Case Citation: (2026) ibclaw.in 6398 HC

IN THE HIGH COURT OF MADHYA PRADESH AT GWALIOR

BEFORE

HON'BLE SHRI JUSTICE AMIT SETH

ON THE 12th OF OCTOBER, 2026

MISC. PETITION No. 6293 of 2026

CNR No.: MPHC030281802026

SMT. TARA BHADAURIA AND ANOTHER

Versus

PRAVEEN SHIVHARE

Appearance:

Shri Anand V.Bhardwaj - Advocate for the petitioners.

Shri Kamal Mangal - Advocate for respondent.

ORDER

Heard on the question of admission.

The present miscellaneous petition filed under Article 227 of the Constitution of India takes exception to the order dated 17.09.2026 (Annexure-P/1) passed by the learned IV Civil Judge, Senior Division, District Gwalior, in Civil Suit No.46B/2023, whereby the objection raised by the petitioners/defendants regarding the admissibility of the questioned promissory notes (Annexure-P/3) on the ground of insufficient stamp duty has been rejected.

2. Learned counsel appearing for the petitioners submits that the respondent/plaintiff has instituted a suit for recovery of Rs.29,35,000/- against the petitioners under Order XXXVII of the Code of Civil Procedure, 1908. The suit is founded upon the promissory notes dated 20.09.2021,

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collectively filed as Annexure-P/3. It is contended that the petitioners objected to the admissibility of the aforesaid promissory notes in evidence on the ground that the same were insufficiently stamped. The aforesaid objection was initially rejected by the learned trial Court *vide* order dated 24.07.2025. The said order was challenged by the petitioners before this Court in M.P. No.4591/2025 (Annexure-P/6) and *vide* order dated 07.11.2025, this Court remitted the matter to the learned trial Court for fresh consideration of the objection raised by the petitioners/defendants regarding the admissibility of the promissory notes, with a direction to pass a reasoned and speaking order after affording an opportunity of hearing to both parties and keeping in view the provisions of Article 49 of Schedule I to the Indian Stamp Act, 1899.

3. Learned counsel for the petitioners further submits that, despite the aforesaid directions, the learned trial Court, *vide* the impugned order dated 17.09.2026, has again rejected the objection by holding that the questioned promissory notes are payable on demand and that the requisite stamp duty has been paid by the respondent in terms of Article 49(a) of Schedule I to the Indian Stamp Act, 1899. It is contended that the impugned order is cryptic and does not properly address the objection raised by the petitioners.

4. Elaborating his submissions, learned counsel for the petitioners argues that a bare perusal of the recitals contained in the questioned promissory notes (Annexure-P/3) would indicate that the same are not payable on demand but fall within the ambit of Article 49(b) of Schedule I to the Indian Stamp Act, 1899, which deals with promissory notes payable

otherwise than on demand. According to him, unless the requisite stamp duty is paid, the said instruments cannot be admitted in evidence. He submits that the learned trial Court has erred in concluding that the promissory notes are payable on demand merely because no specific date for repayment has been fixed therein.

5. In support of his contention, learned counsel for the petitioners places reliance upon the decision of this Court in ***Shyamsundar v. Anilkumar, (1983) MPWN 454.*** He submits that the period of repayment is specifically stipulated in the questioned promissory notes as six months and, therefore, the instruments cannot be treated as promissory notes payable on demand. Accordingly, he contends that the impugned order deserves to be set aside and the respondent/plaintiff be directed to pay the requisite stamp duty to render the questioned promissory notes admissible in evidence.

6. On the other hand, learned counsel appearing for the respondent/caveator, referring to the definition of a promissory note contained in Section 4 of the Negotiable Instruments Act, 1881, submits that a bare reading of the questioned promissory notes (Annexure-P/3) would establish that the same are payable on demand. He contends that the recital regarding payment of interest at intervals of six months is not determinative of the nature of the promissory notes and does not alter their character as instruments payable on demand. In support of his submissions, learned counsel places reliance upon the decision of this Court in ***Goel Industries and Another v. Om Prakash Mittal, (1993) MPLJ 137.***

7. Heard learned counsel for the parties and perused the record.

8. In order to resolve the controversy involved in the present matter, it would be appropriate to reproduce the contents of the questioned promissory note. The promissory note filed along with the petition as Annexure-P/3 reads as under:

॥ श्री ॥

भुगतान की तारीख 20.09.2021

हम धर्मवीर सिंह भदौरिया / तारा भदौरिया वायदा करते हैं कि मांग पर भाई प्रवीन शिवहरे को अथवा जिसे वह दिलावें, रुपया अंकन 1,00,000/- (दस लाख) उनसे प्राप्त धन के बदले देंगे, इस रकम पर ब्याज दर 1.45% प्रतिशत मासिक से प्रत्येक 06 (छः) माह माह/दिन बाद देय होगा।

ग्वालियर, दिनांक 20.03.2021 से 20.09.2021 तक

सम्वत् : .....

रुपये : 1,00,000/- (दस लाख)

चैक नं. : RTGS

दलाल : अमित खंडेलवाल

पता : A-42, कृष्णा नगर, गोले का मंदिर, ग्वालियर

9. The similar issue came up for consideration before the Bench of this Court in the case of ***Goel Industries (supra),*** wherein the Court considered the definition of a promissory note under Section 4 of the Negotiable Instruments Act, 1881, and the applicable provisions of Article 49 of Schedule I to the Indian Stamp Act. The promissory note under consideration by the Bench of this Court in the case of ***Goel Industries (supra)*** also contained similar recitals as in the promissory note (Annexure-P/3). The relevant observations are reproduced below:

"5. The main definition is merely referential. Section 4 of the Negotiable

Instruments Act, 1881 defines Promissory Note as under : --

> "4. "Promissory Note" -- A "Promissory note" is an instrument in writing (not being a bank note or a currency note) containing an unconditional undertaking, signed by the maker to pay a certain sum of money only to, or to the order of, a certain person, or to the bearer of the instrument."

6. The proper stamp duty payable on a promissory note is to be found mentioned in Article 49 of the Stamp Act which reads as under : --

> "49. Promissory Note.-- [as defined by Section 2(22)]
> (a) When payable on demands --
> (i) When the amount or value does not exceed Rs.250; (Ten Paise)
> (ii) When the amount or value exceeds Rs.250 but does not exceed Rs.1,000; (Fifteen paise)
> (iii) in any other case; (Twenty-Five Paise)
> (b) When payable otherwise than on demand - The same duty as a Bill of Exchange (No,13) for the same amount payable otherwise than on demand)."

7. It is well settled by a catena of decisions that to be a Promissory Note, the instrument must be :
(i) in writing
(ii) containing a promise to pay (the promise must be express, not merely inferential);
(iii) the undertaking to pay must be unconditional;
(iv) promise to pay must be for a certain sum of money and money alone;
(v) the person to whom the promise is made or the payee should be certain;
(vi) must be signed by the maker, the maker or the person signing being a certain person.

Of course, a bank note or a currency note, though having all the insignia of a promissory note, would not be a promissory note within the meaning of this section. If all the ingredients of the section are satisfied and the predominant intention or the purpose of the instrument is to make it a negotiable instrument, it is a promissory note, the form being immaterial.

8. For the purpose of determining liability to stamp duty, the Stamp Act divides promissory note into two categories:
(1) those payable on demand, and
(2) those payable otherwise than on demand, that is, payable on or after an

appointed date or period.

xxxx xxxx xxxx

20. The promissory note in issue does contain an unconditional promise to pay a definite sum of money. The mere fact that it contains a term as to payment of interest at the rate of Re. 1.50 P. per cent per month does not make any difference; the amount undertaken to be paid still remaining a definite or certain sum of money, capable of being determined by simple calculation. The additional term that the interest shall be payable only after 180 days, reasonably construed, is merely a mode of calculation of interest. It does not mean and cannot be taken to mean that the amount was not payable on demand. The instrument remains a promissory note payable on demand. The promisor's liability of payment of interest has to be calculated only on expiry of every block of 180 days successively, meaning thereby that if the amount is repaid on demand being made on any day falling before the expiry of 180 days, the promisor would not be liable to pay interest for that incohate period falling short of the block of 180 days; the liability to pay interest ripening only on the expiry of the block of 180 days, each block of 180 days being calculated from the date of the instrument. The principal amount is certainly not an amount made payable otherwise than on demand or after 180 days. The language does not admit of construction that amount of interest can be claimed, recovered or sued for independently of the principal. It remains payable with principal but is to be calculated only for a block of 180 days each.

21. For the foregoing reasons this Court is of the opinion that the trial Court did not err in holding the instrument in question to be 'a promissory note payable on demand' liable to stamp duty under Article 49(a) of the Stamp Act and hence a properly stamped promissory note."

10. In the case of ***Goel Industries (supra)***, this Court held that a stipulation regarding payment of interest after a specified period does not, by itself, render a promissory note payable otherwise than on demand, if the principal amount remains payable on demand. In the instant case, the promissory notes expressly provide for payment on demand, while interest is payable at intervals of six months. The stipulation regarding interest does not defer repayment of the principal amount.

11. Accordingly, the law laid down in the case of ***Goel Industries***

(supra) supports the view taken by the learned trial Court that the questioned promissory notes are payable on demand and attract Article 49(a) of Schedule I to the Indian Stamp Act, 1899. The judgment in the case o f *Shyamsundar (supra)* relied upon by the petitioner, taking into consideration the recitals of the promissory note under consideration therein, is not applicable in the given facts of the case.

12. In view of the aforesaid discussion, no ground is made out for interference with the impugned order in exercise of the supervisory jurisdiction of this Court under Article 227 of the Constitution of India.

13. Accordingly, admission is declined, and the present miscellaneous petition is ***dismissed.***

14. Pending application(s), if any, shall stand closed.

(AMIT SETH)
JUDGE

Adnan