IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA AT CHANDIGARH

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2026:PHHC:090068

CRM-M-35020-2026 (O&M)
Date of decision : 08.07.2026

Vinesh alias Vinesh Soni **...Petitioner**

Versus

State of Punjab and another **...Respondents**

CORAM: HON'BLE MRS. JUSTICE MANISHA BATRA

Present:- Mr. Sahaj Punj, Advocate
for the petitioner.

MANISHA BATRA, J. *(Oral)*

1. Prayer in this petition, filed under Section 528 of BNSS, 2023, is for quashing of order dated 24.03.2026 (Annexure P-1), passed by the Court of learned Judicial Magistrate First Class, Ludhiana in Complaint No. COMA-7703 of 2019, titled as ***Mohammad Nasruddin v. Vinesh Kumar***, filed under Section 138 of the Negotiable Instruments Act, 1881 *(for short 'N. I. Act')* read with Section 420 IPC, whereby an application filed by the petitioner seeking permission to compound the offence and deposit the cheque amount of Rs.2,00,000/- through a demand draft in favour of the complainant was dismissed.

2. Brief facts relevant for the purpose of disposal of this petition are that the aforementioned complaint had been filed by the respondent/complainant on the allegations that he had advanced a friendly loan to the petitioner for starting a new business. According to the complaint, the petitioner had issued two cheques of Rs.1,00,000/- each towards discharge of

the alleged liability. Upon presentation, both the cheques were dishonoured for insufficiency of funds. Despite issuance of a statutory legal notice, he did not make the payment, thereby compelling the complainant to file the aforementioned complaint.

3. During the pendency of the trial, the petitioner expressed his willingness to amicably settle the dispute. Accordingly, he moved an application dated 23.01.2026 seeking permission to compound the offence and simultaneously deposited the entire cheque amount of Rs.2,00,000/- by way of an original demand draft in favour of the complainant, which was annexed along with the application. The complainant opposed the application by asserting that the petitioner's overall liability was Rs.8,50,000/- and not merely the amount covered by the two dishonoured cheques. Relying upon this objection, the learned trial Court dismissed the petitioner's application vide impugned order dated 24.03.2026, holding that no full and final settlement had been arrived at between the parties. Aggrieved against the said order refusing compounding despite deposit of the entire cheque amount, the petitioner has approached this Court by way of the present petition.

4. It is argued by learned counsel for the petitioner that the impugned order is legally unsustainable as the offence under Section 138 of the N. I. Act is expressly made compoundable by virtue of Section 147 of the Act. It is argued that the learned trial Court failed to appreciate the legislative intent behind the provision, which encourages settlement of cheque dishonour disputes and gives primacy to compensation rather than punishment. It is further argued that the petitioner had demonstrated his bona fide intention by depositing the entire cheque amount of Rs.2,00,000/- through a demand draft even before conclusion of the trial. Despite such readiness to satisfy the cheque

liability, the learned trial Court neither accepted the deposit nor assigned any cogent reason as to why the amount should not have been received on behalf of the complainant. The learned trial Court was influenced by the complainant's assertion regarding an alleged outstanding liability of Rs.8,50,000/-, although the present complaint concerns only two dishonoured cheques of Rs.1,00,000/- each. The disputed claim regarding any additional liability lies outside the scope of the present complaint and ought not to have influenced the decision on the application for compounding. It is also submitted by learned counsel for the petitioner that the proceedings were still at an early stage and the matter had not even been referred for mediation, despite the petitioner having shown willingness to settle the dispute. It is, thus, urged that the petition deserves to be allowed, the impugned order is liable to be set aside and the alleged is liable to be compounded. To fortify his arguments, learned counsel for the petitioner has relied upon the authority of the Hon'ble Supreme Court in ***Meters and Instruments Private Limited v. Kanchan Mehta, 2017 SCC Online SC 1197***.

5. This Court has heard the submissions of learned counsel for the petitioner at considerable length, besides going through the material placed on record.

6. The principal issue which arises for determination before this Court is whether the offence under Section 138 of the N. I. Act can be permitted to be compounded at the instance of the accused in the absence of consent of the complainant or not? The said issue stands conclusively settled by the Hon’ble Supreme Court in ***A.S. Pharma Pvt. Ltd. v. Nayati Medical Pvt. Ltd. and others, 2024 SCC Online SC 2539,*** wherein it has been held that compounding of an offence under Section 138 of the N.I. Act, though permissible at any stage in view of Section 147 of the N. I. Act, however, the

same cannot be permitted to be done without the consent of the complainant, even if he has been duly compensated. It was held that the consent of the complainant is a *sine qua non* for such compounding and the attempt made by the accused to seek compounding on the basis of his unilateral willingness to pay the cheque amount, even with additional compensation, cannot be countenanced in law. The Hon'ble Supreme Court, while considering similar contentions, has categorically held that equitable compensation or readiness to pay does not dispense with the requirement of consent of the complainant. Reliance can also be placed upon the judgments in ***JIK Industries Ltd. v. Amarlal V. Jumani***, ***(2012) 3 SCC 255*** and ***K.M. Ibrahim v. K.P. Mohammed, (2010) 1 SCC 798***, wherein it has been consistently held by the Hon'ble Supreme Court that compounding is fundamentally premised on mutual agreement between the parties and cannot be imposed by the Court. Similar view has been taken by this Court in ***M/s Nidhi Knitwears (P) Ltd. and another v. Honey Hosiery Mills, 2022(3) RCR (Criminal) 304 and Surinder Kumar Bindal and another v. Satinder Nath Radhey Shyam and sons, CRM-M-22823-2024, decided on 18.05.2024***.

7. It is also significant to note that the scope of inherent powers under Section 482 Cr.P.C. (now Section 528 of BNSS) cannot be expanded to override an express statutory requirement. The Hon'ble Supreme Court in ***State of Haryana v. Bhajan Lal, AIR 1992 SC 604*** has held that inherent powers are to be exercised sparingly and only to prevent abuse of process or to secure ends of justice and not in contravention of specific statutory provisions. In the present case, permitting compounding in the absence of consent would amount to doing precisely what is impermissible, i.e., bypassing the statutory mandate embedded in Section 147 of the N.I. Act. This Court further finds

that the distinction between "quashing" and "compounding" has been clearly delineated by the Hon'ble Supreme Court in ***JIK Industries'***s case (supra), wherein it has been held that quashing of a case is different from compounding as in quashing, the Court order that, but in compounding, it is primarily based on consent of the injured party. Therefore, the two cannot be equated.

13. On applying the aforementioned proposition of law to the peculiar facts and circumstances of the present case, this Court finds no infirmity in the impugned order passed by the learned trial Court. The undisputed position which emerges from the record is that the petitioner sought compounding of the offence under Section 138 of the N. I. Act solely on the basis of his willingness to deposit the cheque amount of Rs.2,00,000/- by way of a demand draft. However, the respondent-complainant categorically opposed the said prayer by asserting that the parties had not arrived at any full and final settlement and that the petitioner's overall liability extended beyond the amount covered by the dishonoured cheques. Thus, the essential ingredient of mutual consent, which forms the very foundation of compounding, was admittedly absent. The reliance placed by learned counsel for the petitioner upon ***M/s Meters and Instruments Private Limited's case (supra)*** is misconceived. The said judgment was rendered in the context of expeditious disposal of complaints under Section 138 of the N.I. Act and the power of the Court to close proceedings where the complainant stood duly compensated. However, the precise issue regarding whether an offence under Section 138 of the N. I. Act could be compounded in the absence of consent of the complainant has subsequently been authoritatively considered by the Hon'ble Supreme Court in ***A.S. Pharma's case (supra)***, wherein, after considering the earlier decisions including **JIK Industries Ltd.**, it has been unequivocally

held that consent of the complainant is a *sine qua non* for compounding under Section 147 of the N.I. Act. Therefore, the petitioner cannot derive any benefit from the observations made in ***M/s Meters and Instruments Private Limited's case (supra)***, particularly when the complainant has expressly opposed the prayer for compounding. Accepting the petitioner's contention would, in effect, amount to compelling the complainant to compound the offence against his wishes, which is impermissible in law. It is equally well settled that the concepts of "compounding" and "quashing" operate in distinct fields. While quashing is an exercise of judicial discretion based upon the facts and circumstances of a case, compounding is essentially a consensual act between the parties. In the absence of such consent, no direction for compounding can be issued by the Court merely because the accused has expressed willingness to pay the cheque amount.

14. Accordingly, finding no illegality, perversity or jurisdictional error in the impugned order dated 24.03.2026 passed by the learned Judicial Magistrate First Class, Ludhiana, this Court finds no ground to interfere in exercise of its inherent jurisdiction under Section 528 of the BNSS. The present petition, being devoid of merit, is hereby dismissed.

08.07.2026 **(MANISHA BATRA)**
Waseem R. Ansari **JUDGE**

Whether speaking/reasoned *Yes/No*

Whether reportable *Yes/No*