



IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

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CRM-M-60139-2025
Date of decision: 28.01.2026

HARWINDER KAURPetitioner
VERSUS

STATE OF PUNJAB AND ANOTHERRespondents

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

Present: - Mr. Kulwinder Singh Dhillon, Advocate
for the petitioner.

Mr. Rituraj Singh, DAG, Punjab.

Mr. Satvir Singh, Advocate for
Mr. Manmeet Dhaliwal, Advocate
for respondent No.2.

VINOD S. BHARDWAJ, J. (Oral)

1. Prayer in the present petition under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023, is for quashing of the order dated 23.10.2025 passed by the Additional Sessions Judge, Kapurthala, whereby the warrants of arrest have been issued against the petitioner in CRM/289/2024 in the appeal arising for offence under Section 138 of the Negotiable Instruments Act, 1881, against judgment of conviction dated 27.05.2024 passed in Complaint No. 57 of 2021 by the Sub Divisional Judicial Magistrate, Bholath, District Kapurthala.

2. The petitioner owed a sum of Rs.4,00,000/- to the respondent-complainant and in discharge of her liability, she issued cheque no. 007695 dated 26.05.2021 on Union Bank, Branch Begowal, District Kapurthala. However, the said cheque was dishonoured on presentation, vide memo dated 03.06.2021.

3. The complainant then got served a Legal Notice, calling upon the petitioner to make the payment within 15 days of the receipt of legal notice. As the same was not done, a complaint under Section 138 of the Negotiable Instruments Act was filed before the Sub Divisional Judicial Magistrate, Bholath. The petitioner pleaded not guilty, on being summoned, and claimed trial. The complainant stepped into the witness box as CW-1 and reiterated the allegations made in the complaint. The complainant also produced documents Ex. C1 Cheque in question, Ex. C2 Cheque return memo, Ex. C3 Legal notice, Ex C4 Postal receipt and proved the relevant documents.

4. Vide judgment and order of sentence dated 27.05.2024, the petitioner was convicted and sentenced to undergo rigorous imprisonment for a period of two years along with a fine of Rs. 2,000/-. The petitioner filed an appeal against the abovesaid judgment of conviction and order of sentence. The petitioner's sentence was suspended by the Additional Sessions Judge, Kapurthala, on 05.07.2024.

5. Later vide order dated 23.10.2025, arrest warrants were issued by the Additional Sessions Judge, Kapurthala, against the petitioner for her non-appearance. However, with the intervention of the respectables, the matter has now been amicably resolved amongst the parties vide a compromise deed dated 30.09.2025. The present petition has thus been filed.

6. Vide order dated 29.10.2025, this Court stayed the operation of the warrants of arrest dated 23.10.2025, and sought for a report. The same has been subsequently received from the Sub Divisional Judicial Magistrate, Bholath vide Memo No. 501 dated 01.12.2025. The relevant extract of the report reads thus:-

“1. In present case, there is only one accused i.e. petitioner Harwinder Kaur.

2. In the present case, there is only one complainant i.e. respondent No.2 Manpreet Kaur.

3. Yes. Both are parties to the present compromise and signed the same.

4. No.

5. As per above-said statement of petitioner/accused Harwinder Kaur, as well as, report of Crl.Ahlmad of this Court, 06 complaints under Section 138 of Negotiable Instrument Act bearing CIS NACT Nos. 104-2025, 103-2025, 102-2025, 56-2025, 57-2025 and 58-2025 are pending against accused/petitioner Harwinder Kaur in the Court in which she has not been deciaered as P.O. or any such proceeding has been initiated against her.

6. The compromise between the parties is genuine, voluntary, and without any coercion or undue influence.

7. It is pertinent to mention here that accused/petitioner Harwinder Kaur was convicted and sentenced by the Court of Sh.Rahul Kumar, the then, Ld.SDJM Bholath on 27.05.2024 in complaint case bearing CIS No.NACT-57-2021 titled "Manpreet Kaur Vs. Harwinder Kaur" under Section 138 of N.I.Act.”

7. Learned counsel for the petitioner prays that the case in hand be permitted to be compounded in view of the compromise deed dated 30.09.2025 (Annexure P-12) in light of Section 147 of the Negotiable Instruments Act. The relevant provisions of the Act read thus:-

“147 Offences to be compoundable.

Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), every offence punishable under this Act shall be compoundable.”

8. Mr. Satvir Singh, Advocate for Mr. Manmeet Dhaliwal, Advocate appears on behalf of respondent No.2 and files his memo of appearance in the Court today and the same is taken on record. He acknowledges the compromise effected between the parties and has no objection to the offence being compounded under Section 147 of the Negotiable Instruments Act, 1881.

9. 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.

10. It would be apposite to refer to the order passed by the 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:*

“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 noncompliance 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. Seshaiiah 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.*

11. In view of the parties having settled the matter and the amount having been deposited by the petitioner with respondent No.2 and in light of the consent of the parties, I deem it appropriate to invoke the power vested sby virtue of Section 147 of the Negotiable Instruments Act, 1881 read with Section 528 BNSS, 2023 and allow the compounding of the offence under

Section 138 of the Negotiable Instruments Act and set aside the impugned judgment and order dated 27.05.2024 passed by the Sub Divisional Judicial Magistrate, Bholath and also the order dated 23.10.2025 passed by the Additional Sessions Judge, Kapurthala alongwith the consequential proceedings. The petitioner, if confined in jail and if not required in any other case, shall be released forthwith, in accordance with law.

12. Petition is accordingly allowed in the terms as aforesaid.

JANUARY 28, 2026
Vishal Sharma

(VINOD S. BHARDWAJ)
JUDGE

Whether speaking/reasoned : Yes/No
Whether Reportable : Yes/No