



IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CRM-12143-2026 in/and
CRR-738-2026 (O&M)
DECIDED ON: 19.03.2026

ASHA RANI

.....PETITIONER

VERSUS

STATE OF PUNJAB AND ANOTHER

.....RESPONDENTS

CORAM: HON'BLE MS. JUSTICE MANDEEP PANNU

Present: Mr. Himanshu Chhabra, Advocate
for the petitioner.

MANDEEP PANNU, J (ORAL)

1. The petitioner has filed the instant petition for quashing of the impugned judgment of conviction and order of sentence dated 20.02.2023, passed by the learned Judicial Magistrate Ist Class, Sangrur whereby she has been convicted and sentenced to undergo rigorous imprisonment for a period of 02 years for the offence punishable under Section 138 of the Negotiable Instruments Act, 1881 (for short 'the Act') and to pay compensation to the respondent No.2 to the tune of cheque amount i.e. Rs.5,00,000/- as also the judgment dated 07.03.2026, passed by learned Addl. Sessions Judge, Sangrur, vide which the appeal of the petitioner against the aforesaid judgment of conviction and order of sentence dated 20.02.2023 has been dismissed.

2. The brief facts of the case are that the petitioner, being known to respondent No. 2, approached him for a friendly loan of ₹5,00,000/- for his domestic needs. Respondent No. 2 acceded to the request and advanced the said amount to the petitioner. Thereafter, when respondent No. 2 demanded repayment of the aforesaid loan, the petitioner, in discharge of his legal liability, issued cheque bearing No. 565691 dated 23.01.2017 for an amount of ₹5,00,000/-, drawn on State Bank of Patiala, Sunam, in favour of respondent No. 2. Upon presentation, the said cheque was dishonoured with the remarks “Funds Insufficient” vide return memo dated 24.01.2017. Thereafter, respondent No. 2 served a legal notice dated 31.01.2017 upon the petitioner, however, the petitioner failed to make the payment within the prescribed period. Hence, the complaint was filed on 28.02.2017.

3. Learned counsel for the petitioner averred that after dismissing of the appeal filed by the petitioner, both the parties compromised the matter vide compromise deed dated 11.03.2026; the petitioner paid an amount of Rs.2,50,000/- as full and final settlement of the dispute. He further submits that the offence under Section 138 of the Negotiable Instruments Act is essentially a civil wrong given the colour of criminal offence and once the dispute has been amicably settled and the complainant has received a substantial amount in full and final settlement, the very foundation of the complaint ceases to exist. Learned counsel for the petitioner prays that both the aforesaid judgments passed by the Courts below be set aside and the petitioner be acquitted of the charge(s) levelled against her.

4. The petitioner has also filed an application i.e. CRM-12143-2026 under Section 147 of the Act, seeking permission from this Court to

compound the offence and to acquit her of the charges under Section 138 of Negotiable Instruments Act.

5. Notice of motion.

6. On the asking of the Court, Mr. Sahil Chowdhary, AAG, Punjab accepts notice on behalf of the respondent-State and submits that this is a complaint case and he is not aware of any compromise effected between the parties.

7. Mr. Navjot Narang, Advocate has appeared through Video Conferencing mode and filed power of attorney on behalf of respondent No.2, which is taken on record. He submits that the matter has been compromised, the amount stands paid and he has no objection, if the present application is allowed.

8. Learned counsel for the petitioner relies upon the judgment in the case of '*Tilak Kataria vs. State of Haryana and another*', 2021 (3) RCR (Criminal) 404, wherein, after considering various judgments of the Hon'ble Apex Court, it has been held that when the complainant does not have any objection, the proceedings should come to an end.

9. The Hon'ble Supreme Court in '*A.T. Sivaperumal vs. Mohammed Hyath (D) by Lrs*' 2017 (2) RCR (Criminal) 453, decided on 27.03.2017, has held that once the settlement between the parties has been arrived at, the conviction can also be set aside and the litigation too. Similar view has been taken by a Coordinate Bench of this Court in the case of *Jagmohan Vs. Sandeep Aggarwal and another*, 2021(4) RCR (Criminal)

86.

10. Learned counsel for the petitioner and learned counsel for respondent No.2, are ad-idem that the matter stands compromised and the petitioner may be allowed and permission may be granted to the parties to compound the offence under Section 138 of the Act in view of the law laid down by the Hon'ble Supreme Court in ***Damodar S. Prabhu vs. Sayed Babalal H, 2010 (2) RCR (Criminal) 851*** and ***Sanjabij Tari versus Kishore S.Borcar, 2025 INSC 1158***; the impugned judgments and order passed by the learned trial Court and the learned Appellate Court may be set aside and the petitioner be acquitted of the charge(s).

11. I have heard learned counsel for the parties and perused the record.

12. In the present case, the cheque(s) amount is Rs.5,00,000/-. In view of the law laid down in *Sanjabij Tari's case (supra)*, compounding of the present offence can be allowed, provided the petitioner-accused pays 7.5% of the cheque amount by way of costs. On calculation, 7.5% of the cheque amount comes to be Rs.37,500/-. As noticed above, the parties have settled the dispute by way of compromise. Thus, this Court grants permission to compound the offence punishable under section 138 of the Act

13. In view of the above, the impugned judgment of conviction and order on quantum of sentence dated 20.02.2023 passed by the learned Judicial Magistrate Ist Class, Sangrur and the judgment dated 07.03.2026 passed by learned Addl. Sessions Judge, Sangrur, are set aside; the complaint under Section 138 of the Act stands dismissed and the petitioner stands acquitted of the charge(s), subject to her depositing the costs of Rs.37,500/- with the Punjab State Legal Services Authority, in view of the law laid down

by the Hon'ble Supreme Court in *Sanjabij Tari's case (supra)*, within 15 days from the date of receipt of the certified copy of this order.

- 14. The present petition is allowed in the aforementioned terms.
- 15. Registry is directed to ensure the compliance of this order as to depositing of costs by the petitioner.
- 16. All pending miscellaneous application(s), if any, stands disposed of.

19.03.2026
Poonam Negi

(MANDEEP PANNU)
JUDGE

<i>Whether speaking/reasoned</i>	<i>Yes/No</i>
<i>Whether reportable</i>	<i>Yes/No</i>