

**IN THE HIGH COURT OF JUDICATURE AT BOMBAY
CRIMINAL APPELLATE JURISDICTION**

WRIT PETITION NO. 2324 OF 2026

Vijay Shripad Kale & anr. .Petitioners

Vs.

The Senior Inspector of Police, Economic .Respondents
Offences Wing, Banking – 2 & ors

ANAND
SUDHAKAR
SUDAME

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Date: 2026.09.19
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WITH

WRIT PETITION NO. 2325 OF 2026

Atul Harkishan Das Mehta & anr. .Petitioners

Vs.

The Senior Inspector of Police, Economic .Respondents
Offences Wing, Banking – 2 & ors

Mr. Rizwan Merchant a/w. Mr. Shailendra Agharkar, Advocates, for the
Petitioners in W. P No. 2324 of 2026

Mr. Rizwan Merchant a/w. Mr. Swapnil Wagh, Mr. Prathmesh Bhogale
& Ms. Mamta Tiwari, Advocates, for the Petitioners in W. P. No. 2325 of
2026

Ms. G. S. Rao, APP, for the Respondent - State

Ms. Sailee Khare h/f. Mr. Tanveer Malnas, Advocates, for Respondent
No. 2

Mr. Sameer Wagh, API, EOW, Banking – 2 present

CORAM : MILIND N. JADHAV, J.

DATE : 11.09.2026

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1. Heard Mr. Merchant, learned Counsel for the Petitioners, Ms.

Rao, learned APP for the Respondent – State and Ms. Khare, learned

Counsel for Respondent No. 2.

2. This is a common order in W. P. No. 2324 of 2026 and W. P. No. 2325 of 2026. There was a transaction/relationship between the parties which due to non-reciprocation led to filing of a complaint which was transferred to the E.O.W. by the police because of the amount being over the threshold.

3. Mr. Merchant would submit that the parties have reconciled their differences and disputes and amounts have now been exchanged. The Complainant is present in Court. Qua the first Petition, his Consent Affidavit is taken on record and he apprises the Court that he has received all his amounts and has no further grievances and desires that the Criminal prosecution may be quashed and set aside. Qua the second Petition, the FIR is filed for forgery in view of the Petitioners therein having prepared a back dated Loan Agreement. The amount involved in the first instance was Rs. 50/- Crores, whereas the amount with regard to the Loan Agreement was approximately Rs. 3.65/- Crores. Record shows that the amount of Rs. 50/- Crores is now settled between the parties, whereas the second amount under the Loan Agreement has also been settled by debit of the balance amount. In this regard, Rs. 2/- Crores was already paid of and Rs. 1.65/- Crores was the balance. Two Consent Affidavits are filed. They are dated

05.05.2026. They are taken on record. Considering the private dispute between the parties which the Complainant and the Petitioners all before me desire to reconcile and put an end to, I am inclined to accept their request. Since parties request the Court to quash the Criminal proceedings as they are a hindrance and affects them in business and their future life prospectus.

4. Section 482 of the Criminal Procedure Code, 1973 conferred inherent powers on High Courts to pass such orders as are justified to give effect to any order in the Court, prevent abuse of process of any Court or secure the ends of justice. In the BNSS this provision stands incorporated with Section 528 which substantially reproduces the language and intent of Section 482 of the CRPC, 1973 High Courts invoke this provision to step in where cases have been instituted with *malafide* motives or to harass the accused person thereby avoiding procedural harassment. It empowers Court to dismiss FIRs or criminal proceedings if there is no *prima facie* case or evidence against the accused person/s or if orders are made in violation of the principles of natural justice. The exercise of such powers under Section 482 of CRPC and now Section 528 of BNSS remains discretionary and varies from case to case.

5. In *State of Harayana vs Bhajan Lal*¹ the Supreme Court laid down model categories and guidelines in paragraph No. 102 of the said judgment in which the FIRs can be quashed. The Supreme Court has further asserted that power under Section 482 is an acknowledgment of "powers inherent" and not the source of powers additional. It has held that even non compoundable offences can be quashed where necessary. It has held that High Courts have to decide whether the prosecution of an offence would further or be against the interest of justice. It is also held that grievous offences such as murder, rape, and dacoity cannot ordinarily be quashed even after settlement because they involve societal implication.

6. In the above context, when parties settle their private dispute or the *lis* between them is purely civil and commercial or matrimonial and the offence is not heinous or does not impact the society at large, the Court can consider such request. In such a case awarding costs for putting the criminal law into motion on the act of the accused persons and thereafter both parties seeking quashing of proceedings by consent, in my opinion, can be considered by Court which can impose costs on the parties, especially so in matters coming before the Court by "consent quashing".

¹ 1992 AIR 604

7. For above levy of costs the legal principle rests on the logic that criminal law cannot be used as a bargaining chip or a tool for private settlements after draining the State and judicial resources. In simple words, Courts cannot be used as a recovery mechanism to settle scores and/or bring the parties into subjugation. I am of the firm opinion that imposition of costs in consent quashing matters is required to be levied for three main reasons viz., wastage of public resources, consumption of valuable judicial time and for deterrence against vexatious litigation. This is because after criminal machinery is set into motion, the Police Department is forced to take cognizance, conduct investigations, attend courts, deploy personnel, collect evidence and draft chargesheets, all using public funds/ public exchequer. Equally substantial judicial time of the Trial Courts and Sessions Courts is wasted for handling a case, presentation of a case, issuance of summons, scheduling of trial dates, appointment of prosecutors and their fees, etc. and ultimately if consent quashing is allowed such judicial time stands completely wasted, which could have otherwise been used for genuine Trial Court matters/ litigation in one way such matters result in clogging the legal system and lead to humongous pendency which becomes difficult to tackle.

8. Another aspect to consider for imposing costs is that it curbs the growing trend of filing strategically exaggerated criminal complaints (especially matrimonial or commercial disputes) simply to force financial and legal settlements. In a given case made out on merits of the matter, even the Complainant can be put to costs while considering a quashing Petition purely on merits depending upon the facts of each case before Court. In some strong circumstances, even the State machinery can be put to costs if a purely civil dispute between parties strongly emanating from the facts on record is registered as criminal case and given the flavor of criminality. This Court is also equally conscious about not imposing costs blindly or mechanically if a particular party is not found to be remiss or at explicit fault for abusing the law, as also conscious about heinous offences impacting the society at large while considering consent quashing.

9. Applying the aforesaid principles to the facts of the present case, I am of the opinion that the Petitioners, for their actions resulting in the complainant invoking criminal proceedings and now all the parties seeking quashing by consent, the Petitioners, should pay costs. Hence, Both petitioners in the two Petitions are directed to pay costs of Rs. 10,000/- each towards the Corpus of **A.K. Munshi Yojana** a trust which runs medical centres, vocational training centres and which also

runs a Special School called **J.T. Sheth Mandbuddhi Vikas Kendra**, imparting education and training to the needs of 150 special children in the field of Education (Classes for 6 to 18 years), early intervention (upto 6 years) and vocational training (18 years above) having its school address and building at A.K. Munshi Yojana Chowk, 3rd Panjarapole Lane, C.P. Tank, Mumbai – 400 004 [Contact Nos. 22425513 / 22423654] registered under the Society Registration Act, XXI of 1980 under No. : 387/81 GBBSD and the Public Trust Act, XXIX of 1950 under No. F-6809. RCI Reg. No. 0163 within a period of two weeks from the date of uploading of this order. The Petitioners are present in Court and through their learned Advocates agree to pay the aforesaid costs amount to the charity.

10. In view of the above matters, the present Petitions deserve to be allowed subject to payment of costs as directed herein above. Both Petitions are allowed.

(i) Writ Petition No. 2324 of 2026 is allowed in terms of prayer clause 'A' which reads as under :-

“A) This Hon’ble Court be pleased to quash and set aside FIR No.5 of 2026 initiated on the complaint of Respondent No. 2, registered by the officers of Economic Offences Wing, Banking-2, Mumbai for the alleged offences under Sections 316(2), 316(5), 318(4), 336(2), 336(3), 340(2) and 61(2) of the Bhartiya Nyaya Sanhita, 2023;

(ii) Writ Petition No. 2325 of 2026 is allowed in terms of prayer clause 'A' which reads as under :-

A) This Hon'ble Court be pleased to quash and set aside the FIR No. 7 of 2026 initially registered with the Govandi Police Station and now being taken over and under investigations by Economic Offences Wing, Banking – 2 and reregistered as their own FIR No. 5 of 2026."

11. List both Writ Petitions for compliance of the order on 28.09.2026.

12. Advocates for the Petitioners shall remain present and show compliance on behalf of the Petitioners on the returnable date for compliance. If they do not remain present and there is non-compliance of this order, Court will pass appropriate order for recall of this order, which shall be noted by the Petitioners.

13. Both Writ Petitions are allowed and disposed.

(MILIND N. JADHAV, J.)