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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ **CRL.REV.P. 1334/2019**

VIJAY PAL SADH

.....Petitioner

versus

STATE GOVT NCT OF DELHI & ANR

.....Respondents

With

CRL.REV.P. 1335/2019, CRL.REV.P. 1336/2019, CRL.REV.P. 1337/2019, CRL.REV.P. 1338/2019, CRL.REV.P. 1339/2019 & CRL.REV.P. 1340/2019

For Petitioners: Ms. Tamanna Parveen and Mr. Ankur Tripathy,
Advocates.

For Respondents: Mr. Satinder Singh Bawa, APP for State.

CORAM:

HON'BLE MR. JUSTICE SANJEEV NARULA

ORDER

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11.03.2025

CRL.M.A. 7666/2025 in CRL.REV.P. 1334/2019, CRL.M.A. 7657/2025 in CRL.REV.P. 1335/2019, CRL.M.A. 7656/2025 in CRL.REV.P. 1336/2019, CRL.M.A. 7713/2025 in CRL.REV.P. 1337/2019, CRL.M.A. 7667/2025 in CRL.REV.P. 1338/2019, CRL.M.A. 7712/2025 in CRL.REV.P. 1339/2019 & CRL.M.A. 7668/2025 in CRL.REV.P. 1340/2019 (for withdrawal of the petition)

1. Respondent No.2 filed seven complaints regarding dishonour of certain cheques which were stated to be issued by the Petitioner qua repayment of loan. The Petitioner has been convicted in all complaint cases



bearing CC No.49716/16, 49999/16, 53848/16, 54098/16, 54099/16, 54268/16 & 54680/16, titled as *Sikandar Bhan vs Vijay Pal Sadh* filed under section 138 of Negotiable Instruments Act. The Petitioner has been convicted through separate judgements in all 7 connected cases. However, he has been sentenced in all the said complaints through common order dated 30th October, 2019. The Magistrate, in the impugned sentencing order dated 30th October, 2019, had directed the Petitioner to pay compensation of INR. 200,000/- each in complaint case-bearing C.C. No. 54268/16, 49999/16, 53848/16, 54099/16, 54680/16, 54098 and a compensation of Rs. 6,00,000/-- in complaint case bearing C.C. No. 49716/16 to the Complainant, within a period of one month from today. Further in default of payment of compensation, the convict was directed to undergo further Simple Imprisonment for a period of one year. The appeal against the said judgement and sentence order dated 30th October, 2019 has also been dismissed *vide* order dated 23rd April, 2019. Hence the present revision petition.

2. Through this application, the Petitioner placed on record a copy of Memorandum of Understanding cum Settlement Agreement dated 3rd February, 2025 executed between Petitioner and Respondent No. 2-Sikandar Bhan (erroneously recorded as Sikandar Bhasin in the memo of parties). As per the said settlement, on the intervention of close family relation, the parties have arrived at an amicable resolution of their disputes. Mr. Sikandar Bhan, the complainant in the cases, has acknowledged that he has received the amount which were due and payable to him under the impugned orders. Mr. Bhan, who is present in the Court, states that he has no grievance against the Petitioner and accordingly confirms that he has no objection in



case the offences against the Petitioner are compounded. He further states that he has received an amount of INR 8.5 lakhs from the Petitioner and this aforementioned amount satisfies all the claims which are subject matter of the present petitions.

3. Further, Mr. Sikandar Bhan as well as the Petitioner are duly acknowledged their signatures on the memorandum of understanding. Mr. Bhan and the Petitioner also agree for the waiver of the compensation awarded under the Impugned order on sentencing.

4. The Court has considered the submissions made by the parties. The offence under Section 138 of the NI Act is compoundable in nature. Even though an attempt for compounding of the offence under NI Act should be made at an earlier stage of proceedings rather than at a later stage, there is no impediment to seeking compounding of the offence even after conviction.¹ The Supreme Court, in **Damodar S. Prabhu v. Sayed Babalal H.**,² emphasised that the compensatory aspect of the proceedings under the NI Act takes precedence over the punitive aspect. In this regard, the Court stipulated certain guidelines for compounding the offences under the NI Act, as follows:

“4... What must be remembered is that the dishonour of a cheque can be best described as a regulatory offence that has been created to serve the public interest in ensuring the reliability of these instruments. The impact of this offence is usually confined to the private parties involved in commercial transactions.

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18. It is quite obvious that with respect to the offence of dishonour of cheques, it is the compensatory aspect of the remedy which should be given priority over the punitive aspect. There is also some support for the apprehensions raised by the learned Attorney General that a

¹ Raj Reddy Kallem v. State of Haryana, (2024) 8 SCC 588; K.M. Ibrahim v. K.P. Mohammed, (2010) 1 SCC 798.

² (2010) 5 SCC 663.



*majority of cheque bounce cases are indeed being compromised or settled by way of compounding, albeit during the later stages of litigation thereby contributing to undue delay in justice delivery. **The problem herein is with the tendency of litigants to belatedly choose compounding as a means to resolve their dispute...***

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21. With regard to the progression of litigation in cheque bouncing cases, the learned Attorney General has urged this Court to frame guidelines for a graded scheme of imposing costs on parties who unduly delay compounding of the offence. It was submitted that the requirement of deposit of the costs will act as a deterrent for delayed composition, since at present, free and easy compounding of offences at any stage, however belated, gives an incentive to the drawer of the cheque to delay settling the cases for years. An application for compounding made after several years not only results in the system being burdened but the complainant is also deprived of effective justice. In view of this submission, we direct that the following guidelines be followed:

THE GUIDELINES

(i) In the circumstances, it is proposed as follows:

(a) That directions can be given that the writ of summons be suitably modified making it clear to the accused that he could make an application for compounding of the offences at the first or second hearing of the case and that if such an application is made, compounding may be allowed by the court without imposing any costs on the accused.

(b) If the accused does not make an application for compounding as aforesaid, then if an application for compounding is made before the Magistrate at a subsequent stage, compounding can be allowed subject to the condition that the accused will be required to pay 10% of the cheque amount to be deposited as a condition for compounding with the Legal Services Authority, or such authority as the court deems fit.

(c) Similarly, if the application for compounding is made before the Sessions Court or a High Court in revision or appeal, such compounding may be allowed on the condition that the accused pays 15% of the cheque amount by way of costs.

(d) Finally, if the application for compounding is made before the Supreme Court, the figure would increase to 20% of the cheque amount.

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25. The graded scheme for imposing costs is a means to encourage compounding at an early stage of litigation. In the status quo, valuable time of the court is spent on the trial of these cases and the parties are not liable to pay any court fee since the proceedings are



*governed by the Code of Criminal Procedure, even though the impact of the offence is largely confined to the private parties. Even though the imposition of costs by the competent court is a matter of discretion, the scale of costs has been suggested in the interest of uniformity. **The competent court can of course reduce the costs with regard to the specific facts and circumstances of a case, while recording reasons in writing for such variance. Bona fide litigants should of course contest the proceedings to their logical end.*** ”
(emphasis supplied)

5. Pursuant to the aforesaid guidelines, the High Court is required to impose costs of 15% of the cheque amount. However, the Court is vested with the discretion to reduce the costs, depending on the specific circumstances of the case. In the present matter, considering the financial constraints faced by the Petitioner and the inability to deposit the required amount, 15000/- costs are imposed on him.

6. In view of the above, the applications are allowed, and the offences under section 138 of the NI Act for which the Petitioner was convicted through the Impugned orders, shall stand compounded.

7. With the above directions, the present petition is disposed of along with pending application(s).

SANJEEV NARULA, J

MARCH 11, 2025

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