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**IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH**

CRM-M-65958-2025 (O&M)

Prabh Kiran Singh

...Petitioner

V/s

Gurmail Singh Khinda

...Respondent

Date of Reserve: 10.02.2026**Date of Pronouncement : 05.03.2026****Date of Uploading : 05.03.2026****CORAM: HON'BLE MR. JUSTICE SUMEET GOEL**

Present: Mr. Abhinav Jain, Advocate and
Ms. Shilpa, Advocate for the petitioner.
Ms. Navjot Kaur, Advocate for the respondent.

SUMEET GOEL, J.

1. The present petition under Section 528 of the Bharatiya Nagarik Suraksha Sanhita, 2023 has been filed for setting aside the order dated 28.10.2025 passed by the learned Judicial Magistrate First Class, Chandigarh in Complaint No. NACT-952/2024 titled Gurmail Singh Khinda vs. Prabh Kiran Singh, whereby interim compensation of Rs.4,00,000/- (10% of cheque amount of Rs.40,00,000/-) was awarded to the complainant under Section 143-A of the Negotiable Instruments Act, 1881 (hereinafter referred to as 'NIA').

2. The brief factual matrix of the case is that the respondent-complainant instituted a complaint under Section 138 of the NIA alleging dishonour of a cheque amounting to Rs.40,00,000/-. Upon issuance of summons, the petitioner appeared before the Court below and pleaded not

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guilty. During the pendency of proceedings, the complainant moved an application under Section 143-A of the NIA seeking interim compensation to the extent of 20% of the cheque amount. The petitioner filed a detailed reply opposing the said application. However, vide impugned order dated 28.10.2025, the Court below has partly allowed the application and directed the petitioner to pay 10% of the cheque amount i.e. Rs.4,00,000/- as interim compensation. Aggrieved, the petitioner has approached this Court by filing the instant petition.

3. Learned counsel for the petitioner has iterated that the impugned order is unsustainable in law as the same has been passed without proper application of judicial mind and without recording any cogent reasoning. It has been contended that Section 143-A of the NIA is discretionary in nature as the word used therein is “*may*” and not “*shall*”, and, therefore, the grant of interim compensation should not have been granted on mere pleadings of the parties. Learned counsel has further iterated that the Court below has failed to consider that the petitioner has been regularly appearing before the Court below and has not caused any delay in the proceedings or has adopted any dilatory tactics. According to learned counsel, one of the consideration(s) for exercising the discretion under Section 143-A of the NIA is whether the accused is attempting to protract the trial, which is absent in the instant case. It has been further submitted that there has been no written agreement, loan document, promissory note or any documentary material which shows that the advancement of Rs.40,00,000/- to the petitioner. Furthermore, the alleged transactions are stated to be vague and unspecified without giving any



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details regarding dates or mode of payment. Learned counsel has asserted that the liability itself is seriously disputed and it has been specifically pleaded by the petitioner that the cheque in question has been misused. Learned counsel has canvassed that these aspects have not even been looked into while passing the impugned order and the Court below has merely reproduced the Section 143-A of the NIA and thereafter concluded that a *prima facie* case is made out against the accused without disclosing the basis for such conclusion. It has been further contended that the impugned order has been passed in a mechanical manner and non-speaking in nature. On the strength of these submissions, learned counsel has prayed that the impugned order deserves to be set aside and the matter be remanded to the Court below for fresh consideration.

4. *Per contra*, learned counsel appearing for the respondent has iterated that Section 143-A of the NIA has been inserted with the object of strengthening the credibility of cheques and to provide interim relief to the payee during the pendency of proceedings. According to learned counsel, once the accused pleads not guilty in a summon case, the Court is empowered to grant interim compensation. It has been further submitted that the Court below has recorded that a *prima facie* case exists against the accused-petitioner and has exercised its discretion by awarding only 10% of the cheque amount, which is well within the statutory limit of 20%. Furthermore, the discretion exercised by the trial Court does not warrant interference in inherent jurisdiction. Accordingly, a prayer has been made for the dismissal of the instant petition.



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

6. Indubitably, Section 143-A of the NIA confers discretion upon the Court to direct payment of interim compensation not exceeding 20% of the cheque amount. The use of the word “*may*” clearly reflects that such power is discretionary and not mandatory. In the considered opinion of this Court the judicial discretion must be exercised in a reasoned manner which should reflect due consideration of the facts and circumstances of the case. A perusal of the impugned order would reflect that the Court below has reproduced the statutory provision and observed that there exists a *prima facie* case against the accused-petitioner but failed to disclose any specific reasoning based on the factual matrix of the case in hand. Furthermore, there is no discussion regarding the objections raised by the petitioner, no analysis of the alleged absence of documentary evidence and no finding regarding conduct of the accused during the course of the trial. An order imposing interim monetary liability, though interlocutory in nature, must disclose application of mind and cogent reasoning. In the considered opinion of this Court, the absence of any specific reasoning, the order is vulnerable and cannot be sustained. Accordingly, in the entirety of the factual *milieu* of the case in hand as also the facts and circumstances, the impugned order deserves to be set-aside.

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

(i) The present petition is allowed and the impugned order dated 28.10.2025 passed by the learned Judicial Magistrate First Class,



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Chandigarh granting interim compensation of Rs.4,00,000/- under Section 143-A of the Negotiable Instruments Act is hereby set aside.

(ii) The matter is remanded to the Court below for fresh consideration of the application under Section 143-A of the NIA. The Court below shall consider the rival submissions of the parties and pass a reasoned and speaking order in accordance with law. The Court below shall make an earnest endeavour to decide the application expeditiously, preferably within 06 weeks from the date of receipt/production of the certified copy of this order.

(iii) Nothing said hereinabove shall be deemed to be an expression of opinion upon merits of the case.

(iv) Pending application(s), if any, shall also stand disposed off.

(SUMEET GOEL)
JUDGE

March 05, 2026

Ajay

Whether speaking/reasoned: Yes/No

Whether reportable: Yes/No