* IN THE HIGH COURT OF DELHI AT NEW DELHI

Reserved on: August 07, 2026
% *Pronounced on: September 09, 2026*

\# **CNR No. DLHC010094932022**
\+ **CRL.M.C. 1025/2022, CRL.M.A. 4404/2022**
M/S PATSON PRESERVED VEGETABLES PVT LTD THROUGH ITS MANAGING DIRECTOR AND ORS. & ANR.
.....Petitioners
Through: Mr. Biswajit Kumar Patra, Mr. Sunil Mund, Ms. Khushboo Gupta, Advs.

versus

M/S SMALL FARMERS AGRI-BUSINESS CONSORTIUM THROUGH ITS ATTORNEY OF SECRETARY/MANAGING DIRECTOR **.....Respondent**
Through: Mr. Ravindra Kanth and M. N. Kant Das, Advs.

CORAM:
HON'BLE MR. JUSTICE SAURABH BANERJEE

J U D G M E N T

1. By virtue of the present petition under *Section 482* of the Criminal Procedure Code, 1973, the petitioner seeks quashing of the complaint being CC No. 3488/2018 entitled '*Small Farmers Agri Business Consortium (SFAC) vs. M/s. Patson Preserved Vegetables Pvt. Ltd. & Ors.*' and the summoning orders dated 29.06.2018[1] alongwith all the consequential proceedings pending before the learned MM (SOUTH), Saket Courts, New Delhi[2] *qua* the petitioners.

---

[1] Hereinafter "**impugned order**"
[2] Hereinafter "**learned MM**"

2. As per averments made in the complaint, the petitioners approached the Canara Bank seeking financial assistance for setting up a vegetable processing project. Pursuant thereto, Canara Bank, *vide* sanction letter dated 17.08.2009, sanctioned a term loan of Rs. 300 lacs and a cash credit facility of Rs. 225 lacs for a period of eight years in favour of the petitioners. Accordingly, the said credit facilities were repayable by 16.08.2017.

3. Despite the promoters having contributed a sum of Rs. 244.25 lacs towards the project, there remained a fund deficiency of Rs. 63.49 lacs. The petitioners, therefore, approached the respondent *vide* application dated 16.09.2009 under the Venture Capital Assistance Scheme, seeking financial assistance towards the aforesaid shortfall. Pursuant thereto, the respondent *vide* sanction letter dated 11.01.2010 sanctioned a sum of Rs. 49.40 lacs, and in furtherance thereof also entered into an agreement dated 18.01.2010 with the petitioner no.1. Accordingly, the petitioner no.2 handed over a blank cheque bearing no. 372116 to the respondent by way of security. The sanctioned amount of Rs. 49.40 lacs was thereafter disbursed and credited to the current bank account of petitioner no.1 maintained with the Canara Bank.

4. Subsequently, the respondent filled in the date on the aforesaid cheque as 31.12.2017 and presented it for encashment through its banker. The cheque, however, was returned unpaid *vide* returning memo dated 02.01.2018, with the endorsement, "*drawer's signature differs*". Thereafter, the respondent issued a Legal Notice dated 25.01.2018 to the petitioners, which was replied by the petitioner no.1 on 26.02.2018, prior to filing a

complaint under *Section 138* of the Negotiable Instruments Act, 1881[3], against the petitioners, wherein the impugned order her been passed.

5. Heard learned counsel for the parties and perused the material available on record.

6. At the outset, it is noteworthy that in terms of order dated 08.03.2022 passed by this Court notice herein was issued only to the extent that the petitioners were ready to make the payment of cheque amount/ interest/ penalty by 31.03.2023. It is also relevant to note that pursuant thereto the petitioners had also filed a payment schedule, and *vide* order dated 07.10.2022 this Court directed the petitioners to pay the said amount as per the payment schedule to show their *bona fides* and stayed the proceedings before the learned MM. Thereafter, as on date the entire cheque amount i.e. Rs. 49.40 lacs has been paid by the petitioners as borne out from the bank statement of the petitioner no.1.

7. This Court is proceeding to adjudicate the present petition keeping the aforesaid position in mind.

8. For this, legally speaking the scope and intent behind insertion of *Chapter XVII* (Sections 138 to 148) of the NI Act, which came into effect from 01.04.1989 is clear from the Prefatory Note-Statement of Objects and Reasons of Act 66 of 1988, which *inter alia* states that the same is "*(xi) to enhance the acceptability of cheques in settlement of liabilities by making the drawer liable for penalties in case of bouncing of cheques due to insufficiency of funds in the accounts or for the reason that it exceeds the arrangements made by the drawer, with adequate safeguards to prevent harassment of honest drawers.*".

---

[3] Hereinafter "**NI Act**"

9. Thus, what entails therefrom is that the legislative intent behind introducing *Chapter XVII* in the NI Act was to restore the credibility of cheques as a trustworthy substitute for cash payment and to promote a culture of using cheques, and the intention to criminalize such an act of issuing cheques without sufficient funds or for other specified reasons, was to promote financial discipline, discourage irresponsible practices and allows for more efficient and timely resolution of disputes compared to previous pure civil remedies which were found to be a long-drawn process of litigation.

10. As per the prevalent facts and circumstances involved, the dispute *inter se* the parties dates back to the year 2018, and as on date, even the complainant's evidence is yet to commence before the learned MM as the proceedings therein were stayed *vide* order dated 07.10.2022 passed by this Court, and lastly it is an admitted position that today the entire cheque amount of Rs. 49.40 lacs has already been transferred by the petitioners and accepted by the respondent in terms of what has been recorded in the order dated 01.10.2024 by this Court.

11. Applying the aforesaid legal position qua the legislative intent behind introducing *Chapter XVII* in the NI Act as above, *mutatis mutandis*, to the existing facts herein, particularly, this Court is of the considered opinion that continuation of the proceedings before the learned MM at this stage once again, more so, after the dispute *inter se* the parties hardly survives anymore, will make them suffer the ignominy of prolonged delay, and in fact, may not be very productive for any of them.

12. Thus, in the interest of the parties and justice, this Court is inclined to quash the complaint being CC No. 3488/2018.

13. Accordingly, the present petition is allowed and the complaint being CC No. 3488/2018 entitled '*Small Farmers Agri Business Consortium (SFAC) vs. M/s. Patson Preserved Vegetables Pvt. Ltd. & Ors.*', the summoning orders dated 29.06.2018 and all proceedings emanating therefrom, are hereby quashed, *albeit*, subject to the petitioners depositing costs of Rs.5,00,000/- (*Rupees Five Lakhs Only*) in the bank account of the respondent within a period of *two weeks* from the date of pronouncement of this judgment.

14. Let the petitioners furnish proof of deposit of such costs with the Registry within a period of *one week* thereafter.

15. Accordingly, the present petition, alongwith the pending application, is disposed of in the aforesaid terms.

SAURABH BANERJEE, J.

SEPTEMBER 09, 2026/bh/DA