

IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

2026:PHHC:043571



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CRR-736-2026 (O&M)

Date of Decision: 19.03.2026.

Kulwant Singh

...Petitioner.

Versus

State of Punjab and another

...Respondents.

CORAM: HON'BLE MRS. JUSTICE SUKHVINDER KAUR

.....

Present: Mr. Sukhmeet Singh, Advocate
for the petitioner.

Mr. Navdeep Singh, DAG, Punjab.

Mr. L.S. Lakhanpal, Advocate
for respondent No.2.

SUKHVINDER KAUR, J.

1. By way of this revision petition, the petitioner has challenged the judgment dated 07.01.2026 passed by learned Sessions Judge, Faridkot, vide which the judgment of conviction and order of sentence dated 13.05.2022 passed by learned Judicial Magistrate Ist Class, Faridkot, has been upheld, whereby the petitioner was held guilty for offence under Section 138 of Negotiable Instruments Act and was convicted.

2. In CRR-736-2026, an application i.e. CRM-12129-2026 for compounding of offence under Section 138 of N.I. Act has been filed on the basis of Panchayati compromise dated 05.03.2026 (Annexure P1).

3. Learned counsel for the petitioner submitted that the compromise has been effected between the parties and as per the compromise all the dues had been paid by the petitioner and as such, he prays for compounding of the offence and acceptance of the revision petition.

4. Notice of motion.

5. Mr. L.S. Lakhanpal, Advocate accepts notice on behalf of the complainant/ respondent No.2.

6. Learned counsel representing the complainant/ respondent No.2 has admitted the factum of compromise and submits that he has specific instructions from the complainant/ respondent that he has no objection in case the revision petition is allowed and the petitioner is acquitted of the notice of accusation.

7. I have heard learned counsel for the parties and have perused the relevant material placed on record.

8. As submitted by learned counsel for the petitioner, during the course of proceedings, settlement was effected between the parties. In CRR-736-2026 panchayati compromise (Annexure P1) has been placed on record. Learned counsel for the petitioner has submitted that disputed cheque amount has already been paid by the petitioner to the respondent and now nothing is due towards him, which is conceded by learned counsel for the respondent.

9. The object and purpose of proceeding initiated under the Act is to provide a compensatory mechanism for expeditious recovery of money and not just punishing the offender, which is a secondary concern.

10. The Hon'ble Supreme Court in Meters and Instruments

Private Limited and another Vs. 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 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.....

xxxx xxxx xxxx

18.2. The object of the provision being primarily compensatory, punitive element being mainly with the object of enforcing the compensatory element, compounding at the initial stage has to be encouraged but is not debarred at later stage subject to appropriate compensation as may be found acceptable to the parties or the court.

18.3. Though compounding requires consent of both parties, even in absence of such consent, the court, in the interests of justice, on being satisfied that the complainant has been duly compensated, can in its discretion close the proceedings and discharge the accused.”

11. Offence punishable under Section 138 of the Act is a compoundable offence. As in the present case, parties have settled their dispute with regard to dishonouring of cheque in question, in the given circumstances, the petitioner deserves to be acquitted of the offence punishable under Section 138 of the Act, by compounding the same.

12. The compounding of offence will be subjected to cost of 7.5 % of the cheque amount in question to be deposited with DLSA, Faridkot, within a period of one month from the date of receipt of copy of this order.

13. For the foregoing reasons, the petition is allowed and the impugned judgment of conviction and order of sentence dated 13.05.2022 passed by learned trial Court as well as the judgment dated 07.01.2026 passed by learned Appellate Court are set aside and the petitioner is acquitted of the notice of accusation. He be released from the custody if not required in any other case.

14. Pending CRM(s), if any, are also disposed of accordingly.

(SUKHVINDER KAUR)
JUDGE

19.03.2026.

Komal

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