

MHNG030317622022



S.C.C.No.21563/2022
Shriram City Finance Ltd. Vs.
Navneet Farm

ORDER BELOW EXH. 15.
(Passed on dtd. 19.01.2026)

By way of the present application, the accused has prayed for dismissal of the complaint instituted under Section 138 of the Negotiable Instruments Act, 1881. The accused contended that the present complaint is not maintainable as arbitration proceedings initiated by the complainant against the present accused have already been decided and an arbitral award was passed on 10th December 2022. It is submitted that both the proceedings pertain to the same cause of action and are between the same parties, though pending before different forums. It is further contended that the complainant has charged an exorbitant rate of interest at 36% per annum and, without the consent of the accused, deposited the cheques which were allegedly issued only as security towards repayment of loan. According to the accused, during the pendency of arbitration proceedings, the complainant has no right to initiate the present complaint under Section 138 of the Negotiable Instruments Act. Hence, dismissal of the complaint is sought.

02. The complainant, by filing say at Exh. 17, opposed the said application. It is contended that proceedings under the Negotiable

Instruments Act and arbitration proceedings operate in distinct and independent domains. Pendency or conclusion of arbitration proceedings does not bar the institution or continuation of proceedings under Section 138 of the Negotiable Instruments Act. The present complaint is based upon dishonour of cheque, which constitutes a separate and distinct cause of action. Therefore, the application is baseless and deserves rejection.

03. Perused the application, say and record. Learned advocate for the accused is heard. In spite of ample opportunity, the complainant failed to advance oral arguments. Considering the age of the matter and pendency of the application, this court proceeds to decide the same on merits.

04. From the contentions raised, it is evident that the principal ground urged by the accused for dismissal of the complaint is the pendency and conclusion of arbitration proceedings between the parties. It is well settled that the offence punishable under Section 138 of the Negotiable Instruments Act is attracted upon dishonour of cheque, subject to fulfillment of statutory requirements. There is no bar under the Negotiable Instruments Act or any other law which prohibits institution or continuation of proceedings under Section 138 merely because arbitration proceedings in respect of the same transaction are pending or have been decided.

05. The cause of action for the offence under Section 138 of the Negotiable Instruments Act is distinct from the disputes adjudicated in arbitration proceedings. Both proceedings operate in separate fields

and can proceed independently. Hence, the present application is devoid of merit and is liable to be rejected.

ORDER

The application below Exh. 15 is hereby rejected.

Nagpur.
Date :- 19.01.2026

(A. V. Khedkar - Garad)
3rd Jt. C.J.J.D. and JMFC,
Nagpur.

CERTIFICATE

I affirm that the contents of this PDF file of order are true and correct as per the original order.

Sau. P I. Geed - Stenographer (Grade - III)