

255 IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

2026:PHHC:053671



CRR-821-2026 (O&M)

Date of Decision: 07.04.2026

RAJBIR

... PETITIONER

VERSUS

STATE OF HARYANA AND ANOTHER

... RESPONDENTS

CORAM : HON'BLE MR. JUSTICE H.S.GREWAL

Present:- Mr. Anil Bhardwaj, Advocate for the petitioner.
Mr. Vijay Kumar, AAG Haryana.

H.S. GREWAL, J. (ORAL)

1. This revision petition has been filed against the judgment dated 12.03.2026 passed by the learned Additional Sessions Judge, Jind vide which the appeal preferred by the accused-petitioner against the judgment of conviction and order of the sentence dated 16.02.2024 passed by the learned JMIC, Jind in Criminal Complaint RBT No.68 of 2022, CIS No.NACT/23/2017 under Section 138 of the Negotiable Instruments Act has been dismissed.

2. Learned counsel for the petitioner submits that the petitioner has been convicted and sentenced to undergo imprisonment for a period of one year along with compensation of Rs. 4,50,276/- and in default of payment of compensation, he was further directed to undergo simple imprisonment for a period of two months. Learned counsel further submits that during the pendency of the revision petition, a compromise has been effected between the parties and the petitioner has paid all the amount to the complainant. He further contends that in view of Section 147 of the Negotiable Instruments Act read with Section 320 Cr.P.C. where a settlement has been effected, the

offence under Section 138 of the Negotiable Instruments Act can be compounded on account of the fact that a mutual compromise has been effected between the parties.

3. Ms. Anita Sharma, Advocate has filed power of attorney on behalf of respondent No.2 and submits that the matter has been settled and respondent No.2 has no objection if the prayer of the learned counsel for accused-petitioner for compounding the offence under Section 138 N.I. Act is allowed.

4. I have heard learned counsel for the parties and have carefully gone through the material available on record.

5. The allegations against the petitioner are that the cheque issued by him for a sum of Rs.2,25,138/- was dishonoured on account of insufficient funds. The liability under the Act is primarily civil in nature. Now the matter has been compromised and the petitioner has paid the amount of compensation to respondent No.2.

6. It is settled law that the proceedings initiated under the NI Act are quasi-criminal in nature and the object and purpose of this enactment is to provide a compensatory mechanism for expeditious recovery of money as opposed to punishing the accused. The Hon'ble Supreme Court in ***R. Vijayan Vs. Baby (2012) 1 SCC 260*** has considered the said issue and come to the conclusion that punishing the offender is secondary concern.

7. The amendment carried out in the year 2002 in the NI Act intended to make the nature of offence under Section 138 of the NI Act as a civil wrong while making it compoundable. A two Judge Bench of the Hon'ble Supreme Court in ***Meters and Instruments Private Limited and another Vs. Kanchan Mehta (2018) 1 SCC 560***, speaking through Justice

A.K. Goel 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.”

8. A Coordinate Bench of this Court in the case of ‘Ramesh Chander Vs. State of Haryana and another, 2007(1) RCR (Criminal) 245’ has also held as under:-

“4. As per the provisions of Section 147 of the Act, the offence under Section 138 is compoundable. Section 147 reads as under:

“Offence to be compoundable-

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

5. The compounding of the offence under Section 138 can be done during the trial of the case as well as by the High Court or Court of Session while acting in the exercise of its power of revision under Section 401 Criminal Procedure Code Reference may be made to Section 320(6) Criminal Procedure Code in this regard.

6. Further, under Section 320(8) Criminal Procedure Code the composition of an offence shall have the effect of acquittal of the accused with whom the offence has been compounded.”

9. Consequently, the revision petition is allowed. The judgment dated 12.03.2026 passed by the learned Additional Sessions Judge, Jind as well as the judgment of conviction and order of sentence dated 16.02.2024 passed by the learned Judicial Magistrate First Class, Jind in Criminal Complaint RBT No.68 of 2022, CIS No.NACT/23/2017 under Section 138 of the Negotiable Instruments Act are hereby set aside and the petitioner is acquitted of the notice of accusation served against him under Section 138 of the Negotiable Instruments Act and he be set at liberty forthwith, if not required in any other case.

10. Pending application(s) shall stand disposed of accordingly.

(H.S.GREWAL)
JUDGE

07.04.2026

Janki

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