

IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

2025:PHHC:115219



119

CRR-2105-2025 (O&M)

Date of Decision: 28.08.2025.

Mukhtiar Singh

...Petitioner.

Versus

M/s G.S. Auto Finance Company

...Respondent.

CORAM: HON'BLE MRS. JUSTICE SUKHVINDER KAUR

.....

Present: Mr. J.K. Singla, Advocate and
Ms. Shivani Singla, Advocate for the petitioner.

SUKHVINDER KAUR, J. (Oral)

By way of this revision petition, the petitioner has challenged the judgment and order of sentence dated 08.08.2024 passed by the learned trial Court, in criminal complaint No.NACT/408/2019 under Section 138 of the Negotiable Instruments Act, whereby the petitioner was convicted and sentenced to undergo rigorous imprisonment for a period of 02 years and was directed to pay compensation amount to the tune of Rs.50,000/- and in default of payment of fine to further undergo rigorous imprisonment for three months. The petitioner has also challenged the judgment dated 23.07.2025 passed by the learned Additional Sessions Judge, Mansa whereby the appeal preferred by the petitioner was dismissed.

2. Learned counsel for the petitioner has submitted that now the compromise has been effected between the parties and as per the compromise all the dues had been paid by the petitioner as such, he prays

for compounding of the offence and acceptance of the revision petition.

3. Notice of motion.

4. Ms. Kashish Garg, Advocate and Ms. Suman Rani, Advocate for the respondent, accepts notice on behalf of the complainant and filed her Power of Attorney as well as an affidavit on behalf of the complainant, which are taken on record.

5. Learned counsel representing the complainant/ respondent has admitted the factum of compromise and submits that he has specific instructions from the complainant/ respondent that he has no objection in case the revision petition is allowed and the petitioner is acquitted of the notice of accusation.

6. I have heard learned counsel for the parties and have perused the relevant material placed on record.

7. During the course of proceedings, settlement was effected between the parties as has been mentioned by learned counsel for the petitioner and the same is not disputed by learned counsel for the respondent.

8. The object and purpose of proceeding initiated under the Act is to provide a compensatory mechanism for expeditious recovery of money and not just punishing the offender, which is a secondary concern.

9. The Hon'ble Supreme Court in *Meters and Instruments Private Limited and another Vs. Kanchan Mehta (2018) 1 SCC 560*, has held as under:-

“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 that nature 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.”

10. Offence punishable under Section 138 of the Act is a compoundable offence. As in the present case, parties have settled their dispute with regard to dishonouring of cheque in question, in the given circumstances, the petitioner deserves to be acquitted of the offence punishable under Section 138 of the Act, by compounding the same.

11. For the foregoing reasons, the present petition is allowed and the impugned judgment of conviction and order of sentence dated 08.08.2024 passed by learned trial Court as well as the judgment dated 23.07.2025 passed by learned Appellate Court are set aside and the

petitioner is acquitted of the notice of accusation. He be released from the custody if not required in any other case.

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

28.08.2025.

Komal

(SUKHVINDER KAUR)
JUDGE

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