



In the High Court of Punjab and Haryana, at Chandigarh

Criminal Misc. No. M-6979 of 2025 (O&M)

**Reserved On: 22.05.2026
Pronounced On: 05.06.2026**

Gagandeep Jindal

... Petitioner(s)

Versus

State of Punjab and Others

... Respondent(s)

CORAM: Hon'ble Mr. Justice Surya Partap Singh.

Present: Mr. Rajesh Punj, Advocate
for the petitioner(s) (Through Hybrid Mode).

Mr. J.S.Thind, Deputy Advocate General,
Punjab, for the respondents No.1 to 3.

Mr. Vikas Singh, Senior Advocate
with Ms. Anamika Sheoran, Advocate
for the respondent No.4.

Surya Partap Singh, J.

1. This is petition under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023, hereinafter being referred to as “BNSS” only. By virtue of this petition, the quashing of FIR No. 36 dated 31.05.2016, Police Station Jodhan, District Ludhiana (Rural) has been sought. The above-mentioned FIR has been lodged for the commission of offence punishable under Section 406 of ‘the Indian Penal Code, 1860’, hereinafter being referred to as “IPC” only.

2. It is relevant to mention here that this is third petition for quashing of above-mentioned FIR. As per petitioner the first petition for quashing of above-mentioned FIR, i.e. Criminal Misc. No. M-33859 of 2016 was disposed of by this court by observing that the petition was pre-mature.

According to petitioner this court directed the respondents No.1 to 3 to take into consideration all the material facts, documents and the statement as mandated under Section 163(2) of 'the Code of Criminal Procedure, 1973', hereinafter being referred to as "Cr.P.C." only, before forming any opinion regarding culpability of the petitioner. According to petitioner a further direction was given to the Commissioner of Police, Ludhiana to constitute a 'Special Investigating Team' for fair investigation of the case.

3. With regard to second petition for quashing, it has been pleaded by the petitioner that the second petition, i.e. Criminal Misc. No. M-36799 of 2017 was permitted to be withdrawn by this court with liberty to the petitioner to file fresh petition with better particulars.

4. The present petition has been filed in the backdrop of the facts that the FIR in question came into being at the instance of 'District Manager, Punjab State Warehousing Corporation, District Office, Ludhiana', hereinafter being referred to as "complainant" only. It was reported by the above-named complainant that 'the Punjab State Warehousing Corporation', hereinafter being referred to as "PSWC" only, is a statutory organization and performs the function of procurement of food-grains including 'Paddy' on behalf of Government of India. According to complainant, as per milling policy of the government the 'Paddy' purchased by the 'PSWC' from the farmers used to be stored in the premises of the allotted rice mills for custom milling. As per complainant, by following the same policy an agreement dated 22.10.2009 was executed by the Miller, namely 'M/s Mahadev Rice & General Mills', Quila Raipur, District Ludhiana through its partners, namely 'Gagandeep Jindal' and 'Amandeep' on 22.10.2009.

5. The complainant further alleged that as per clause – 6 of the agreement the Miller was fully responsible for the safe custody of Paddy stocks entrusted to the Miller till the delivery of entire rice as per out-turn ratio fixed by the Government of India. It was also alleged by the complainant that as per Clause Nos. 12(a) & 12(b) of the agreement the Miller was liable for criminal action in case of misappropriation, theft etc. of the stocks. According to complainant 330735 bags in the packing of 35 Kgs. each of 'Paddy' were handed over to the above-mentioned Miller and stored in its premises, but later on a shortage in stock was detected and it was found that the Miller had misappropriated/stole a part of the stocked rice. It was further alleged by the complainant that instead of 13472.50 quintals, the weight of the stock was found to be 11726.158 quintals. Thus, showing the shortage of 1746.35 quintals.

6. It is the case of the prosecution that pursuant to above-mentioned complaint, an inquiry was conducted and thereafter, on the instructions of Senior Superintendent of Police, Ludhiana (Rural), the challan was filed and further investigation taken up.

7. Aggrieved of the above-mentioned FIR the present petition seeking for quashing of the same has been filed.

8. Heard.

9. It has been contended by learned counsel for the petitioner that instant case is the classic example, wherein a liability which is purely a liability of civil nature, has been converted into a criminal case and by sheer misuse of authority the FIR with regard to allegations of misappropriation of stocks has been lodged. According to learned counsel for the petitioner there

was an agreement between the complainant and the petitioner's firm, namely 'M/s Mahadev Rice & General Mills', Quilla Riapur, District Ludhiana, and that as per agreement if the shortage of stocks was recorded the only course available to the PSWC was to recover the price of short stock of rice, but by projecting the shortage of stocks as misappropriation of food-grains, the FIR has been lodged. According to learned counsel for the petitioner the above-mentioned act of the respondent-PSWC is nothing, but the sheer abuse of process of law.

10. It has also been contended by learned counsel for the petitioner that in the present case the developments before filing of FIR are also relevant. According to learned counsel for the petitioner in usual course, as per usual practice, on various occasions different authorities of the complainant had visited the premises of the petitioner, where the stock of rice was stored and at the time of such inspections, any authority never recorded any shortfall in the stock. It has also been contended by learned counsel for the petitioner that once during the course of inspection the stock was duly verified, later on without proper verification the question of shortage of stock should not have been converted into a criminal case. According to learned counsel for the petitioner in fact in view of previous inspection reports by various authorities of the respondent No.4, there was no shortfall in the stock.

11. According to learned counsel for the petitioner another relevant aspect to be taken into consideration is that before registration of FIR an inquiry was conducted by a senior police officer, i.e. Superintendent of Police (I), Ludhiana (Rural) and in his report dated 09.11.2017, the

Superintendent of Police (I), Ludhiana (Rural) had opined that the dispute between the parties is a dispute of civil nature and no ground for registration of FIR was made out. As per learned counsel for the petitioner the above-mentioned report was submitted to the Senior Superintendent of Police, Ludhiana (Rural), who, without recording his own finding with regard to the grounds on which the above-mentioned report of the Superintendent of Police (I), Ludhiana (Rural) was not being accepted, straightaway issued the directions, to the concerned S.H.O., to register the FIR. According to learned counsel for the petitioner the above-mentioned procedure adopted by the Senior Superintendent of Police, Ludhiana (Rural) is alien to the laid down procedure of law.

12. It has also been contended by learned counsel for the petitioner that once the FIR was lodged and the investigation was going on, the petition for quashing of FIR was filed by the petitioner by invoking the extraordinary jurisdiction vested in this court by virtue of Section 528 of BNSS. According to learned counsel for the petitioner the above-mentioned petition, i.e. Criminal Misc. No. M-33859 of 2016 was disposed of by this court while observing that it was premature. According to learned counsel for the petitioner this court while disposing of the above-mentioned petition, had issued a direction to the respondent/police to take into consideration all the material facts, documents and statements as mandated under Section 163(2) Cr.P.C. According to learned counsel for the petitioner -

- I) *firstly*, the dispute of civil nature has been converted into a criminal case;
- II) *secondly*, the report submitted by a senior police officer,

i.e. Superintendent of Police (I), Ludhiana (Rural) has been ignored;

III) *thirdly*, a direction issued by this court vide order dated 23.09.2016 passed in Criminal Misc. No. M-33859 of 2016 has not been complied with; and

IV) *fourthly*, all the relevant documents have not been considered by the Investigating Agency.

13. In view of above-mentioned arguments, while referring to the principles of law laid down by the Hon'ble Supreme Court of India in the case of 'Madan Lal and Others v. State of Haryana and Others' 2012(3) RCR (Criminal) 643, 'Charanjit Sharma and Another v. State of Punjab and Others' [Criminal Misc. No. M-47809-2018, decided on 15.11.2023], 'G.Sagar Suri v. State of U.P. (2000) 2 Supreme Court Cases 636 and 'M/s Indian Oil Corporation v. M/s NEPC India Limited and Others' (2006) 6 Supreme Court Cases 736 : 2006(3) RCR (Criminal) 740, it has been contended by learned counsel for the petitioner that the continuation of FIR and subsequent trial with regard to FIR No. 36 dated 31.05.2016 is nothing, but a sheer misuse of process of law and therefore, there is need for exercise of extraordinary jurisdiction vested in this court by virtue of Section 528 of BNSS. In view of above, quashing of the above-mentioned FIR has been sought.

14. The above-mentioned arguments have been controverted by the learned State counsel and the learned senior counsel for the respondent No.4. It has been contended on behalf of the respondents that an altogether false story has been developed by the petitioner in order to save his skin from the

illegal act committed by him. According to learned state counsel convincing and reliable evidence against the petitioner has been collected during the course of investigation, and that all the requisite norms, procedures and instructions were followed by the Investigating Agency during the course of investigation of the present case.

15. It has also been contended on behalf of the respondent No.4 that the final report under Section 173 Cr.P.C. has already been filed in the court and therefore, the grounds on which the quashing of FIR is being sought by the petitioner, can be raised by the petitioner before the learned trial Court at appropriate stage. However, as per learned state counsel, vis-a-vis learned senior counsel, for the respondent No.4 no ground for quashing of FIR is made out.

16. The record has been perused carefully.

17. In the present case, it is relevant to mention here that there are following three main planks on which the quashing of above-mentioned FIR has been sought:-

- A) the first ground for quashing of FIR raised by the petitioner is that a dispute is of civil nature, has been converted into criminal case.

With regard to above, it is pertinent to mention here that FIR was lodged, the investigation was conducted by the police, which led to the filing of final report under Section 173 of Cr.P.C. dated 28.04.2018. The contents of the challan and even the contents of present petition shows that there are allegations of

shortage of stock which was entrusted to the firm of petitioner by PSWC. With regard to maintaining stock of supplied rice there was an agreement between 'the Punjab State Warehousing Corporation' and the petitioner firm. It is also an admitted fact in the present case that 330735 bags were entrusted to the petitioner firm and the total weight of the above-mentioned rice was 115757.25 quintals, and that later on a shortage of 1746.35 quintals of rice was detected.

Since there are very specific allegations with regard to shortage of rice in the stock which was entrusted by the PSWC to the petitioner, the responsibility lies with the petitioner to give a proper explanation with regard to above-mentioned shortage. Simply because such shortage could not be detected during the course of earlier inspections, did not mean that there was no shortage of stock at all.

Here this fact cannot be ignored that by virtue of an agreement executed between the petitioner firm and the PSWC, once the stock was handed over to the petitioner a trust was created by the complainant and if there was shortage of stock at the time of receiving bags of above-mentioned rice stock it amounted to breach of such trust. Thus, simply by saying that for the shortage of food-grains civil suit for recovery of loss caused to the

PSWC can be filed, does not absolve the petitioner of his criminal liability.

With regard to a situation wherein a civil dispute is converted into a criminal case the observations recorded by the Hon'ble Supreme Court of India in the case of 'Madan Lal' (supra) are relevant. It has been observed in the above-mentioned case that "there is a growing tendency of the people to convert purely civil disputes into criminal cases, in which, it was noticed the prevalent impression that since the civil law remedies are time consuming and do not adequately protect the interests of lenders/creditors, so, the people have started to settle civil disputes and claims, which do not involve any criminal offence, by applying the pressure through criminal prosecution Such effort should be deprecated and discouraged."

Similarly, this court, in the case of of 'Charanjit Sharma' (supra), has observed that "the misuse of criminal law machinery for settling civil disputes has become menacingly prevalent. The investigating agency often succumbs to various pressures and motives to launch prosecution at the behest of disgruntled litigants and mechanically registers FIRs and the concerned District Attorney often provide incorrect legal opinion. The predominantly civil dispute is given criminal

contours to provide expeditious mechanism to pressurize the other party into a settlement. The misuse of legal machinery to launch malicious and oppressive prosecution by converting a purely civil dispute into a criminal offence has been deprecated by the Courts and the constitutional Courts have come to the rescue of the victimized and harassed citizens entangled in vexatious unwanted criminal prosecution in purely civil disputes. The sole test to ascertain whether the initiation of criminal proceedings in a cheating case is merited is to see whether a culpable intention can be attributed to the accused since the very beginning. The dishonest and fraudulent intention at the inception is an essential ingredient of the offence. A mere breach of contract or agreement, in absence of a dishonest intention from the beginning of the transaction, cannot give rise to criminal proceedings. Unless and until the dishonest intention right at the beginning for the performance or the entrustment in terms of any transaction of civil nature is present, the criminal proceedings are totally unwarranted and the remedy lies in civil law.”

In the case of ‘G.Sagar Suri’ (supra), the Hon’ble Supreme Court of India has observed that "it is to be seen if a matter, which is essentially of civil nature, has been given a cloak of criminal offence. Criminal proceedings

are not a short cut of other remedies available in law. Before issuing process a criminal court has to exercise a great deal of caution. For the accused it is a serious matter. This Court has laid certain principles on the basis of which High Court is to exercise its jurisdiction under section 482 of the Code. Jurisdiction under this Section has to be exercised to prevent abuse of the process of any court or otherwise to secure the ends of justice."

Similar situation has been dealt with, by the Hon'ble Supreme Court of India in the case of 'M/s Indian Oil Corporation' (supra). It has been observed in the above-mentioned case that "while on this issue, it is necessary to take notice of a growing tendency in business circles to convert purely civil disputes into criminal cases. This is obviously on account of a prevalent impression that civil law remedies are time consuming and do not adequately protect the interests of lenders/creditors. Such a tendency is seen in several family disputes also, leading to irretrievable break down of marriages/families. There is also an impression that if a person could somehow be entangled in a criminal prosecution, there is a likelihood of imminent settlement. Any effort to settle civil disputes and claims, which do not involve any criminal offence, by applying, pressure though criminal prosecution should be deprecated and

discouraged."

In view of discussion recorded in the foregoing paragraphs it is apparent that factual matrix of the present case being altogether different, the principles of law laid down in the cases of 'Madan Lal' (supra), 'Charanjit Sharma' (supra), 'G.Sagar Suri' (supra) and 'M/s Indian Oil Corporation' (supra) are not applicable to the facts and circumstances of the present case.

- B) The second component on which the quashing of FIR has been sought is the plea that an inquiry after registration of FIR was conducted by the Superintendent of Police (I), Ludhiana (Rural) and he opined that no criminal case is made out. With regard to above-mentioned plea the report of Superintendent of Police (I), Ludhiana (Rural) [Annexure P10] is relevant. The relevant extract of above-mentioned report reads as under:-

"Conclusion Report.

In this way as per the statements above, from the produced document and from enquiry made by me from both the parties it has been found that applicant Gagandeep Jindal above said has not been found to have committed theft or made misappropriation of the stock of rice of warehouse. Because in the report given by the committee the rice remained from October 20010 to August 2012

for long period and not to store in a proper manner and rice having remained in open and due to the problem of bird and tearing of bardana and in that way the sheller owner has been held to caused loss to the extent of 13%, besides this whatever material was stored in the sheller was stored in the presence of miller and the officials of the department therefore the officials of the department are equally responsible to look after the stored paddy/rice. In this way Sheller owner only cannot be made responsible for loss in the weight of rice. The allegation leveled by the officials of the warehouse regarding filling of less weight of rice at the time of filling of bags are concerned same are also not proved as the officials/staff of the department never recorded anything regarding less weight in any of the physical verification reports. Accordingly the case against Gagandeep Jindal has been found to be registered on wrong facts. During enquiry this matter has been found to be of civil nature. Both the parties have filed cases in different courts. Which are under consideration of the Hon'ble Courts. The matter is required to be left to the courts. The case against Gagandeep Jindal having

been registered on wrong facts it is desirable to file cancellation report in the case. So in case your good self approve, it is recommended the SHO Jodhan be ordered to file cancellation report in the present matter.

Report is presented."

The above-mentioned report when presented before the Senior Superintendent of Police, Ludhiana (Rural), he recorded the following order on the above-mentioned report:-

"Not agree.

SHO Jodhan put the challan in Court"

A bare perusal of above-mentioned endorsement recorded by the Superintendent of Police (I), Ludhiana (Rural) shows that the Senior Superintendent of Police, Ludhiana (Rural) had recorded his disagreement with the report submitted by the Superintendent of Police (I), Ludhiana (Rural). Thus, order to the S.H.O. concerned for registration of FIR.

With regard to the above-mentioned procedure adopted by the Senior Superintendent of Police, Ludhiana (Rural), it is relevant to record that being a superior authority and incharge of the District, it was well within the domain and jurisdiction of the Senior Superintendent of Police, Ludhiana (Rural), either to

agree with the report submitted by the Superintendent of Police (I), Ludhiana (Rural) or to disagree with it. Once the Senior Superintendent of Police, Ludhiana (Rural) disagreed with the report of the Superintendent of Police (I), Ludhiana (Rural), he was well within his authority to issue a direction to the S.H.O. concerned to file challan.

Thus, simply because with regard to an issue of legal interpretation, the Senior Superintendent of Police, Ludhiana (Rural) did not agree with the report of Superintendent of Police (I), Ludhiana (Rural), it does not mean that an authority which was not vested in the Senior Superintendent of Police, Ludhiana (Rural) has been exercised or that while issuing a direction to the S.H.O. concerned for filing of challan, the Senior Superintendent of Police, Ludhiana (Rural) had travelled beyond his jurisdiction/authority. Thus, on the above-mentioned plea also, no ground for quashing of FIR is made out.

- C) The third ground taken by the petitioner is that he had approached the learned trial Court for a direction to the Investigating Agency to place the relevant documents, including the report of the Superintendent of Police (I), Ludhiana (Rural) on record. But the above-mentioned request of the petitioner has been ignored by the learned trial Court and the application in this regard has been

dismissed.

With regard to above-mentioned contention of the petitioner, it is relevant to mention here that once the challan has been filed and trial has commenced the petitioner will be having a right to lead defence evidence and at that stage he will be having the opportunity to produce the document which the petitioner consider to be helpful for his defence. However, on the above-mentioned ground the quashing of FIR, at this stage, is not possible.

18. As far as the scope of quashing of FIR is concerned, it shall not be out of place to mention here that with regard to exercise of extraordinary jurisdiction vested in the court under Section 528 of BNSS the guiding principles have been laid down by the Hon'ble Supreme Court of India through various judicial pronouncements. In the case of 'Neeharika Infrastructure Pvt. Ltd. vs. State of Maharashtra and Others' 2021 SCC Online SC 315, such guidelines have been prescribed. Those guidelines are that:

- “a) courts would not thwart any investigation into the cognizable offences;
- b) it is only in cases where no cognizable offence or offence of any kind is disclosed in the first information report that the Court will not permit an investigation to go on;
- c) the power of quashing should be exercised sparingly with circumspection, as it has been observed, in the ‘rarest of

rare cases (not to be confused with the formation in the context of death penalty);

- d) while examining an FIR/complaint, quashing of which is sought, the court cannot embark upon an enquiry as to the reliability or genuineness or otherwise of the allegations made in the FIR/complaint;
- e) criminal proceedings ought not to be scuttled at the initial stage;
- f) quashing of a complaint/FIR should be an exception rather than an ordinary rule;
- g) ordinarily, the courts are barred from usurping the jurisdiction of the police, since the two organs of the State operate in two specific spheres of activities and one ought not to tread over the other sphere;
- h) the functions of the judiciary and the police are complementary, not overlapping;
- i) save in exceptional cases where non-interference would result in miscarriage of justice, the Court and the judicial process should not interfere at the stage of investigation of offences;
- j) extraordinary and inherent powers of the Court do not confer an arbitrary jurisdiction on the Court to act according to its whims or caprice;
- k) the power under Section 482 Cr.P.C. is very wide, but conferment of wide power requires the court to be more

cautious. It casts an onerous and more diligent duty on the court; And

- l) when a prayer for quashing the FIR is made by the alleged accused and the court when it exercises the power under Section 482 Cr.P.C., only has to consider whether the allegations in the FIR disclose commission of a cognizable offence or not. The court is not required to consider on merits whether or not the merits of the allegations make out a cognizable offence and the court has to permit the investigating agency/police to investigate the allegations in the FIR.”

19. In addition to above, in the case of ‘State of Haryana Vs. Ch. Bhajan Lal’, 1991(1) RCR 383, the Hon’ble Supreme Court of India after reviewing large number of cases on the question of quashing of FIR has laid down that the FIR can be quashed in the following circumstances:-

- i) Where the allegations made in the First Information Report or the complaint, even if they are taken at their face value and accepted in their entirety do not prima facie constitute any offence or make out a case against the accused.
- ii) Where the allegations in the First Information Report and other materials, if any, accompanying the F.I.R. do not disclose a cognizable offence, justifying an investigation by police officers under Section 156(1) of the Code

except under an order of a Magistrate within the purview of Section 155(2) of the Code.

- iii) Where the uncontroverted allegations made in the FIR or complaint and the evidence collected in support of the same do not disclose the commission of any offence and make out a case against the accused.
- iv) Where, the allegations in the F.I.R. do not constitute a cognizable offence but constitute only a non-cognizable offence, no investigation is permitted by a police officer without an order of a Magistrate as contemplated under Section 155(2) of the Code.
- v) Where the allegations made in the F.I.R. or complaint are so absurd and inherently improbable on the basis of which no prudent person can ever reach a just conclusion that there is sufficient ground for proceeding against the accused.
- vi) Where there is an express legal bar engrafted in any of the provisions of the Code or the concerned Act (under which a criminal proceeding is instituted) to the institution and continuance of the proceedings and/or where there is a specific provision in the Code or the concerned Act, providing efficacious redress for the grievance of the aggrieved party.
- vii) Where a criminal proceeding is manifestly attended with mala fide and/or where the proceeding is maliciously

instituted with an ulterior motive for wreaking vengeance on the accused and with a view to spite him due to private and personal grudge.

20. Similarly in the case of ‘Sadiq B. Hanchinmani Vs. State of Karnataka’, 2025 AIR Supreme Court 5486, the Hon’ble Supreme Court of India has ruled that police investigation should be allowed to proceed unless exceptional circumstances warrant intervention. According to Hon’ble Supreme Court of India the High Court should not interfere with the investigation when allegations in FIR disclose cognizable offences.

21. In the case of ‘M/s Balaji Traders Vs. The State of U.P. & Another’ 2025(3) RCR (Criminal) 175, the Hon’ble Supreme Court of India has ruled that jurisdiction of quashing of FIR should be exercised sparingly in the ‘rarest of rare cases’. As per Hon’ble Supreme Court of India allegations in FIR or complaint must be taken at face value and accepted in their entirety to assess whether they disclose a cognizable offence.

22. In the case of ‘Muskan Vs. Ishaan Khan (Sataniya)’, 2025 SCC Online 2355, the Hon’ble Supreme Court of India held that the Court should not conduct a mini-trial at the stage of quashing and that quashing of FIR should be an exception and exercised sparingly in rarest of rare cases. The Hon’ble Supreme Court of India has further held that Courts cannot embark upon an enquiry as to the reliability or genuineness of allegations made in the FIR/complaint.

23. If the factual matrix of the present case is considered, along with the above-mentioned principles of law, co-jointly, it transpires that

instant case does not come within the category of those cases wherein this inference can be drawn that the continuation of trial pursuant to filing of challan amounts to misuse of process of law or that it is likely to result into miscarriage of justice. Thus, it is hereby observed that the present case is not a case wherein there is scope for exercising extraordinary jurisdiction vested in this court by virtue of Section 528 of BNSS. Thus, it is hereby observed that there is no merit in the present petition and the same deserves to be dismissed. Hence, the present petition is hereby **dismissed**, accordingly.

24. The pending miscellaneous application(s), if any, shall stand disposed of.

(Surya Partap Singh)
Judge

June 05, 2026
“DK”

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