURT 33, 1986 (4) SCC 746, 1987 (1.1) IJR (SC) 1, 1987 CURCRIJ 108, 1987 BBCJ 14, 1987 (1) UJ (SC) 614, 1987 CHANDLR(CIV&CRI) 696, (1987) 1 CRILC 344, (1987) MADLW(CRI) 192, (1987) 2 CRIMES 123, (1986) JT 928 (SC), 1986 (88) BOM LR 698

**Author:** M.P. Thakkar

**Bench:** M.P. Thakkar

PETITIONER:

STATE OF KERALA

Vs.

RESPONDENT:

MATHAL VERGHESE & ORS.

DATE OF JUDGMENT 19/11/1986

BENCH:

THAKKAR, M.P. (J)

BENCH:

THAKKAR, M.P. (J)

NATRAJAN, S. (J)

CITATION:

1987 AIR	33	1987 SCR	(1) 317
1986 SCC	(4) 746	JT 1986	928
1986 SCALE	(2) 851		

ACT:

Indian Penal Code, ss. 489A to 489E--Whether applicable to "currency notes" other than "Indian Currency Notes"---Counterfeiting of or possession of counterfeit dollar bills or dollar notes-- Whether offence under Indian Law.

Indian Paper Currency Act 1822, s.2--'Currency Note'--Definition-Whether can be imported into ss. 489A --489E, I.P.C.

Words & Phrases--'Currency note'--Meaning of..

HEADNOTE:

The respondents were charged with offences punishable under s. 120B, 489A, 489C and s420 read with ss. 511 and 34

IPC for forging and counterfeiting American dollar notes of 20 dollar denomination, by printing 2000 such notes. Respondents 1 and 2 were further alleged to have been in possession of 148 forged currency notes knowing the same to be forged, with intent to use these forged notes as genuine.

The accused-respondents contended before the Sessions Court that a charge under s. 489A and 489C of the IPC could be lawfully levelled only in the case of counterfeiting of 'Indian' currency notes and not in the case of counterfeiting of 'foreign' currency notes. The Sessions Court upheld the aforesaid contention and discharged the accused-respondents. The High Court also confirmed the aforesaid order of discharge.

Allowing the appeal by appellant-State and remanding the case to the trial court,

HELD: 1. The High Court was wrong in holding that ss. 489A to 489E are not applicable to currency notes other than Indian currency notes and that counterfeiting of or possessing of counterfeit dollar bills or dollar notes is not an offence under the Indian Law. Therefore, the judgment and order of discharge rendered by the High Court are reversed and set aside. The matter will now go back to the trial court for proceeding further in accordance with law. [325 F-326 C]

2.1 An analysis of s. 489A reveals that: (i) counterfeiting 'any' currency

318

note or bank-note is an offence; (ii) knowingly performing any part of the process of counterfeiting any currency note or bank-note is also an offence; and (iii) the prohibition against counterfeiting or performing such process applies to currency notes as also to bank-notes as defined by the explanation to s. 489A. And inasmuch as the aforesaid expression *inter alia* means any engagement for the payment of money to the bearer issued by or under the authority of any State or Sovereign power provided it is intended to be used as equivalent to or substitute for money the prohibition also extends to counterfeiting etc. of currency notes of any other sovereign power. [321 D-G]

2.2 The expression 'currency note' under s. 489A is large enough in its amplitude to cover the currency notes of 'any' country. When the legislature does not speak of currency notes of India the court interpreting the relevant provision of law cannot substitute the expression 'Indian currency note' in place of the expression 'currency note'. When the expression 'currency note' is interpreted to mean only 'Indian currency note'; the width of the expression is being narrowed down or cut down. [322 A-C]

2.3 The court can merely interpret the section, it cannot re-write, recast or redesign the section. In interpreting the provision the exercise undertaken by the court is to make explicit the intention of the legislature which enacted the legislature. It is not for the court to reframe

the legislation for the very good reason that the powers to 'legislate' have not been conferred on the court. When the court shrinks the content of the expression 'currency note', to make it referable to only 'Indian currency note', it is defeating the intention of the legislature partly inasmuch as the court makes it lawful to counterfeit notes other than Indian currency notes. The manifest purpose of the provision is that the citizens should be protected from being deceived or cheated. The citizens deal with and transact business with each other through the medium of currency. It is inconceivable why the legislature should be anxious to protect citizens from being deceived or cheated only in respect of Indian currency notes and not in respect of currency notes issued by other sovereign powers. [322 B--322 F]

2.4 To read the expression 'any currency note' to mean and refer only to 'Indian currency note' is to misread the expression by doing violence both to the letter and spirit thereof unmindful of the fact that the former expression in its plentitude covers the currency notes issued by any and every country of the world whereas the latter is applicable to only one of the countries in the world. [325 D]

3. The expression 'bank note' employed in ss. 489A to 489E of IPC takes within its sweep an engagement for the payment of money issued by or under  
319

the authority of any State or Sovereign power as is evident from the analysis of s. 489A. It would therefore cover a dollar bill or dollar note as well. A dollar bill issued by the Sovereign Government of United States of America would ipsofacto be covered by the expression 'banknote'. And as revealed by the analysis made earlier, the prohibition would apply to the counterfeiting of a Bank-note or being in possession of a counterfeit Bank-note as well. It would, therefore, in any case, be an offence to counterfeit a dollar bill or to be in possession of a counterfeit dollar bill. [323 C-D]

4. The definition contained in s. 2 of the Indian Paper Currency Act is only for the purpose of that particular Act and it cannot be imported into s. 489A to 489E of the Indian Penal Code. [325 E]

#### JUDGMENT:

**CRIMINAL APPELLATE JURISDICTION:** Criminal Appeal No. 26 of From the Judgement and Order dated 17.11.1976 of the Kerala High Court in Criminal Revision Petition No. 263 of 1975.

Chettur Sankaran Nair and E.M.S. Anam for the Appellant. Nemo for the Respondents.

The Judgment of the Court was delivered by THAKKAR, J. Counterfeiters all over the world must be singing in ecstasy: "if there is heaven on earth, it is here, here, here", for, according to the KeraLa

High Court<sup>1</sup>, Indian law does not make counterfeiting of currency notes of any country in the world, other than that of India, an offence.

The High Court has persuaded itself by a process of judicial activism in reverse gear, that making of such counterfeit notes is not an offence under Section 489A of the Indian Penal Code (I.P.C.) and that having in possession such counterfeit currency notes is not an offence under Section 489C of the I.P.C. Such a view has been taken even though there is nothing in the language of these sections to warrant such an interpretation as will become evident presently.

1. Judgment and Order rendered by the Kerala High Court in Cr.R.P. 263 of 1975 on November 17, 1976, giving rise to the present appeal by certificate of fitness under Article 134(1)(c) of the Constitution of India.

Facts: The six respondents herein were charged with offences punishable under Sections 120B, 489A, 489B and Section 420 read with Sections 511 and 34 IPC. The prosecution case against them was that in furtherance of a conspiracy entered into by accused nos. 1 to 4 to forge and counterfeit American dollar notes of 20 dollar denomination, they indulged in counterfeiting by printing 2000 such notes. Respondents 1 and 2 were further alleged to have been in possession of 148 forged currency notes knowing the same to be forged, with intent to use these forged notes as genuine. The respondents were committed by the Magistrate to stand their trial before the Sessions Court, for offences, under Sections 120-B, 487A and 489C read with Sections 511 and 34 IPC. It was contended by the respondents-accused before the Sessions Court that a charge under Sections 489A and 489C of the IPC could be lawfully levelled only in the case of counterfeiting of 'Indian' currency notes and not in the case of counterfeiting of 'foreign' currency notes. The contention was upheld by the Sessions Court at the threshold of the trial and the accused were discharged. Aggrieved by the order of the Sessions Court discharging the respondents, the petitioner (State of Kerala) filed a Revision Petition before the High Court of Kerala. The High Court by its order under appeal confirmed the order of discharge rendered by the Sessions Court holding that "in the absence of an explanation similar to that in the case of bank notes; Section 489A and the Sections that follow which relate to counterfeiting of currency notes do not apply to cases of counterfeiting of dollar bills." The petitioner thereupon filed an application under Article 134 (1)(c) of the Constitution of India for leave to appeal to the Supreme Court. By its order under appeal, the High Court certified it as a fit case for appeal to the Supreme Court as "the case involves considerably important questions of law as to whether counterfeit American dollar notes will fall within the purview of Sections 489A and 489C of the Indian Penal Code." That is how the matter has come up before this Court.

Relevant provisions:--The anatomy of the relevant provisions requires to be X-rayed at the outset. The concerned provisions may therefore be screened:-

"489A. Whoever counterfeits, or knowingly performs any part of the process of counterfeiting, any currency note or bank note, shall be punished with (imprisonment for life), or with imprisonment of either description for a term which may extend to ten years, and shall be liable to fine.

Explanation:-- For the purposes of this section and of sections 489B, 4(489C, 489D and 489E) the expression "bank note" means a promissory note or engagement for the payment of money to bearer on demand issued by any person carrying on the business of banking in any part of the world, or issued by or under the authority of any State or Sovereign Power, and intended to be used as equivalent to, or as a substitute for money.

3. Subs. by Act 26 of 1955, s. 117 and sch. for "transportation for life" (w. e.f. 1-1-1956).

4. Subs. by Act 35 of 1950, s. 3 and Sch.II for "489C and 489D".

"489C. Whoever has in his possession any forged or counterfeit currency-note or bank- note, knowing or having reason to believe the same to be forged or counterfeit and intending to use the same as genuine or that it may be used as genuine, shall be punished with im- prisonment of either description for a term which may extend to seven years, or with fine, or with both."

Analysis: An analysis of Section 489A reveals that:--

- (i) counterfeiting 'any' currency note or bank-note is an offence;
- (ii) knowingly performing any part of the process of counterfeiting any currency note or bank-note is also an offence; and
- (iii) the prohibition against coun-

terfeiting or performing such process applies to currency notes as also to bank-notes as defined by the explanation to Section 489A. And inasmuch as the aforesaid expression interalia means any engagement<sup>1</sup> for the pay- ment of money to the bearer issued by or under the authority of any State or Sovereign power provided it is intended to be used as equiva- lent to or substitute for money the prohibi- tion also extends to counterfeiting etc. of currency notes of any other sovereign power. Outcome: This analysis reveals that the legislative embargo against counterfeiting envelops and takes within its sweep 'currency notes' of all countries. The embargo is not re- stricted to 'Indian' currency notes. The legislature could have, but has not, employed the expression 'Indian currency

1. A promise, obligation or other condition that binds. (See Collins Dictionary) note'. If the legislative intent was to restrict the parame- ters of prohibition to 'Indian currency' only, the legisla- ture could have said so unhesitatingly. The' expression 'currency note' is large enough in its amplitude to cover the currency notes of 'any' country. When the legislature does not speak of currency notes of India the Court inter- preting the relevant provision of law cannot substitute the expression 'Indian currency note' in place of the expression 'currency note' as has been done by the High Court. The High Court cannot do so for, the Court can merely interpret the section; it cannot re-write, recast or redesign the section. In interpreting the provision the exercise undertaken by the

Court is to make explicit the intention of the legislature which enacted the legislation. It is not for the Court to reframe the legislation for the very good reason that the powers to 'legislate' have not been conferred on the Court. When the expression 'currency note' is interpreted to mean 'Indian currency note', the width of the expression is being narrowed down or cut down. Apart from the fact that the Court does not possess any such power, what is the purpose to be achieved by doing so? A Court can make a purposeful interpretation so as to 'effectuate' the intention of the legislature and not a purposeless one in order to 'defeat' the intention of the legislators wholly or in part. When the Court (apparently in the course of an exercise in interpretation) shrinks the content of the expression 'currency note' to make it referable to only 'Indian currency note', it is defeating the intention of the legislature partly inasmuch as the Court makes it lawful to counterfeit notes other than Indian currency notes. The manifest purpose of the provision is that the citizens should be protected from being deceived or cheated. The citizens deal with and transact business with each other through the medium of currency<sup>1</sup>, (which expression includes coins as also paper currency that is to say currency notes). It is inconceivable why the legislature should be anxious to protect citizens from being deceived or cheated only in respect of Indian currency notes and not in respect of currency notes issued by other sovereign powers. The purpose of the legislation appears to be to ensure that a person accepting a currency note is given a genuine currency which can be exchanged for goods or services and not a worthless piece of paper which will bring him nothing in return, it being a counterfeit or a forged currency note. Would the legislature in its wisdom and anxiety to protect the unwary citizens extend immunity from being cheated in relation to Indian currency notes but show total unconcern in regard to their being cheated in respect of currency notes issued by any foreign State or sovereign power?. In the modern age a tourist from a foreign country may bring from his own country into India currency to the extent permissible under the law in India. So also he may obtain foreign currency in exchange of Indian currency whilst in India provided he does so to the extent permissible by the Foreign Exchange Regulation Act,

1. Currency n. 1. a metal or paper medium of exchange that is in current use. (Collins English Dictionary).

1973(1) and operates through an authorised person(2) known as money changer(3). Would it be reasonable to assume that the legislature was totally oblivious of the need to protect them from being deceived and defrauded? It would be unwise to do so in the face of the internal evidence which provides a clue to the legislative anxiety on this score. In fact the framers of the Code were so anxious to protect the general public from fraudulent acts of counterfeiters that not only have they defined the word "counterfeit" in very wide terms in the Indian Penal Code, but they have also prescribed a rule of evidence in Explanation 2 so as to draw an adverse presumption against the maker of the counterfeit article, as is evident from the definition of the term "Counterfeit" read with the Explanations in Section 28 of the Indian Penal Code(1).

What is more, the expression 'bank note' employed in sections 489A to 489E of I.P.C. takes within its sweep an engagement for the payment of money issued by or under the authority of any State or Sovereign power as is evident from the analysis of the Section made hereinabove. And it would therefore cover a Dollar Bill or Dollar Note as well. A dollar bill issued by the Sovereign Government of United States of America would ipso facto be covered by the expression 'bank-note'. And as

revealed by the analysis made earlier, the prohibition would apply to the counterfeiting of a Bank-note or being in possession of a counterfeit Bank-note as well. It would, therefore, in any case, be an offence to counterfeit a dollar bill or to be in possession of counterfeit dollar bill.

1. Section 13(1): The. Central Government may, by notification in the official Gazette, order that subject to such exemption, if any, as may be specified in the notification, no person shall except with the general or special permission of the Reserve Bank and on payment of the fee, if any, prescribed, bring or send into India any gold or silver or any foreign exchange or any Indian currency.  
Explanation:

For the purposes of this sub-section, the bringing or sending into any port or place in India of any such article as aforesaid intended to be taken out of India without being removed from the ship or conveyance in which it is being carried shall nonetheless be deemed to be a bringing, or, as the case may be, any gold or silver or any foreign exchange or any Indian currency. (2) No person shall, except with the general or special permission of the Reserve Bank or the written permission of a person authorised in this behalf by the Reserve Bank, take or send out of India any gold, jewellery or precious stones or Indian currency or foreign exchange other than foreign exchange obtained by him from an authorised dealer or from a money-changer.

2. Sec. 6(1). The Reserve Bank may, on an application made to it in this behalf, authorise any person to deal in foreign exchange.

(2) An authorisation under this Section shall be in writing and-

(i) may authorise dealings in all foreign currencies or may be restricted to authorising dealings in specified foreign currencies only;

(ii) may authorise transactions of all descriptions in foreign currencies or may be restricted to authorising specified transactions only;

(iii) may be granted to be effective for a specified period, or within specified amounts;

(iv) may be granted subject to such conditions as may be specified therein.

(3) Any authorisation granted under sub-section (1) may be revoked by the Reserve Bank at any time if the Reserve Bank is satisfied that--

(foot note contd.)

(i) it is in the public interest to do so; or

(ii) the authorised dealer has-not complied with the conditions subject to which the authorisation was granted or has contravened any of the provisions of this Act or of any rule, notification, direction or order made thereunder:.

Provided that no such authorisation shall be revoked on the ground specified in clause (ii) unless the authorised dealer has been given a reasonable opportunity for making a representation in the matter.

(4) An authorised dealer shall, in all his dealings in foreign exchange and in the exercise and discharge of the powers and of the functions delegated to him under section 74, comply with such general or special directions or in- structions as the Reserve Bank may, from time to time, think fit to give, and except with the previous permission of the Reserve Bank, an authorised dealer shall not engage in any transaction involving any foreign exchange which is not in conformity with the terms of his authorisation under this section.

(5) An authorised dealer shall, before undertaking any transaction in foreign exchange on behalf of any person, require that person to make such declarations and to give such information as will reasonably satisfy him that the transaction will not involve, and is not designed for the purpose of, any contravention or evasion of the provisions of this Act or of any rule, notification, direction or order made thereunder, and where the said person refuses to comply with any such requirement or makes only unsatisfactory compliance therewith, the authorised dealer shall refuse to undertake the transaction and shall, if he has reason to believe that any such contravention or evasion as aforesaid is contemplated by the person, report the matter to the Reserve Bank.

3. Sec. 7:(1) The Reserve Bank may, on an application made to it in this behalf, authorise any person to deal in for- eign currency.

(2) An authorisation under this section shall be in writing and-

(i) may authorise dealings in all foreign currencies or may be restricted to authorising dealings in specified currencies only;

(ii) may authorise transactions of all descriptions in foreign currencies or may be restricted to authorising specified transactions only;

(iii) may be granted with respect to a particular place where alone the money-changer shall carry on his business;

(iv) may be granted to be effective for a specified period, or within specified amounts;

(v) may be granted subject to such conditions as may be specified therein.

(3) Any authorisation granted under sub-section (1) may be revoked by the Reserve Bank at any time if the Reserve Bank is satisfied that:-



(i) it is in the public interest to do so; or

(ii) the money-changer has not complied with the condi-

tions subject to which the authorisation was granted or has contravened any of the provisions of this Act or of any rule, notification, direction or order made thereunder. Provided that no such authorisation shall be revoked on the ground specified in clause (ii) unless the money-changer has been given a reasonable opportunity for making a representa- tion in the matter.

(4) The provisions of sub-sections (4) and (5)'of Section 6 shall, in so far as they are applicable, apply in relation to a money-changer as they apply in relation to an autho- rised dealer, (5) Explanation--In this section, "foreign money" means foreign currency in the form of notes, coins or travellers' cheques and "dealing" means purchasing foreign currency in the. form of notes, coins or traveller's cheques or selling foreign currency in the form of notes or coins.

Why then construe the expression 'currency note' as being applicable only to an Indian currency note and not to a foreign currency note like a dollar bill? There is neither any compulsion of law nor of logic for indulging in the exercise undertaken by the High Court which in the opening part of the judgment has been adverted to as 'judicial activism in reverse gear'. Nor was any ideal to be attain by doing so. Why then stretch the unstretchable? It appears that the High Court lost its way whilst groping in the dark by a possibly misconceived and ill-founded argument<sup>1</sup> built on the circumstance that whilst the explanation to Section 489A in terms refers to a bank note issued 'under the authority of any State or sovereign power' similar explanation is not added in the context of the expression 'currency note'. The High Court overlooked the fact that there was neither any occasion, nor any reason, nor any need, for doing so. For, the expression 'currency note' as it stood was wide and pervasive enough to embrace the currency notes issued by India as also currency notes issued by any other country in the world. There was therefore no need to add a similar explanation. It would have been futile to amplify that the expression 'currency note' which on a plain reading covers 'all' currency notes meant what it said. To read the expression 'any currency note' to mean and refer to 'Indian currency note' is to misread the expression by doing vio- lence both to the letter and spirit thereof unmindful of the fact that the former expression in its plentitude covers the currency notes issued by any and every country of the world whereas the letter is applicable to only one of the coun- tries in the world. The High Court also fell in error in being influenced by the definition of currency notes em- bodied in the Indian Paper Currency Act (Act XX of 1822). The High Court has overlooked the obvious fact that the definition contained 1 in Section 2 of the said Act is only for the purposes of that particular Act and it cannot be imported into Section 489A to 489E of the Indian Penal Code, as has been done by the High Court. The High Court was thus wholly wrong in exerting itself unnecessarily and bending backwards in order to hold that Sections 489A to 489E are not

1. "28. A person is said to "counterfeit" who causes one think to resemble another thing, intending by means of that resemblance to practise deception, or knowing it to be likely that deception will thereby be practised. Explanation 1 --It is not essential to counterfeit- ing that the imitation should be exact.

Explanation 2--When a person causes one thing to resemble another thing, and the resemblance is such that a person might be deceived thereby, it shall be presumed, until the contrary is proved, that the person so causing the one thing to resemble the other thing intended by means of that resemblance to practise deception or knew it to be likely that deception would thereby be practised."

1. Says the High Court: "The omission of an explanation in Sec. 489A for the expression "currency note" similar to the one for 'hank note' thus assumes importance. The expression could refer only to the currency notes issued by the Govern- ment of India."

applicable to currency notes other than Indian currency notes. And in holding that counterfeiting of or possessing of counterfeit dollar bills or dollar notes is not an of- fence under the Indian law, thereby issuing a carte blanche to the counterfeiters of the world to establish their head- quarters within the State of Kerala with a view to carry on their activities with impunity under the umbrella unwitting- ly opened for them by the judgment of the High Court. The view taken by the High Court is thus thoroughly unsustainable. The judgment and order of discharge rendered by the High Court are therefore reversed and set aside. The matter will not to go back to the trail court for proceeding further in accordance with law in the light of the observa- tions made hereinabove. Appeal is accordingly allowed to this extent.

M.L.A.

Appeal

allowed.

1. Says the High Court:--

"The expression 'currency notes' is Section 489A to 489BE should naturally refer to currency notes as defined in Act XX of 1822."