

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CRR-850-2026

JUDGEMENT RESERVED ON	JUDGEMENT PRONOUNCED ON	OPERATIVE PART PRONOUNCED OR FULL	UPLOADED ON
02.04.2026	<u>07.05.2026</u>	FULL PRONOUNCED	<u>07.05.2026</u>

Nihal SinghPetitioner

Vs.

Harpal Singh and anotherRespondents

CORAM: HON'BLE MR. JUSTICE ANOOP CHITKARA

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

Mr. Harsimran Singh Sidhu, Advocate
for respondent No.1.

Mr. Akshay Kumar, AAG, Punjab.

Criminal Complaint	CNR No.PBFZC2-000041-2018 Date of judgment: 01.10.2019
Criminal Appeal	CNR No.PBFZC0-0054612019 CRA/375/2019 Date of decision: 16.02.2026

Name of the accused/convict	Nihal Singh
Conviction under Sections	Section 138 of the Negotiable Instruments Act,
Sentence imposed upon the convict	RI for 01 year and to pay compensation of Rs.1,50,000/-

1. The petitioner, who stands convicted for the commission of offence punishable under Section 138 of the Negotiable Instruments Act, 1881, (NIA), after dismissal of his appeal by the Appellate Court, has come up before this Court under Section 442 of the Bharatiya Nagarik Suraksha Sanhita (BNSS), 2023 for setting aside of impugned judgments and orders passed by the trial Court and the appellate Court, mentioned above, based on compromise

between the parties.

2. The petitioner faced criminal prosecution at the hands of the private respondent because of dishonor of the cheque(s) in question. Thus, the State is not a necessary party in this revision petition.

3. During the course of arguments, counsel for the petitioner submitted that the matter has been amicably settled between the parties and the entire outstanding amount has been paid to the respondent-complainant, and now, nothing remains due or payable. It was also contended that the petitioner is the sole bread winner of his family and his wife, children and old-aged parents are fully dependent upon him and therefore, he is not in a position to deposit 15% of the cheque amount, as directed in *Damodar S. Prabhu v. Sayed Babalal H.* (2010) 5 SCC 663.

4. On the other hand, counsel for respondent no.1-complainant submitted that he has instructions to submit that respondent no.1-complainant has no objection if the amount of costs/compensation, as directed in **Damodar S. Prabhu** (*Supra*), is waived off.

5. The jurisprudence underlying the *Negotiable Instruments Act, 1881*, is that commercial transactions must be honored. The legislative intent is not to subject people to incarceration merely because their cheques have been dishonored. The object of such proceedings is primarily to secure recovery of the cheque amount by invoking the deterrent effect of a penal provision. In view of the judgment of the Hon'ble Supreme Court in **Damodar S. Prabhu** (*Supra*), it is well settled that where the entire amount has been paid, the complainant ordinarily cannot object to compounding of the offense, though 15% of the cheque amount is to be deposited by the accused with the concerned State Legal Services Authority. The relevant extract from the said judgment reads as follows:

[17]. "...Even though the imposition of costs by the competent court is a matter of discretion, the scale of costs has been suggested in the interest of uniformity. The competent Court can of course reduce the costs with regard to the specific facts and circumstances of a case, while recording reasons in writing for such variance."

6. Given above, because of the compromise, this is a fit case where the inherent jurisdiction of the High Court under Section 442 of the BNSS, supported by Section 147 of the NIA, is invoked to disrupt the prosecution and quash the proceedings mentioned above. The complaint, notice of accusation, and the proceedings captioned above are quashed and set aside. The petitioner is acquitted of the charges, and he is also exempted from payment of 15% of the cheque amount, as per the judgment of the Apex Court in **Damodar S. Prabhu** (*Supra*). However, she shall deposit a lump sum amount of Rs. 20,000/- with the Haryana State Legal Services Authority within a month from today. The bail bonds are accordingly discharged.

7. The Revision Petition is allowed, in the terms mentioned above. All pending applications, if any, stand closed.

(ANOOP CHITKARA)
JUDGE

May 07, 2026
AK

Whether speaking/reasoned	YES
Whether reportable	NO