ORIGINAL CIVIL.

Before the Honourable Chief Justice Farran and Mr. Justice B. Tyabji.

RA'M RA'VJI JA'MBHEKAR (ORIGINAL DEFENDANT), APPELLANT, v. PRÁLHA'DDA'S SUBKARN (ORIGINAL PLAINTIFF), RESPONDENT.*

1895. *August* 23.

Hundi—Bill of exchange—Hundi payable at fixed date—Dishonour by non-acceptance—Cause of action—Jurisdiction—Limitation Act (XV of 1877), Sec. 14.

On 14th April, 1889, the defendant at Gwálior drew a hundi for Rs. 2,500 on his firm at Bombay in favour of Dámodar Sukhlál payable forty-five days after date. It was subsequently indorsed at Gwálior by Dámodar Sukhlál to the plaintiff at Cawnpore, who sent it to the Bank of Bombay at Bombay for collection. It was to become payable on the 1st June, 1889, but on 23rd April, 1889, the bank presented it to the defendant's firm at Bombay for acceptance, which was refused. The bank thereupon returned it to the plaintiff at Cawnpore, and it was never presented for payment. On the 16th June, 1891, the plaintiff filed a suit upon the hundi against the defendant at Cawnpore, but on the 18th March, 1893, the plaint was returned to him, the Court holding that it had no jurisdiction. On the 16th April, 1893, the plaintiff filed this suit in the High Court of Bombay. Previously to the filing of the suit the defendant had ceased to carry on business at Bombay.

The defendant contended (1) that the hundi being payable at a fixed date, and not having been presented for payment when due, no cause of action had arisen to the plaintiff. (2) That the Court had no jurisdiction, inasmuch as (*a*) the defendant was a foreigner and at the date of suit did not carry on business in Bombay, and (*b*) no part of the cause of action (if any) had arisen in Bombay. (3) That the suit was barred by limitation.

Held—

(1) That the dishonour by non-acceptance of a hundi payable at a fixed date gives an immediate cause of action against the drawer, and there is no need to wait until the maturity of the hundi or to present it for payment.

(2) That under the Negotiable Instruments Act (XXVI of 1881) the dishonour of a hundi by non-acceptance constitutes now, as it has always done, part of the cause of action in a suit against the drawer.

(3) That the Court had jurisdiction under clause 12 of the Letters Patent, 1865.

(4) That the suit was not barred by limitation, the plaintiff being entitled to the benefit of section 14 of the Limitation Act (XV of 1877).

SUIT on a hundi for Rs. 2,500, dated 14th April, 1889, drawn by the defendant's firm at Gwálior on his firm at Bombay in favour of Dámodar Sukhlál and indorsed at Gwálior by Dámodar Sukhlál to the plaintiff at Cawnpore.

The plaintiff (respondent) carried on business at Gwálior under the name of Shivrám Subkarn, at Cawnpore under the name of Lachmináráyan Prálhádás, and at Bombay under the name of Baldevdás Bunsidás.

*Suit No. 183 of 1893; Appeal No. 858.

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The defendant (appellant) had a firm at Gwálior under the name of Gangádhar Yeshvantráo, and at the date of the hundi in question a firm also at Bombay under the name of Gopálráo Malhárráo. This latter firm, however, (he alleged and the lower Court found) was closed in February, 1893, two months before this suit was filed.

The firm of Dámodar Sukhlál carried on business at Gwálior. On the said 14th April, 1889, this firm at Gwálior obtained six hundis from the defendant's firm there for a total sum of Rs. 10,000. These hundis were all drawn by the defendant at Gwálior on his then existing branch firm at Bombay. The hundi now sued on was one of these, and was in the following form:—

"(This is) 1 hundi (for) Rs. 2,500, in letters rupees twenty-five hundred; the double of the moiety thereof, rupees twelve hundred and fifty, having here been in full deposited by and (received) from Bhái Dámodardásji through Bhái Dámodardásji Sukhlál. After (the expiration of) (45) forty-five days from the lunar date 13th of Chaitur Sud (14th April, 1889, do you be pleased to pay the moneys in hundi currency to Sháh (*i.e.*, the holder, a respectable person). The lunar date the (13th) thirteen of Chaitur Sud of (Samvat) 1946 (14th April 1889)."

The above hundi and the other hundis given at the same time were to become due on the 1st June, 1889, and were made payable in Bombay. No cash was given for them, but, instead, Dámodar Sukhlál gave the defendant two hundis, each for Rs. 5,000, drawn by him (Dámodar Sukhlál) on two different firms in Bombay payable at sight. These hundis, though really drawn on the 14th April, 1889, were dated the 24th April, 1889.

A few days after obtaining the above hundis from the defendant (*viz.*, on the 19th April), the firm of Dámodar Sukhlál became insolvent, and the partners absconded from Gwálior. In the meantime, however, they had (at Gwálior) indorsed and sent the above hundi for Rs. 2,500, which they had obtained from the defendant, to the plaintiff's firm at Cawnpore. That firm indorsed and sent it to the Bank of Bombay, in Bombay, for collection. On the 23rd April the bank presented it to the defendant's firm in Bombay for acceptance, but that firm having heard of Dámodár Sukhlál's insolvency refused to accept it. A day or two afterwards, the two hundis given by Dámodar Sukhlál to the defendant on the 14th April were presented for payment by him and were dishonoured.

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On the 25th April, the Bank of Bombay returned the above hundi to the plaintiff at Cawnpore. The plaintiff appears to have kept it there. It became due, as above stated, on the 1st June, 1889. It was, however, never presented *for payment*, nor were any steps taken by the plaintiff for two years to enforce payment. But on the 16th June, 1891, he filed a suit upon this hundi against the defendant in the Court of the Subordinate Judge at Cawnpore. The plaint in that suit was, however, returned to him on the 18th March, 1893, the Court holding that it had no jurisdiction to hear the suit.

The plaintiff at Cawnpore thereupon sent the hundi to the munim of his Bombay firm, by whom, on behalf of the plaintiff, this suit was filed on the 16th April, 1893.

The plaintiff claimed the sum of Rs. 2,500 from the defendant with interest from the 1st June, 1889, till payment.

The following were the material paragraphs of the plaint:—

"2. On the 13th Chaitur Sudha, Samvat 1946 (the 14th April, 1889), the defendants drew a hundi for Rs. 2,500 payable forty-five days after date upon their said Bombay firm payable in favour of Bhái Dámodardás, and the said Bhái Dámodardás sold and indorsed the said hundi to the plaintiff's firm at Cawnpore. The said hundi was duly presented for payment in Bombay, but was dishonoured.

"3. On or about the 16th June, 1891, the plaintiff filed a suit to recover the amount of the said hundi against the defendant in the Court of the Subordinate Judge at Cawnpore, and on the 18th March, 1893, the said suit was dismissed for want of jurisdiction in the said Court to hear and determine the same. The plaintiff says that during the said period, between the 16th June, 1891, and 18th March, 1893, he was prosecuting this suit in the said Court with due diligence and in good faith, and he submits that the said period should be excluded in computing the period of limitation for this suit."

The following were the issues raised at the hearing—

1. Whether at the time of the filing of this suit, the defendant carried on business in Bombay?

2. Whether any part of the cause of action arose within the jurisdiction of this Court?

3. Whether this suit is not barred by limitation?

4. Whether the plaintiff is the holder, in due course, of the hundi sued upon?

The Judge (Starling, J.) found the first issue in the negative, but found on the others for the plaintiff and passed a decree for the amount claimed.

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The defendant appealed.

Kirkpatrick and *Lowndes* for the appellant:—The suit is barred by limitation. The cause of action (if any) accrued on the 1st June, 1889, when the hundi became payable. This suit was not filed until 16th April, 1893. The plaintiff is not entitled to exemption under section 14 of the Limitation Act (XV of 1877). That section requires good faith and due diligence. The plaintiff delayed for two years before filing his suit at Cawnpore on 16th June, 1891, and he did not bring his suit to a hearing in that Court for a further period of two years, his plaint being returned on the 18th March, 1893. It was clear that Court had no jurisdiction. No part of the transaction took place at Cawnpore—*Rámjivanmal* v. *Chandmal*(1); *Sitárám Paraji* v. *Nimba valad Harishet*(2).

We contend that the plaintiff has never had any right of action upon this hundi, inasmuch as it has never been presented for payment. It is admitted that it was only presented for acceptance. That is not enough. Presentment for payment after due date is necessary, and there is no right of suit for non-payment without it—Negotiable Instruments Act XXVI of 1881, secs. 64, 66, 68, 69; Chitty on Bills of Exchange (11th Ed.), pp. 248, 251, 271. The lower Court held that non-acceptance of itself gave an immediate cause of action, and that subsequent presentment for payment was not necessary. That is the law in England, but not in India. It is a peculiarity of English law (Chalmers on the Negotiable Instruments Act, Introduction, p. xxviii). It originated in usage and is now embodied in Stat. 45 and 46 Vic., c. 61, sec. 43. But in India the law is different. There has been no such usage here in the case of hundis payable at a fixed date, and there is no provision in Act XXVI of 1881, similar to section 43 of the English Act. It is clear that it was intentionally omitted as to such hundis, because in the case of hundis payable at sight, presentment for acceptance is required by section 61. The Negotiable Instruments Act (XXVI of 1881) is a code (see preamble), and to such a code this Court can make no additions—*Bank of England* v. *Vagliano*(3). If acceptance of such hundis can be enforced without authority in the Act, then

(1) I. L. R., 10 All., 587. (2) I. L. R., 12 Bom., 320.
(3) L. R. (1891) A. C. at pp. 144, 145, 146.

section 43 of the English Act is superfluous. To hold acceptance compulsory will be, in effect, to insert by implication in the Indian Act a new clause similar to section 43 of the English Act. No usage in India as to acceptance has been proved. The refusal, therefore, of the defendant to accept this hundi before it was payable gives no right of action to the plaintiff.

Again, the plaint alleges dishonour by non-payment, but the only evidence given was as to dishonour by non-acceptance. A plaintiff who has got leave under clause 12 of the Letters Patent, 1865, cannot afterwards change his case—*Rámpurtab Samruthroy* v. *Premsukh Chandámal*[1].

Further, the defendant is sued as drawer. But his contract as drawer was made at Gwálior. It was a contract that he would pay the hundi there, if the drawee did not pay it at Bombay. The failure of the drawee to pay in Bombay does not give a right to sue the drawer in Bombay. The suit should be at Gwálior. As to the liability of a drawer, see sections 30, 31 and 92 of Act XXVI of 1881; *Sulleman Hussein* v. *New Oriental Bank* [2]. The defendant is a resident of a foreign State, and this Court has no jurisdiction over him—*Gurdyál Singh* v. *Rájá of Faridkot* [3]; *Girdhar Dámodar* v. *Kassigar* [4]. The plaintiff is not a holder for value, but a mere agent for collection. His accounts with Dámodar Sukhlál were not altered when he received this hundi—*Mulchand Joharimal* v. *Suganchand*[5].

Scott (with *Inverarity*) for the respondent (plaintiff):—The plaintiff as indorsee of the hundi had a right to have it accepted by the drawee before it became due. It was presented in Bombay for acceptance and dishonoured. Such dishonour gives an independent right of action, and a suit may be brought at once.—There is at once a complete right of action—Chitty on Bills of Exchange (11th Ed.), p. 195; *Ballingalls* v. *Gloster*[6]; *Allan* v. *Mawson*[7]; *Whitehead* v. *Walker*[8]. The law laid down by these cases has always been the law in England. It is now the law there by statute; see Stat. 45 and 46 Vic., c. 61, sec. 43.

(1) I. L. R., 15 Bom., 93.
(2) I. L. R., 15 Bom., 267 at p. 278.
(3) I. L. R., 22 Cal., 222.
(4) I. L. R., 17 Bom., 662.
(5) I. L. R., 1 Bom., 23 at p. 36.
(6) 3 East., 481.
(7) 4 Camp., 115.
(8) 9 M. and W., 506.

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The law in India is the same; see also *Miller* v. *The National Bank of India*(1). When the defendant's firm in Bombay refused to accept the hundi on the 23rd April, 1889, a cause of action at once accrued to the plaintiff. Part of the cause of action certainly accrued then, and leave to sue under clause 12 of the Letters Patent, 1865 has been obtained. This Court has, therefore, jurisdiction. The hundi having been dishonoured by non-acceptance, it was not necessary afterwards to present it for payment—Negotiable Instruments Act XXVI of 1881, section 76. The defendant was drawee as well as drawer, and from Gwálior he had written to his Bombay firm not to accept or pay the hundi.

As to limitation, the plaintiff is entitled to the benefit of section 14 of the Limitation Act (XV of 1877). He sued at Cawnpore within the period of limitation, but that Court held that it had no jurisdiction. He is not responsible for the delay in getting the decision of that Court upon the point—*Sominadha* v. *Samban*(2).

FARRAN, C.J.:—This was a suit upon a hundi for Rs. 2,500, of which the plaintiff was the holder, drawn by the defendant's branch at Gwálior upon the defendant's Bombay branch, and alleged to have been dishonoured in Bombay. The plaintiff has obtained a decree for the amount of the hundi with interest from the Division Court.

The appellant (defendant) before us contends that the Court had no jurisdiction to try the suit, and that it was barred by limitation, and, on the merits, that the plaintiff was not the holder of the hundi "in due course," and that he was not entitled, under the circumstances, to maintain a suit upon it.

The circumstances, which are not disputed, are these:—The defendant, who is a Baroda shroff and banker, carries on business also at Gwálior by a munim under the name of Gangádhar Yeshwantráo. He had also, at the date of the hundi, a branch in Bombay carried on in the name of Gopálráo Malhárráo. On the 14th April, 1889, the defendant's Gwálior branch drew six hundis for the aggregate amount of Rs. 10,000 on the defend-

(1) I. L. R., 19 Cal., 146. (2) I. L. R., 16 Mad., 274.

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ant's Bombay branch of Gopálráo Malhárráo and indorsed them to the firm of Dámodar Sukhlál, which was a firm carrying on business at Gwálior.

The hundis were all made payable forty-five days after date and fell due in Bombay on the 1st of June, 1889. At the same time, and in exchange for these six hundis, Dámodar Sukhlál drew two hundis for Rs. 5,000 each, one on Baldevdás Bansilál and the other on Kushál Chand Punamchand, both of Bombay, and endorsed them to the defendant's Gwálior branch. They purported to be payable at sight, but were postdated 24th April, 1889.

Out of the six hundis which the firm of Dámodar Sukhlál so received from the defendant's branch at Gwalior, they sent one for Rs. 2,500 (the hundi now sued on) to the plaintiff's branch of Cawnpore which was carried on under the name of Lachmináráyanji Prálháddás with the following endorsement:—"This hundi is sent for (the purpose of) being sold from the camp by Dámodardás Sukhlál to Shá Lachmináráyán Prálháddás of Cawnpore." It is not contested that, at the time when the plaintiff's Cawnpore branch received this hundi, the firm of Dámodar Sukhlál was largely indebted to the plaintiff both on the Cawnpore and Bombay accounts. A hundi had also been drawn for Rs. 1,482-6-4 by Dámodar Sukhlál on the plaintiff's Cawnpore branch, which fell due and was duly paid about the time of the receipt of the hundi in question by that branch.

Soon after the receipt of this hundi for Rs. 2,500 the plaintiff's Cawnpore branch sent it to the Bank of Bombay for collection. Gangádharrao Yeshwantráo also sent the two hundis for Rs. 5,000 each received from Dámodar Sukhlál to Bombay for collection.

On the 19th April the owners of the firm of Dámodar Sukhlál stopped payment and absconded from Gwálior. Whereupon Gangádharráo Yeshwantráo telegraphed and wrote to the defendant's Bombay branch of Gopálráo Malhárráo directing the latter not to accept the six hundis of Dámodar Sukhlál and to present the two hundis of that firm for acceptance through the bank. These last mentioned hundis were presented to the drawees thereof respectively, and were dishonoured. The con-

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sideration for the six hundis of Gangádharráo Yeshwantrao, including the hundi sued upon, thereupon failed, as Dámodar was a debtor to that firm at Gwálior.

The Bank of Bombay presented the hundi in question to the defendant's Bombay firm of Gopálráo Malhárráo on the 23rd April, 1889. Acceptance was refused. It was then returned by the bank to the plaintiffs at Cawnpore. It was not presented at due date for payment.

After receiving back the hundi from the Bank of Bombay the plaintiff sent a vakil's notice to the defendant. The defendant refused to receive the notice, and did not pay the amount of the hundi.

On the 16th June, 1891, the plaintiff instituted a suit upon the hundi in the Subordinate Judge's Court at Cawnpore. It was dismissed for want of jurisdiction on the 18th March, 1893. The plaintiff instituted the present suit on 11th April, 1893. The plaint was accepted with leave to sue under clause 12 of the Letters Patent, 1865, on that day.

It has been found by the Division Court that the defendant ceased to carry on business in Bombay and closed his firm here shortly before suit filed. There is no cross-appeal against that finding. So it must be taken as a fact in the case.

Dishonour by the drawee has always been held to constitute part of the cause of action in a suit on a hundi by the holder against the drawer—*Mulchand* v. *Suganchand*[1]. It is contended before us that in this case there has been no dishonour under the Negotiable Instruments Act (XXVI of 1881), as the hundi was not presented for payment. The definition, in the Indian Act, of the engagement which the drawer of a bill of exchange enters into with the person in whose favour it is drawn, is very compendiously expressed (sec. 30). Under English law, upon which the Act is founded, the engagement of the drawer is that "*on due presentment* it shall be accepted and paid according to its tenor, and that if it be dishonoured, he will compensate the holder, provided that the requisite proceedings in dishonour shall

(1) I. L. R., 1 Bom., p. 23.

be duly taken." We take this definition from the English Act (45 and 46 Vic., c. 61 and 65); but it is merely a reproduction of the Common Law. This was also the law in British India before the passing of the Negotiable Instruments Act, and we can see no indication, in that Act, of an intention to alter it. The section in the Indian Act relating to this subject is section 30. "The drawer of a bill of exchange is bound, in case of dishonour by the drawee in acceptance thereof, to compensate the holder, provided due notice of the dishonour has been given to the drawee." Dishonour may be by non-acceptance, which takes place "when the drawee makes default in acceptance *upon being duly required to accept the bill*" (sec. 91), or by non-payment, which takes place "when the acceptor of the bill ..... makes default in payment upon being duly required to pay the same" (sec. 92).

In the case of bills drawn otherwise than payable after sight, there is no definition or explanation of the meaning of the italicised words "upon being duly required to accept the bill," and it is argued that, in the case of such bills, there is no dishonour within the meaning of the Act, except dishonour by non-payment, and thus the drawer incurs no liability until the Bill is presented for payment, and payment is refused. The English law does not require presentment for acceptance of a bill payable after a fixed date to be made by the holder before such fixed date arrives (see section 39 (3) of the English Act, which is declaratory of the American law (Chalmers, p. 120) and *Whitehead* v. *Walker*[1]), nor does the Indian Act (sec. 62). But under the English law it was not only allowable but was strongly advisable to do so; and we think that the Negotiable Instruments Act has made no alteration in that respect. Presentment for acceptance must always and in every case precede presentment for payment, and it appears to us that the drawer of a bill contracts that whenever the bill is duly presented, it will, subject to the provisions of section 63, be accepted. The several sections in Chapter 61, relating to presentment for payment, appear to us to presuppose that the bill has not been already dishonoured by

(1) 9 M. and W., p. 506.

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non-acceptance. When it is dishonoured by non-acceptance, as well as when it is dishonoured by non-payment, the provisions of Chapter VIII come into play. It is true that there is no such explicit declaration of the law upon this subject contained in the Indian, as in section 43 (2) of the English, Act. But the whole scope and tenor of Chapter VIII of the Indian Act appear to contemplate the same result as is there declared to follow from non-acceptance. We are, therefore, of opinion the dishonour of a bill by non-acceptance constitutes now, as it has always done, part of the cause of action in a suit against the drawer.

No notice of dishonour is required where, as in this case, the drawer and drawee are the same person. On dishonour of the bill, the right to sue the drawer immediately accrued and was complete, and there was no need to wait till the maturity of the bill, or present it to the drawee for payment. The same view of the position of a drawer under the Negotiable Instruments Act was taken by the Court in *Miller* v. *National Bank of India*[1] as we have adopted. But the point was hardly disputed and but little discussed. It would be unfortunate if we had felt ourselves compelled to declare the Anglo-Indian law to be different from the English law upon this subject.

It has been, however, argued upon the authority of *Gurdyál Singh* v. *The Rájah of Faridkote*[2] that, admitting that part of the cause of action arose in Bombay, the Court has no jurisdiction over the defendant, who is a subject of the Baroda State and a foreigner, inasmuch as before suit filed, he had ceased to carry on business in Bombay and to be amenable to the jurisdiction of this High Court.

The answer to this contention appears to us to be found in a passage of the judgment of the Privy Council itself. "In a personal action ..... a decree pronounced *in absentem* by a foreign Court to the jurisdiction, of which the defendant has not in any way submitted himself, is by international law an absolute nullity. He is under no obligation of any kind to obey it, and it must be regarded as a mere nullity by the Courts of every nation, except (when authorised by special local legislation) in

(1) I. L. R., 19 Cal., 146.

(2) L. R., 21 Ind. App., p. 171. S. C. I. L. R., 22 Cal. at p. 238.

the country of the forum by which it was pronounced." Except in the case of *Kessowji* v. *Khimji Jayarám*[1], where, to escape from a grave anomaly, one of the heads of jurisdiction conferred on the High Court by clause 12 of its Letters Patent was read as though the words "being a British subject" were inserted in it, it has been considered, since the establishment of this High Court, that the several heads of jurisdiction specified in the clause were applicable to actions where a foreigner was a defendant. The number of suits which have been brought, and without question decided, upon that view of the law must have been very great. The judgment of the Court of Appeal in *Girdhar* v. *Kassigar*[2] virtually over-rules *Kessowji* v. *Khimji*[1], and decides that the case of foreigners resident out of the jurisdiction, but carrying on business within it, is not to be impliedly excluded from the purview of clause 12 of the Letters Patent. The reasoning upon which the decision is founded, is directly applicable to the case before us. Thus we feel that we should be virtually over-ruling that decision if we were to accept the contention of the counsel for the appellant. We do not, however, doubt its correctness, and willingly follow it. The plea to the jurisdiction, therefore, fails.

As to limitation, we see no sufficient reason for not excluding, from the period prescribed for the suit, the time occupied by the plaintiff in prosecuting his suit in the Court at Cawnpore. That it was a *bonâ-fide* suit, in which the plaintiff hoped to obtain a decree in his favour, there can, we think, be no doubt. It was prosecuted to decree, but failed. We feel unable to accept the argument for the appellant that because the mistake made in filing the suit at Cawnpore was an error of law, that the suit was not a *bonâ-fide* one. It was a stupid, though not an unaccountable, blunder; but the ignorance of law, or the ill-advice of a pleader, does not, in our opinion, necessarily or *primâ facie* establish a want of good faith. We do not assent to the ruling, in which a contrary proposition appears to be laid down. We also cannot say that the plaintiff has not established that his suit was prosecuted with diligence. He engaged a pleader and took

(1) I. L. R., 12 Bom., 507. (2) I. L. R., 17 Bom., 662.

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the usual steps which a litigant is compelled to adopt. If there had been undue delay in the service of the summons, it would have been pointed out in the cross-examination of the plaintiff. Nothing of this kind has been shown. The hearing of the case appears to have been delayed in part by defendant not putting in his written statement, in part by the state of the business of the Court. It would, under these circumstances, be rather an extreme step to deprive the plaintiffs of the benefit of section 14 of the Limitation Act.

Lastly, as to the plaintiff being a holder in due course (section 9), we do not entertain any doubt. The circumstances show that the hundi was sent to the plaintiff to prevent the plaintiff dishonouring the hundi which Dámodar Sukhlál had drawn on him, and to reduce the amount of Dámodar Sukhlál's indebtedness to the plaintiff. The several cases, in which the holder of a bill is said to be a holder for consideration or value, will be found in the illustrations to the English Bills of Exchange Act, section 27. The present case clearly falls within them.

We, therefore, confirm the decree of the lower Court and dismiss the appeal with costs.

Appeal dismissed.

Attorney for the plaintiff:—Mr. *H. S. Dikshit.*

Attorneys for the defendant:—Messrs. *Payne, Gilbert and Sayáni.*