2026:PHHC:019947

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IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CRR-2579-2025 (O&M)

Kuldeep Verma

….Petitioner

versus

State of Haryana and another

….Respondents

Date of Decision: February 10, 2026
Date of Uploading: February 10, 2026

CORAM: HON'BLE MR. JUSTICE SUMEET GOEL

Present:- Ms. Amandeep Kaur, Advocate for the petitioners.

Mr. Gurmeet Singh, AAG Haryana.

Mr. Sarun Hans, Advocate for respondent No.2.

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SUMEET GOEL, J. (ORAL)

The present criminal revision petition has been filed impugning the judgment and order dated 21/26.02.2018 passed by learned Judicial Magistrate Ist Class, Tohana, in a complaint case, whereby the petitioner has been convicted for commission of offence punishable under Section 138 of Negotiable Instruments Act, 1881 and was sentenced to undergo Rigorous Imprisonment for 02 years and to pay compensation to the tune of Rs.6,00,000/- to the complainant. Further, the petitioner has laid challenge to the impugned judgment dated 05.07.2025 passed by the learned Additional Sessions Judge, Fatehabad, in Criminal Appeal No.CRA-79/2018, whereby

appeal preferred by the petitioner against the judgment and order dated 21/26.02.2018 passed by learned Judicial Magistrate Ist Class, Tohana, was dismissed.

2. Learned counsel for the petitioner has submitted that during the pendency of proceedings, the petitioner and respondent No.2/ complainant have entered into a compromise deed dated 21.01.2026 (copy whereof appended as Annexure P-1 with CRM-5058-2026). Learned counsel has further submitted that an application (CRM-5059-2025) has also been filed seeking permission to compound the offence in question. Learned counsel for the petitioner has further submitted that since the parties have amicably settled their dispute(s), the matter may be compounded and the petitioner be acquitted of the charge(s) framed against him.

3. Learned counsel appearing for respondent No.2 has ratified the factum of settlement/ compromise having been arrived at between the parties and has further vouched the genuineness of the compromise deed dated 21.01.2026 stated to be arrived between the parties. Accordingly, he has iterated that respondent No.2-complainant has no objection, in case, the offence is permitted to be compounded and the petitioner is ordered to be acquitted.

4. I have heard learned counsel for the rival parties and have perused the available record.

5. It would be apposite to refer herein to a judgment passed by three Judge Bench of the Hon'ble Supreme Court titled as ***Damodar S. Prabhu vs. Sayed Babalal H., AIR 2010(SC) 1907,*** relevant whereof reads thus:

"*15. With regard to the progression of litigation in cheque bouncing cases, the learned Attorney General has urged this Court to frame guidelines for a graded scheme of imposing costs on parties who unduly delay compounding of the offence. It was submitted that the requirement of deposit of the costs will act as a deterrent for delayed composition, since at present, free and easy compounding of offences at any stage, however belated, gives an incentive to the drawer of the cheque to delay settling the cases for years. An application for compounding made after several years not only results in the system being burdened but the complainant is also deprived of effective justice. In view of this submission, we direct that the following guidelines be followed:-*

THE GUIDELINES

(i) In the circumstances, it is proposed as follows:

(a) That directions can be given that the Writ of Summons be suitably modified making it clear to the accused that he could make an application for compounding of the offences at the first or second hearing of the case and that if such an application is made, compounding may be allowed by the court without imposing any costs on the accused.

(b) If the accused does not make an application for compounding as aforesaid, then if an application for compounding is made before the Magistrate at a subsequent stage, compounding can be allowed subject to the condition that the accused will be required to pay 10% of the cheque amount to be deposited as a condition for compounding with the Legal Services Authority, or such authority as the Court deems fit.

(c) Similarly, if the application for compounding is made before the Sessions Court or a High Court in revision or appeal, such compounding may be allowed on the condition that the accused pays 15% of the cheque amount by way of costs.

(d) Finally, if the application for compounding is made before the Supreme Court, the figure would increase to 20% of the cheque amount.

Let it also be clarified that any costs imposed in accordance with these guidelines should be deposited with the Legal Services Authority operating at the level of the Court before which compounding takes place. For instance, in case of compounding during the pendency of proceedings before a Magistrate's Court or a Court of Sessions, such costs should be deposited with the District Legal Services Authority. Likewise, costs imposed in connection with composition before the High Court should be deposited with the State Legal Services Authority and those imposed in connection with composition before the Supreme Court should be deposited with the National Legal Services Authority.

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17. We are also conscious of the view that the judicial endorsement of the above quoted guidelines could be seen as an act of judicial law-making and therefore an intrusion into the legislative domain. It must be kept in mind that Section 147 of the Act does not carry any guidance on how to proceed with the compounding of offences under the Act. We have already explained that the scheme contemplated under Section 320 of the CrPC cannot be followed in the strict sense. In view of the legislative vacuum, we see no hurdle to the endorsement of some suggestions which have been designed to discourage litigants from unduly delaying the composition of the offence in cases involving Section 138 of the Act. The graded scheme for imposing costs is a means to encourage compounding at an early stage of litigation. In the status quo,

valuable time of the Court is spent on the trial of these cases and the parties are not liable to pay any Court fee since the proceedings are governed by the Code of Criminal Procedure, even though the impact of the offence is largely confined to the private parties. Even though the imposition of costs by the competent court is a matter of discretion, the scale of costs has been suggested in the interest of uniformity. The competent Court can of course reduce the costs with regard to the specific facts and circumstances of a case, while recording reasons in writing for such variance. Bona fide litigants should of course contest the proceedings to their logical end. Even in the past, this Court has used its power to do complete justice under Article 142 of the Constitution to frame guidelines in relation to subject-matter where there was a legislative vacuum."

5.1. Further the Hon'ble Supreme Court in a judgment titled as ***M/s New Win Export &Anr. vs. A. Subramaniam 2024 INSC 535 : 2024(3) Law Herald (SC) 2098,*** relevant whereof reads as under:

"*6. At this juncture, we would also like to reiterate a few words regarding the principles of compounding of offences in the context of NI Act. It is to be remembered that dishonour of cheques is a regulatory offence which was made an offence only in view of public interest so that the reliability of these instruments can be ensured. A large number of cases involving dishonour of cheques are pending before courts which is a serious concern for our judicial system. Keeping in mind that the 'compensatory aspect' of remedy shall have priority over the 'punitive aspect', courts should encourage compounding of offences under the NI Act if parties are willing to do so. (See:* ***Damodar S. Prabhu v. Sayed Babalal H. (2010) 5 SCC 663*** *(Para 18),* ***Gimpex Private Limited v. Manoj Goel (2022) 11 SCC 705*** *(Para 29),* ***Meters And Instruments Private Limited And Anr. v. Kanchan Mehta (2018) 1 SCC 560*** *(Para 18.2)*"

5.2. More recently, the Hon'ble Supreme Court in a judgment tiled as ***Sanjabij Tari vs. Kishore S. Borcar and another = 2025 INSC 1158,*** has held as under:

"*38. Since a very large number of cheque bouncing cases are still pending and interest rates have fallen in the last few years, this Court is of the view that it is time to 'revisit and tweak the guidelines'. Accordingly, the aforesaid guidelines of compounding are modified as under:-*
(a) If the accused pays the cheque amount before recording of his evidence (namely defence evidence), then the Trial Court may allow compounding of the offence without imposing any cost or penalty on the accused.
(b) If the accused makes the payment of the cheque amount post the recording of his evidence but prior to the pronouncement of judgment by the Trial Court, the Magistrate may allow compounding of the offence on payment of additional 5% of the cheque amount with the Legal Services Authority or such other Authority as the Court deems fit.
(c) Similarly, if the payment of cheque amount is made before the Sessions Court or a High Court in Revision or Appeal, such Court may

compound the offence on the condition that the accused pays 7.5% of the cheque amount by way of costs.
(d) Finally, if the cheque amount is tendered before this Court, the figure would increase to 10% of the cheque amount."

5.3. The statutory provision of Section 359 of BNSS, 2023 (Section 320 of Cr.P.C., 1973) and Section 147 of Negotiable Instruments Act, 1881 when examined alongwith Section 528 of BNSS, 2023 in the guiding light of the judgments of the Hon'ble Supreme Court in cases of ***Damodar S. Prabhu*** (supra), ***M/s New Win Export*** (supra) and ***Sanjabij Tari*** (supra), lead to the unequivocal conclusion that the offence under Section 138 of Negotiable Instruments Act, 1881 can be compounded at all stages of litigation, including when the matter has reached the High Court after having been conclusively dealt with by the Magisterial as also the Sessions Court. In other words, such an offence can be compromised/compounded even after the petitioner-accused has been convicted by the Court of learned Magistrate and his appeal against the same has been dismissed by the learned Sessions Court.

5.4. The Hon'ble Supreme Court in the judgment of ***Damodar S. Prabhu*** (supra) has also enunciated that, ordinarily, costs ought to be imposed when the offence under Section 138 of Negotiable Instruments Act of 1881 is compounded at a stage when substantial proceedings have already been undertaken by the Courts so as to dissuade the unscrupulous litigant from unduly delaying the compounding of such offences. However, discretion has been reserved in favour of the concerned Court to reduce/waive such costs, in case facts/circumstances of a given case so warrant. The Hon'ble Supreme Court in case of ***Sanjabij Tari*** (supra) has

revisited the guidelines, insofar as it relates to the quantum of imposition of costs upon the accused, but has not modified the leeway granted in the judgment of ***Damodar S. Prabhu*** (supra) which permits reduction or waiver of costs based on the factual *milieu* of a particular case *albeit* subject to the recording of reasons for such variance. For the sake of clarity it is reiterated that liberty reserved in favour of the courts to waive the imposition of costs may be exercised by any of the courts seized of the matter—be it the High Court, the Sessions Court or the magisterial Court conducting trial. It is, however, imperative to bear in mind that discretion to waive the imposition of costs is not to be invoked as a matter of ordinary course. The exercise of such discretion must be predicated upon exceptional, compelling and accentuating circumstances which, in the considered opinion of the concerned Court seized of the matter, warrant deviation from the general rule of imposition of cost. The Court, while invoking such discretion, must record clear, cogent and reasoned findings delineating the special factors that justify the waiver. This requirement is in consonance with the legislative intent and the underlying purpose sought to be achieved by the criminalization of the act of dishonor of cheque, i.e. to inculcate financial discipline and uphold the credibility and sanctity of negotiable instruments.

5.5. Still further, the inherent jurisdiction of the High Court under Section 528 BNSS, 2023 is primarily aimed at preventing abuse of judicial process and securing the ends of justice. Thus, where the dispute is essentially personal in nature and a genuine compromise has been reached, the High Court may intervene to quash the conviction, recognizing that continued proceedings would be non-productive and unjust in the given

circumstances. The inherent powers of a High Court are incidental replete powers, in the absence of which, the Court would be obliged to sit still and helplessly witness the process of law being abused for the purposes of injustice. In other words; such power(s) is intrinsic to the High Court, forming its very life-blood, its very essence, its immanent attribute. Without such power(s), a High Court would retain form but lack substance. These powers of a High Court hence deserve to be construed with the widest possible amplitude. These inherent powers are in consonance with the nature of a High Court which ought to be, and has in fact been, invested with power(s) to maintain its authority to prevent the process of law/Courts from being obstructed or abused. It is a trite posit of jurisprudence that though laws attempt to deal with all cases that may arise, the infinite variety of circumstances which shape events and the imperfections of language make it impossible to lay down provisions capable of governing every case, which in fact arises. A High Court which exists for the furtherance of justice in an indefatigable manner, should therefore, have unfettered power(s) to deal with situations which, though not expressly provided for by the law, need to be dealt with, to prevent injustice or the abuse of the process of law and Courts. The juridical basis of these plenary power(s) is the authority; in fact the seminal duty and responsibility of a High Court; to uphold, to protect and to fulfill the judicial function of administering justice, in accordance with law, in a regular, orderly and effective manner. In other words; Section 528 of BNSS, 2023 reflects peerless and inherent powers, of a High Court which may be invoked whenever it is just and equitable to do so, in particular to ensure the observance of the due process of law, to prevent

vexation or oppression, to do justice nay substantial justice between the parties and to secure the ends of justice. Therefore, the High Court, in the exercise of its inherent power under section 528 BNSS, 2023 has the discretion to quash a conviction where the parties have reached an amicable settlement, provided that such compromise neither impinge upon the public interest nor undermine the cause justice, as well as the substantial justice.

6. Reverting to the facts of the case in hand, it is not disputed by the concerned rival parties that an amicable settlement has been arrived at between them and, therefore, compounding of the offence and necessary further directions have been sought from this Court. A perusal of the compromise deed dated 21.01.2026, stated to be arrived between the parties, reflects that the parties have sought to resolve their dispute(s) in *toto* and bury the hatchet. Consequently, in the considered opinion of this Court, the factual matrix of the case requires that the offence(s) ought to be permitted to be compounded and the petitioner deserves to be acquitted.

6.1. Keeping in view the entirety of the attending facts/circumstances of the case, the petitioner having faced the wrath of criminal litigation since about the year 2018; this Court does not deem it appropriate to saddle the petitioner with costs.

7. In view of the prevenient ratiocination, it is ordained thus:

(i) The impugned judgment and order dated 21/26.02.2018 passed by learned Judicial Magistrate Ist Class, Tohana, in a complaint case, whereby the petitioner has been convicted for commission of offence punishable under Section 138 of Negotiable Instruments Act, 1881 and was sentenced to undergo Rigorous Imprisonment for 02 years and to pay

compensation to the tune of Rs.6,00,000/- to the complainant, and the impugned judgment dated 05.07.2025 passed by the learned Additional Sessions Judge, Fatehabad, in Criminal Appeal No.CRA-79/2018, whereby appeal preferred by the petitioner against the judgment and order dated 21/26.02.2018 passed by learned Judicial Magistrate Ist Class, Tohana was dismissed, are set-aside and the petitioner is acquitted.

(ii) The rival parties shall remain bound by the terms of the compromise deed dated 21.01.2026 entered into between the parties. In case of non-compliance thereof, the aggrieved party shall be at liberty to seek recall of this order, *albeit* upon showing sufficient cause. It is clarified that in case non-compliance is found to be shown, the erring party may be saddled with exemplary punitive measure(s).

(iii) No order as to costs.

(iv) Pending application(s), if any, shall also stands disposed of.

(SUMEET GOEL)
JUDGE

February 10, 2026
mahavir

Whether speaking/reasoned: Yes/No

Whether reportable: Yes/No