

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

CRM-M-47385-2019 (O&M)

Reserved on: 19.05.2026

Pronounced and Uploaded on: 21.05.2026

Nakul and Others

....Petitioners

Versus

State of Punjab and Another

...Respondents

CORAM: HON'BLE MR. JUSTICE AMAN CHAUDHARY

Present : Mr. D.K.Sihag, Advocate for the petitioners

Mr. Manipal Singh Atwal, DAG Punjab

Mr. Anil Gupta, Advocate for

Mr. Ashish Verma, Advocate for respondent No.2

AMAN CHAUDHARY, J.

1. The inherent powers of this Court under Section 482 CrPC have been invoked by the petitioners for quashing the FIR No.127 dated 26.12.2017, registered under Sections 420, 406 and 120-B IPC, at Police Station City Fazilka, District Fazilka, alongwith all consequential proceedings.

2. Learned counsel submits that the FIR has been got lodged after a delay of 6 years, to give a criminal colour to a civil dispute relating to an agreement to sell not being honoured, regarding which no civil suit was filed and period of limitation having expired. Moreover, the complainant has duly affirmed an affidavit dated 11.11.2011, Annexure P-4, acknowledging the fact that nothing remained pending qua the present petitioners. The criminal

proceedings are initiated merely to arm-twist them, thus deserve to be set aside.

3. Learned counsel for the State as also respondent No.2, on the other hand, contend that the petitioners did not disclose the fact of having filed a civil suit for rescission of agreement. The complainant has been cheated by them, as they had intentionally not given the possession in the terms of the agreement to sell. The final report has already been presented in the case, thus they pray for dismissal of the present petition.

4. Heard.

5. Hon'ble the Supreme Court, in **Sarabjit Kaur vs. State of Punjab**, (2023) 5 SCC 360, wherein the agreement to sell was not executed and an FIR came to be lodged against the appellant, quashed the criminal proceedings by observing thus:

“8. On the material placed on record by the parties, it is evident that an agreement to sell was executed by the appellant in favour of the wife of Respondent 2, namely, Sarabjit Kaur for sale of plot measuring 1 (kanal). The agreement to sell specifically mentions the fact that the appellant/the vendor gets entitled to the property on the basis of the agreement to sell executed in her favour by Malkit Kaur on 27-5-2013. The last date fixed for registration of sale deed was 25-6-2014 which was extended to 24-12-2014. There is nothing placed on record by the complainant or the State to show that besides filing of the criminal complaint, Respondent 2 had initiated any civil proceedings for execution of sale deed on the basis of agreement to sell or in the alternative return of the earnest money.

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11. Still not satisfied as the result of the earlier complaint was not to the liking of Respondent 2. He filed another complaint on 23-1-2017. Thereafter, another complaint was filed by Respondent 2 on 15-6-2017 on the basis thereof FIR in question was registered. On the facts of the case in hand, it is evident that the effort of Respondent 2 was merely to put pressure on the appellant while involving her in a criminal case to get his money back whereas there is nothing pleaded that Respondent 2 that he was ever ready and willing to get

the sale deed registered. There was no effort made by Respondent 2 or the vendee in the agreement to sell to initiate any civil proceedings to get the sale deed executed on the basis of the agreement to sell. In fact, the last date fixed for execution of the sale deed even after extension was 24-12-2014.

12. There is nothing on record to suggest that any notice was issued by Respondent 2 or the vendee to the appellant to get the sale deed registered just either before expiry of the last date fixed for execution of sale deed or immediately thereafter. No civil proceedings were also initiated rather Respondent 2 proceeded only by filing complaints with the police two of which were earlier filed. Had there been any civil proceedings initiated, the question of readiness and willingness of the vendee is also an aspect to be examined by the court.

13. A breach of contract does not give rise to criminal prosecution for cheating unless fraudulent or dishonest intention is shown right at the beginning of the transaction. Merely on the allegation of failure to keep up promise will not be enough to initiate criminal proceedings. From the facts available on record, it is evident that Respondent 2 had improved his case ever since the first complaint was filed in which there were no allegations against the appellant rather it was only against the property dealers which was in subsequent complaints that the name of the appellant was mentioned. On the first complaint, the only request was for return of the amount paid by Respondent 2. When the offence was made out on the basis of the first complaint, the second complaint was filed with improved version making allegations against the appellant as well which was not there in the earlier complaint. The entire idea seems to be to convert a civil dispute into criminal and put pressure on the appellant for return of the amount allegedly paid. The criminal courts are not meant to be used for settling scores or pressurise parties to settle civil disputes. Wherever ingredients of criminal offences are made out, criminal courts have to take cognizance. The complaint in question on the basis of which FIR was registered was filed nearly three years after the last date fixed for registration of the sale deed. Allowing the proceedings to continue would be an abuse of process of the court.”

6. In **A.M. Mohan vs. State**, (2024) 12 SCC 181, Hon’ble the Supreme Court disapproved the practice of using the criminal proceedings as a

substitute for civil remedies and quashed the same. The paras as relevant to the present case read thus:

“18. The law with regard to exercise of jurisdiction under Section 482CrPC to quash complaints and criminal proceedings has been succinctly summarised by this Court in Indian Oil Corpn. v. NEPC India Ltd. [Indian Oil Corpn. v. NEPC India Ltd., (2006) 6 SCC 736 : (2006) 3 SCC (Cri) 188 : 2006 INSC 452] after considering the earlier precedents. It will be apposite to refer to the following observations of this Court in the said case, which read thus: (SCC pp. 747-49, paras 12-14)

“12. The principles relating to exercise of jurisdiction under Section 482 of the Code of Criminal Procedure to quash complaints and criminal proceedings have been stated and reiterated by this Court in several decisions. To mention a few—Madhavrao Jiwajirao Scindia v. Sambhajirao Chandrojirao Angre [Madhavrao Jiwajirao Scindia v. Sambhajirao Chandrojirao Angre, (1988) 1 SCC 692 : 1988 SCC (Cri) 234] , State of Haryana v. Bhajan Lal [State of Haryana v. Bhajan Lal, 1992 Supp (1) SCC 335 : 1992 SCC (Cri) 426] , Rupan Deol Bajaj v. Kanwar Pal Singh Gill [Rupan Deol Bajaj v. Kanwar Pal Singh Gill, (1995) 6 SCC 194 : 1995 SCC (Cri) 1059] , CBI v. Duncans Agro Industries Ltd. [CBI v. Duncans Agro Industries Ltd., (1996) 5 SCC 591 : 1996 SCC (Cri) 1045] , State of Bihar v. Rajendra Agrawalla [State of Bihar v. Rajendra Agrawalla, (1996) 8 SCC 164 : 1996 SCC (Cri) 628] , Rajesh Bajaj v. State (NCT of Delhi) [Rajesh Bajaj v. State (NCT of Delhi), (1999) 3 SCC 259 : 1999 SCC (Cri) 401] , Medchl Chemicals & Pharma (P) Ltd. v. Biological E. Ltd. [Medchl Chemicals & Pharma (P) Ltd. v. Biological E. Ltd., (2000) 3 SCC 269 : 2000 SCC (Cri) 615] , Hridaya Ranjan Prasad Verma v. State of Bihar [Hridaya Ranjan Prasad Verma v. State of Bihar, (2000) 4 SCC 168 : 2000 SCC (Cri) 786] , M. Krishnan v. Vijay Singh [M. Krishnan v. Vijay Singh, (2001) 8 SCC 645 : 2002 SCC (Cri) 19] and Zandu Pharmaceutical Works Ltd. v. Mohd. Sharaful Haque [Zandu Pharmaceutical Works Ltd. v. Mohd. Sharaful Haque, (2005) 1 SCC 122 : 2005 SCC (Cri) 283] . The principles, relevant to our purpose are:

(i) A complaint can be quashed where the allegations made in the complaint, even if they are taken at their face value and accepted in their entirety, do not prima facie constitute any offence or make out the case alleged against the accused.

For this purpose, the complaint has to be examined as a whole, but without examining the merits of the allegations. Neither a detailed inquiry nor a meticulous analysis of the material nor an assessment of the reliability or genuineness of the allegations in the complaint, is warranted while examining prayer for quashing of a complaint.

(ii) A complaint may also be quashed where it is a clear abuse of the process of the court, as when the criminal proceeding is found to have been initiated with mala fides/malice for wreaking vengeance or to cause harm, or where the allegations are absurd and inherently improbable.

(iii) The power to quash shall not, however, be used to stifle or scuttle a legitimate prosecution. The power should be used sparingly and with abundant caution.

(iv) The complaint is not required to verbatim reproduce the legal ingredients of the offence alleged. If the necessary factual foundation is laid in the complaint, merely on the ground that a few ingredients have not been stated in detail, the proceedings should not be quashed. Quashing of the complaint is warranted only where the complaint is so bereft of even the basic facts which are absolutely necessary for making out the offence.

(v) A given set of facts may make out: (a) purely a civil wrong; or (b) purely a criminal offence; or (c) a civil wrong as also a criminal offence. A commercial transaction or a contractual dispute, apart from furnishing a cause of action for seeking remedy in civil law, may also

involve a criminal offence. As the nature and scope of a civil proceeding are different from a criminal proceeding, the mere fact that the complaint relates to a commercial transaction or breach of contract, for which a civil remedy is available or has been availed, is not by itself a ground to quash the criminal proceedings. The test is whether the allegations in the complaint disclose a criminal offence or not.

13. While on this issue, it is necessary to take notice of a growing tendency in business circles to convert purely civil disputes into criminal cases. This is obviously on account of a prevalent impression that civil law remedies are time consuming and do not adequately protect the interests of lenders/creditors. Such a tendency is seen in several family disputes also, leading to irretrievable breakdown of marriages/families. There is also an impression that if a person could somehow be entangled in a criminal prosecution, there is a likelihood of imminent settlement. Any effort to settle civil disputes and claims, which do not involve any criminal offence, by applying pressure through criminal prosecution should be deprecated and discouraged. In *G. Sagar Suri v. State of U.P.* [*G. Sagar Suri v. State of U.P.*, (2000) 2 SCC 636 : 2000 SCC (Cri) 513 : (2000) 100 Comp Cas 613 : 2000 INSC 34] this Court observed: (SCC p. 643, para 8)

‘8. ... It is to be seen if a matter, which is essentially of a civil nature, has been given a cloak of criminal offence. Criminal proceedings are not a short cut of other remedies available in law. Before issuing process a criminal court has to exercise a great deal of caution. For the accused it is a serious matter. This Court has laid certain principles on the basis of which the High Court is to exercise its jurisdiction under Section 482 of the Code. Jurisdiction under this section has to be exercised to prevent abuse of the process of any court or otherwise to secure the ends of justice.’

14. While no one with a legitimate cause or grievance should be prevented from seeking remedies available in criminal law, a complainant

who initiates or persists with a prosecution, being fully aware that the criminal proceedings are unwarranted and his remedy lies only in civil law, should himself be made accountable, at the end of such misconceived criminal proceedings, in accordance with law. One positive step that can be taken by the courts, to curb unnecessary prosecutions and harassment of innocent parties, is to exercise their power under Section 250CrPC more frequently, where they discern malice or frivolousness or ulterior motives on the part of the complainant. Be that as it may.”

19. The Court has also noted in Indian Oil Corpn. [Indian Oil Corpn. v. NEPC India Ltd., (2006) 6 SCC 736 : (2006) 3 SCC (Cri) 188 : 2006 INSC 452] , the concern with regard to a growing tendency in business circles to convert purely civil disputes into criminal cases. The Court observed that this is obviously on account of a prevalent impression that civil law remedies are time-consuming and do not adequately protect the interests of lenders/creditors. The Court also recorded that there is an impression that if a person could somehow be entangled in a criminal prosecution, there is a likelihood of imminent settlement. The Court, relying on the law laid down by it in G. Sagar Suri v. State of U.P. [G. Sagar Suri v. State of U.P., (2000) 2 SCC 636 : 2000 SCC (Cri) 513 : (2000) 100 Comp Cas 613 : 2000 INSC 34] held that any effort to settle civil disputes and claims, which do not involve any criminal offence, by applying pressure through criminal prosecution should be deprecated and discouraged. The Court also observed that though no one with a legitimate cause or grievance should be prevented from seeking remedies available in criminal law, a complainant who initiates or persists with a prosecution, being fully aware that the criminal proceedings are unwarranted and his remedy lies only in civil law, should himself be made accountable, at the end of such misconceived criminal proceedings, in accordance with law.”

7. The FIR in the case of **Naresh Kumar vs. State of Karnataka**, 2024 SCC OnLine SC 268, was quashed by Hon’ble the Supreme Court observing thus:

“4. Having heard the learned counsel for both the parties, we are of the considered view that the findings of the High Court on this aspect are not correct. We do not agree with the findings arrived at by the High Court for two reasons. Firstly, the dispute between the parties is primarily, civil in nature. It

is after all a question of how many bicycles the complainant had assembled and the dispute between the parties is only regarding the figure of bicycles and consequently of the amount liable to be paid. This is a civil dispute. The complainant has not been able to establish that the intention to cheat the complainant was there with the appellants right from the beginning. Merely because the appellants admit that only 28,995 bicycles were assembled, but they have admittedly paid an amount of Rs. 62,01,746/- to the complainant, which is of a much higher number of bicycles, would not prove that the intention of the appellants right from the beginning was to cheat. This amount i.e. the additional amount of Rs. 26 lacs have been paid by the appellants pursuant to a settlement. The reasons and the logic for arriving at a settlement are quite different. In this case it seems, it is primarily to bring a quietus to the dispute and to have peace and to avoid litigation. The mere fact that the appellants have paid an additional amount pursuant to the settlement, cannot be presumed as an act of cheating. Moreover, the complainant does not deny the fact that a settlement was reached between the parties though he says he was coerced into the settlement. He does not dispute that the additional amount paid by the appellants under the terms of the compromise deed, which is an amount of Rs.25,75,442 (after deducting TDS) was received by the complainant, as this amount has been received in a bank transaction through NEFT on 29.12.2017. The allegation that the complainant was coerced into a settlement, looks unlikely for two reasons. First, there is no FIR or Complaint that the complainant was coerced into this settlement. Secondly, this amount was duly accepted by the complainant.

5. Under these circumstances, we are of the considered view that this is a case where the inherent powers should have been exercised by the High Court under section 482 of the Criminal Procedure Code, 1973 as the powers are there to stop the abuse of the process and to secure the ends of justice.

6. In the case of Paramjeet Batra v. State of Uttarakhand (2013) 11 SCC 673, this Court recognized that although the inherent powers of a High Court under section 482 of the Code of Criminal Procedure, 1973 should be exercised sparingly, yet the High Court must not hesitate in quashing such criminal proceedings which are essentially of a civil nature. This is what was held:

"12. While exercising its jurisdiction under Section 482 of the Code the High Court has to be cautious.

This power is to be used sparingly and only for the purpose of preventing abuse of the process of any court or otherwise to secure ends of justice. Whether a complaint discloses a criminal offence or not depends upon the nature of facts alleged therein. Whether essential ingredients of criminal offence are present or not has to be judged by the High Court. A complaint disclosing civil transactions may also have a criminal texture. But the High Court must see whether a dispute which is essentially of a civil nature is given a cloak of criminal offence. In such a situation, if a civil remedy is available and is, in fact, adopted as has happened in this case, the High Court should not hesitate to quash the criminal proceedings to prevent abuse of process of the court."

(emphasis supplied)

Relying upon the decision in Paramjeet Batra (supra), this Court in Randheer Singh v. State of U.P. 2021(4) RCR (Criminal) 496 (SC) : (2021) 14 SCC 626, observed that criminal proceedings cannot be taken recourse to as a weapon of harassment. In Usha Chakraborty & Anr. v. State of West Bengal & Anr. 2023 SCC OnLine SC 90, relying upon Paramjeet Batra (supra) it was again held that where a dispute which is essentially of a civil nature, is given a cloak of a criminal offence, then such disputes can be quashed, by exercising the inherent powers under section 482 of the Code of Criminal Procedure, 1973.

7. Essentially, the present dispute between the parties relates to a breach of contract. A mere breach of contract, by one of the parties, would not attract prosecution for criminal offence in every case, as held by this Court in Sarabjit Kaur v. State of Punjab and Anr. (2023) 5 SCC 360. Similarly, dealing with the distinction between the offence of cheating and a mere breach of contractual obligations, this Court, in Vesa Holdings (P) Ltd. v. State of Kerala, (2015) 8 SCC 293, has held that every breach of contract would not give rise to the offence of cheating, and it is required to be shown that the accused had fraudulent or dishonest intention at the time of making the promise."

8. **In Shaileshbhai Ranchhodbhai Patel vs. State of Gujarat, 2024 SCC OnLine SC 5569, Hon'ble the Supreme Court observed that, "On the authority of the aforesaid decisions, law seems to be well-settled that the High Court under Section 482, Cr. P.C. retains the power to quash an FIR, even after**

charge-sheet under Section 173(2) thereof is filed, provided a satisfaction is reached, inter alia, that either the FIR and the charge-sheet read together, even accepted as true and correct without rebuttal, does not disclose commission of any offence or that continuation of proceedings arising out of such an FIR would in fact be an abuse of the process of law as well as of the Court given the peculiar circumstances of each particular case.”

9. Evidently, the petitioners were a party to the agreement to sell dated 11.05.2011, Annexure P-2, pursuant whereof even a sale deed dated 11.11.2011, Annexure P-3 was executed, however with regard to their own share as mentioned therein. An affidavit of even date, Annexure P-4 was also sworn in by the complainant-respondent No.2 expressing his satisfaction thereto, while admitting that he was in possession of the 24 kanal 6 marla plot from petitioner No.1 and 5 kanal and 9 marla from petitioner Nos.2 and 3 and that no grievance was left qua them. Insofar as the civil suit filed by the petitioners is concerned, the same stood dismissed being not maintainable vide order dated 16.10.2017, Annexure R-2/1.

10. A perusal of the FIR reveals that the dispute is purely civil and nothing has been shown on record to suggest that the accused-petitioners had the requisite fraudulent or dishonest intention right at the inception of the transaction so as to constitute the offence as alleged. The complainant has, after an unexplained delay of 6 years, ventured into setting the criminal law into motion, apparently to achieve what he could not through lawful civil recourse, which by now was barred by limitation.

11. The facts and circumstances of the case say it all, which when

viewed in light of the law laid down hereinabove, this Court finds the proceedings in the present case to be vexatious, the continuation whereof would amount to abuse of the process of law and thus deserve to be quashed in exercise of powers under Section 482 CrPC, as held in **Jugesh Sehgal vs. Shamsher Singh Gogi**, (2009) 14 SCC 683.

12. Resultantly, the present petition is allowed and the impugned FIR No.127 dated 26.12.2017, registered under Sections 420, 406 and 120-B IPC, at Police Station City Fazilka, District Fazilka and all proceedings arising thereof, are hereby quashed qua the present petitioners.

(AMAN CHAUDHARY)
JUDGE

21.05.2026
M.Kamra

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