

**IN THE COURT OF THE XIX ADDITIONAL CHIEF
JUDICIAL MAGISTRATE AT BENGALURU CITY.**

Dated this the 18th day of December, 2025.

PRESENT: SMT. RASHMI H.B., B.A.(LAW)LL.B.,LLM.,
XIX ADDL.C.J.M., BENGALURU CITY.

C.C.No.19341/2023

Complainant	:- S.Venugopal, S/o.Late.A.Shamanna Reddy, R/at.No.184, 19 th Cross, 27 th Main, 2 nd Sector, HSR Layout, Bengaluru-560102. (Rep.By Sri.H.J.K., Advocate)
-V/s-	
Accused	:- V.K.Enterprises, Being a Proprietary Concern, Represented by its Proprietors- Vijay Kumar, Carrying on Business No.61/2, Ananthanagar Main Road, Electronic City Post, Hosur Road, Bengaluru-560100. (Rep.By Sri.R.B.R., Advocate)

I.A.No.1

Applicant: **S.Venugopal,** ... Complainant

V/s.

Opponent: **V.K.Enterprises,** ... Accused

i.	Provision under which the application is filed	143(A) of N.I.Act.
ii.	Relief sought for	20% of Interim Compensation
iii.	The date on which the application is filed	19-07-2025
iv.	Number of the application	1
v.	The date on which the objection is filed by different opponent	09-09-2025
vi.	The date on which the order was passed on the said application	18-12-2025

ORDERS ON APPLICATION U/S 143A of NI Act.

01. The complainant filed this application seeking direction as per the amendment to Section 143A of NI Act to direct the accused to deposit 20% of the cheque amount in favor of the complainant.

02. Per contra, accused filed objections stating application is not maintainable either on law or on facts. Further, the Accused contended that, the provision U/sec. 143(A) of NI Act, is not mandatory and it is discretionary power of the court. The Complainant have not stated, considerable reason to allow the application. Further, the Complainant has not produced any documents about the alleged transaction. Therefore, he prays to reject the application.

03. On the basis of above contentions, the following points would arise for consideration of this court are as follows:

1. Whether the complainant has made out prima-facie case to direct the accused to pay interim compensation as per section 143-A of N.I.Act?
2. What order?

04. Heard arguments of learned Counsel for complainant and accused. Perused the entire case records.

05. On considering materials on record, my answers to above points are as follows:

Point No.1: In the **Negative,**

Point No.2: As per final Order for the following.

:: REASONS ::

06. Point No1: Before proceeding to the discussion on the case in hand it is necessary to look into the Negotiable Instruments(Amendment) Act 2018 which came into effect from 01.09.2018 and section 143-A was inserted in the Act by Amendment Act 20 of 2018. Said Section reads as follows:-

"Sec.143A. Power to direct interim compensation.–

(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), 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 sub-section (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 years, 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.

07. The Hon'ble Supreme court of India in its judgement in **Crl.Appeal.No.1807/2023** dated 07-07-2023 in the case of **Pawan Bhasin vs State of UP** has dealt with the stage for making order as per Section 143-A of N.I.Act. It is specifically held in said case that when the accused is pleaded not guilty of the accusation made in the complaint that interim compensation under section 143-A of N.I.Act can be granted.

Further it is further held that relief under section 143A of N.I.Act can be claimed at "any stage". Apart from said observation, it does not mandate the court to grant interim compensation under section 143A of N.I.Act on every case.

08. However the Hon'ble Supreme Court of India in its reported judgement in **2024(4) SCC 419 in the case of Rakesh Ranjan Shrivastava vs State of Jharkhand and another** has observed guidelines in para 27 to be followed by magistrates to grant interim compensation under section 143-A of N.I.Act as follows:

"27.1. The exercise of power under sub-section of Section 143-A is discretionary. The provision is discretionary and not mandatory. The word "May" used in the provision cannot be construed as "shall".

27.2. While deciding the prayer made under section 143-A, the court must record brief reasons indicating consideration of all relevant factors.

27.3 The broad parameters for exercising the discretion under Section 143-A are as follows:

27.3.1. 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.

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

27.3.3. If defence of accused is found to be prima-facie plausible, the court may exercise discretion in refusing to grant interim compensation.

27.3.4. 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.,

27.3.5. 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”.

09. On considering above legal principles, the transaction which constitute offence under section 138 of N.I.Act should be completed only after insertion of section 143 A of N.I.Act which is effected from 01-09-2018 and reasoned order for applying judicial discretion for awarding interim compensation under section 143 A of N.I.Act is required.

10. This application is filed at the stage of cross of PW1. According to complainant, accused is known to him since form 2010 in that acquittance Accused has approached for financial assistance from March 2013 to March 2014 and obtained Rs.1,50,00,000/- from the Complainant agreeing to repay the same within the period of 2 years from 2014. But the Accused failed to make repayment as agreed. After repeated demand, the Accused agreed to repay the same within 6 months from 2016. Even thereafter the Accused failed to make repayment and then issued a cheque in question for Rs.75,00,000/- upon the demand of Complainant.

The said cheque was presented by complainant but the same was returned unpaid for the reason "Funds Insufficient" on 24.12.2022. Thereafter complainant got issued legal notice dated 09.01.2023 and same was served to accused on 21.01.2023. However, the accused instead of repayment issued untenable reply and did not made payment. These assertions clearly shows the fact that complainant has made out prima-facie case to take cognizance and to issue process to accused.

11. Another factor has to be considered whether accused has made out defence in reply to the application. In the objection statement accused has stated section 143-(A) (1) is not mandatory to that affect the application herein shall be rejected. It is stated that the Complainant has not come before the court with clean hand, the complaint and the present application are to only to harass the accused. It is evident to note, the accused has not made any specific denial of the complainant case or the alleged transaction.

12. Considering the contents of the application and the complaint the Complainant has stated that, he has lent Rs.1,50,00,000/- by way of cash. Further, there is no agreement or pro-note showing such transaction taken place at the first instance. Therefore whether complainant is holder of cheque in due course or not is a matter to be tried, and the Complainant has not made out prima-facie case for

considering the present application. The averment of the complaint made out prima-facie case for trial and his contentions required to be considered during full pledge trial. Since the said aspect is required to be considered on the full pledge trial, it is not appropriate to grant interim relief as per section 143-A of N.I.Act. Hence the application is liable to be rejected. Accordingly this court answers **Point No.1 in the Negative.**

13. Point No.2: In the following reasons stated in the Point No.1, this court proceed to pass the following:

ORDER

The application filed under section 143-A of
N.T. Act, by the complainant is dismissed.

(Dictated to Typist directly on computer, typed by her, corrected by me, signed and then pronounced by me in open Court this 18th day of December, 2025)

(SMT.RASHMI H.B.,)
XIX ADDL.C.J.M., Bengaluru City.

