

**CRR-1050-2026(O&M)****1****IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH****124****CRR-1050-2026 (O&M)
Date of Decision: 22.04.2026****DES RAJ****....PETITIONER*****Versus*****PARKASH PUBLIC SCHOOL AND ANR****.....RESPONDENT****CORAM: HON'BLE MR. JUSTICE H.S.GREWAL.****Present: Mr. Parminder Singh, Advocate for the petitioner.****H.S.GREWAL, J (ORAL)****CRM-17277-2026 and CRR-1050-2026**

1. The petitioner has filed the present revision petition against the impugned judgment dated 01.05.2018 and order of conviction dated 03.05.2018 passed by the learned JMIC, Karnal whereby, the petitioner has been convicted under Section 138 of the Negotiable Instruments Act (hereinafter referred to as the “Act”) and was sentenced to undergo rigorous imprisonment for a period of 06 months and to pay the cheque amount of Rs. 88500/- as compensation. Thereafter, the said order was upheld by the Id. Appellate Court vide judgment dated 20.03.2026.

2. Along with the main petition, the petitioner had filed an application under Section 147 of the Negotiable Instruments Act read with Section 482 Cr.P.C (Section 528 of B.N.S.S) with a prayer to compound the offence under Section 138 of the Act.

3. Brief facts of the case are that the complainant has filed the present complaint stating that the grandsons of the accused, namely Yash, Ansh, and Prikshit, are students in his school. At the time of their admission,

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the accused undertook to pay their school fees and other charges. However, he repeatedly defaulted in making the payments. Despite several requests, the accused failed to clear the outstanding dues, though he later assured at the school office that all dues would be paid by 31.12.2015. In discharge of his liability, the accused issued cheque No. 487996 dated 30.10.2015 for ₹88,500/- drawn on State Bank of India. Upon presentation, the cheque was dishonoured vide memo dated 04.11.2015 with the remarks “Funds Insufficient.” The complainant thereafter issued a legal notice dated 30.11.2015 demanding payment within the stipulated period, but the accused neither made the payment nor responded to the notice.

4. Learned counsel for the petitioner has produced a photocopy of demand draft amounting to ₹60,000/-, issued in favour of the respondent. Prayer has been made by the learned counsel for the petitioner that the present petition may be allowed.

5. Notice of motion.

6. Mr. Rakesh Kumar Jangra, AAG, Haryana accepts notice on behalf of the respondent-State.

7. Mr. Sukhdeep Singh, Advocate appears and has filed his memo of appearance on behalf of the respondent No.1 in the Court today and the same is taken on record. He further submits that he has no objection if the offence punishable under Section 138 NI Act is compounded and the petitioner may be acquitted.

7. It is settled law that the proceedings initiated under Section 138 of 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

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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.

8. 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.....

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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.

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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.”

9. Moreover, a two Judge Bench of the Hon’ble Supreme Court in ***JIK Industries Limited and others Vs. Amar Lal V. Jumani and another*** (2012) 3 SCC 255 has examined the issue whether for compounding of an offence, consent of aggrieved party is required and speaking through Justice Asok Kumar Ganguli, following was held:-

“82. A perusal of Section 320 makes it clear that the provisions contained in Section 320 and the various sub-sections is a code by itself relating to compounding of offence. It provides for the various parameters and procedures and guidelines in the matter of compounding. If this Court upholds the contention of the appellant that as a result of incorporation of Section 147 in the NI Act, the entire gamut of procedure of Section 320 of the Code are made inapplicable to compounding of an offence under the NI Act, in that case the compounding of offence under the NI Act will be left totally unguided or uncontrolled. Such an interpretation apart from being an absurd or unreasonable one will also be contrary to the provisions of Section 4(2) of the Code, which has been discussed above. There is no other statutory procedure for compounding of offence under the NI Act. Therefore, Section 147 of the NI Act must be reasonably construed to mean that as a result of the said section

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the offences under the NI Act are made compoundable, but the main principle of such compounding, namely, the consent of the person aggrieved or the person injured or the complainant cannot be wished away nor can the same be substituted by virtue of Section 147 of the NI Act.”

10. Offence punishable under Section 138 NI Act is a compoundable offence. It appears that in the present case, parties have settled their dispute with regard to dishonor of cheque in question. In the given circumstances, the application for compounding of offence is allowed and the parties are hereby permitted to compound the said offence punishable under Section 138 NI Act. Consequently, the petitioner deserves to be acquitted of the offence punishable under Section 138 NI Act.

11. In view of the above discussion, the offence under Section 138 of the Negotiable Instruments Act, 1881 is compounded and judgment dated 01.05.2018 and order of conviction dated 03.05.2018 passed by the learned JMIC, Karnal and further the judgment dated 20.03.2026 passed by the learned Additional Sessions Judge, Karnal are hereby quashed/set aside, qua the petitioner and the petitioner is acquitted of the notice of accusation framed against him and he be released forthwith, if not required in any other case.

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

22.04.2026*renu*

(H.S.GREWAL)
JUDGE

Whether speaking/reasoned: Yes/No
Whether Reportable: Yes/No