IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

272 **CRR-1370-2025 (O&M)**
Date of decision : 23.04.2026

ASHOK KUMAR

... PETITIONER

Versus

THE FATEHABAD CENTRAL CO-OPERATIVE BANK LTD.

.. RESPONDENT

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

Present:- Mr. Narender Kaajla, Advocate for the petitioner.

Mr. Rajvir Singh Sihag, Advocate and
Mr. Nikhil Sharma, Advocate for the respondent-Bank.

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H.S. Grewal, J.(Oral)

1. This revision petition has been filed against the judgment dated 10.03.2025 passed by the learned Additional Sessions Judge, Fatehabad vide which the appeal preferred by the petitioner against the judgment of conviction and order of the sentence dated 17.12.2022 passed by the learned Judicial Magistrate 1st Class, Fatehabad in CIS No.NACT-49 of 2018 filed under Section 138 of the Negotiable Instruments Act, 1881 (hereinafter referred to as 'Act') has been dismissed.

2. Learned counsel for the petitioner submits that the petitioner has been convicted and sentenced to undergo simple imprisonment for a period of one year and to pay compensation of Rs.2,00,000/- to the complainant/respondent within two months, for an offence punishable under Section 138 of the Act. It is submitted that vide order dated 29.05.2025, the

matter was referred to the Mediation and Conciliation Centre of this Court where the parties have amicably resolved their dispute and a Settlement Agreement has been effected between them. It is further submitted that the petitioner has paid the entire amount of the cheque in question to the complainant/respondent towards full and final settlement and nothing is outstanding. He also submits that in view of Section 147 of the Act read with Section 320 Cr.P.C., where a settlement has been effected, the offence under Section 138 of the Act can be compounded on account of the fact that a mutual compromise has been effected between the parties.

3. Learned counsel for the complainant/respondent has also affirmed the factum of compromise between the parties and nothing is due towards the petitioner. He also submits that Sh. Jaswant Singh, Branch Manager, The Fatehabad Central Co-operative Bank Ltd., Branch Officer, Kukranwali, District Fatehabad made a categorical statement before the Mediation and Conciliation Centre of this Court to the effect that the matter has already been compromised between the parties and the entire outstanding amount stands deposited in the account of the Bank and they have no objection if the present revision petition is allowed. Learned counsel, therefore, submits that in view of the Settlement Agreement dated 10.11.2025, the petitioner may be acquitted of the charges framed against him and the petition may be allowed.

4. I have heard learned counsel for the parties and have carefully gone through the material available on record.

5. The allegations against the petitioner are that the cheque issued by him for an amount of Rs.1,18,668/- was dishonoured on account of insufficient funds. The liability under the Act is primarily civil in nature. Now the matter

has been compromised between the parties and the petitioner has paid the entire amount to the complainant/respondent before the Mediation and Conciliation Centre of this Court and the Settlement Agreement dated 10.11.2025 is taken on record.

6. It is settled law that the proceedings initiated under the 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.

7. The amendment carried out in the year 2002 in the Act intended to make the nature of offence under Section 138 of the Act as a civil wrong while making it compoundable. Reference can be drawn from the judgment of Hon'ble the Supreme Court in the case of ***Meters and Instruments Private Limited and another Vs. Kanchan Mehta (2018) 1 SCC 560***, wherein following observations have been made:-

> "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 thatnature 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.

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."

8. 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."*

9. Offence punishable under Section 138 of the Act is a compoundable offence. It appears that in the present case, the parties have amicably settled their dispute with regard to dishonour of cheque in question in terms of the Settlement Agreement dated 10.11.2025 executed before the Mediation and Conciliation Centre of this Court. In the given circumstances, the petitioner deserves to be acquitted of the offence punishable under Section 138 of the Act.

10. For the foregoing reasons, the revision petition is allowed and the impugned judgments passed by the Courts below are hereby set aside and the petitioner is acquitted of the notice of accusation served upon him under Section 138 of the Act. His bail bonds shall stand discharged.

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

(H.S.GREWAL)
JUDGE

April 23, 2026
Sonia

Whether speaking/reasoned	:	Yes/No
Whether reportable	:	Yes/No