



INTERNATIONAL JOURNAL OF HUMAN RIGHTS LAW REVIEW

An International Open Access Double Blind Peer Reviewed, Referred Journal

Volume 4 | Issue 3

Art. 07

2025

**Judicial Trends on Misuse of Criminal Law
in Property Matters**

Nipunn Sharma and Dr. Gargi Bhadoria

Recommended Citation

Nipunn Sharma and Dr. Gargi Bhadoria, *Judicial Trends on Misuse of Criminal Law in Property Matters*, 4 IJHRLR 82-93 (2025).

Available at www.humanrightlawreview.in/archives/.

This Article is brought to you for free and open access by the International Journal of Human Rights Law Review by an authorized Lex Assisto Media and Publications administrator. For more information, please contact info@humanrightlawreview.in.

Judicial Trends on Misuse of Criminal Law in Property Matters

Nipunn Sharma and Dr. Gargi Bhadoria

Law Student, 3rd Year, LLB (Hons), Amity Law School, Amity University, Noida
Assistant Professor, Amity Law School, Amity University, Noida

Manuscript Received
28 Apr. 2025

Manuscript Accepted
30 Apr. 2025

Manuscript Published
02 May. 2025

ABSTRACT

The intersection of criminal law and property disputes has increasingly raised concerns regarding the misuse of criminal provisions in what are essentially civil matters. This research explores judicial trends and key judgments where Indian courts have scrutinized the wrongful invocation of criminal law—particularly provisions like Section 420 (cheating), Section 406 (criminal breach of trust), and Section 506 (criminal intimidation) of the Indian Penal Code—in disputes rooted in property disagreements. Often, litigants resort to criminal complaints as a tactic to exert pressure or gain leverage in civil property cases, resulting in an unnecessary criminalization of private disputes. The judiciary, through various precedents, has reiterated that the mere breach of a contract or civil wrong should not be dressed up as a criminal offence. By analyzing landmark decisions from the Supreme Court and High Courts, this paper critically examines the evolving judicial stance on quashing of FIRs, guidelines for distinguishing civil wrongs from criminal liability, and the principle of abuse of process. It further assesses the implications of such misuse on the criminal justice system, individual liberties, and judicial efficiency. The study underscores the need for legislative clarity and judicial vigilance in preventing the misuse of criminal law in property-related disputes.

KEYWORDS

Property, Misuse, Criminal, Judiciary, Precedents

SUPREME COURT AND HIGH COURT PRECEDENTS

The role of the judiciary, particularly the Supreme Court and High Courts, has been instrumental in delineating the scope and permissible use of criminal law in cases that essentially pertain to civil property disputes. These courts have consistently emphasized the need to prevent the criminal justice system from being misused as a tool for pressuring parties in private disputes. The precedents reflect a balanced approach—upholding the right to initiate criminal proceedings when a genuine offence is disclosed, while also guarding against the abuse of process in civil matters masquerading as criminal cases.¹

The landmark case of *State of Haryana v. Bhajan Lal*² laid down illustrative categories in which criminal proceedings may be quashed under Section 482 of the Criminal Procedure Code, 1973. The Court held that when a criminal proceeding is manifestly attended with mala fide intent or when the allegations constitute a civil wrong without any element of criminality, the High Court has the inherent power to prevent abuse of process. This precedent has become a foundational standard in evaluating the legitimacy of criminal prosecution in property-related matters.

In *G. Sagar Suri v. State of U.P.*³, the Supreme Court held that criminal proceedings should not be allowed to continue if the primary dispute is civil in nature. The Court observed that while mere breach of contract does not give rise to criminal prosecution, allegations that demonstrate fraudulent intent from the beginning may justify invoking criminal law. This distinction between civil wrong and criminal offence hinges upon the presence or absence of mens rea. Courts have consistently emphasized that the mere use of criminal provisions in a complaint does not automatically convert a civil dispute into a criminal offence.

In *Indian Oil Corporation v. NEPC India Ltd.*⁴, the Supreme Court again warned against the use of criminal law as a weapon for arm-twisting and to settle civil scores. It held that the criminal justice system cannot be used for wreaking vengeance or as a substitute for resolving contractual obligations. In this case, a civil dispute over leasing of aircraft engines was attempted to be converted into a criminal complaint. The Court reiterated that such abuse of process must be curbed through judicial intervention.

Similarly, in *Paramjeet Batra v. State of Uttarakhand*⁵, the

¹ R.V. Kelkar, Criminal Procedure 163 (6th edn., Eastern Book Company, 2018).

² AIR 1992 SC 604.

³ 2000) 2 SCC 636.

⁴ (2006) 6 SCC 736.

⁵ (2013) 11 SCC 673.

Supreme Court quashed criminal proceedings initiated in a dispute over possession and ownership of property. It was found that the complainant was already pursuing a civil suit for the same cause of action and had merely initiated criminal proceedings to harass the accused. The Court emphasized the need for courts to carefully examine the factual matrix and prevent a party from seeking parallel remedies to cause prejudice.

The High Courts across the country have followed these principles, emphasizing the line between civil and criminal liability. For instance, in *Ajay Mitra v. State of M.P.*⁶, the Madhya Pradesh High Court had refused to quash FIRs based on contractual disputes, but the Supreme Court overturned the decision, holding that no offence was disclosed and that the complaint was intended to pressurize the petitioner.

In *Anil Mahajan v. Bhor Industries*⁷, the Supreme Court observed that a clever drafting of complaint with an intent to give a criminal colour to a purely civil case is not sustainable in law. This judgment reinforces the principle that criminal proceedings must be based on substantive legal grounds and not merely tactical litigation strategies.

Several High Courts have also drawn attention to the trend of invoking Sections 406 and 420 IPC in disputes where there is no dishonest or fraudulent intent. The Delhi High Court, in *Subhakaran Loharuka v. State*⁸, observed that FIRs should not be encouraged where the complainant is attempting to settle a business transaction through criminal law. The Court stressed the importance of police and magistrates acting cautiously while registering cases based on such complaints.

The Bombay High Court, in *Mohd. Ibrahim v. State of Maharashtra*⁹, highlighted that mere possession of forged documents in property transactions without intention to cheat or defraud does not constitute a criminal offence. It held that the use of criminal law in such cases has the effect of undermining public confidence in legal systems and congesting courts with unnecessary trials.

In *Binod Kumar v. State of Bihar*¹⁰, the Supreme Court went a step further to hold that filing a criminal complaint while civil proceedings are pending may amount to forum shopping and an abuse of the legal process. It urged lower courts to scrutinize the contents of the FIR to determine if a prima facie criminal case is

⁶ (2003) 3 SCC 11.

⁷ (2005) 10 SCC 228.

⁸ 2009 SCC OnLine Del 3217.

⁹ 2010 SCC OnLine Bom 244.

¹⁰ [(2014) 10 SCC 663.

made out or whether it is merely a civil dispute being given a criminal hue.

Furthermore, in *Kailash Chandra Agrawal v. State of U.P.*¹¹, the Court quashed criminal proceedings where no dishonest intention was present and the entire transaction was governed by a civil agreement. The decision underlines the consistent stand of the judiciary that criminal law cannot be allowed to encroach into areas governed by contract and property laws unless there is clear criminal intent.

These precedents reflect a judicial consensus on the need to maintain a clear demarcation between civil disputes and criminal offences. Courts have taken a firm stance against the trend of criminalizing property disputes and have used their inherent powers under Section 482 CrPC to prevent such abuse. The pattern observed across these judgments is that unless fraudulent or dishonest intention is evident at the outset, courts should discourage the conversion of civil matters into criminal prosecutions.

The Supreme Court and various High Courts have played a crucial role in curbing the misuse of criminal law in property-related civil disputes. Their interventions not only protect individuals from unnecessary criminal prosecution but also preserve the sanctity and efficiency of the criminal justice system.¹² The judiciary has made it clear that criminal law is not a substitute for civil remedies, and invoking it improperly is a gross misuse of legal provisions. Continued vigilance by courts is essential to ensure that criminal jurisprudence is not exploited to settle private, contractual, or proprietary matters outside its domain¹³.

PARAMETERS FOR QUASHING CRIMINAL PROCEEDINGS

The Indian criminal justice system, while designed to uphold justice and ensure the punishment of offenders, has often been misused in civil disputes, particularly those relating to property. Section 482 of the Code of Criminal Procedure, 1973, grants inherent powers to the High Courts to intervene in cases where judicial process is being misused.¹⁴ The provision states that “Nothing in this Code shall be deemed to limit or affect the inherent powers of the High Court to make such orders as may be necessary to:

¹¹ (2014) 16 SCC 551.

¹² Stephen C. Yeazell, *The Misunderstood Consequences of Modern Civil Process*, 1994 Wis. L. Rev. 631 (1994).

¹³ S. Gour, *Commentary on the Indian Penal Code*, Vol. 2, 1865 (13th edn., Law Publishers, 2022)

¹⁴ Ratanlal and Dhirajlal, *The Code of Criminal Procedure*, 21st edn (LexisNexis 2023) 1236.

- i. give effect to any order under this Code;
- ii. prevent abuse of the process of any Court; or
- iii. otherwise to secure the ends of justice. This provision plays a critical role in curbing malicious prosecutions, especially where litigants cloak civil disputes in the guise of criminal allegations to harass or pressurize the other party.

A foundational case in this domain is *State of Haryana v. Bhajan Lal*¹⁵, wherein the Supreme Court outlined seven illustrative categories of cases where the High Court may exercise its inherent powers to quash criminal proceedings. These include scenarios where the complaint does not disclose a cognizable offence, where the allegations are manifestly absurd, where there is an express legal bar to proceedings, or where the criminal proceeding is manifestly attended with mala fide intent. This judgment continues to guide the judiciary when distinguishing genuine criminal cases from civil disputes wrongly converted into criminal ones.¹⁶

A prima facie evaluation of the complaint or FIR is the first step in deciding whether to invoke Section 482. If the allegations, taken at face value, do not constitute an offence under criminal law but rather indicate a civil dispute (such as one involving breach of contract or property possession), the High Court may intervene. In such cases, criminal law is not the appropriate remedy, and civil courts are the proper forum for adjudication. This principle prevents the criminal justice system from being used as a weapon in property-related rivalries.

Further, the intent behind the filing of the complaint is crucial. If the FIR or criminal complaint has been filed with an ulterior motive—such as arm-twisting the other party in a parallel civil dispute, or to gain leverage in negotiations—it qualifies as an abuse of the legal process. For instance, in disputes over sale deeds, ownership claims, or tenancy, complainants often allege cheating (Section 420 IPC), criminal breach of trust (Section 406 IPC), or criminal trespass (Sections 447 and 448 IPC) even when no criminal intent exists. Courts have repeatedly emphasized that a mere breach of contract or failure to return property is not, in itself, sufficient to constitute a criminal offence unless it is coupled with fraudulent intent at the inception of the transaction.

Another significant consideration is whether the dispute is predominantly civil in nature. The courts have held that criminal proceedings should not be allowed to continue where the

¹⁵ 1992 Supp (1) SCC 335.

¹⁶ R.N. Choudhary, *Law Relating to Quashing of Criminal Proceedings Under Section 482 CrPC*, 2nd edn (Orient Publishing 2021) 88.

dominant nature of the case is civil, and the criminal complaint is filed solely to pressurize the accused into a civil settlement. In *Indian Oil Corporation v. NEPC India Ltd.*¹⁷, the Supreme Court held that when allegations essentially involve civil wrongs, resorting to criminal law to settle scores is impermissible.

The stage of proceedings is also relevant. If the FIR is at an early stage and does not disclose criminality, the High Court may quash it to avoid unnecessary harassment. However, if investigation is complete and a charge sheet has been filed, the courts exercise greater restraint. Nevertheless, even at that stage, if the material collected fails to establish any criminal offence, or if it clearly reflects a civil dispute being misrepresented, the High Court can still intervene.¹⁸

Additionally, the existence of parallel civil proceedings for the same dispute is a persuasive factor. Although the mere pendency of civil litigation does not bar criminal prosecution, when the civil litigation pertains to the same subject matter and the criminal complaint appears to be an attempt to gain undue advantage, the High Court may deem it fit to quash the proceedings. Courts often examine whether the criminal proceedings have a legitimate foundation, or whether they are being misused to intimidate or pressure the civil litigant.¹⁹

The nature and severity of the offence alleged is also important. In cases involving serious allegations such as forgery, criminal breach of trust with public money, or offences against public morality, courts are more circumspect. However, where minor penal provisions are invoked to dramatize a civil dispute, courts have not hesitated to step in. In *G. Sagar Suri v. State of U.P.*²⁰, the Supreme Court emphasized that criminal proceedings should not be used to coerce a party into settling a civil dispute, and reiterated the principle that criminal law should not be used as a tool of harassment.

Finally, the doctrine of judicial discretion and caution governs the exercise of inherent powers. The High Courts have reiterated that Section 482 is not a carte blanche power and must be exercised sparingly, with utmost care and caution. It should not be used to stifle legitimate prosecutions or to pre-judge the evidence. The power is designed to serve the ends of justice, and not to short-circuit the criminal process arbitrarily. The parameters for quashing criminal proceedings under Section 482 CrPC are well-

¹⁷ (2006) 6 SCC 736.

¹⁸ K.N. Chandrasekharan Pillai, *Criminal Law*, 10th edn (Eastern Book Company 2022) 312.

¹⁹ Bruce A. Green, *Conflicts of Interest in Litigation: The Judicial Role*, 65 *Fordham L. Rev.* 71 (1996).

²⁰ (2000) 2 SCC 636.

developed and serve as essential safeguards against the weaponization of criminal law in civil disputes, particularly in property matters. The misuse of criminal process in such contexts not only violates the rights of the accused but also burdens the criminal justice system, dilutes public faith in the law, and undermines the administration of justice.

ANALYSIS OF RECENT JUDICIAL ATTITUDES

In contemporary Indian jurisprudence, courts have become increasingly attentive to the growing misuse of criminal law in civil property disputes, which has led to judicial introspection regarding the scope of criminal liability in such cases. There exists a delicate yet critical distinction between criminal offences and civil wrongs—one that the judiciary is now actively clarifying to ensure the integrity of the criminal justice system is not undermined by strategic litigations driven by ulterior motives. This evolving judicial stance underscores the principle that criminal law should not be used as a shortcut for dispute resolution where civil remedies exist.²¹

• A Shift in the Judicial Paradigm

The Indian judiciary has historically exercised restraint in intervening during the initial stages of criminal investigations, rooted in the constitutional principle that criminal complaints must undergo the full rigour of due process. This cautious approach was guided by the belief that premature interference could stifle legitimate prosecutions.²² However, a noticeable trend of misusing criminal law—particularly through the registration of frivolous FIRs in matters inherently civil in nature, such as property disputes and contractual disagreements—has necessitated a more interventionist stance by the courts.

Increasingly, courts are confronted with cases where criminal charges are invoked not as a reflection of genuine criminal conduct, but as tools of coercion intended to pressure the opposing party into settlement or concession. Recognizing this abuse, both the Supreme Court and various High Courts have acknowledged the damaging implications of such practices: they not only subject the accused to unwarranted harassment and reputational harm but also burden the judicial system and investigative agencies with matters that lack substantive criminality.²³

²¹ Ratanlal and Dhirajlal, *The Indian Penal Code* (36th edn, LexisNexis 2023) 1124.

²² William D. Henderson & Rachel M. Zahorsky, *Paradigm Shift*, 97 A.B.A. J. 40 (2011).

²³ Charles Gardner Geyh, *Judicial Ethics: A New Paradigm for a New Era*, 9 St.

Through a series of judgments, the judiciary has begun drawing firmer boundaries between civil wrongs and criminal offences. It has been repeatedly emphasized that the mere failure to honour a contractual obligation or the existence of disputed ownership in property transactions does not constitute a cognizable offence in the absence of mens rea—i.e., a deliberate intention to deceive or commit fraud. In doing so, the courts are redefining the threshold for criminal liability in property-related matters and reinforcing safeguards against the weaponization of criminal law in civil disputes.²⁴ This evolving judicial approach marks a significant doctrinal shift aimed at preserving the integrity of the criminal justice system, protecting individual liberty, and discouraging procedural abuse under the guise of legal recourse.

- ***Mens Rea and Prima Facie Offence: A Judicial Lens***

A key feature of this judicial shift lies in its insistence on the presence of mens rea. Courts have clarified that criminal proceedings cannot be allowed to continue where the essential elements of criminal intent are absent. In *Dalip Kaur v. Jagnar Singh*²⁵, the Supreme Court held that where the complaint essentially disclosed a civil dispute, and the allegations did not establish criminal intent, the registration of an FIR would amount to an abuse of process of law.

In a similar vein, in *G. Sagar Suri v. State of UP*²⁶, the Supreme Court held that a criminal complaint arising out of a financial dispute between parties must not be allowed to proceed if the complaint fails to disclose the necessary criminal elements such as deception or dishonest inducement at the time of the transaction.²⁷

- ***Quashing Proceedings to Prevent Abuse***

The courts have increasingly invoked Section 482 of the Code of Criminal Procedure (CrPC) to quash proceedings that were found to be manifestly mala fide, vexatious, or legally untenable. The landmark decision in *State of Haryana v. Bhajan Lal*²⁸ laid down illustrative categories where the High Court may intervene to prevent the abuse of criminal process. These include instances where:

Mary's J. on Legal Malpractice & Ethics 238 (2018).

²⁴ Philip Hamburger, *A Tale of Two Paradigms: Judicial Review and Judicial Duty*, 78 Geo. Wash. L. Rev. 1162 (2009).

²⁵ (2009) 14 SCC 696.

²⁶ (2000) 2 SCC 636.

²⁷ K.N. Chandrasekharan Pillai (ed), R.V. Kelkar's Criminal Procedure (6th edn, Eastern Book Company 2018) 587–590.

²⁸ 1990 SCR SUPL. (3) 259.

- i. Allegations do not disclose a cognizable offence;
- ii. The complaint is manifestly attended with mala fide intention;
- iii. The proceedings are initiated with an ulterior motive.

Relying on this judgment, numerous courts have quashed criminal complaints arising in the context of property-related disputes involving inheritance, partition, co-ownership, or contractual breakdown. The judiciary has reinforced the notion that criminal law should not become a pressure tactic in commercial and property disagreements.

• **Recent Case Studies: Practical Illustrations**

A few recent cases highlight this evolving judicial position:

- a. *Vesa Holdings Pvt. Ltd. v. State of Kerala*²⁹ – The Kerala High Court held that the absence of any material to suggest initial fraudulent intent made the complaint under Sections 406 and 420 IPC untenable. The transaction was fundamentally civil in nature, and hence, the FIR was quashed.
- b. *Indian Oil Corporation v. NEPC India Ltd.*³⁰, the Supreme Court cautioned that criminal proceedings should not be used for arm-twisting or to settle scores. It emphasized that malicious institution of proceedings without due cause affects the administration of justice.
- c. *P. Swaroopa Rani v. M. Hari Narayana*³¹ – The Andhra Pradesh High Court re-emphasized that the criminal law cannot be invoked to resolve private disputes relating to property, especially in the absence of ingredients of criminal wrongdoing.

These decisions reflect a trend toward judicial vigilance, where courts proactively ensure that civil matters do not escalate into criminal proceedings without a justified basis.

• **Abuse of Legal Machinery and Harassment**

An important dimension of this judicial attitude is the recognition of harassment caused by false or exaggerated criminal complaints. The courts have acknowledged the mental, emotional, and reputational damage suffered by individuals wrongfully accused in criminal matters. The Supreme Court in *Rajiv Thapar v. Madan Lal Kapoor*³² ruled

²⁹ (2015) 8 SCC 293.

³⁰ (2006) 6 SCC 736.

³¹ 2008 (2) G.L.H. (NOC) 13.

³² (2013) 3 SCC 330.

that courts must look beyond the mere allegations in the FIR and consider documentary evidence presented by the accused to determine if prosecution should be allowed to continue.³³ Additionally, courts have noted that the police machinery and judicial forums are burdened by such misuse, diverting attention from genuine crimes. The proliferation of criminal cases that are essentially civil disputes in disguise has made it necessary for courts to adopt a strict scrutiny approach.

- **Constitutional Safeguards and Liberty Concerns**

The judiciary has also recognized that misuse of criminal process can infringe upon the fundamental rights of individuals, especially under Article 21 of the Constitution. Arbitrary arrests or prolonged trials in matters that do not amount to a criminal offence are seen as violations of personal liberty, requiring judicial intervention to safeguard constitutional rights. The courts have emphasized the principle that criminal law must be sparingly used and not as a weapon to achieve indirect objectives, such as compelling a party to withdraw from a civil suit or to pay an inflated compensation.

- **Preventive Judicial Tools and Cost Orders**

As part of its strategy to prevent misuse, courts have not only quashed criminal proceedings but have also begun imposing exemplary costs on litigants who approach the court with unclean hands. This is meant to act as a deterrent and reinforce the sanctity of criminal justice mechanisms. For instance, in *M.N. Ojha v. Alok Kumar Srivastav*³⁴, the Supreme Court imposed costs for filing frivolous criminal proceedings that were clearly civil in nature. The court observed that litigants must not be permitted to “play fast and loose with the law” by switching legal forums to harass the opposite party.³⁵

CONCLUSION

As per the current jurisprudential trends underscore a deliberate and well-considered shift in the Indian judiciary's stance towards the intersection of criminal law and civil property disputes. This evolving judicial outlook reflects a growing recognition of the need to prevent the misuse of criminal legal provisions as instruments of coercion in essentially civil matters. Increasingly, courts are asserting their constitutional responsibility to ensure that the sanctity of criminal law is preserved and not diluted through

³³ Sir Shamsul Huda, *Principles of the Law of Crimes in British India* (Tagore Law Lectures, Thacker, Spink & Co 1902) 343.

³⁴ (2009) 9 SCC 682.

³⁵ Avtar Singh, *Introduction to the Law of Torts and Criminal Law* (LexisNexis 2020) 402.

vindictive or strategic litigation.

One of the key features of this shift is the judiciary's insistence on establishing *mens rea*—the mental intent to commit a crime—as a precondition for invoking criminal liability in property disputes. Courts have consistently reiterated that mere breaches of contract or ownership disagreements, absent fraudulent or dishonest intent, fall squarely within the realm of civil law and should be addressed accordingly. Through this lens, the judiciary is filtering out frivolous or vexatious complaints aimed not at justice but at harassment or bargaining leverage.

A powerful tool in this effort has been the proactive use of Section 482 of the Criminal Procedure Code, which empowers High Courts to quash criminal proceedings where no *prima facie* offence is disclosed. This provision has become instrumental in curbing the rising trend of filing criminal complaints to circumvent the slower processes of civil litigation. In landmark judgments such as *State of Haryana v. Bhajan Lal* and *Indian Oil Corporation v. NEPC India Ltd.*, the Supreme Court laid down clear parameters for the exercise of this power, which have since been applied to dismiss complaints lacking the essential elements of a criminal offence. This judicial restraint serves multiple purposes. First, it protects individuals from the trauma and reputational harm of unnecessary criminal prosecution. Second, it alleviates the burden on investigative agencies and courts already overwhelmed with genuine criminal cases. Third, and most significantly, it restores the functional demarcation between civil and criminal jurisdictions—an essential aspect of procedural fairness and constitutional governance.

By preserving the integrity of both domains of law, the judiciary is reinforcing public trust in legal institutions. The commitment to constitutional values—particularly those of liberty, fairness, and the rule of law—guides this nuanced balancing act. This is not a move towards judicial inaction, but rather one that embraces judicial discretion to filter abuse while upholding access to justice. The Indian judiciary's response to the misuse of criminal law in property disputes marks a mature recalibration of legal processes. By rooting its decisions in doctrinal clarity, procedural safeguards, and constitutional ethos, the judiciary is playing a pivotal role in ensuring that justice remains both substantive and procedural—a hallmark of a resilient and equitable legal system.