

**CRR-2187-2025 (O&M)**

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**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

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CRR-2187-2025 (O&M)
Date of decision: 01.12.2025.**HARJIT SINGH****...Petitioner(s)****VERSUS****STATE OF PUNJAB AND ANOTHER****...Respondent(s)****CORAM : HON'BLE MR. JUSTICE VINOD S. BHARDWAJ**Present :- Mr. G.S. Jagpal, Advocate,
for the applicant-petitioner.

Mr. Rituraj Singh, DAG, Punjab.

Mr. Gurcharan Singh Bains, Advocate, with
Mr. Mohit Kumar, Manager of respondent No.2/Bank,
for respondent No.2/Bank.**VINOD S. BHARDWAJ, J. (Oral)****CRM-35400-2025**

Application is allowed as prayed for, subject to all just exceptions.

Annexure P-1 is taken on record.

The Registry is directed to tag the same at an appropriate place.

CRM-35401-2025

Prayer in the present application is for condonation of delay of 1001 days in filing the present revision petition.

For the reasons mentioned in the application, the same is allowed and delay of 1001 days in filing the present revision petition is condoned.

Main case and CRM-47179-2025

The present revision petition has been filed against the judgment of conviction and order of sentence dated 14.06.2019 passed by the Learned Judicial Magistrate First Class, Samana, whereby the petitioner had been convicted for the commission of offence under Section 138 of the Negotiable Instruments Act, 1881 and had been sentenced to undergo rigorous imprisonment for a period of one year and compensation equivalent to the cheque amount had also been ordered.

2. The appeal preferred by the petitioner against the aforesaid judgment of conviction and order of sentence was also dismissed by the learned Additional Sessions Judge, Patiala, vide judgment dated 05.09.2022 passed in Criminal Appeal No.498-2019. Hence, the present petition had been filed after delay.

3. Notice of motion had been issued in the instant criminal revision petition on 08.09.2025 and the following order was passed: -

“Learned counsel appearing for the petitioner(s) inter alia contends that during the pendency of the Criminal Appeal bearing No.498 of 2019, the petitioner had already repaid the entire loan amount to the satisfaction of the respondent-complainant. He contends that the petitioner was under the bona fide impression that his counsel would apprise the Court about the said fact and the offence would be compounded, however, now it transpires that the counsel had not entered appearance and the appeal was heard on merits and the same was dismissed.

Notice in the application for condonation of delay as well as the main petition be issued to the respondents for 01.12.2025.



Process dasti as well.

In the meanwhile, subject to the petitioner depositing Rs.5,000/- with the Punjab Chief Minister Relief Fund, Account No.001934001000589, IFSC: TPSC0000019, Punjab State Cooperative Bank, the petitioner shall surrender before the trial Court within a period of 02 weeks from today, the sentence of the petitioner shall remain suspended till the next date of hearing.

4. Mr. Gurcharan Singh Bains, Advocate, has entered appearance and has filed power of attorney on behalf of respondent No.2/Bank.

5 Appended alongwith CRM-47179-2025, counsel for the petitioner has placed on record affidavit of the petitioner as per which the entire amount in dispute already stood paid to the satisfaction of the respondent No.2/Bank during the pendency of the aforementioned criminal appeal. However, since the said fact could not be brought to the notice of the Appellate Court, the appeal preferred by the petitioner was dismissed. The same was merely an inadvertent lapse. In view of the same, Counsel for the petitioner prays for compounding of the offence.

6. Counsel for the respondent-complainant, on instructions from Mr. Mohit Kumar, Manager of respondent No.2/Bank, admits the aforesaid fact and submits that he has no objection to the compounding of the offence.

7. The object and underlying purpose of Section 138 of the Negotiable Instruments Act, 1881 is primarily compensatory rather than punitive. The provision has been enacted to enhance the credibility of commercial transactions and to ensure faith in the banking system by providing a speedy and effective remedy to the payee of a dishonoured cheque. While the



statute prescribes penal consequences, such punishment is intended to operate as a means to secure compliance and recovery of the cheque amount, and not as an end in itself. The emphasis of the provision is, therefore, on restitution to the complainant and settlement of the liability, rather than on retribution. Additionally, Section 147 of the NI Act allows compounding of such offences, enabling parties to amicably resolve disputes and avoid litigation.

8. The Hon'ble Supreme Court in **Meters and Instrunments Private Ltd. and Another v. Kanchan Mehta, (2018) 1 SCC 560** has held as under:-

“7. This Court has noted that the object of the statute was to facilitate smooth functioning of business transactions. The provision is necessary as in many transactions cheques were issued merely as a device to defraud the creditors. Dishonour of cheque causes incalculable loss, injury and inconvenience to the payee and credibility of business transactions suffers a setback. [Goa Plast (P) Ltd. v. Chico Ursula D'Souza, (2004) 2 SCC 235, p. 248, para 26 : 2004 SCC (Cri) 499] At the same time, it was also noted that nature of offence under Section 138 primarily related to a civil wrong and the 2002 Amendment specifically made it compoundable. [Vinay Devanna Nayak v. Ryot Sewa Sahakari Bank Ltd., (2008) 2 SCC 305 : (2008) 1 SCC (Civ) 542 : (2008) 1 SCC (Cri) 351] The offence was also described as “regulatory offence”. The burden of proof was on the accused in view of presumption under Section 139 and the standard of proof was of “preponderance of probabilities”. [Rangappa v. Sri Mohan, (2010) 11 SCC 441, p. 454, para 28 : (2010) 4 SCC (Civ) 477 : (2011) 1 SCC (Cri) 184]”



9. In the case of **B V Sessaiah v State of Telangana and Anr , SLP (Crl) no. 7099 of 2018** it was observed by the Hon'ble Supreme Court that:-

“11. This is a very clear case of the parties entering into an agreement and compounding the offence to save themselves from the process of litigation. When such a step has been taken by the parties, and the law very clearly allows them to do the same, the High Court then cannot override such compounding and impose its will.”

10. Furthermore, there is no stage prescribed for compounding of offences under Section 147 of Negotiable Instruments Act. In the case of **K.M Ibrahim v K.P. Mohammed and Another, (2010) 1 SCC 798**, it was held as under:-

“13. As far as the non obstante clause included in Section 147 of the 1881 Act is concerned, the 1881 Act being a special statute, the provisions of Section 147 will have an overriding effect over the provisions of the Code relating to compounding of offences. The various decisions cited by Mr Rohatgi on this issue do not add to the above position.

14. It is true that the application under Section 147 of the Negotiable Instruments Act was made by the parties after the proceedings had been concluded before the appellate forum. However, Section 147 of the aforesaid Act does not bar the parties from compounding an offence under Section 138 even at the appellate stage of the proceedings. Accordingly, we find no reason to reject the application under Section 147 of the aforesaid Act even in a proceeding under Article 136 of the Constitution.”



11. In view of above discussion, offence under Section 138 of the Negotiable Instruments Act, 1881 is permitted to be compounded under Section 147 of the Negotiable Instruments Act.

12. Thus, judgment of conviction and order of sentence dated 14.06.2019 passed by the learned Judicial Magistrate First Class, Samana and the judgment dated 05.09.2022 passed by the learned Additional Sessions Judge, Patiala, dismissing the appeal preferred by the petitioner, are set aside. The petitioner is acquitted of the offence under Section 138 of the Negotiable Instruments Act.

13. The petitioner, if confined in jail and not required in any other case, shall be released forthwith, in accordance with law.

14. The present revision petition stands allowed in above terms.

15. Since the main case itself has been decided, CRM-35402-2025 and CRM-35403-2025 also stand disposed of accordingly.

December 01, 2025
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(VINOD S. BHARDWAJ)
JUDGE

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No