IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

224 **CRR-1266-2024 (O&M)**
Date of decision : 16.04.2026

Tarun Chauhan

... Petitioner

Versus

State of Haryana and another .. Respondents

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

Present:- Mr. Kunal Dawar, Senior Advocate with
Mr. Mayank Aggarwal, Advocate for the petitioner.

Mr. Vijay Kumar, AAG, Haryana.

None for respondent No.2 despite service.

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H.S. Grewal, J.(Oral)

1. The present revision petition has been filed against the order dated 30.03.2024 passed by the learned Additional District and Sessions Judge-I, Faridabad, whereby the petitioner has been charged for the offence punishable under Sections 120-B, 420 & 406 IPC and Section 3 of the Haryana Protection of Interest of Depositors in Financial Establishment Act, 2013 (hereinafter referred to as 'HPIDFE Act') in case FIR No.674 dated 12.12.2017, registered under Sections 406/420/467/468/120-B IPC at Police Station Kotwali, District Faridabad.

2. The case of the prosecution is that respondent No. 2 submitted a complaint against the Directors of Hello Distribution Pvt. Ltd., namely, Bhisham Chauhan, Surender Attri, Tarun Chauhan (present petitioner), Vishal Benipal and Kharak Singh, as well as employees of the Company, namely

Pankaj Sharma and Jaiveer. It is alleged that the accused persons launched a scheme whereby innocent persons were induced to deposit an amount of Rs.1,000/- per month for a period of 17 months upon the assurance that, in return, they would be provided with a 32-inch LED television. However, when the depositors approached the accused persons upon completion of the said period, neither they delivered the promised LED television sets nor did they agreed to return the deposited amount.

3. Learned Senior Counsel for the petitioner submits that the trial Court has erred in invoking Section 3 of the HPIDFE Act as the alleged company i.e. Hello Distribution Pvt. Ltd. and its Directors have not been running a financial establishment or chit fund scheme, whereas they are engaged in the business of sale of electronic goods. Moreover, the alleged amount collected from customers were in the nature of installments towards the purchase of LED television sets and not deposits within the ambit of the HPIDFE Act.

4. It is further submitted by learned Senior counsel that as per the exceptions provided under Section 2(b)(v)(IV) of the HPIDFE Act, any amount received against an order for goods or services does not fall within the definition of '*deposit*'. Therefore, the amounts collected by the petitioner, being advance payments for the supply of LED televisions, are clearly covered under the said exception and no offence under Section 3 of the HPIDFE Act is made out against him.

5. Learned Senior counsel further submits that the basic ingredients of offences punishable under Sections 120-B, 420 and 406 IPC are also not attracted, as there was neither any dishonest intention nor any act of cheating

on the part of the petitioner. The amount alleged by the prosecution was received as advance consideration for delivery of LED TVs and thus, no criminal liability can be fastened upon the petitioner. It is also submitted that the impugned order has been passed in a mechanical manner without proper appreciation of the material on record and the legal provisions applicable to the case and therefore, the same is liable to be set aside.

6. *Per contra,* learned State counsel, while referring to the status report filed by way of an affidavit of Sh.Jitesh Malhotra, HPS, Assistant Commissioner of Police Traffic-I, Faridabad submits that the petitioner, along with co-accused caused wrongful loss to the complainant and other investors as they failed to pay back the deposits or the promised benefits in the form of LED TVs and also failed to render the specified services assured against such deposits. It is further submitted that the petitioner received a sum of ₹1,61,00,000/- as his share out of the total cheated amount of ₹22,48,46,700/- belonging to the complainant and other investors. He also submits that another case, bearing FIR No. 1452 dated 05.12.2017, registered under Sections 406, 420 and 120-B of the IPC and Section 3 of the HPIDFE FE Act at Police Station City Ballabgarh, District Faridabad, is also pending against the petitioner along with the co-accused.

7. However, despite service, respondent No.2 has not chosen to appear.

8. I have heard learned counsel for the parties and have perused the material available on record.

9. The primary issue that arises for consideration in the present case is whether the amounts received by the petitioner qualify as 'deposits' within

the meaning of Section 2(b) of the HPIDFE Act, or whether it is excluded from the said definition as it was taken as advance payment for goods or services in the normal course of business.

10. For the proper adjudication of the issue in hand, it is necessary to look at the definition of the term "deposit" given under Section 2(b) of the HPIDFE Act, which is as follows:-

> *"In this Act, unless the context otherwise requires,-*
> *(a) xxxxx*
> *(b) "deposit" includes and shall be deemed always to have included any receipt of money or acceptance of any valuable commodity by any financial establishment to be returned after a specified period or otherwise, either in cash or in kind or in the form of a specified service with or without any benefit in the form of interest, bonus, profit or in any other form, but does not include-*
> *(i) an amount raised by way of share capital or by way of debenture, bond or any other instrument covered under the guidelines issued and regulations made under the Securities and Exchange Board of India Act, 1992 (Central Act 15 of 1992);*
> *(ii) an amount contributed as capital by partners of a firm;*
> *(iii) an amount received from a Scheduled bank or a cooperative bank or any other banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (Central Act 10 of 1949);*
> *(iv) any amount received from-*
> *(I) the Industrial Development Bank of India;*
> *(II) a State Financial Corporation;*
> *(III) any financial institution specified in section 4A of the Companies Act, 1956 (Central Act 1 of 1956); or*
> *(IV) any other institution that may be specified by Government in this behalf;*
> *(v) amounts received in the ordinary course of business by way of–*
> *(I) security deposit;*
> *(II) dealership deposit;*
> *(III) earnest money; or*
> *(IV) advance against order for goods or services;*
> *(vi) any amount received from an individual or a firm or an association of individuals not being a body corporate, registered under any enactment relating to money lending for the time being in force in the State;*
> *(vii) any amount received by way of subscriptions in respect of a Chit.*

Explanation- For the purpose of this clause, "Chit" shall have the same meaning as assigned to it under clause (b) of section 2 of the Chit Funds Act, 1982 (Central Act 40 of 1982); and
(viii) any credit given by a seller to a buyer on the sale of any property (whether movable or immovable)."

11. In the present case, the petitioner has taken a specific stand that the amounts were received as advance payments for the supply of LED televisions. However, from the impugned order, it does not appear that the learned trial Court has adequately examined this aspect in light of the aforesaid statutory exceptions. Similarly, with regard to offences under Sections 420 and 406 IPC, the existence of dishonest intention at the inception of the transaction is a crucial requirement which requires consideration afresh on the basis of the material available on record.

12. Consequently, this petition is allowed and the impugned order dated 30.03.2024 passed by the learned Additional District and Sessions Judge-I, Faridabad is hereby set aside. The matter is remanded back to the trial Court for consideration of the matter afresh with a direction to consider the above submissions and pass a fresh speaking order in accordance with law after hearing the parties. The parties are directed to appear before the trial Court on 05.05.2026.

13. Pending application, if any, shall stand disposed of accordingly.

(H.S.GREWAL)
JUDGE

16.04.2026
Sonia

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