2026:PHHC:072460

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

111 ***CRR-1230-2026 (O&M)***
Date of Decision: 08.05.2026

DHOLA MAHI **....PETITIONER**

Versus

DES RAJ AND ANR **.....RESPONDENT**

CORAM: HON'BLE MR. JUSTICE H.S.GREWAL.

Present: Mr. H.S.Batth, Advocate for the petitioner.

H.S.GREWAL, J (ORAL)

CRM-20233-2026

This application has been filed under Section 5 of Limitation Act for condonation of delay of 1093 days for filing the present case.

For the reasons stated in the application, the same is allowed and delay of 1093 days in filing the present case is condoned.

CRM-20234-2026

This application has been filed under Section 528 of BNSS (482 Cr.P.C) for placing on record copy of the order dated 21.08.2023 passed by this Court as Annexure P-1 and compromise effected between the petitioner and complainant as Annexure P-2.

For the reasons stated in the application, the same is allowed and Annexure P-1 and P-2 are ordered to be taken on record.

CRM-20236-2026 and CRR-1230-2026

1. The petitioner has filed the present revision petition against the impugned judgment dated 22.08.2019 passed by ld. SDJM, Guruharsahai

District Ferozepur whereby, the petitioner has been convicted under Section 138 of the Negotiable Instruments Act (hereinafter referred to as the "Act") and was sentenced to undergo simple imprisonment for a period of 02 years and to pay Rs. 5000/- as fine and in default of payment of fine, to further undergo SI for period of one month and against the judgment dated 07.02.2023 passed by ld. Addl.Sessions Judge, Ferozepur whereby the appeal filed by the petitioner has been dismissed.

2. Along with the main petition, the petitioner had filed an application under Section 147 of the Negotiable Instruments Act read with Section 482 Cr.P.C (Section 528 of B.N.S.S) with a prayer to compound the offence under Section 138 of the Act.

3. Brief facts of the case is that the accused borrowed ₹4,00,000/- from the complainant on 01.03.2014 and agreed to repay the same. Despite repeated requests, the accused failed to return the amount and ultimately agreed on 31.07.2016 to pay ₹1,74,000/- towards interest along with the principal amount, thereby making the total liability ₹5,74,000/-. In discharge of the said liability, the accused issued cheque No. 262305 dated 01.08.2016 for ₹5,70,000/- drawn on Punjab & Sind Bank, Golu Ka Maur Branch. However, the cheque was dishonoured vide memo dated 01.08.2016 with the remarks "Funds Insufficient". Thereafter, legal notice dated 03.08.2016 was served upon the accused, but despite service of notice, payment was not made. Hence, the present complaint.

4. Learned counsel for the petitioner submits that compromise has been effected between the parties and entire amount has been paid to the complainant. Prayer has been made by the learned counsel for the petitioner

that the present petition may be allowed.

5. Notice of motion.

6. Mr. P.S.Pandher, Assistant AG Punjab accepts notice on behalf of the respondent-State.

7. Mr. Divyansh Vats, Advocate appears and has filed his vakalatnama on behalf of the respondent No.1 in the Court today and the same is taken on record. He further submits that he has no objection if the offence punishable under Section 138 NI Act is compounded and the petitioner may be acquitted.

8. It is settled law that the proceedings initiated under Section 138 of the NI Act are quasi-criminal in nature and the object and purpose of this enactment is to provide a compensatory mechanism for expeditious recovery of money as opposed to punishing the accused. The Hon'ble Supreme Court in ***R. Vijayan Vs. Baby (2012) 1 SCC 260*** has considered the said issue and come to the conclusion that punishing the offender is secondary concern.

9. The amendment carried out in the year 2002 in the NI Act intended to make the nature of offence under Section 138 of the NI Act as a civil wrong while making it compoundable. A two Judge Bench of the Hon'ble Supreme Court in ***Meters and Instruments Private Limited and another Vs. Kanchan Mehta (2018) 1 SCC 560***, speaking through Justice A.K. Goel has held as under:-

> "7. *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…..*
>
> *xxxx xxxx xxxx*
>
> *18.2. The object of the provision being primarily compensatory, punitive element being mainly with the object of enforcing the compensatory element, compounding at the initial stage has to be encouraged but is not debarred at later stage subject to appropriate compensation as may be found acceptable to the parties or the court.*
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> *18.3. Though compounding requires consent of both parties, even in absence of such consent, the court, in the interests of justice, on being satisfied that the complainant has been duly compensated, can in its discretion close the proceedings and discharge the accused."*

10. Moreover, a two Judge Bench of the Hon'ble Supreme Court in ***JIK Industries Limited and others Vs. Amar Lal V. Jumani and another (2012) 3 SCC 255*** has examined the issue whether for compounding of an offence, consent of aggrieved party is required and speaking through Justice Asok Kumar Ganguli, following was held:-

> *"82. A perusal of Section 320 makes it clear that the provisions contained in Section 320 and the various sub-sections is a code by itself relating to compounding*

> *of offence. It provides for the various parameters and procedures and guidelines in the matter of compounding. If this Court upholds the contention of the appellant that as a result of incorporation of Section 147 in the NI Act, the entire gamut of procedure of Section 320 of the Code are made inapplicable to compounding of an offence under the NI Act, in that case the compounding of offence under the NI Act will be left totally unguided or uncontrolled. Such an interpretation apart from being an absurd or unreasonable one will also be contrary to the provisions of Section 4(2) of the Code, which has been discussed above. There is no other statutory procedure for compounding of offence under the NI Act. Therefore, Section 147 of the NI Act must be reasonably construed to mean that as a result of the said section the offences under the NI Act are made compoundable, but the main principle of such compounding, namely, the consent of the person aggrieved or the person injured or the complainant cannot be wished away nor can the same be substituted by virtue of Section 147 of the NI Act."*

11. Offence punishable under Section 138 NI Act is a compoundable offence. It appears that in the present case, parties have settled their dispute with regard to dishonor of cheque in question. In the given circumstances, the application for compounding of offence is allowed and the parties are hereby permitted to compound the said offence punishable under Section 138 NI Act. Consequently, the petitioner deserves to be acquitted of the offence punishable under Section 138 NI Act.

12. In view of the above discussion, the offence under Section 138

of the Negotiable Instruments Act, 1881 is compounded and judgment 22.08.2019 passed by ld. SDJM, Guruharsahai District Ferozepur and further the judgment dated 07.02.2023 passed by ld. Addl.Sessions Judge, Ferozepur are hereby quashed/set aside, qua the petitioner and the petitioner is acquitted of the notice of accusation served upon him and he be set at liberty, if not required in any other case.

13. Pending CRM(s), if any, are also disposed of accordingly.

(H.S.GREWAL)
JUDGE

08.05.2026
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Whether speaking/reasoned: Yes/No
Whether Reportable: Yes/No