

IN THE COURT OF THE JUDGE COURT OF SMALL
CAUSES AND A.C.J.M, AT BENGALURU

Dated this the 3rd day of September- 2025

PRESENT:

Smt.Nirmala.M.C, B.com., LL.B,
Judge & ACJM, Court of Small Causes, Bengaluru.

CC No.14549/2023

Complainant: Sri. C.K,Murthy
(By Sri. D.S.Sathish - Adv.)

-Vs-

Accused: Srinivasa Murthy.K.P
(By Sri. C.Srinivasa - Adv.)

Provision under which the : 143-A of N.I.Act
application is filed

Relief Sought for : Interim Compensation

The date on which the ~~2222~~ 22 : 09.10.2024
application is filed:

Number of the application: -

The date on which the : 06.03.2025
objections are filed by
different opponents:

The date on which the : 03.09.2025
orders were passed on the
said application:

// ORDERS //

The present application has been filed by the complainant u/Sec 143(A) of N.I. Act seeking interim compensation.

2. It is stated in the application that, the complainant had anticipated that the accused would admit the plea and the complainant would be compensated, on the contrary because of the conduct of the accused, now the matter would be tried and the trial will be proceeded, which will definitely consume lot of time and this will cause agony to the complainant mentally as well as financially. The complainant if compensated as per the recent amendment by imposing the condition to give the complainant 20% of the cheque amount i.e., cheque amount is Rs.1,50,000/- from the accused, then no hardship would be caused to the accused and further the complainant undertakes that in case of acquittal, the complainant would return back the amount to the accused along with the other bank interest. As per Sec.143 A (2) of NI Act the complainant is entitled for interim compensation on 20% of the cheque amount. This Court is empowered to direct the accused for an interim compensation as per amended provision of Sec.143A (2) of NI Act. Hence sought for allowing the application and direct the accused to pay 20% of the cheque amount as interim compensation.

3. On the other hand, the learned counsel for accused has filed detailed objection stating that the application filed by the

complainant is not maintainable either in law or on facts and the same is liable to be dismissed. Further stated that, the complainant is seeking the order to the accused has to deposit 20% cheque amount before this court. The accused has not taken any money transactions or hand loan from the complainant. The complainant has not stated sufficient reason to allow the application. On these grounds he prayed for rejecting the application.

4. Heard arguments and perused the records.

5. The points that arise for my consideration are as follows:

1. Whether the complainant has made out grounds to allow the application filed u/Sec 143A of NI Act?

2. What Order?

6. My findings to the above said points for my consideration are as under:

Point No.1: In the **Negative**;

Point No.2: As per final order for the following:

REASONS

7. **Point No.1:** The complainant has filed this case against the accused alleging the offence punishable under Section 138 of N.I. Act. The accused appeared through his counsel and on bail. When the case was set down for cross examination of PW1, the

learned counsel for complainant has filed this application seeking direction to the accused to deposit 20% of the cheque amount.

8. At the time of argument the learned counsel for complainant has vehemently argued and requested the court to award interim compensation as prayed in the application.

9. I have perused the entire materials available on record. No doubt the present application is filed under Sec.143A of NI Act seeking direction against the accused to deposit 20% of cheque amount as interim compensation. The records also shows that the accused appeared before the court and enlarged on bail and pleaded not guilty. If an application is filed under Sec.143A of NI Act, then how to dispose such application and what are the powers conferred on Magistrate to dispose such application are elaborately considered in some of the judgments of Hon'ble High Courts. In this regard, I would like to rely judgment in Crl.OP No.15438 and 15440/2019 (L.G.R Enterprises and other V/s P. Anabazhagan) the Hon'ble Madras High Court has held that - "the granting of interim compensation is a discretionary power vested with the trial Court and must be supported by reasons". In Crl.Pn No.6878/2019,(Smt. Usha T.R. V/s Sri B.H.Venkatachalaiah) the Hon'ble High Court of Karnataka held that - "the application U/Sec. 143-A of N.I.Act must be disposed by assigning reasons". In Crl.Pn No.201213/2020, (Jahangir S/o Lalsab Nadaf V/s Farooq Ahmed Abdul Razak) the Hon'ble High Court of Karnataka held that – "the Court while

disposing the application U/Sec.143-A of N.I.Act exercise its discretionary power in a judicious way.” In CrI.Pn No.632/2022, (Mr V Krishamurthy V/s Diary Classic Ice Creams Pvt Ltd) the Hon’ble High Court of Karnataka observed and held that -“while disposing application U/Sec.143-A of N.I.Act to notice the conduct of the accused that if the accused has been unnecessarily evading the proceedings by seeking exemption consideration of the application would become imperative and the amendment itself is introduced to compensate such payees of tactics adopted by unscrupulous drawers of cheques”. In CrI.Pn.No.100261/2022,(Smti Vijaya V/s Shekharappa and another) the Hon’ble High Court of Karnataka, Dharwad Bench held that – “awarding compensation u/Section 143-A of N.I.Act is not mandatory but it is discretionary vested with the Magistrate to exercise power to direct the drawer of the cheque to pay 20% of the compensation amount as an interim prayer by assigning reasons.”

10. The ratio and dictum of the above referred judgments are that the application filed U/sec 143-A of NI Act must be disposed by assigning reasons and awarding compensation is not mandatory and it is a discretionary power of the court. Therefore by keeping these principles of law let me discuss the application of present case on hand. Hence, the present interim application has been filed by the complainant.

11. Now it is better to re-produce the amendment to NI Act by inserting section 143A. The Section 143A of the Act reads as follows:

"143A. Power to direct interim compensation. - (1)

Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), the Court trying an offence under Section 138 may order the drawer of the cheque to pay interim compensation to the complainant-

(a) in a summary trial or a summons case, where he pleads not guilty to the accusation made in the complaint; and

(b) in any other case, upon framing of charge.

(2) The interim compensation under sub-section (1) shall not exceed twenty per cent of the amount of the cheque.

(3) The interim compensation shall be paid within sixty days from the date of the order under sub-section (1), or within such further period not exceeding thirty days as may be directed by the Court on sufficient cause being shown by the drawer of the cheque.

(4) If the drawer of the cheque is acquitted, the Court shall direct the complainant to repay to the drawer the amount of interim compensation, with interest at the bank rate as published by the Reserve Bank of India, prevalent at the beginning of the relevant financial year, within sixty days from the date of the order, or within such further period not exceeding thirty days as may be directed by the Court on sufficient cause being shown by the complainant.

(5) The interim compensation payable under this section may be recovered as if it were a fine under Section 421 of the Code of Criminal Procedure, 1973(2 of 11974).

(6) The amount of fine imposed under Section 138 or the amount of compensation awarded under Section 357 of the Code of Criminal Procedure, 1973(2 of 1974), shall be reduced by the amount paid or recovered as interim compensation under this section."

12. As stated above the accused has taken some contentions in his objection and prayed for rejecting the application. Whatever contentions taken by the accused cannot be considered at this stage and those contentions can be considered only after full fledged trial of the case. Further the merit of the case cannot be discussed at this juncture since it is only adjudicating of interlocutory application. As stated above the substance of accusation were already read over and accused pleaded not guilty and claims to be tried. It is material to note that, dated 10.04.2024, the substance of accusation were read over and accused pleaded not guilty and claims to be tried. Hence case was posted for cross examination of PW1. On next date of hearing the present application has been filed by the complainant seeking interim compensation. Awarding interim compensation U/sec.143(A) of NI Act is a discretionary power not a mandatory power, because in the said provision the word 'MAY' has been used. This ratio has been held by Hon'ble Apex Court in a case between **RAKESH RANJAN SHRIVASTAVA V/s THE STATE OF**

JHARKHAND & ANR. (CRIMINAL APPEAL NO. 741 OF 2024). Further the conduct of the accused is also important while considering the application filed under Sec.143A of NI Act. In this regard in a judgment cited above **Mr V Krishnamurthy** supra held that the conduct of the accused that he is unnecessarily evading the procedure then consideration of the application would become imperative. Perused the order sheet, it shows that accused is not unnecessarily evading the evading the proceedings.

13. The complainant alleging that accused has issued the cheque for Rs.1,50,000/- in order to discharge the liability. But on the other hand, accused is not admitting the transaction as well as issuance of cheque. Therefore, it appears that there are serious dispute about transaction and issuance of cheque. Hence I am of the opinion that the complainant has not made out prima facie case to allow the application. Hence I am the view that at this juncture there are no sufficient grounds to allow the application and awarding interim compensation by exercising discretionary power as contemplated under the above Act. Therefore, with light of the above observation and discussion I answer Point No.1 in the **Negative.**

14. Point No.2: For the aforesaid reasons court proceed to pass the following:

ORDER

The application filed by complainant
u/Sec.143(A) of N.I Act is hereby rejected.

No order as to cost.

For cross of PW.1

(Dictated to the stenographer, corrected by me and then
pronounced by me in the open court on this the **3rd day of
September, 2025.**)

**(NIRMALA.M.C.)
Judge & ACJM,
Court of Small Causes,
Bengaluru.**