



**IN THE COURT OF THE CIVIL JUDGE & JMFC,
ALUR.**

Present : **Smt. Sneha.M**

B.A., LL.B.,
Civil Judge & JMFC, Alur.

Dated on this 20th day of June 2026

C.C.No.204/2024

Complainant: Sri.Sundresh
S/o. Late Javaregowda
Aged about 51 years,
R/at: Marasukoppalu Village,
Kasaba Hobli,
Alur Taluk,
Hassan District.

(By Sri K.G.N, Advocate)

//Vs//

Accused : Sri.A.R.Rajesh Naidu
S/o. Rangaraju,
Aged about 50 years,
R/at: Yuktha Collection
Balupete, infront of Auto
stand, Belagodu Hobli,
Sakaleshpura Taluk,
Hassan District.

(By Sri K.R.C., Advocate)

JUDGMENT

The complainant has filed the present complaint under Section 200 of Cr.P.C. against the accused for the commission of offence punishable under section 138 of Negotiable Instruments Act.

2. The case of the complainant in brief is as under:

It is the case of the complainant that the accused had borrowed a loan of Rs.4,80,000/- on 05.11.2022 as a loan from the complainant for purchasing lorry, by agreeing to repay the same and for the repayment of the said amount, the accused has issued a post dated cheque dated:20.11.2023 for the sum of Rs.4,80,000/- bearing number 142009 drawn on Corporation Bank (now Union Bank of India), Banavsasi (Ballupete) Branch, Hassan. The complainant has presented the said cheque for encashment through Karnataka Grameena Bank, Byrapura Branch. But, the said cheque was returned unpaid with an endorsement

“Funds Insufficient and cheque is not in formate” on 28.12.2023. Therefore, the complainant has issued legal notice to the accused on 24.01.2024 through RPAD and the accused has received the notice on 25.01.2024. In spite of that the accused had not opted to comply with the lawful demand made by the complainant and thereby intentionally committed the offence punishable U/s.138 of N.I. Act. Under these attending circumstances, the complainant is constrained to file the present complaint and accordingly prayed for conviction of the accused and for grant of compensation in accordance with law in the interest of justice and equity.

3. On receipt of the complaint, after taking cognizance of the offence it was registered in the concerned register and the sworn statement of the complainant was recorded. For having made out a prima facie case, process was issued to the accused after registering the case in Register No.III. Pursuant to the

process issued, the accused has put his appearance through his counsel and was enlarged on bail.

4. The substance of accusation was read over and explained to the accused. For which he pleaded not guilty and claimed to be tried.

5. In order to prove the case of the complainant, the complainant himself examined as PW.1 and got marked as many as five documents as per Ex.P-1 to Ex.P-5 and closed his evidence. After closure of the complainant's side evidence, statement of the accused as provided U/s.313 of Cr.P.C. was recorded. Thereafter the accused himself examined as DW.1.

6. Heard the arguments of the learned counsel for the complainant and accused.

7. On perusal of the entire material available on file and also on hearing the arguments of the learned

counsels with rulings relied, the points that would arise for consideration are:

- 1. *Whether the complainant proves that the accused had issued cheque in question in discharge of the legally recoverable debt as contended?***
- 2. *Whether the complainant further proves that the accused have committed the offence punishable under Section 138 of Negotiable Instrument Act?***
- 3. *What order?***

8. The above points are answered as under:

Point No.1	:	In the Affirmative
Point No.2	:	In the Affirmative
Point No.3	:	As per final order for the following:

:REASONS:

9. Points No.1 and 2:- The burden to prove that all the essential ingredients necessary to get the offence under section 138 of NI Act, 1881 attracted to the case is on the complainant.

10. In order to prove the case the complainant being CW.1 reiterated the complaint averments in his sworn statement by way of affidavit which itself is treated as

examination-in-chief, in view of the decision of the Hon'ble Apex Court reported in **(2014) 5 SCC 590 – Indian Bank Association and others Vs Union of India and others** – [W.P. (civil) No.18/2013]. In addition to that the complainant has produced cheque dtd.20.11.2023 bank endorsement dtd.28.12.2023, office copy of legal notice dtd.24.01.2024, Postal receipt and acknowledgment as per Ex.P-1 to Ex.P-5 respectively.

11. On perusal of the aforesaid facts it can be seen that the legal notice demanding the payment of cheque amount in Ex.P.1 cheque was issued within stipulate time mentioned in section 138 of Negotiable Instrument Act. The notice was served as per requirement of section 138 of Negotiable Instrument Act. The accused had not paid the amount mentioned in the cheque. The private complaint was also presented before the court within stipulated time as stipulated under section 138 Negotiable Instrument Act. Thus the essential ingredients necessary to get all offences under section

138 Negotiable Instrument Act is fulfilled in the aforesaid case. Hence, section 138 Negotiable Instrument Act is attracted to the facts of the aforesaid case.

12. After the examination in chief of the complainant was concluded. During cross examination the accused has himself suggested a question whether the complainant would be satisfied if compensation amount of Rs.2,65,000/- is agreed to be paid by the accused within 05.09.2026 to which the complainant has stated that he is ready to take the said compensation amount. Further also admitted that they have compromised the matter for Rs.2,65,000/-. Thus suggesting the said question the accused has not cross examined on other aspects of the case. Thus the accused has agreed the case of the complainant.

13. The accused entered into the witness box and stated that he is ready to pay of Rs.2,65,000/- to the complainant within 05.09.2026. The learned counsel for the complainant who was present before the court during

cross examination, did not cross examine D.W.1. Thus the complainant has himself agreed to the compensation amount that is proposed by the accused. Hence, I am of the opinion that the complainant has conclusively and convincingly proved his case and this court answer **Point No.1 and 2 in the Affirmative.**

14. Point No.3:- The offences under Section 138 of Negotiable Instruments act is primarily compensatory in nature and the punitive element is mainly with the object of enforcing the compensatory element. Hon'ble Supreme court of India in ***Meters and Instruments (P) Ltd. v. Kanchan Mehta, (2018) 1 SCC 560 : 2017 SCC OnLine SC 1197 : (2018) 1 SCC (Cri) 477 : (2018) 1 SCC (Civ) 405 at page 572*** has stated as follows:

*“...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.”

15. In this case though the complainant has filed the aforesaid case for enforcing the compensatory element of Section 138 of Negotiable Instrument Act for Rs.4,80,000/- cheque amount. The Complainant has agreed to take the compensatory amount of Rs.2,65,000/- within 05.09.2026 if the accused agrees to pay, as per the evidence. The accused on the other hand also during the evidence has stated that he shall pay the compensation of Rs.2,65,000/- to the complainant if complainant agrees to receive the same as compensation. By applying the aforesaid principle laid down by the honourable Supreme Court of India in ***Meters and Instruments (P) Ltd. v. Kanchan Mehta (Supra)***. I am of the opinion that only the Compensatory element of Section 138 of the Negotiable Instrument Act should be enforced. In this case the appropriate compensation acceptable to the parties has been hinted by the parties themselves during the recording of the

evidence. The Accused himself during the cross examination of the complainant has elicited from the mouth of the complainant that only Rs.2,65,000/- needs to be paid to the complainant. On the other hand the accused during his examination in chief has stated that he is ready to pay amount of Rs.2,65,000 /- to the complainant. Hence it can be safely concluded that the appropriate compensation acceptable to both the parties in the aforesaid case is Rs.2,65,000/-. The judgment in the aforesaid case is being delivered with a mind to attract the compensatory element.

16. In the light of the finding given on point no.1 and 2 and in the facts and circumstances of the case and in view of my findings on Point No.3, this Court proceed to pass the following;

ORDER

Acting u/s 255(2) of Cr.P.C., the accused is hereby convicted for the offence punishable u/s 138 of N.I.Act.

Accused is hereby sentenced to pay a fine of Rs.2,65,000/- and in default

he shall undergo a simple imprisonment for a term of 6 months.

The fine amount of Rs.2,65,000/- shall be payable to the complainant as compensation under section 357 of Cr.PC within three months from the date of this judgment.

Bail Bond of the accused and surety shall stand cancelled forthwith.

(Dictated to the stenographer Grade-III, transcribed by him, corrected, then signed by me and pronounced in the open court on this the 20th day of June 2026)

(Smt.Sneha.M)
Civil Judge & JMFC,
Alur.

ANNEXURE

WITNESS EXAMINED BY THE COMPLAINANT:-

PW.1 : Sri Sundresh

DOCUMENTS MARKED BY THE COMPLAINANT: -

Ex.P.1 : Original Cheque

Ex.P.1(a) : Signature of accused

Ex.P.2 : Bank Endorsement

Ex.P.3 : Legal Notice

Ex.P.4 : Postal receipt

Ex.P.5 : Postal acknowledgment

WITNESS EXAMINED BY THE ACCUSED:-

D.W.1 : M.R.Rajesh Naidu

DOCUMENTS MARKED BY ACCUSED:-

-NIL-

**(Smt.Sneha.M),
Civil Judge & JMFC,
Alur.**

20.06.2026

C- Sri.K.G.N., Adv
A- Sri.K.R.C., Adv
For Judgment

**(Judgement pronounced in the
open Court in vide separate order)**

O R D E R

Acting u/s 255(2) of Cr.P.C., the accused is hereby convicted for the offence punishable u/s 138 of N.I.Act.

Accused is hereby sentenced to pay a fine of Rs.2,65,000/- and in default he shall undergo a simple imprisonment for a term of 6 months.

The fine amount of Rs.2,65,000/- shall be payable to the complainant as compensation under section 357 of Cr.PC within three months from the date of this judgment.

Bail Bond of the accused and surety shall stand cancelled forthwith.

By relying upon the Judgment of the Hon'ble supreme Court in SLP(Crl) No.8954/2018(II) dated 29.01.2019 between Rajesh Ponnada Vs. Satyanarayana Srirangam and Ant. The free copy of this Judgment is not give to the accused as he is absent on the date of Judgment.

Civil Judge and JMFC,
Alur.

