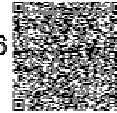


2025:PHHC:073666



**IN THE HIGH COURT FOR THE STATES OF PUNJAB AND
HARYANA AT CHANDIGARH**

269

CRM-M-21077-2025 (O&M)

Date of decision: 28.05.2025

Labh Singh**...Petitioner****Versus****State of Punjab and another****...Respondents****CORAM: HON'BLE MRS. JUSTICE MANISHA BATRA**

Present:- Mr. Sher Singh, Advocate
for the petitioner.

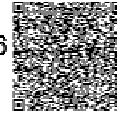
Ms. Sakshi Bakshi, AAG, Punjab.

Mr. Amit Kumar, Advocate
for respondent No. 2.

MANISHA BATRA, J. (Oral)

1. The present petition has been filed by the petitioner for compounding the offence under Section 138 of the Negotiable Instruments Act, 1881 (*for short 'N. I. Act'*) and for setting aside the judgment of conviction and order on quantum of sentence, both dated 22.07.2019, passed by the Court of learned Judicial Magistrate First Class, Patiala in complaint bearing COMA No. 2316 of 2017, titled as ***Mithu Gupta vs. Labh Singh***, filed under Section 138 of the N. I. Act, whereby the petitioner was held guilty for commission of offence punishable under the aforesaid section and was sentenced to undergo simple imprisonment for a period of one year and to pay compensation to the tune of Rs. 3,80,000/- along with interest @ 9% per annum from the date of issuance of cheque till the final realization of the amount. The petitioner has also laid challenge to the judgment dated 03.04.2025, passed by the Court of

2025:PHHC:073666

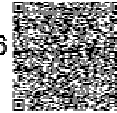


learned Additional Sessions Judge, Patiala, whereby the appeal of the petitioner had been dismissed.

2. Brief facts of the case relevant for the purpose of disposal of this revision petition are that the petitioner borrowed a friendly loan of Rs.5,00,000/- from respondent No. 2/complainant on 26.07.2016 with a promise to repay the same by November, 2016. In order to discharge his legal liability towards the complainant, the petitioner issued a cheque bearing No.106031 dated 31.03.2017 for a sum of Rs.3,80,000/- with an assurance that the same would be honoured on presentation but it dishonoured due to 'insufficient funds'. He was served with a legal notice dated 04.05.2017 but he failed to make payment within the time stipulated. Aggrieved from the same, the complainant filed the aforesaid complaint under Section 138 of N. I. Act, in which, the petitioner was held guilty and sentenced as mentioned above. His appeal too was dismissed by the learned appellate Court.

3. Now, by way of filing the present petition, the petitioner has made a prayer for compounding the offence for which he has been held guilty and convicted. It is argued by learned counsel for the petitioner that an amicable settlement has been arrived at between the petitioner and respondent No. 2/complainant, vide compromise deed dated 11.04.2025 (Annexure P-4). In pursuance of the said settlement, the entire disputed amount has been given by the petitioner to the respondent No. 2. It is submitted that respondent No. 2 also admits the factum of the above stated settlement having been arrived between the parties and about receipt of entire disputed amount and therefore, the petitioner deserves to be granted permission to compound the offence.

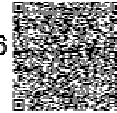
2025:PHHC:073666



4. Learned counsel for respondent No. 2/complainant has affirmed the factum of receiving the entire disputed amount from the petitioner and has submitted that he has no objection if the offence is compounded in favour of the petitioner and the judgment of conviction and order of sentence recorded by learned trial Court and affirmed by learned appellate Court are quashed and set aside.

5. Section 147 of N. I. Act makes all offences under this Act as compoundable offences. It is well settled proposition of law by now that in view of the provisions contained under this Section read with Section 320 of Cr.P.C., a compromise arrived *inter se* parties can be accepted and the offence committed under Section 138 of N. I. Act, can be ordered to be compounded even after conviction. Reference in this regard can be made to the judgment dated 02.03.2022 pronounced by the High Court of Himachal Pradesh in Criminal Misc. (main) petition No. 107 of 2022 under Section 482 of Cr.P.C. titled as ***Hiranand Shastri Vs. Ram Rattan Thakur and another***, wherein it was observed that the judgment of conviction recorded under Section 138 of N. I. Act can be recalled, in view of the specific provisions contained under Section 147 of the Act, which provide for compounding of offence allegedly committed under Section 138 of N.I. Act. Similar proposition of law was laid down in the judgment dated 21.12.2021 in ***CRM-M-No. 2499-2021 in Geeta Devi Vs. Surinder Singh and another***, wherein it was observed by the High Court of Himachal Pradesh that the Court has ample powers under Section 147 of N.I. Act to compound the offence in those cases, where the accused already stands convicted. Reference can also be made to the authority cited as ***Sube Singh and another vs. State of Haryana and another, 2013 (4) R.C.R.***

2025:PHHC:073666

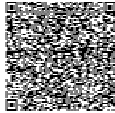


(Criminal) 102, wherein a Division Bench of this Court has held that even after the conviction, if the parties have settled the dispute amicably and have decided to live in peace and harmony, this Court, in exercise of powers under Section 482 Cr.P.C., can compound the offence.

6. In ***Damodar S. Prabhu Vs. Sayed babalal H. 2010(2) RCR (Criminal) 851***, the Hon'ble Supreme Court had laid down several guidelines with regard to the proceedings conducted in connection with complaints filed under Section 138 of NI Act. It was observed that the interest of the complainant lied primarily in recovering the money rather than seeing the drawer of the cheque in jail with respect to the offence of dishonour of the cheque and it is compensatory aspect of the remedy which should be given priority over the punitive aspect. In ***Raj Reddy Kallen Vs. State of Haryana and another (2024) 5 SCR 203***, it was observed by Hon'ble Supreme Court that keeping in mind that 'compensatory aspect,' of remedy shall have priority over the 'punitive aspect', courts should encourage compounding of offences under the N.I. Act, if the parties are willing to do so.

7. In the instant case, as discussed above, the parties have settled their dispute amicably, in pursuance of which, the entire disputed amount has been paid by the petitioner to respondent No. 2/complainant. This fact is affirmed by learned counsel for respondent No. 2. He has stated that the complainant has no objection if the offence is compounded. This amicable settlement has arrived at between the parties after passing of judgment dated 03.04.2025 by the learned appellate Court. There is no doubt that the petitioner and respondent No. 2/complainant have reached at a settlement permissible by law. This Court has also satisfied itself regarding the genuineness of the

2025:PHHC:073666



settlement as vide order dated 08.05.2025, the parties were directed to appear before the learned trial Court for recording of their statement in support of the compromise. In pursuance thereof, the parties had appeared before the learned trial Court and had got recorded their statements. A report dated 22.05.2025 has been received from the learned trial Court, wherein it is reported that the compromise arrived at between the parties is valid, genuine, voluntary and without any coercion or undue influence. As such, in the considered opinion of this Court, the conviction of the petitioner would not serve any purpose and is required to be set aside. In the light of the judicial precedents as referred to above and the attendant facts and circumstances of the case, this Court is of the considered opinion that the offence deserves to be compounded in favour of the petitioner. Accordingly, the present petition is allowed and the judgment of conviction and order of quantum of sentence, both dated 22.07.2019, passed by the learned trial Magistrate as well as the judgment dated 03.04.2025 passed by the learned appellate Court are set aside. The offence for which the petitioner was convicted stands compounded and the petitioner is acquitted on account of such compounding. Bail/surety bonds of the petitioner be discharged accordingly.

8. Let a copy of this order be sent to the learned trial Court for intimation and necessary compliance.

9. Since the main petition has been disposed of, pending application, if any, is rendered infructuous.

28.05.2025

Naseem Ansari

(MANISHA BATRA)
JUDGE

Whether speaking/reasoned

Yes/No

Whether reportable

Yes/No