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IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

2026.PHHC.009402



Date of decision: 21.01.2026.

(1)

CRM-M-55799-2025 (O&M)

BALWINDER KUMAR

...Petitioner(s)

VERSUS

STATE OF HARYANA AND ANOTHER

...Respondent(s)

(2)

CRM-M-54144-2025 (O&M)

BALWINDER KUMAR

...Petitioner(s)

VERSUS

STATE OF HARYANA AND ANOTHER

...Respondent(s)

(3)

CRM-M-54150-2025 (O&M)

BALWINDER KUMAR

.....Petitioner

VERSUS

STATE OF HARYANA AND ANOTHER

.....Respondents

CORAM : HON'BLE MR. JUSTICE VINOD S. BHARDWAJ

Present :- Mr. S.L. Saha, Advocate,
for the petitioner.

Mr. Onkar Singh Wahla, Sr. DAG, Haryana.

Mr. Nikhil Mittal, Advocate,
for respondent No.2.

VINOD S. BHARDWAJ, J. (Oral)

The above-mentioned three petitions, seeking quashing of the criminal complaints, the conviction recorded therein and the subsequent proceedings arising therefrom, are being decided by this common order, as they pertain to the same parties and emanate from the same dispute. For the sake of convenience and brevity, the facts are being adverted to from CRM-M-55799-2025. The details of the cases are however tabulated as under: -

Sr . No.	CRM-M- No.	Criminal complaint No. and title	Date of judgment of conviction c	Criminal Appeal No. and Court	Cheque dishonoured
1	CRM-M-55799 of 2025	NACT No. 1404 of 2017, dated 05.12.2017 titled as Hans Raj versus Balwinder Kumar	Judgment dated 02.07.2019 passed by the Ld. Judicial Magistrate, Ist Class, Kurukshetra	CRA/251/2019 before the Sessions Judge, Kurukshetra	Cheque No.003634 dated 25.09.2017 of ICICI Bank Pipli Branch Ladwa road, District Kurukshetra for Rs.1,00,000/-
2	CRM-M-54150 of 2025	NACT No. 1402 of 2017, dated 05.12.2017 titled as Hans Raj versus Balwinder Kumar	Judgment dated 02.07.2019 passed by the Ld. Judicial Magistrate, Ist Class, Kurukshetra	CRA/249/2019 before the Sessions Judge, Kurukshetra	Cheque No.003635 dated 25.09.2017 of ICICI Bank Pipli Branch Ladwa road, District Kurukshetra for Rs.30,000/-

3	CRM-M-54144-2025	NACT No. 1403 of 2017, dated 05.12.2017 titled as Hans Raj versus Balwinder Kumar	Judgment dated 02.07.2019 passed by the Ld. Judicial Magistrate, Ist Class, Kurukshetra	CRA/250/2019 before the Sessions Judge, Kurukshetra	Cheque No.003633 dated 25.09.2017 of ICICI Bank Pipli Branch Ladwa road, District Kurukshetra for Rs.1,50,000/-
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2. Prayer in the above petitions under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 is for quashing of the criminal complaint bearing No.NACT No.1404 of 2017 dated 05.12.2017 and all subsequent proceedings arising out of said complaint along with judgment of conviction dated 02.07.2019 (Annexure P-2), on the basis of compromise dated 01.09.2025 (Annexure P-3).

3. Briefly summarized, the facts of the case are that the petitioner-borrowed an amount of Rs.2,80,000/- from the complainant for his house repair and domestic needs. In discharge of his legally enforceable liability, petitioner issued following three cheques:-

Cheque No.003635 dated 25.09.2017 of ICICI Bank Pipli Branch, Ladwa Road, District Kurukshetra for Rs.30,000/-

Cheque No.00353 dated 25.09.2017 of ICICI Bank Pipli Branch, Ladwa road, District Kurukshetra for Rs.1,50,000/-

Cheque No.003634 dated 25.09.2017 of ICICI Bank Pipli Branch Ladwa road, District Kurukshetra for Rs.1,00,000/- to the complainant

4. At the time of issuance of the cheques, the petitioner assured the complainant that he was maintaining sufficient funds in his bank account, that the account was operative and that the cheques would be duly honoured upon

presentation. Acting on such assurances, the complainant accepted the cheques from the petitioner. Thereafter, the complainant presented cheque No. 003634 dated 25.09.2017, drawn on ICICI Bank, Pipli Branch, Ladwa Road, Pipli, District Kurukshetra, through Punjab National Bank, Kathgarh, for encashment. However, vide return memo dated 09.10.2017, the said cheque was dishonoured vide endorsement "Refer to drawer". Upon being informed of the dishonour by the bank, the complainant claim to have approached the petitioner and requested for payment of the cheque amount but the petitioner did not pay any heed to the said request nor made payment, thereby giving rise to further proceedings.

5 Complainant served a legal notice dated 07.11.2017 informing the petitioner qua the dishonour of the said cheque and the petitioner was advised to send a demand draft of Rs.1,00,000/- within a period of fifteen days of the receipt of the said notice and that in case the payment is not received within said stipulated period, then the complainant-respondent shall take legal action under Section 138 and 142 of Negotiable Instruments Act. However, the same was not done whereupon the complaint under Section 138 of the Negotiable Instruments Act came to be filed before the Judicial Magistrate, 1st Class, Jalandhar. The petitioner-accused pleaded not guilty and claimed trial.

6 Vide judgment and order of sentence dated 02.07.2019 passed by Judicial Magistrate First Class, Kurukshetra, petitioner was convicted and sentenced to undergo simple imprisonment for a period of nine months for commission of offence under Section 138 of the Negotiable Instruments Act, 1881. Petitioner filed an appeal against the abovesaid judgment of conviction,

which is pending before the Additional Sessions Judge, Kurukshetra wherein the further proceedings are stayed.

7 During the pendency of the above appeal, the parties resolved their dispute and entered into a settlement. The present petition has thereafter thus been filed to quash all the proceedings in view of the settlement.

8 The parties were directed to appear before the Appellate Court vide order dated 01.10.2025 of this Court and to get their statements recorded regarding the compromise arrived at between the parties and a report in this regard was called for.

9 Pursuant to the said order, a report has been received from the Additional District Judge, Kurukshetra, vide Memo No.776 dated 19.12.2025.

The relevant extract of the report is reproduced as under: -

In compliance of order dated 01.10.2025 passed in CRM-M-55799-2025 by Hon'ble Punjab and Haryana High Court, my report is as under:-

i) In the present case appellant/complainant Balwinder Kumar appeared through WhatsApp Mobile No.+1(438)226-6500) and respondent/complainant Hans Raj had appeared before the court of undersigned on 19.12.2025 and got recorded their separate statements. Statement of appellant/convict Balwinder Kumar is Annexure-I and statement of respondent/complainant Hans Raj is Annexure-II. As per statement of appellant/convict Balwinder Singh, he has compromised the matter with the respondent/ complainant and he has made the payment of the settled amount to the respondent/complainant Hans Raj and nothing remains due against him. He is a poor person and therefore, he prayed that the amount of penalty/compensation, if any, may kindly be

waived off, in the interest of justice. The appellant/convict has been identified by his counsel Shri R. K. Chaudhary, Advocate.

ii) As per the statement of the respondent/complainant Hans Raj, he has compromised the matter with the appellant/convict and now nothing is due towards appellant/convict as he has received the entire settled amount from the appellant/convict and nothing remains unpaid from the appellant/convict. He has no objection, if the judgment of conviction passed by the learned trial court is set aside and the appellant/convict is acquitted of the offence charged against him. The respondent/ complainant has been identified by his counsel Shri Janak Singh, Advocate.

From the statements of the appellant/convict and respondent/complainant, it appears that the appellant/convict and respondent/complainant have compromised the matter with each other without any pressure. It is to be noted had there been any pressure of any kind on any of the persons, who have given statements before this court, then they could bring to the notice of this court about that fact/pressure, but none of the persons, who had given statements, had stated that they are under pressure of any kind. Had the appellant/convict Balwinder Kumar and respondent/complainant Hans Raj under any pressure and had they been hesitant to bring to the notice about this fact to this court, they could at least bring to the notice (about the pressure) to the Id. counsel, but even the Id. Counsel for the parties have not stated before this court that any of the persons/party is under pressure of any kind.

In these circumstances, it is concluded that the statements of the parties are bona fide and are not result of any threat, duress or coercion in any manner and hence compromise effected between the parties is genuine, voluntarily and without any coercion or undue influence and is valid one.”

10 Learned State counsel does not dispute the factum of the compromise amongst the parties and does not have any serious objection to the resolution of the dispute amongst the parties.

11 Learned counsel appearing on behalf of respondent No.2 reiterates the settlement and his concurrence to the complaint and all the other consequential proceedings being quashed. His statements in CRM-M-54144-2025 and CRM-M-54150-2025 have also been recorded before this Court, wherein he has unequivocally stated that the dispute between the parties has been amicably settled and that no amount whatsoever is due or payable by the petitioner.

12 The Hon'ble Supreme Court has upheld that the powers under Section 147 of the Negotiable Instruments Act can be invoked at any stage of the proceedings i.e. at the stage of trial, appeal or at the revisional jurisdiction and that the courts should be liberal in exercising such powers, more-so when the revision is pending.

13 Hon'ble Supreme Court in the matter of ***Gian Chand Garg v. Harpal Singh & Anr.*** Vide judgment dated 11.08.2025 in ***Criminal Appeal No. 3789 of 2025 (Arising out of Special Leave Petition (Criminal) No. 8050 of 2025)*** has held as under:

5. Be that as it may, at the outset, it is apposite to advert to settled position of law enunciated by this court with regard to nature of proceedings under section 138 NI Act and the legal consequences that ensues upon a compromise being entered into between the parties.

6. *This court in M/s. Meters and Instruments Private Limited & Anr. v. Kanchan Mehta 2018 (1) SCC 560 held that the nature of offence under section 138 of the NI Act is a mainly a civil wrong and has been made specifically compoundable by section 147 of the NI Act which was inserted by the 2002 amendment to the said Act. The relevant observations have been extracted for reference:*

"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."

7. *It is also apposite to reiterate the observations in P. Mohanraj & Ors. v. M/s. Shah Brothers Ispat Pvt. Ltd. (2021) 6 SCC 258 wherein this court referred the offence under section 138 NI Act as a "Civil Sheep" in "Criminal Wolf's Clothing" which meant issues agitated by the parties under the said provision are of private nature which are brought within the sweep of criminality jurisdiction in order to strengthen the credibility of the negotiable instruments.*

8. *Further in M/s. Gimpex Private Limited v. Manoj Goel (2021) SCC Online SC 925 this court took into consideration the effect of settlement arrived between the parties and observed that:*

"38. When a complainant party enters into a compromise agreement with the accused, it may be for a multitude of reasons- Higher Compensation, faster recovery of money, uncertainty of trial and strength of complaint, among others. A complainant enters into a settlement with open eyes and undertakes the risk of the accused failing to honour the cheques issued pursuant to the settlement, based on certain benefits that the settlement agreement postulates. Once parties voluntarily entered into such an agreement and agree to abide by the consequence of non-compliance of the settlement agreement, they cannot be allowed to reverse the effects of the agreement by pursuing both the original complaint and the subsequent complaint arising from such non-compliance. The Settlement agreement subsumes the original complaint....."

9. *In B.V. Seshaiyah v. State of Telangana & Anr. (2023) SCC Online SC 96 this court was of the view that when parties enter into an agreement and compound the offence, they do so to save themselves from the process of litigation and when such a step is taken by the parties, the law very well allows them to do so. Hence, the courts cannot override such compounding and impose its will.*

14. Thus, it is well settled that an offence under Section 138 of the Negotiable Instruments Act, 1881 is primarily civil in nature, though it carries

criminal consequences to ensure financial discipline in commercial dealings. Under Section 147 of the Act, such offence is expressly made compoundable and a lawful compounding can take place at any stage of the proceedings if the parties voluntarily and genuinely arrive at a settlement. The legislative intent is clear that courts must respect such bona fide compromises, notwithstanding the provisions of the Code of Criminal Procedure, 1973. Once the complainant accepts the settlement in full and final satisfaction of the cheque amount or liability, the very basis of the prosecution disappears and any conviction recorded by the courts below cannot be sustained as continuation of the proceedings would amount to an abuse of the process of the Court.

15 On consideration of the above, the following relevant factors emerge for supplementing a case for invocation of the powers under Section 528 of BNSS, 2023:-

- a. It stands established from the report submitted by the Additional District & Session Judge, Kurukshetra, that the parties have entered into a lawful compromise of their own volition, which is genuine, bona fide and free from any coercion, undue influence or pressure of any nature whatsoever.
- b. The petitioner is approximately 41 years old and his continued entanglement in criminal proceedings is likely to entail grave and disproportionate consequences upon the discharge of his social and familial obligations, besides causing irreparable prejudice to his professional standing and career prospects.

- c. The complaint in question relates to dishonor of cheques and vide judgement dated 02.07.2019, the petitioner is convicted for a period of 9 months for commission of offence under Section 138 of the Negotiable Instruments Act, 1881.
- d. The offence(s) can neither be characterised as heinous or such as would shock the collective conscience of society nor do they partake the character of offences that shock the judicial conscience of the Court.
- e. By virtue of Section 147 of the Negotiable Instruments Act, the offence under Section 138 is expressly compoundable, and a lawful compounding can take place at any stage of the proceedings, including after conviction.
- f. The complainant has accepted the settlement in full and final satisfaction of the cheque amount and the underlying liability, thereby extinguishing the very substratum of the prosecution.
- g. Upholding the conviction despite a voluntary settlement between the parties would defeat the legislative intent underlying Section 147 of the Act and would amount to an abuse of the process of law.
- h. Quashing of the FIR, complaint, and conviction in the facts and circumstances of the case would advance the ends of justice, restore harmony between the parties, and prevent unnecessary continuation of criminal proceedings.

16. In view of the report submitted by the Additional District & Sessions Judge, Kurukshetra, and having regard to the settled principles laid

down by the Hon ble Supreme Court on the subject, the instant petitions are allowed. The aforesaid complainants as well as the subsequent conviction orders as tabulated above and all other consequential proceedings arising therefrom **are hereby quashed** in view of the compromise dated 01.09.2025 (Annexure P-3).

- 17 Petitions stand allowed accordingly.
- 18 Pending misc. application(s), if any, shall also stand(s) disposed of accordingly.
- 19 A photocopy of the order be placed on the connected file(s).

January 21, 2025.
raj arora

(VINOD S. BHARDWAJ)
JUDGE
Whether speaking/reasoned : *Yes/No*
Whether reportable : *Yes/No*