

---

# Interim Compensation under NI Act

---

---

Section 143A was inserted in the year 2018 by way of amendment which has been made enforceable by the central Govt, w.e.f. 01.09.2018 vide Notification No.S.O.3995 (E), dated 16 August, 2018.

---


---

## Compensation mandatory or discretionary?

The provisions of section 143-A of the Negotiable Instruments Act, 1881 are directory and not mandatory as a discretion was conferred upon the Court, to either grant or not to grant interim compensation

---

It was held in Criminal Writ Petition No. 48/2022  
Ashwin Ashokrao Karokar Vs Laxmikant Govind Joshi  
(Bombay High Court)



---

## Quantum of Compensation

The amount of the interim compensation shall not exceed 20% of the amount of the cheque.

---

## Interim Compensation Cannot Be Granted Without Giving An Opportunity Of Hearing To Accused.

---

under Section 143-A of the Negotiable Instruments Act, the court can direct payment of interim compensation even without the complainant making an application praying for the same, but not without following the principles of natural justice.

*It was held in criminal petition no. 3555 of 2022*

---


*Sri Himanshu Gupta vs V Narayana Reddy (Karnataka High Court)*

---

## Prospective or Retrospective ?

Section 143A is prospective in nature and confined to cases where offences were committed after the introduction of Section 143A i.e. after 01.09.2018.

*It was held in Criminal Appeal No.1160 of 2019  
G.J. Raja vs. Tejraj Surana (supreme court of India)*



---

## Stage when compensation to be awarded?

No mandatory disposal of Section 143A application before examination of accused under Section 251 CrPC But after he pleads not guilty to the accusation made in the complaint.

---

*It was held in Criminal revision no. 1431 of 2019 Somnath Chatterjee vs Hossain Mallick (Calcutta High Court)*



Time frame for paying interim compensation ?  
Under Section 143A (3) of NI Act

---

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

---



---

## Failure to pay compensation whether entails any disability?

The concerned provision nowhere contemplates that an accused who had failed to deposit interim compensation could be fastened with any other disability including denial of right to cross-examine the witnesses examined on behalf of the complainant.

---

*It was held in Criminal Writ Petition No. 2872/2022  
Noor Mohammed Vs khurram pasha (Supreme Court of India)*

---

## How to recover awarded interim compensation Under Section 143A (5) of NI Act

The interim compensation payable under this section may be recovered as if it were a fine under section 421 of the Code of Criminal Procedure, 1973 (2 of 1974).

---


---

## Complainant to repay If the accused is acquitted.

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 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



---

Thank You

---