

# Interim Compensation

Section 143A of the Negotiable Instruments Act allows courts to order interim compensation to complainants in cases of cheque dishonour. This provision was introduced to address the delays often faced in the resolution of such cases, primarily due to the tactics of unscrupulous drawers who extend proceedings through appeals and obtaining stays. The intention is to mitigate the injustice to payees who endure lengthy and costly court processes to recover cheque amounts.

## Discretionary Guidelines for Granting Interim Compensation

The Supreme Court has outlined several key parameters that courts must consider before directing an accused to pay interim compensation:

- Existence of a Prima Facie Case: Interim compensation should only be considered if the complainant has established a prima facie case.
- Plausibility of Defense: If the defence appears prima facie plausible, the court may choose not to grant interim compensation.
- Quantum of Compensation: Should the court decide to grant compensation, it must carefully determine the amount, considering factors like the nature of the transaction and any existing relationship between the parties.
- Additional Relevant Factors: The court must also consider other relevant

### Important Links for Judiciary Free Resources (Click on Each to Open Respective Pages)

<a href="#">Subject Wise Mains PYQ Solution</a>	<a href="#">Essay for Judiciary</a>
<a href="#">Subject Wise Notes</a>	<a href="#">Legal Doctrines</a>
<a href="#">Landmark Judgements</a>	<a href="#">GS Notes</a>
<a href="#">Weekly Current Affair</a>	<a href="#">Subject Wise Prelims PYQ Solution</a>
<a href="#">Free Answer Writing Course</a>	<a href="#">Judgement Writing</a>
<a href="#">Telegram Link</a>	<a href="#">Youtube Link</a>

- Prima Facie Case Assessment: The court must first assess the merits of the complainant's case against the merits of the accused's defence. This includes evaluating any financial distress claimed by the accused.

circumstances, which vary case by case and cannot be exhaustively predefined.

### Legal Implications and Fairness

The interpretation of "may" in Section 143A as "shall" could lead to harsh outcomes, where the accused must pay interim compensation in every complaint under Section 138, up to 20% of the cheque

amount. Such a mandatory interpretation would likely be unjust and could be deemed arbitrary, potentially violating Article 14 of the Constitution, which ensures equality before the law. Thus, it's crucial that the provision is applied judiciously to balance fairness and justice.



The screenshot displays the 'Free Resources for Judiciary' page from the website www.DeFactoJudiciary.in. The page features a light blue background with a grid of eight colored buttons, each representing a different resource: 'Mains(PYQ) Solution' (green), 'Concept Notes' (green), 'Legal Doctrines' (yellow), 'Prelims(MCQ) Solution' (yellow), 'Subject Wise Notes' (purple), 'Judgement Writing' (purple), 'Weekly Current Affair' (red), and 'Free Answer Writing Course' (red). A large, faint watermark of the 'De Facto IAS' logo is visible in the background of the page.

### Supreme Court's Caution Against Mechanical Orders

The Supreme Court emphasises that orders for interim compensation should not be mechanical. The presumption under Section 139, which can often favour the complainant, is not alone sufficient to warrant interim compensation, as it is a rebuttable presumption only applicable during the trial phase. The court must consider all aspects, including the nature of the transaction, relationships involved, and the accused's financial capacity, ensuring a balanced and just approach in each case.