331 IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CRM-M-58269-2025 (O & M)
Date of decision: 07.05.2026

MUKESH SHARMA @ MUKESH

...PETITIONER

V/S

STATE OF HARYANA AND ANOTHER

...RESPONDENT

CORAM: HON'BLE MR. JUSTICE SUBHAS MEHLA

Present: Mr. Sandeep Yadav, Advocate for the petitioner.

Mr. Surender Singh Pannu, Addl. A.G., Haryana.

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SUBHAS MEHLA, J. (ORAL)

CRM-16625-2026 & CRM-M-58269-2025

1. CRM-16625-2026 is an application filed under Section 147 of Negotiable Instruments Act (hereinafter '*NI Act*') read with Section 528 BNSS for compounding of offence, while the main petition CRM-M-58269-2025 has been filed seeking quashing of complaint COMA-623-2014 under Section 138 NI Act, titled 'Sunil Kumar v. Mukesh Sharma' , setting aside order of sentence dated 21.10.2016, as well as order dated 04.01.2019 passed by Learned Additional Sessions Judge, Rewari whereby appeal preferred by the petitioner was dismissed, alongwith all consequential proceedings arising therefrom , as well as compounding of offence under Section 138 NI Act on the basis of compromise dated 27.02.2023 (Annexure P-4).

2. Since the issues involved in CRM-16625-2026 and the main petition CRM-M-58269-2025 arise out of the same compromise dated 27.02.2023 (Annexure P-4), and the reliefs sought therein are intrinsically interconnected, both the application for compounding as well as the main

petition are being taken up together in order to avoid repetition of facts and arguments and for the sake of convenience.

3. Learned counsel for the applicant/petitioner submitted that in compliance of the order passed by this Court on 06.04.2026, the petitioner has surrendered before the learned trial Court and the same has been duly recorded vide order dated 16.04.2026 passed by learned JMIC, Rewari (Annexure P-6). He further submitted that the parties have amicably resolved their dispute vide compromise dated 27.02.2023 and the entire compensation amount has already been paid by the petitioner to respondent No.2/complainant. In view of the said compromise, the complainant/respondent No.2 has also withdrawn the execution petition in the Daily Lok Adalat, Rewari. In support of his submissions, learned counsel has referred to the report received from learned District and Sessions Judge, Rewari (Annexure 'A').

4. Learned counsel further submitted that notice issued to the complainant/respondent No.2 has been received back, duly served, but none has appeared on behalf of respondent No.2/complainant. He contended that the petitioner is currently in custody, however, no useful purpose would be served by keeping the petitioner incarcerated any further when the matter already stands amicably settled between the parties and the complainant has accepted the amount in full and final settlement of his claim; even execution proceedings have been withdrawn by the complainant/respondent no.2, as recorded in report dated 12.12.2025 by learned District and Sessions Judge, Rewari. (Annexure 'A'). Accordingly, prayer has been made for compounding of the offence under Section 138 of the NI Act and for setting aside of the impugned judgments/orders.

5. Learned Counsel for the petitioner further submitted he would be satisfied if the order of sentence dated 21.10.2016 passed by learned Additional Chief Judicial Magistrate, Rewari be modified to that of the sentence already undergone by him.

6. Heard, and record perused.

7. As per Section 147 of NI Act, all the offences under the NI Act are compoundable, and same has been reproduced as under:-

> ***"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. Hon'ble Supreme Court in ***P. Mohanraj & Ors. v. M/s Shah Brothers Ispat Pvt. Ltd., 2021 INSC 133,*** has observed that *"Section 138 proceeding can be said to be a 'civil sheep' in a 'criminal wolf's' clothing".* Ergo, the offence under Section 138, NI Act is a civil liability, however the same has been brought within the sweep of criminal jurisdiction; the object behind the same is to to strengthen the credibility and sanctity of instruments in commercial transactions. Hon'ble Court further observed that "*the real object of the provision is not to penalise the wrongdoer for an offence that is already made out, but to compensate the victim".* Hence, it is in the scheme of NI Act itself that compounding of offence should be allowed where the accused is ready and willing to pay the due amount towards the complainant/aggrieved person.

9. Further, Hon'ble Apex Court in ***Gian Chand Garg vs. Harpal Singh, SLP (Crl.) No.8050 of 2025, decided on 11.08.2025*** held that 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. Further, the Court observed that once the complainant has signed the compromise deed accepting the amount in full and final settlement of the default sum the proceedings under Section 138 of the NI Act cannot hold water, therefore, the conviction rendered by the Courts below has to be set-aside.

10. Keeping in view of the peculiar facts and circumstances of the case that a compromise dated 27.02.2023 (Annexure P-4) has been effected between the parties; complainant/respondent no.2 has received the entire amount due from the applicant/petitioner; in view of the compromise, the complainant/respondent No.2 has withdrawn the execution petition; and the factum of compromise dated 27.02.2023 is manifest from the material on record i.e. compromise deed dated 27.02.2023 (Annexure P4), and the report dated 12.12.2025 received from learned District & Sessions Judge, Rewari (Annexure 'A'), as per which, the execution petition filed by respondent No.2 has been withdrawn, this Court deems it a fit case to exercise its extra-ordinary jurisdiction under Section 528 BNSS.

11. Section 528 BNSS confers inherent jurisdiction upon this Court to secure the ends of justice and to prevent abuse of the process of law. However, such extra-ordinary power is required to be exercised sparingly, and with circumspection, and can be invoked where continuation of criminal proceedings would serve no useful purpose and would merely result in unnecessary prolongation of litigation despite settlement between the parties.

12. Hon'ble Supreme Court in ***K. Bharthi Devi v. State of Telangana 2024 INSC 750,*** has observed that the guiding principles for exercise of inherent jurisdiction are whether such exercise would secure the ends of justice or prevent abuse of the process of Court. It was further held that criminal proceedings arising out of commercial, financial, mercantile, civil or matrimonial disputes, where the wrong is essentially private or personal in nature, stand on a different footing and may appropriately be quashed where the parties have genuinely resolved their disputes. The Hon'ble Court further emphasized that in such matters, continuation of criminal proceedings despite settlement would amount to unnecessary oppression and injustice.

13. Further, in ***Parbatbhai Aahir @ Parbatbhai Bhimsinhbhai Karmur v. State of Gujarat, 2017 INSC 1003***, Hon'ble Supreme Court elaborated the principles governing exercise of inherent powers under Section 482 CrPC (now Section 528 BNSS). The Hon'ble Court observed as follows:

> *"(i) 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;*
>
> *…*
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> *(iii) 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;*
>
> *(iv) 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;

…

(v) 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;

…

(vii) 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 in so far as the exercise of the inherent power to quash is concerned;

(viii) 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;

(ix) 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;"

Thus, this Court is required to evaluate whether continuation of proceedings would serve any useful purpose and whether quashing would advance the cause of justice. Where the dispute is overwhelmingly civil or commercial in character and the victim has willingly entered into settlement, the proceedings ought to be put to an end by accepting the compromise, so as to promote peace, harmony and finality in litigation. The ultimate guiding

factor remains advancement of justice and prevention of abuse of the process of law.

14. In the present case, the proceedings arise out of a complaint under Section 138 of the NI Act, which essentially emanates from a financial/commercial transaction between the parties. The material available on record clearly establishes that the parties have voluntarily and amicably resolved their entire dispute vide compromise dated 27.02.2023 (Annexure P-4). Pursuant thereto, respondent No.2/complainant has admittedly received the entire settled amount in full and final satisfaction of his claim. The report dated 12.12.2025 received from learned District & Sessions Judge, Rewari (Annexure 'A') further reveals that even the execution proceedings initiated by the complainant for recovery of the amount in question stand withdrawn. Thus, the very substratum of the dispute no longer survives. There is nothing on record to suggest that the compromise is tainted by coercion, fraud or undue influence. Rather, the conduct of the parties unequivocally demonstrates their intention to put a quietus to the dispute and restore cordiality. Compelling the petitioner to undergo the rigours of continued criminal proceedings or incarceration, would defeat the very object underlying Section 147 of the NI Act, which permits compounding of offences at any stage. Continuation of conviction and consequential proceedings would merely amount to a punitive and technical exercise divorced from the underlying object of Section 138 of the NI Act, which is primarily compensatory in nature.

15. The inherent jurisdiction preserved under Section 528 BNSS is precisely intended to meet such situations where technical continuation of proceedings would defeat rather than promote the cause of justice. In view of

the voluntary compromise arrived at between the parties, the complete satisfaction of the complainant, withdrawal of execution proceedings and the overwhelmingly commercial nature of the dispute, this Court is of the considered opinion that the present case squarely falls within the parameters laid down by Hon'ble Supreme Court for exercise of inherent powers. Consequently, in order to secure the ends of justice, prevent abuse of the process of Court and bring quietus to the litigation between the parties, this Court deems it appropriate to invoke its inherent jurisdiction under Section 528 BNSS.

16. In view of aforesaid discussion, in exercise of powers under Section 528 of BNSS, and in accordance with Section 147 NI Act, the present petition is partly allowed; offence under Section 138, NI Act is hereby compounded in view of compromise between parties; the order of sentence dated 21.10.2016 passed by learned Additional Chief Judicial Magistrate, Rewari is ordered to be modified to that of the sentence already undergone by the petitioner.

17. The trial Court/successor Court is directed to issue release warrants of petitioner, forthwith.

18. A copy of this order be sent to learned trial Court/successor Court for necessary compliance.

19. Pending miscellaneous application(s), if any, also stand(s) disposed of.

(SUBHAS MEHLA)
JUDGE

May 07, 2026
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(i) Whether speaking/reasoned Yes/No
(ii) Whether reportable Yes/No