



IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

271

CRR-718-2020 (O&M)

Date of decision: 11.05.2026

Jasvir Kaur

...Petitioner(s)

VERSUS

Ghansham Dass and another

...Respondent(s)

CORAM : HON'BLE MR. JUSTICE VINOD S. BHARDWAJ

Present :- Mr. Pragbir Singh Dhindsa, Advocate and
Mr. Kartik Bansal, Advocate for the petitioner(s).

Ms. Aiman J. Chishti, AAG Punjab.

VINOD S. BHARDWAJ, J. (Oral)

CRM-8628-2020:

Application is allowed as prayed for subject to all just exceptions. Photocopies of the sale deed of the house of the petitioner in favour of daughter-in-law of respondent No.1, namely, Pooja Rani (Annexure P-1) and Eviction Petition titled as 'Pooja Rani Vs. Avtar Singh' (Annexure P-2), are taken on record.

Registry is directed do the needful.

Main case:

1. The instant revision petition has been filed against the judgment of conviction and order of sentence dated 27.11.2017, passed by the Judicial Magistrate 1st Class, Rajpura, in complaint bearing No. COMA-325-2014 dated 16.05.2014/2015, whereby the petitioner had been convicted and sentenced to undergo rigorous imprisonment for a period of 02 years for the

commission of offence under Section 138 of the Negotiable Instruments Act, 1881 and the judgment dated 06.02.2020 passed by the Additional Sessions Judge, Patiala vide which the appeal preferred by the petitioner has been dismissed by affirming the judgment of conviction and order of sentence dated 27.11.2017.

2. Briefly summarized, the facts of the present case are that the complainant has filed the complaint in question against the accused-petitioner under Section 138 of the Negotiable Instruments Act on the allegations that the accused had borrowed an amount of Rs.4,00,000/- from him. To discharge her legal liability towards the complainant, she issued and handed over a Cheque bearing No.069674 dated 27.12.2013 for an amount of Rs.4,00,000/- drawn on Central Bank of India, Rajpura Branch in his favour at Rajpura, with an assurance that the same would be honoured as and when it was presented for its encashment. The complainant presented the above-mentioned cheque for encashment, but the same was dishonoured by the Banker of the accused on the ground “Insufficient Funds” vide memo dated 25.02.2014. Thereafter, the complainant met the accused. The latter requested the complainant to present the cheque again for encashment, and that it would be honoured then. On the assurance given by the accused, the complainant again presented the cheque for encashment. But the banker of the accused again dishonoured the cheque on the ground “Insufficient Funds” vide memo dated 05.03.2014. The complainant went to the accused, and the accused again requested the complainant to present the cheque for encashment, while assuring that the cheque would definitely be honoured. On the assurance of the accused, the complainant again presented the cheque

for encashment, but the same was again dishonoured by the banker of the accused on the ground “Insufficient Funds” vide memo dated 27.03.2014. Thereafter, the complainant issued a legal notice dated 05.04.2014 to the accused through his counsel via registered post, requiring the accused to pay the cheque amount within the stipulated period.

3. However, the same was not done, and a complaint under Section 138 of the Negotiable Instruments Act was filed before the Judicial Magistrate 1st Class, Rajpura. On the basis of preliminary evidence, the accused was ordered to be summoned to face trial for the commission of an offence punishable under Section 138 of the Negotiable Instruments Act.

4. Finding a prima facie case for the commission of an offence under Section 138 of the Negotiable Instruments Act, a notice of accusation was served upon the accused, in reply to which, she pleaded not guilty and claimed trial.

5. In support of his case, the complainant himself stepped into the witness box as CW1 and deposed by way of his affidavit Ex.CW1/A as per the version of the complaint and proved on record original cheque Ex.C1, original memo dated 25.2.2014 Ex. C2, original memo dated 5.3.2014 Ex. C3, original memo dated 27.3.2014 Ex. C4, office copy of the legal notice Ex. C5, postal receipt Ex. C6, registered cover containing the legal notice Ex. C7 and Acknowledgement Ex. C8.

6. During cross-examination, CW1 Ghansham Dass produced on record copies of his passbook Mark-A & Mark-B. Thereafter, the complainant, vide his separate statement, tendered into evidence a copy of the certificate of Cancellation of Mutation issued by State Bank of Patiala

Jalalpur Branch Mark-C; a copy of the passbook of Union Bank Mark-D and Mark E and closed his evidence.

7. On closure of evidence of the complainant, the accused was examined under Section 313 Cr.P.C., whereby all the incriminating evidence appearing against the accused was put to her. She denied all the allegations and pleaded her innocence.

8. In defence evidence, the accused examined Ashok Kumar son of Ram Chand, as DW1, who deposed by way of his affidavit Ex.DW1/A and supported the plea taken by the accused in her statement recorded under Section 313 Cr.P.C.

9. After hearing the respective parties, vide judgment of conviction and order of sentence dated 27.11.2017, the petitioner-accused was convicted and sentenced to undergo rigorous imprisonment for a period of 02 years for the commission of an offence under Section 138 of the Negotiable Instruments Act, 1881, by the Judicial Magistrate 1st Class, Rajpura. The petitioner filed an appeal against the above-said judgment of conviction and order of sentence, and vide judgment dated 06.02.2020, the Additional Sessions Judge, Patiala, dismissed the appeal and affirmed the judgment of conviction and order of sentence dated 27.11.2017. The present petition has thus been filed.

10. Learned counsel for the petitioner contends that vide order dated 22.07.2025 passed by a Coordinate Bench of this Court, the parties were relegated to the Mediation and Conciliation Centre of this Court to explore the possibility of amicable resolution of the dispute. He submits that later a settlement agreement was executed between the parties on

25.09.2025, as per which the matter was compromised for a sum of Rs.4 lakh, which stands paid by the petitioner to respondent No.1-complainant vide Demand Draft bearing No.097856 dated 17.09.2025 of Central Bank of India and the same has been encashed. Therefore, he prays that the case in hand be permitted to be compounded as per Section 147 of the Negotiable Instruments Act. The relevant provision of the Act reads thus:-

“147 Offences to be compoundable.

Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), every offence punishable under this Act shall be compoundable.”

11. The issue regarding compounding under the Negotiable Instruments Act at the stage of appeal as well as revision has come before this court as well as before the Hon'ble Supreme Court and they have upheld that the powers under Section 147 of the Negotiable Instruments Act can be invoked at any stage of the proceedings i.e. at the stage of trial, appeal or at the revisional jurisdiction and that the courts should be liberal in exercising such powers.

12. It would be apposite to refer to the order passed by the Hon'ble Supreme Court in the matter of '***Gian Chand Garg vs Harpal Singh and Anr***' reported as ***2025 SCC OnLine SC 2317***. The relevant part of the order is extracted hereunder:

6. *This court in **Meters and Instruments (P) Ltd. v. Kanchan Mehta (2018) 1 SCC 560** held that the nature of offence under section 138 of the NI Act is a mainly a civil wrong and has been made specifically compoundable by*

section 147 of the NI Act which was inserted by the 2002 amendment to the said Act. The relevant observations have been extracted for reference:

“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. Dishonor of cheque causes incalculable loss, injury and inconvenience to the Vide the Banking, Public Financial Institutions and Negotiable Instruments Laws (Amendment) Act, 1988 payee and credibility of business transactions suffers a setback. 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.”

7. *It is also apposite to reiterate the observations in **P. Mohanraj v. Shah Bros. Ispat (P) Ltd. (2021) 6 SCC 258** wherein this court referred the offence under section 138 NI Act as a “Civil Sheep” in “Criminal Wolfs Clothing” which meant issues agitated by the parties under the said provision are of private nature which are brought within the sweep of criminality jurisdiction in order to strengthen the credibility of the negotiable instruments.*

8. *Further in **Gimpex (P) Ltd. v. Manoj Goel (2022) 11 SCC 705** this court took into consideration the effect of*

settlement arrived between the parties and observed that:

“38. When a complainant party enters into a compromise agreement with the accused, it may be for a multitude of reasons- Higher Compensation, faster recovery of money, uncertainty of trial and strength of complaint, among others. A complainant enters into a settlement with open eyes and undertakes the risk of the accused failing to honour the cheques issued pursuant to the settlement, based on certain benefits that the settlement agreement postulates. Once parties voluntarily entered into such an agreement and agree to abide by the consequence of non-compliance of the settlement agreement, they cannot be allowed to reverse the effects of the agreement by pursuing both the original complaint and the subsequent complaint arising from such non-compliance. The Settlement agreement subsumes the original complaint.....”

9. *In B.V. Sessaiah v. State of Telangana (2023) 18 SCC 512 this court was of the view that when parties enter into an agreement and compound the offence, they do so to save themselves from the process of litigation and when such a step is taken by the parties, the law very well allows them to do so. Hence, the courts cannot override such compounding and impose its will.*

10. *Therefore, it is very clear that although dishonour*

of cheque entails criminal consequence, the legislature by virtue of section 147 of the NI Act has made it compoundable notwithstanding the provisions of the Code of Criminal Procedure, 1973 and the same can be compounded at any stage of the proceedings especially when the parties have themselves arrived at a voluntary compromise.

13. In view of the parties having settled the matter and the amount being paid by the petitioner with respondent No.1 and in light of the settlement agreement dated 25.09.2025 executed amongst the parties, I deem it appropriate to invoke the power vested by virtue of Section 147 of the Negotiable Instruments Act, 1881 and **allow** the compounding of the offence under Section 138 of the Negotiable Instruments Act and consequently **set aside** the judgment/order of both the Courts i.e. impugned judgment of conviction and order of sentence dated 27.11.2017 passed by Judicial Magistrate 1st Class, Rajpura in complaint bearing No.COMA-325-2014 dated 16.05.2014/2015 titled as 'Ghansham Dass Vs. Jasvir Kaur' and impugned judgment dated 06.02.2020 passed by Additional Sessions Judge, Patiala in criminal appeal bearing No. CRA-758-2017 titled as 'Jasvir Kaur Vs. Ghansham Dass'. The petitioner, if confined in jail and is not required in any other case, shall be released forthwith, in accordance with law.

14. IOIN-I-CRR-718-2020 shall also stand disposed of.

(VINOD S. BHARDWAJ)
JUDGE

11.05.2026

Mangal Singh

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