



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

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CRM-M-33925-2026

Date of decision: 01.07.2026

Navneet Singla

... Petitioners

Versus

State of Haryana and another

... Respondents

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

Present:- Mr. Inder Singh Gahlawat, Advocate for the petitioner.

H.S. Grewal, J.(Oral)

1. The present petition has been filed under Section 528 BNSS, 2023 (corresponding to Section 482 Cr.P.C.) read with Section 147 of the Negotiable Instruments Act, 1881 (hereinafter referred to as 'Act') seeking quashing of the Criminal Complaint No. NACT-273 of 2016, filed on 11.04.2016, registered on 12.04.2016, titled as "Ripudaman vs. Navneet Singla", instituted under Section 138 of the Act read with Section 420 IPC (corresponding to Section 318(4) of BNS, 2023) (Annexure P-1) whereby the petitioner has been convicted vide the judgment of conviction dated 15.09.2023 and the order of sentence dated 20.09.2023 passed by the learned Judicial Magistrate, Panchkula (Annexure P-2) along with consequential proceedings arising therefrom, on the basis of the compromise deed dated 11.05.2026 (Annexure P-5).
2. The brief facts of the case are that the impugned complaint (Annexure P-1) was filed against the petitioner under Section 138 of the Act for dishonouring of a cheque amounting to Rs.13 lakhs with the remarks 'Account



Blocked'and the petitioner was summoned in the said complaint and thereafter, convicted and sentenced vide judgment and the order of sentence dated 15.09.2023 & 20.09.2023 respectively passed by the learned Judicial Magistrate, Panchkula (Annexure P-2) to undergo simple imprisonment for a period of two years for the commission of an offence punishable under Section 138 of the Act and was directed to pay compensation 1.5 times of the cheque amount within a period of two months and in default of payment of compensation, he has to undergo further SI for two months.

3. Learned counsel for the petitioner submits that the impugned complaint is outcome of a monetary dispute which has now been resolved and the matter has indeed been compromised between the parties. He has referred to the compromise deed dated 11.05.2026 (Annexure P-5) in this regard and submits that the petitioner has paid the entire amount to respondent No.2 as full and final settlement 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.

4. Notice of motion.

5. On the asking of the Court, Mr. Rakesh Kumar Jangra, AAG, Haryana, accepts notice on behalf of respondent No.1.

6. Ms. Amandeep Kaur, Advocate has put in appearance on behalf of respondent No.2 and filed the Power of Attorney 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 notice of accusation served upon him under Section 138 of the Act.

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

8. Admittedly the matter has been compromised between the parties and the petitioner has paid the entire amount to the complainant/respondent No.2 which has been affirmed by the learned counsel for respondent No.2/complainant.

9. 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 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.

10. 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 ***M/s 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.”

11. Moreover, a two Judge Bench of the Hon'ble Supreme Court in ***JK Industries Limited and others Vs. Amar Lal V. Jumanji 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 be wished away nor can the same be substituted by virtue of Section 147 of the NI Act.”

12. 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.

13. Accordingly, the petition is allowed and the Criminal Complaint No. NACT-273 of 2016, filed on 11.04.2016, registered on 12.04.2016, titled as "Ripudaman vs. Navneet Singla", instituted under Section 138 of the Act read with Section 420 of IPC (corresponding to Section 318(4) of BNS, 2023) (Annexure P-1) and the judgment of conviction dated 15.09.2023 and the order of sentence dated 20.09.2023 passed by the learned Judicial Magistrate, Panchkula (Annexure P-2) along with all consequential proceedings arising therefrom are hereby quashed and the petitioner is acquitted of the notice of accusation served upon him under Section 138 of the Act.

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

July 01, 2026
Sonia

(H.S. GREWAL)
JUDGE

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