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271-1 IN THE HIGH COURT OF PUNJAB AND HARYANA  
AT CHANDIGARH

CRM-M-1551-2022(O&M)  
Date of Decision: 08.05.2025

**Manjinder Singh**

... Petitioner

versus

**State of Punjab and another**

... Respondents

**CORAM: HON'BLE MR. JUSTICE HARPREET SINGH BRAR**

Present: Mr. Gurcharan Dass, Advocate  
for the petitioner.

Mr. Rishabh Singla, AAG Punjab.

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**HARPREET SINGH BRAR, J.(Oral)**

1. The present petition has been preferred under Section 482 of the Code of Criminal Procedure, 1973 (hereinafter 'Cr.P.C.') against the order dated 24.11.2021(Annexure P-5) passed by learned Judicial Magistrate Ist Class, Khanna vide which the petitioner has been directed to deposit 20% of the cheque amount as interim compensation under Section 143-A of the Negotiable Instruments Act, 1881 (hereinafter referred to as the 'NI Act'), in the case stemming from NACT case No.70 dated 27.01.2020 filed under Section 138 of the NI Act, titled as '*M/s Sohan Lal Trading Company vs. Manjinder Singh.*'

2. Briefly, the facts, as alleged, are that the petitioner approached respondent No.2-complainant to sell his crops through it. The petitioner had taken cash advance multiple times from respondent No.2, after making due entries in the record books. Respondent No.2 had also made payment to M/s



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Sandeep Fertilizers and M/s Khalsa Oil Store for the purchase of fertilizer and diesel, respectively, made by the petitioner. As on 31.12.2019, an amount of Rs. 7,43,698.79/- stood outstanding against the petitioner. In order to discharge his legal liability, the petitioner issued a cheque bearing No.000010 dated 04.01.2020 for an amount of Rs. 7,43,650/- in favour of respondent No.2. However, the same was dishonoured on presentation for encashment vide memo dated 06.01.2020, with the remarks- 'funds insufficient.' The requisite payment was not made in spite of serving a legal notice to the petitioner, which caused respondent No.2 to file the complaint(supra). Subsequently, respondent No.2 moved an application under Section 143-A of the NI Act, seeking 20% of the cheque amount which was allowed vide impugned order dated 24.11.2021 (Annexure P-5).

3. Learned counsel for the petitioner *inter alia* contends that the petitioner had given a detailed reply to the application filed by respondent No.2 under Section 143-A NI Act stating that neither did the petitioner issue the disputed cheque nor does it bear his signatures. Further, respondent No.2 has not entered the complete details of the sale of crops in the record books. Learned trial Court has also erred in not considering the six J forms(Annexures P-7 to P-12) and the report of the handwriting expert- Dr. Inderjit Singh annexed by the petitioner with his reply. Moreover, the provision of Section 143-A NI Act is discretionary in nature as held by the Hon'ble Supreme Court in *Rakesh Ranjan Shrivastava vs. The State of Jharkhand and another* (2024) 4 SCC 419.



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4. Having heard learned counsel for the petitioner and after perusing the record with his able assistance, it transpires that the petitioner has been asked to deposit 20% of cheque amount as interim compensation. Admittedly, the complaint(supra) was instituted on 27.01.2020 while the amendment introducing Section 143-A NI Act came into effect on 01.09.2018, making it applicable in the present case.

5. A study of Section 143-A NI Act is called for in order to justly adjudicate upon the matter at hand. The same is reproduced below:

***143A. Power to direct interim compensation.—***

*(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, 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 subsection (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.*

A perusal of Section 143-A(1) uses the word ‘may’ and not ‘shall.’

Therefore, it can be reasonably inferred that awarding interim compensation is not mandatory but discretionary in nature. A two Judge bench of the Hon’ble Supreme Court in ***Rakesh Ranjan Shrivastava (supra)*** has illustrated the



factors to be considered while exercising the said discretion. Speaking through

Justice Abhay S. Oka, the following was opined:

*“16. When the court deals with an application under Section [143A](#) of the N.I. Act, the Court will have to prima facie evaluate the merits of the case made out by the complainant and the merits of the defence pleaded by the accused in the reply to the application under sub-section (1) of Section [143A](#). The presumption under Section 139 of the N.I. Act, by itself, is no ground to direct the payment of interim compensation. The reason is that the presumption is rebuttable. The question of applying the presumption will arise at the trial. Only if the complainant makes out a prima facie case, a direction can be issued to pay interim compensation. At this stage, the fact that the accused is in financial distress can also be a consideration. Even if the Court concludes that a case is made out for grant of interim compensation, the Court will have to apply its mind to the quantum of interim compensation to be granted. Even at this stage, the Court will have to consider various factors such as the nature of the transaction, the relationship, if any, between the accused and the complainant and the paying capacity of the accused. If the defence of the accused is found to be prima facie a plausible defence, the Court may exercise discretion in refusing to grant interim compensation. We may note that the factors required to be considered, which we have set out above, are not exhaustive. There could be several other factors in the facts of a given case, such as, the pendency of a civil suit, etc. While deciding the prayer made under Section [143A](#), the Court must record brief reasons indicating consideration of all the relevant factors.*

*17. In the present case, the Trial Court has mechanically passed an order of deposit of Rs.10,00,000/- without considering the issue of prima facie case and other relevant factors. It is true that the sum of Rs.10,00,000/- represents less than 5 per cent of the cheque amount, but the direction has been issued to pay the amount without application of mind. Even the High Court has not applied its mind. We, therefore, propose to direct the Trial Court to consider the application for grant of interim compensation afresh. In the meanwhile, the amount of Rs. 10,00,000/- deposited by the appellant will continue to remain deposited with the Trial Court.*

*18. Hence, impugned orders are set aside, and the application made by the complainant in Complaint Petition No. 1103/2018 under Section [143A](#) (1) of the N.I. Act is restored to the file of Judicial Magistrate First Class, Bokaro. The learned Judge will hear and decide the application for the grant of interim compensation afresh in the light of what is held in this judgment. The amount deposited by the appellant of Rs. 10,00,000/- shall be invested in a fixed deposit till the disposal of the said application. At the time of disposing of the application, the Trial Court will pass an appropriate order regarding refund and/or withdrawal and/or investment of the said amount.*



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19. Subject to what is held earlier, the main conclusions can be summarised as follows:

a. The exercise of power under sub-section (1) of Section [143A](#) is discretionary. The provision is directory and not mandatory. The word "may" used in the provision cannot be construed as "shall."

b. While deciding the prayer made under Section [143A](#), the Court must record brief reasons indicating consideration of all relevant factors.

c. The broad parameters for exercising the discretion under Section [143A](#) are as follows:

**i. The Court will have to prima facie evaluate the merits of the case made out by the complainant and the merits of the defence pleaded by the accused in the reply to the application. The financial distress of the accused can also be a consideration.**

**ii. A direction to pay interim compensation can be issued, only if the complainant makes out a prima facie case.**

**iii. If the defence of the accused is found to be prima facie plausible, the Court may exercise discretion in refusing to grant interim compensation.**

**iv. If the Court concludes that a case is made out to grant interim compensation, it will also have to apply its mind to the quantum of interim compensation to be granted. While doing so, the Court will have to consider several factors such as the nature of the transaction, the relationship, if any, between the accused and the complainant, etc.**

**v. There could be several other relevant factors in the peculiar facts of a given case, which cannot be exhaustively stated. The parameters stated above are not exhaustive."**  
(emphasis added)

6. In view of the discussion above, the present petition is disposed of in the following terms:

- i. The order dated 24.11.2021(Annexure P-5) passed by learned Judicial Magistrate Ist Class, Khanna is set aside.
- ii. The matter is remanded back to the learned trial Court for fresh consideration in light of the judgment rendered in **Rakesh Ranjan Shrivastava (supra)**,



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7. Pending miscellaneous application(s), if any, shall also stand disposed of.

**(HARPREET SINGH BRAR)**  
**JUDGE**

**08.05.2025**

*Ajay Goswami*

Whether speaking/reasoned : Yes/No

Whether reportable : Yes/No