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IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CRM-M No.18171 of 2026
Date of Decision: 06.04.2026

Subash Poultry Farm and another

..... Petitioners

versus

Ravi Trading Company

.......Respondent

CORAM: HON'BLE MR. JUSTICE RAJESH BHARDWAJ

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

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RAJESH BHARDWAJ, J. (ORAL)

1. Present petition has been filed praying for quashing of impugned order dated 05.08.2025 passed by the learned Additional Sessions Judge, Panipat, vide which the learned Appellate Court granted the relief of suspension of sentence and directed the petitioner No.2 to deposit 20% of the compensation amount and order dated 20.02.2026 vide which the application for exemption from depositing 20% amount of compensation filed by the petitioner was dismissed in case bearing CRA-210-2025, dated 05.08.2025, titled 'Subash Poultry Farm and another vs. Ravi Trading Company' under Section 138 of Negotiable Instruments Act, pending before the learned Additional Sessions Judge, Panipat. Further prayer has been made for staying the operation of impugned order dated 05.08.2025 directing the petitioner to pay 20% of the cheque amount as interim compensation.

2. Learned counsel for the petitioner has submitted that the petitioner was prosecuted in a complaint filed under Section 138 of the Negotiable Instruments Act (for short 'the Act'). He has submitted that the petitioner was convicted and sentenced by the learned Judicial Magistrate First Class, Panipat under Section 138 of the Act vide judgment dated 08/10.07.2025 and to undergo simple imprisonment for a period of 01 year and was ordered to pay compensation to the tune of Rs.30,00,000/-. He has further submitted that against the judgment dated 08/10.07.2025, the petitioner filed an appeal before the Court of learned Additional Sessions Judge, Panipat. He has submitted that sentence of the petitioner has already been suspended by the learned trial Court vide order dated 10.07.2025. He has further submitted that vide impugned order dated 05.08.2025, the learned Appellate Court had admitted the appeal for hearing and remained the suspension of the petitioner subject to deposit of 20% of the total compensation amount. He has submitted that in view of Section 148 of the Negotiable Instruments Act, 1881, automatic deposit of 10% of the compensation amount, at the appellate stage, is not mandatory. However, due to financial constraints, the petitioner failed to comply with the order dated 05.08.2025. However, he has submitted that Hon'ble the Division Bench of this Court in the case of **M/s Coromandel International Limited vs. Shri Ambica Sales Corporation,** in CRM-M-7799-2025 decided on 24.09.2025 has dealt with the issue involved in the present petition and has observed as under:-

> "75. The legislative sanction given to an Appellate Court to direct an Appellant who has challenged the conviction, sentence, and compensation amount, by filing an appeal, to

deposit at least 20% of the compensation amount under Section 148 of the Negotiable Instruments Act, 1881, miserably fails on the proportionality test. The provision of Section 148 is based on proclivities and thus arbitrary; on the contrary, as per the literal and practical meaning, it does not authorize the Appellate Court to suspend the sentence by mandatorily imposing a condition of deposit. The purpose Section 148 intended to achieve was to ensure that at least 20% of the compensation amount is handed over to the holder of the cheque whose debt or other liability amount was withheld due to the dishonor of the cheque. However, due to ambiguous drafting because of the absence of clear procedures for quick recovery, e.g., freezing bank accounts to the extent of the deposit, attachment of property, etc., has led to the recovery of the deposits by imposition of conditions while suspending the sentence in a bailable offence. Furthermore, as per Section 148 of the NI Act, the only individual who can be compelled to deposit is the person who issued the cheque in his personal liability. For corporate entities, signing and issuing a cheque is a ministerial act; the signatory is often an employee working for the company, with a limited liability partnership, association, body, or firm, and none of these can be forced to deposit due to vicarious liability, not personal liability. Additionally, suspending the sentence based on the deposit does not affect juristic persons because they cannot be imprisoned and thus cannot seek a suspension of sentence or appeal, as these are statutory rights that cannot be subjected to the deposit. Given the above, the legislatures' dominant purpose has failed miserably on two counts; first it does not impact juristic persons, and second, individuals whose cheques are often security cheques taken by the money lenders, and these individuals face forced recoveries, which may discourage some from even challenging their convictions, before the first appellate Court itself, disconnecting rationality behind the legislative objectives that section 148 NI Act projected to achieve, by not affecting the juristic persons on the one hand and discouraging the impoverished on the other, and thus, miserably fails to strike a fair, rationale, and a reasonable balance between the obligations of elected representatives towards the society's poorest segments, who at the time of emergency situations when they are in urgent need of money, the financial institutions rarely give any loan or immediate loan and these poor people, who have a weaker community support, turn to the money lenders, who in turn, mostly keep blank signed undated cheques as security for unsecured debts.

76. Therefore, the simplest solution to all these issues is that whenever the deposits are expensive than the liberty, and the Appellate Courts are convinced that the convicts are not in a position to deposit and likely to forego their liberty even when the first appeal is yet to be decided, the Appellate Courts must make efforts to prioritize hearing appeals filed against the convictions under Section 148 NI Act and decide those preferably within sixty days of filing, and not later than ninety days, which clearly aligns with the legislators' intentions. However, the time of sixty days should be extended to the extent to which the decision of the appeal is delayed because of the complainant."

3. Thus, learned counsel for the petitioner has restricted his prayer to the extent that in view of the law laid down by Hon'ble the Division Bench of this Court in **M/s Coromandel International Limited's** case (supra), the learned Appellate Court be directed to decide the appeal filed by the petitioner within a period of 60 days.

4. Heard learned counsel for the petitioner and perused the

record.

5. Admittedly, Hon'ble the Division Bench of this Court in **M/s Coromandel International Limited**'s case (supra) had already held the Appellate Courts must make efforts to prioritize hearing appeals filed against the conviction under Section 148 of Act and decide the same within 60 days of the filing and not later than 90 days, where the appellant is not in a position to deposit the compensation amount as ordered by the Appellate Court.

6. Thus, in view of the same, the present petition stands disposed of with direction to the learned Appellate Court concerned to hear the appeal of the petitioner and decide the same within a period of 60 days and not later than 90 days. It is further clarified that the parties shall not seek any unnecessary adjournments.

(RAJESH BHARDWAJ)
JUDGE

06.04.2026

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Whether Speaking/Reasoned : Yes/No
Whether Reportable : Yes/No