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**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

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CRR-1172-2026 (O&M)
Date of decision : 04.05.2026

Mukesh @ Bansi

... Petitioner

Versus

Subhash

.. Respondent

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

Present:- Ms. Preeti Singh, Advocate for the petitioner
(through VC).

H.S. Grewal, J.(Oral)**CRM-19196-2026 and CRR-1172-2026**

1. This revision petition has been filed against the judgment dated 16.04.2026 passed by the learned Additional Sessions Judge, Bhiwani vide which the appeal preferred by the petitioner against the judgment of conviction and order of the sentence dated 06.05.2025 and 07.05.2025 respectively passed by the learned Judicial Magistrate 1st Class Bhiwani in CIS No.NACT/587/2021 under Section 138 of the Negotiable Instruments Act, 1881 (hereinafter referred as 'Act') has been dismissed.

2. Learned counsel for the petitioner submits that the petitioner has been convicted and sentenced to undergo simple imprisonment for a period of one year and to pay compensation of Rs.4,50,000/- to the complainant and in default thereof, he has to undergo further simple imprisonment for a period of three months. It is submitted that during the pendency of the revision petition, a

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compromise (Annexure P-1) has been effected between the parties and the petitioner has paid the entire amount of the cheque in question to the complainant/respondent and nothing is outstanding. He also submits that in view of Section 147 of the Act read with Section 320 Cr.P.C. where a settlement has been effected, the offence under Section 138 of the Act can be compounded on account of the fact that a mutual compromise has been effected between the parties.

3. Notice of motion.

4. Ms. Vani Singh, Advocate has put in appearance on behalf of the respondent (through VC) and filed Vakalatnama on behalf of the respondent in Court, which is taken on record. She affirmed the factum of compromise between the parties and submits that nothing is due towards the petitioner. She also submits that the respondent has no objection if the prayer of the learned counsel for petitioner for compounding of the offence under Section 138 Act is allowed and the petitioner is acquitted of the charges framed against him.

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

6. The allegations against the petitioner are that the cheque issued by him for an amount of Rs.3 lakhs was dishonoured with the remarks 'Dormant ISF'. The liability under the Act is primarily civil in nature. Now the matter has been compromised and the petitioner has paid the entire amount to the complainant/respondent.

7. It is settled law that the proceedings initiated under the Act are quasi-criminal in nature and the object and purpose of this enactment is to



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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.

8. The amendment carried out in the year 2002 in the Act intended to make the nature of offence under Section 138 of the Act as a civil wrong while making it compoundable. Reference can be drawn from the judgment of Hon'ble the Supreme Court in the case of ***Meters and Instruments Private Limited and another Vs. Kanchan Mehta (2018) 1 SCC 560***, wherein following observations have been made:-

“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.”

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 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



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be wished away nor can the same be substituted by virtue of Section 147 of the NI Act.”

10. Offence punishable under Section 138 of the Act is a compoundable offence. It appears that in the present case, the parties have settled their dispute with regard to dishonour of cheque in question. In the given circumstances, the petitioner deserves to be acquitted of the offence punishable under Section 138 of the Act.

11. For the foregoing reasons, the present application for compounding of offence under Section 138 Act as well as the main petition is allowed and the impugned judgments passed by the Courts below are set aside and the petitioner is acquitted of the notice of accusation served upon him under Section 138 of the Act.

12. The petitioner is set at liberty forthwith if not required in any other case.

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

(H.S.GREWAL)
JUDGE

04.05.2026
Sonia

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