

IN THE HIGH COURT OF HIMACHAL PRADESH AT SHIMLA

Cr.MP No.4902 of 2025 in

Cr.R No. 268 of 2023

Decided on 1st October, 2026

Karmi Devi

...Petitioner

Versus

**HP State Co-operative
Bank**

.....Respondent

Coram

Hon'ble Mr. Justice Chirag Bhanu Singh, Judge.

¹Whether approved for reporting?

For the petitioner : Mr. Vedhant Ranta, Advocate.

For the respondent : Mr. Y.P. Sood, Advocate.

Chirag Bhanu Singh, Judge (Oral)

The petitioner-accused has preferred an application under Section 147 of the Negotiable Instruments Act seeking to compound the offence punishable under Section 138 of the Negotiable Instruments Act (in short 'NI Act').

2. The petitioner had purportedly issued a check of Rs. 95,000 to discharge her liability, which was payable to the respondent-Bank. The cheque had bounced resulting in the proceedings under Section 138 of NI Act. The petitioner was

convicted and sentenced to undergo simple imprisonment for a period of six months and to pay compensation of Rs.1,20,000/- to the respondent. The said findings of the learned Judicial Magistrate First Class, Court No.II, Ghumarwin, District Bilapur, HP (learned trial Court) dated 24.08.2021, came to be upheld by the learned Additional Sessions Judge, Ghumarwin, District Bilaspur, HP (learned Appellate Court) dated 15.12.2022 and hence the present petition.

3. During the pendency of the petition, the petitioner had expressed her willingness to settle the matter by paying the entire compensation amount to the respondent-Bank. As a sequel, the petitioner has already deposited a sum of Rs. 96,000 before the Registry of this Court. She had also deposited a sum of Rs. 24,000 before the learned Judicial Magistrate First Class Court No.II, Ghumarwin, Bilaspur, HP. The entire amount of compensation amounting to Rs. 1,20,000 thus stands deposited.

4. Learned counsel for the respondent-Bank submits that he has no objection if the matter is compounded and the amount lying deposited in the Registry of this Court and before the learned trial Court i.e. Rs. 1,20,000 is ordered to be released in favour of the respondent-Bank.

5. Seemingly, the parties have now buried the hatchet.

6. Since the parties have not only settled the matter but the respondent-Bank has agreed to close the account of the petitioner, if the entire amount of compensation i.e. Rs.1,20,000/- lying deposited before the Courts are released in its favour. The revision thus deserves to be allowed and the petitioner/accused is entitled to be acquitted. In this behalf, reliance can be placed on a judgment of the Hon'ble Supreme Court, ***titled as K.M. Ibrahim vs. K.P. Mohammed and Another, 2010 (1) SCC 798.***

7. It would be apposite to reproduce para-9 of the K.M. Ibrahim's judgment, (supra) which reads as under:-

“9. The golden thread in all these decisions is that once a person is allowed to compound a case as provided for under Section 147 of the Negotiable Instruments Act, the conviction under Section 138 of the said Act should also be set aside. In the case of Vinay Devanna Nayak (supra), the issue was raised and after taking note of the provisions of Section 320 Cr.P.C., this Court held that since the matter had been compromised between the parties and payments had been made in full and final settlement of the dues of the Banks, the appeal deserved to be allowed and the appellant was entitled to acquittal. Consequently, the order of

conviction and sentence recorded by all the Courts were set aside and the appellant was acquitted of the charges leveled against him.”

8. It is thus crystal clear that keeping in view the mandate of the aforesaid judgment and the provisions of Section 147 of the Negotiable Instruments Act, there is no bar for the parties in compounding the offense under Section 138 of the NI Act, even at the stage of the present proceedings. The amount of Rs.96,000/- lying deposited before the Registry of this Court and the amount of Rs.24,000/- lying deposited before the learned trial Court are ordered to be released in favour of the respondent-Bank on furnishing the details of the Bank account to which the money has to be transferred.

9. Thus, keeping in view the aforesaid judgment and the fact that the parties have, indeed, resolved to bury their differences, and the petitioner/accused having made the full and final settlement of the claim, based on a one-time settlement offered by the respondent-Bank, the parties are allowed to compound the offense, and as a sequel, the judgments of the learned Courts below are set aside, and the petitioner/accused is acquitted of the charges. The judgment of conviction dated 24.08.2021 and order of sentence dated 18.09.2021 passed by the learned trial Court and that of the

learned Appellate Court dated 15.12.2022 are quashed and set aside. The petitioner/accused shall stand acquitted. Ordered accordingly. The money lying in deposit before this Registry and the learned trial Court is ordered to be released to the respondent-Bank. The same be remitted to the account number to be supplied by the respondent-Bank.

10. The petition is disposed of in the aforesaid terms, so also the pending miscellaneous applications, if any.

(Chirag Bhanu Singh)
Judge

01.10.2026
(Ritu)