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

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CRR-2397-2025 (O&M)
Date of decision: 19.01.2026

Pritam Singh ...Petitioner(s)

VERSUS

State of Punjab and another ...Respondent(s)

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

Present :- Mr. R. K. Kachura, Advocate for the petitioner(s).

Mr. Saurav Verma, Addl. A.G., Punjab.

Mr. Nitin Gupta, Branch Manager,
Allahabad Bank Branch, Fatehgarh Sahib.

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VINOD S. BHARDWAJ, J. (Oral)

CRM-46372-2025

The instant application has been filed for seeking preponement of the date of hearing in the main petition, which is otherwise fixed for 03.02.2026.

In view of the averments made in the application, the same is allowed as prayed for. The main case is preponed from 03.02.2026 and taken on Board of this Court for hearing today itself.

Main case:-

1. The instant revision petition has been filed against the impugned judgment and order of sentence dated 27.07.2023 passed by the Additional Chief Judicial Magistrate, Fatehgarh Sahib vide which the petitioner(s) has been convicted and sentenced to undergo rigorous

imprisonment for a period of 01 year and compensation equivalent to Rs.2,00,000/- i.e. half of the cheque amount to be paid to the complainant for the commission of offence under Section 138 of the Negotiable Instruments Act, 1881 and the impugned judgment dated 19.07.2025 passed by the Sessions Judge, Fatehgarh Sahib vide which the appeal preferred by the petitioner(s) has been dismissed.

2. The petitioner-accused owed a sum of Rs.4,99,388/- to the respondent-complainant and in discharge of his lawful liability, he issued cheque no. 110484 dated 07.11.2019 for Allahabad Bank, Branch Fatehgarh Sahib. However, the said cheque was dishonoured on presentation vide memo dated 07.11.2019.

3. The complainant then got served a registered Notice dated 14.11.2019, calling upon the petitioner-accused to make the payment within 15 days of the receipt of the registered notice. However, the same was not done and a complaint under Section 138 of the Negotiable Instruments Act came to be filed before the Additional Chief Judicial Magistrate, Fatehgarh Sahib. The petitioner-accused pleaded not guilty and claimed trial. The complainant stepped into the witness box as CW-1, reiterated the allegations made in the complaint and closed its preliminary evidence. The complainant also proved the relevant documents.

4. Vide judgment and order of sentence dated 27.07.2023, the petitioner was convicted and sentenced to undergo rigorous imprisonment for a period of one year along with compensation equivalent to Rs. 2,00,000/-, i.e. half of the cheque amount, to be paid to the respondent-

complainant. The petitioner filed an appeal against the abovesaid judgment of conviction and vide judgment dated 19.07.2025, the Sessions Judge, Fatehgarh Sahib dismissed the appeal.

5. The present petition has thus been filed. Learned counsel for the petitioner contends that the matter has already been settled between the parties and the petitioner has cleared all the dues. Therefore, the case in hand be permitted to be compounded as per Section 147 of the Negotiable Instruments Act. The relevant provision of the Act reads thus:-

> ***"147 Offences to be compoundable.***
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> *Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), every offence punishable under this Act shall be compoundable."*

6. Mr. Nitin Gupta, Branch Manager of the respondent-Bank, who is present in the Court, has acknowledged that the entire amount already stands remitted and that he has no objection to the offence being compounded under Section 147 of the Negotiable Instruments Act, 1881. The statement of Mr. Nitin Gupta, Branch Manager (Mark-X), a copy of his Aadhar Card and Departmental ID Card are taken on record. Registry is directed to tag the same at an appropriate place with page marking.

7. The issue regarding compounding under the Negotiable Instruments Act at the stage of appeal as well as revision has come before this court as well as before the Hon'ble Supreme Court and they have 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.

8. It would be apposite to refer to the order passed by the Hon'ble Supreme Court in the matter of '***Gian Chand Garg vs Harpal Singh and Anr***' reported as ***2025 SCC OnLine SC 2317***. The relevant part of the order is extracted hereunder:

> ***6.*** *This court in* ***Meters and Instruments (P) Ltd. 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:*
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> > *"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. Dishonor 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 v. Shah Bros. Ispat (P) Ltd. (2021) 6 SCC 258*** *wherein this court referred the offence under section 138 NI Act as a "Civil Sheep" in "Criminal Wolfs 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* ***Gimpex (P) Ltd. v. Manoj Goel (2022) 11 SCC 705*** *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. Seshaiah v. State of Telangana (2023) 18 SCC 512*** *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.*

10. *Therefore, it is very clear that although dishonour of cheque entails criminal consequence, the legislature by virtue of section 147 of the NI Act has made it compoundable notwithstanding the provisions of the Code of Criminal Procedure, 1973 and the same can be compounded at any stage of the proceedings especially when the parties have themselves arrived at a voluntary compromise.*

9. In view of the parties having settled the matter and the amount having been deposited by the petitioner with respondent and in light of the consent of the parties, I deem it appropriate to invoke the power vested by virtue of Section 147 of the Negotiable Instruments Act, 1881 and allow the compounding of the offence under Section 138 of the Negotiable

Instruments Act and consequently set aside the judgments of both the Courts below i.e. impugned judgment and order dated 27.07.2023 passed by the Additional Chief Judicial Magistrate, Fatehgarh Sahib and impugned judgment dated 19.07.2025 passed by Sessions Judge, Fatehgarh Sahib. The petitioner, if confined in jail and is not required in any other case, shall be released forthwith, in accordance with law. Petition is accordingly ***allowed*** in the terms, as aforesaid.

10. All pending misc. application(s), if any, stand disposed of.

(VINOD S. BHARDWAJ)
19.01.2026 **JUDGE**

Mangal Singh

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