IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH

265

2026:PHHC:055595

CRM-M-73199-2025 (O&M).
Date of decision: 08.04.2026.

NIRMAL SINGH AND ANOTHER

...Petitioner(s)

VERSUS

STATE OF PUNJAB AND ANOTHER

...Respondent(s)

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

Present :- Mr. G.S. Jaspal, Advocate,
for the petitioner(s).

Dr. (Ms.) Savi Nagpal, AAG, Punjab.

Mr. G.S. Bains, Advocate,
for respondent No.2.

VINOD S. BHARDWAJ, J. (Oral)

Prayer in the present petition under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 is for quashing of FIR bearing No.229 dated 29.08.2018 under Section(s) 406, 420 and 120-B of the Indian Penal Code, 1860, registered at Police Station Patran, District Patiala, along with all subsequent proceedings arising therefrom on the basis of compromise dated 06.12.2025 (Annexure P-2).

2 The aforesaid FIR came to be registered on the basis of a complaint submitted by Arvind Kumar, Senior Manager, Oriental Bank of Commerce, Branch Patran, District Patiala. As per the prosecution version, the complainant stated that the bank had in the year 2010, sanctioned a housing loan of Rs.15,00,000/- in favour of accused Nirmal Singh Pannu and his wife Rajwant Kaur for construction of a residential house. It is alleged that both the borrowers executed the loan documents and the loan was secured by way of equitable mortgage of a property measuring 163.33 square yards, owned by Nirmal Singh Pannu. It is further alleged that the sanctioned loan amount was disbursed in four instalments of Rs.3,75,000/- each on 09.06.2010, 17.06.2010, 07.07.2010 and 29.07.2010. The disbursement was made on the basis of construction certificates submitted by accused persons, including co-accused Er. Adarsh Gupta, a valuer, certifying the progress of construction. The complainant has alleged that the said construction certificates dated 17.06.2010, 07.07.2010 and 29.07.2010 were false and fabricated and were submitted in connivance with the valuer with the intent to cheat the bank and secure disbursement of the loan amount. It is further alleged that the borrowers defaulted in repayment of loan instalments, despite repeated reminders issued by the bank through telephonic communication and correspondence. Upon inspection of the mortgaged property by bank officials in October 2017, it was discovered that no construction had been carried out on the property, despite the entire loan amount having been disbursed on the basis of the forged construction certificates. The complainant further stated that, as on 30.11.2017, an amount of Rs.17,50,632/- was outstanding in the loan account. It is alleged that the accused persons, namely Nirmal Singh

Pannu, Rajwant Kaur and Er. Adarsh Gupta, in connivance with each other, had misappropriated the loan amount and cheated the bank by submitting forged and fabricated documents. On the basis of the aforesaid allegations, a request was made for registration of an FIR under Sections 420, 465, 468 and 120-B of the Indian Penal Code, which led to the registration of the present case.

3 Status report already filed on behalf of the respondent-State is taken on record. However, with the intervention of the respectables, the Parties have decided to compromise the matter. Hence, the present petition.

4 The parties were directed to appear before the learned trial Court/Illaqa Magistrate vide order dated 24.12.2025 of this Court, to get their statements recorded regarding the compromise arrived at between the parties and a report in this regard was called for.

5 Pursuant to the said order, a report has been received from the Judicial Magistrate First Class, Samana, vide Memo No.106 dated 16.03.2026. The relevant extract of the report is reproduced as under:-

I	*Total number of persons found involved as accused in the dispute/FIR;*	*Two accused persons namely, Nirmal Singh and Rajwant Kaur*
II	*Number of complainant/victim(s);*	*One complainant namely, Arvind Kumar Singh.*

III	*Whether all the accused and complainant/ victims are party to compromise & signed the same.*	*Yes, both the accused persons and complainant/victim are parties to compromise and have also duly signed the same;*
IV	*In case, any affected person (accused or complainant) left out or not arrayed as a party in the quashing before High Court, detail whereof; OR His/her statement is still to be recorded, in compliance to the directions of this Court, details of such person.*	*No accused person or any other complainant is left out as a party in the quashing petition.* *Statement of complainant and accused has been recorded in compliance to the directions passed by the Hon'ble High Court*
V	*Whether any accused has been declared as a proclaimed offender/ person or any such proceedings against him/her have been initiated or pending adjudication;*	*Both the accused persons have never been declared as a proclaimed offender/person*

VI	*Report of Court Whether compromise is genuine voluntary, and without any coercion or undue influence;*	*Report is annexed herewith. Vide the said report, it is clarified that the compromise is genuine, voluntarily and without any coercion or undue influence to the satisfaction of this Court.*

6 Learned counsel for respondent No.2 reiterates the settlement and his concurrence to the FIR and all the other consequential proceedings being quashed. Costs stand paid.

7 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.

8 The broad principles for exercising the powers under Section 482, Cr.P.C (now Section 528 BNSS) were summarized by the Hon'ble Supreme Court in the matter of ***'Parbatbhai Aahir @ Parbatbhai Bhimsinhbhai Karmur and others versus State of Gujarat and another" (2017) 9 SCC 641'***. The relevant paragraphs are extracted as under: -

> *16.1. Section 482 preserves the inherent powers of the High Court to prevent an abuse of the process of any court or to secure the ends of justice. The provision does not confer new powers. It only recognises and preserves powers which inhere in the High Court.*

16.2. The invocation of the jurisdiction of the High Court to quash a first information report or a criminal proceeding on the ground that a settlement has been arrived at between the offender and the victim is not the same as the invocation of jurisdiction for the purpose of compounding an offence. While compounding an offence, the power of the court is governed by the provisions of Section 320 of the Code of Criminal Procedure, 1973. The power to quash under Section 482 is attracted even if the offence is non-compoundable.

16.3. In forming an opinion whether a criminal proceeding or complaint should be quashed in exercise of its jurisdiction under Section 482, the High Court must evaluate whether the ends of justice would justify the exercise of the inherent power.

16.4. While the inherent power of the High Court has a wide ambit and plenitude it has to be exercised (i) to secure the ends of justice, or (ii) to prevent an abuse of the process of any court.

16.5. The decision as to whether a complaint or first information report should be quashed on the ground that the offender and victim have settled the dispute, revolves ultimately on the facts and circumstances of each case and no exhaustive elaboration of principles can be formulated.

16.6. In the exercise of the power under Section 482 and while dealing with a plea that the dispute has been settled, the High Court must have due regard to the nature and gravity of the offence. Heinous and serious offences involving mental depravity or offences such as murder, rape and dacoity cannot appropriately be quashed though the victim or the family of the victim have settled the dispute. Such offences are, truly speaking, not private in nature but have a serious impact upon society. The decision to continue with the trial in such cases is founded on the *overriding element of public interest in punishing persons for serious offences.*

16.7. As distinguished from serious offences, there may be criminal cases which have an overwhelming or predominant element of a civil dispute. They stand on a distinct footing insofar as the exercise of the inherent power to quash is concerned.

16.8. Criminal cases involving offences which arise from commercial, financial, mercantile, partnership or similar transactions with an essentially civil flavour may in appropriate situations fall for quashing where parties have settled the dispute.

16.9. In such a case, the High Court may quash the criminal proceeding if in view of the compromise between the disputants, the possibility of a conviction is remote and the continuation of a criminal proceeding would cause oppression and prejudice; and

16.10. There is yet an exception to the principle set out in propositions 16.8. and 16.9. above. Economic offences involving the financial and economic well-being of the State have implications which lie beyond the domain of a mere dispute between private disputants. The High Court would be justified in declining to quash where the offender is involved in an activity akin to a financial or economic fraud or misdemeanour. The consequences of the act complained of upon the financial or economic system will weigh in the balance."

9 The following relevant factors emerge from perusal of the case as well as the subsequent developments supplementing a case for invocation of the powers under Section 528 BNSS:-

a. The dispute emanates from a loan transaction between the parties, which is essentially civil in nature, arising out of alleged default in repayment of a housing loan.

b. The loan in question was sanctioned by the bank after execution of requisite documents and creation of an equitable mortgage, thus the transaction had its genesis in a bona fide commercial arrangement.

c. The allegations pertaining to submission of construction certificates and disbursement of loan instalments are intrinsically connected with the contractual obligations between the borrower and the bank and any breach thereof would primarily give rise to civil consequences.

d. The FIR pertains to transactions of the year 2010 and a considerable period of time has elapsed, thereby diminishing the necessity of continuing criminal proceedings.

e. The dispute is amenable to resolution through civil remedies, including recovery proceedings and the bank has efficacious statutory mechanisms available for recovery of the outstanding dues.

f. There is no allegation of diversion of funds for any unlawful purpose affecting public at large; rather, the dispute is confined inter se between the borrower and the financial institution.

g. Continuation of criminal proceedings in such circumstances would amount to converting a purely civil dispute into a criminal prosecution, which is impermissible in law.

h. The proceedings, if allowed to continue, would result in undue harassment to the petitioner and would not serve any meaningful purpose, particularly when the underlying dispute is capable of being adjudicated in appropriate civil forums.

i. The ends of justice would be better served by quashing the FIR and permitting the parties to avail appropriate civil remedies for redressal of their grievances.

10 In view of the report of the Judicial Magistrate First Class, Samana, and the principles laid down by the Apex Court in ***'Parbatbhai Aahir @ Parbatbhai Bhimsinhbhai Karmur and others versus State of Gujarat and another" (2017) 9 SCC 641'***, the instant petition is allowed. FIR bearing No.229 dated 29.08.2018 under Section(s) 406, 420 and 120-B of the Indian Penal Code, 1860, registered at Police Station Patran, District Patiala, along with all subsequent proceedings arising is hereby quashed on the basis of compromise dated 06.12.2025 (Annexure P-2) entered between the parties.

11 Petition is allowed in above terms.

April 08, 2026. **(VINOD S. BHARDWAJ)**
raj arora **JUDGE**

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