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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

\# **CNR No. DLHC010751232023**

\+ CRL.M.C. 7279/2023 & CRL.M.A. 27165/2023

GURMEET SINGH @ HARPREET SINGH .....Petitioner

Through: Mr. Shailendra Babbar, Mr. Shourya Sharma, Mr. Anshul Vats, Ms. Aastha Gupta, Advocates.

versus

STATE OF NCT OF DELHI & ANR. .....Respondents

Through: Mr. Tarang Srivastav, APP for the State.
Mr. Anmol Panwar, Advocate for Bank.

CORAM:
HON'BLE MR. JUSTICE SANJEEV NARULA

O R D E R

% 22.09.2026

1. This petition under Section 482 of the Code of Criminal Procedure, 1973 [“CrPC”] assails the order dated 5th October, 2023, passed by the ASJ (FTC-02), South-East District, Saket. By the said order, the bail granted to the Petitioner (Gurmeet Singh @ Harpreet Singh) in FIR No. 63/2018, registered at P.S. Economic Offences Wing, Delhi under Sections 406/419/420/468/471/120-B of the Indian Penal Code, 1860 [“IPC”], was cancelled and he was directed to surrender.

2. The FIR arises from a cash-credit facility of INR 50 lakh sanctioned by Respondent No.2, Punjab National Bank [“the Bank”], on 25th February, 2016 to M/s Dashmesh Enterprises, stated in the Bank’s complaint to be a proprietorship concern of the Petitioner. The prosecution alleges that the

facility was procured on the strength of forged documents and a guarantee purportedly executed in the name of Kewal Krishan Abrol, who had died on 7th July, 2013. The allegations are serious; their truth, however, is a matter for trial.

3. The Petitioner was arrested on 27th August, 2022. His application for regular bail was allowed by the Sessions Court on 3rd November, 2022. The manner in which the application was disposed of is material. The order records, at the outset, a joint submission that the matter had been settled; INR 45 lakh had been paid to the Bank; and the Petitioner's proposal to repay the loan amount within six months had been accepted by the Bank. The Court thereafter noted that the Petitioner had been in judicial custody since 27th August, 2022 and had paid INR 45 lakh, which, in the Court's view, demonstrated his *bona fides* to repay the entire loan amount. Bail was accordingly granted "in view of the settlement arrived at between the parties", subject, *inter alia*, to the condition that the Petitioner "shall adhere to the terms of the settlement".

4. The settlement, however, did not progress beyond the initial payment. No further amount was paid thereafter, whereupon the Bank sought cancellation of bail. The Sessions Court allowed that application by the impugned order dated 5th October, 2023 and cancelled the Petitioner's bail. The Court proceeded on the basis that adherence to the terms of the settlement was a condition of bail and that the Petitioner had failed to comply with the same.

5. The Petitioner moved this Court on the very next day. On 6th October, 2023, this Court deferred his surrender, and that protection has continued throughout the pendency of this petition.

6. Counsel for the Petitioner submits that both the grant of bail and its subsequent cancellation on the basis of the settlement are contrary to settled law. He submits that the liberty of an accused cannot be made dependent upon performance of a monetary settlement with the complainant. Reliance is placed, principally, on ***Biman Chatterjee v. Sanchita Chatterjee & Anr***[1]**.**

7. The Bank, however, submits that no monetary condition was imposed upon the Petitioner against his will. It was the Petitioner who placed the settlement before the Court, paid INR 45 lakh, undertook to discharge the remaining liability, and obtained bail on that basis. The Bank contends that the Petitioner cannot retain the benefit of the bail order while failing to honour the undertaking on which the order was premised.

8. This brings the controversy into focus. The existence of the settlement and the part payment made pursuant thereto are not in dispute. Nor is the Court concerned here with adjudicating the Petitioner's financial liability to the Bank. The question is a narrower one: could an undertaking to repay take the place of the considerations that ordinarily govern bail, and could its breach, without anything more, justify taking that liberty away?

9. *Biman Chatterjee* answers that question. The Supreme Court observed that non-fulfilment of the terms of a compromise cannot be the basis for granting or cancelling bail. The grant of bail under the CrPC is governed by Chapter XXXIII, which does not contemplate either the grant of bail on the basis of an assurance of compromise or the cancellation of bail for violation of the terms of such compromise.

10. The Supreme Court has since elaborated upon this principle. In ***Dilip***

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[1] (2004) 3 SCC 388.

Singh v. State of MP & Anr.[2], the Court reiterated that criminal proceedings are not for realisation of disputed dues and that a criminal court exercising jurisdiction to grant bail is not expected to act as a recovery agent to realise the dues of the complainant. ***Bimla Tiwari v. State of Bihar & Ors.***[3], similarly stated that the process of criminal law cannot be utilised for arm-twisting and money recovery. The question of grant or refusal of bail must be examined with reference to the material on record and the parameters governing bail considerations. It further observed that bail may be declined even where the accused has made or offered to make payment; conversely, bail may be granted irrespective of any such payment or offer. In ***Ramesh Kumar v. State NCT of Delhi***[4], the Supreme Court held that bail conditions must not be onerous, unreasonable or excessive and must facilitate the appearance of the accused, unhindered completion of the investigation and trial, and the safety of the community. A condition requiring payment of money allegedly cheated, however, tends to create the impression that bail could be secured by depositing such money.

11. The fact that the offer to make payment emanates from the accused does not alter the position. The Supreme Court in *Ramesh Kumar* was conscious that the accused had himself led the Court into passing the order by volunteering payment. The course adopted was, nevertheless, to remit the bail application for a decision afresh on its own merits, while protecting his liberty in the interregnum.

12. More recently, in ***Kundan Singh v. Superintendent of CGST &***

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[2] (2021) 2 SCC 779.
[3] (2023) 11 SCC 607.
[4] (2023) 7 SCC 461.

Central Excise[5], the Supreme Court noticed a practice that was becoming commonplace, whereby, while seeking bail, an accused voluntarily offers to deposit a substantial amount to secure his liberty, thereby foreclosing consideration of the bail application on merits. The Court strongly deprecated such a practice. It held that both the original bail order and the subsequent order modifying the condition were required to be set aside and the matter remitted for fresh consideration on merits. The Court further observed that although the ordinary consequence of the order would have been to require the accused to surrender, the Court granted limited interim protection from surrender until the first date of listing before the High Court after remand.

13. The position was placed beyond ambiguity in ***Gajanan Dattatray Gore v. State of Maharashtra & Anr.***[6], where the Supreme Court directed that no Trial Court or High Court shall grant regular or anticipatory bail on an undertaking furnished by an accused for securing such relief; the plea for bail must be strictly decided on merits.

14. In ***Rakesh Jain v. State***[7], the Supreme Court considered a case where interim bail had been granted after part of the subsidy amount had been deposited and a statement had been made on behalf of the appellant that the remaining amount would also be deposited. The High Court subsequently declined to extend the interim bail on account of the appellant's failure to comply with the undertaking. The Supreme Court held that inability to comply with the undertaking was not a ground to defer consideration of the bail prayer on merits. It directed the High Court to decide the regular bail

[5] 2025 SCC OnLine SC 2568.
[6] 2025 SCC OnLine SC 1571.

application on its own merits.

15. Tested against the above principles, the order dated 3rd November, 2022 cannot be sustained. The infirmity does not lie in the brevity of the reasons; an order on bail need not be elaborate. The difficulty is more fundamental. The application was not examined on the considerations that ordinarily inform the exercise of jurisdiction under Section 439 of the CrPC. There is no assessment of the material attributed to the Petitioner, the necessity of his continued custody, the possibility of his absconding, the risk of his influencing witnesses or tampering with evidence, his antecedents, or any other circumstance germane to the grant of bail. Instead, the settlement and the payment made pursuant to it became the effective basis of the order. In substance, therefore, the financial arrangement displaced the judicial assessment which the application required.

16. The Court is equally unable to sustain the order dated 5th October, 2023. It proceeds from the other end of the same premise. Since payment under the settlement had been made a condition of bail, non-payment was treated as sufficient to cancel that bail. There is no finding in the impugned order that, after his release, the Petitioner absconded, attempted to evade the proceedings, intimidated any witness, tampered with evidence, obstructed the trial or otherwise abused the liberty granted to him. Cancellation followed because the settlement was not performed.

17. A financial undertaking may undoubtedly carry consequences between the parties and, in an appropriate case, may also be relevant to the conduct of a litigant who has invoked the Court's jurisdiction. What it cannot do, without more, is turn custody into a means of enforcing a

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[7] 2026 SCC OnLine SC 978.

monetary bargain. The two questions are legally distinct: whether a settlement is enforceable between the parties is one matter; whether an undertrial may be deprived of liberty is quite another.

18. The Bank has stressed that public money is involved. *Ramesh Kumar* does recognise that, in an exceptional case involving alleged misappropriation of public money, a voluntary offer to bring such money back into the system may be taken note of before the bail application is finally considered. That qualification does not, however, dispense with consideration of bail on its merits. It certainly does not make future repayment of a disputed balance a continuing price for liberty.

19. There is another aspect. In the very same FIR, co-accused Navpreet Singh was granted regular bail by this Court on 01st September, 2023 in BAIL APPLN. 1075/2023. While his alleged role is not identical to that of the present Petitioner and no conclusion on parity is called for here, this Court, while granting him bail, noted that the evidence against him was documentary in nature, the relevant documents had been recovered and were in the possession of the investigating agency, the investigation was complete, and the charge-sheet had been filed. The trial was still at the stage of consideration on charge and was likely to take a long time to conclude. About four years have now elapsed since the order dated 03rd November, 2022. The Petitioner's entitlement to bail must therefore be examined against the present stage of the proceedings, and not by recreating the circumstances as they stood in 2022.

20. The Court is also conscious of the Bank's submission that the Petitioner cannot approbate and reprobate: having obtained liberty on an undertaking, he cannot simply discard the undertaking while preserving the

benefit. There is force in that submission to this limited extent. The proper answer, however, is not to enforce the undertaking by incarceration. Nor would it be correct merely to delete Condition No. 2 from the order dated 3rd November, 2022 and allow the remainder to survive, for the settlement was not incidental to that order; it was its principal foundation. The course adopted in *Ramesh Kumar* and *Kundan Singh* supplies the appropriate solution – the bail application must be remitted for consideration on the merits which it did not receive in the first instance.

21. The Court is, therefore, of the view that the defect runs through both orders. The order dated 3rd November, 2022 made the financial settlement the substantial basis for enlargement on bail; the order dated 5th October, 2023 made its non-performance the basis for cancellation of bail. Neither can be allowed to stand.

22. This brings the Court to the sum of INR 45 lakh paid by the Petitioner to the Bank contemporaneously with the settlement which formed the foundation of the bail order. On a query from the Court, counsel for the Bank states that he has no instructions with regard to its return.

23. On this issue, it can be observed that if the bail adjudication is to be disentangled from the monetary arrangement, it cannot be done only on one side. It would be incongruous to set aside the order founded upon that arrangement, require the Petitioner to have his liberty adjudicated afresh on merits, and yet leave with the complainant the payment made specifically in furtherance of the arrangement which was placed before the Court as the basis for release. In ***Birender Kumar Das v. State NCT of Delhi & Anr.***[8], where both the order granting bail and the subsequent order cancelling bail

were set aside, the matter was remitted for fresh consideration of bail on merits, and the complainant was directed to refund the amount received. In that case, however, the complainant's counsel had undertaken to refund the amount, which is not so in the present case. The Supreme Court has likewise recognised, in ***Yashik Jindal v. Union of India***[9], that where a condition requiring deposit of an amount for grant of bail is set aside, it is open to them to seek withdrawal or refund of such deposited amount, while continuing to comply with the other conditions imposed upon them.

24. Accordingly, the following directions are issued:

a. The order dated 05th October, 2023, cancelling the Petitioner's bail, is set aside.

b. The order dated 03rd November, 2022 passed in Bail Application No. 3217/2022 is also set aside. The said bail application shall stand restored to the file of the Sessions Court having jurisdiction for consideration afresh.

c. The bail application shall be decided afresh and independently on its merits, in accordance with the settled principles governing grant of regular bail. The settlement, the payment of INR 45 lakh pursuant thereto, and the alleged breach of its terms shall not, by themselves, constitute a ground either for grant or refusal of bail, nor shall the Petitioner's liberty be made conditional upon fulfilment of any monetary obligation arising from the settlement.

d. In undertaking the fresh consideration, the Sessions Court shall have regard, *inter alia*, to the nature and gravity of the accusations; the material attributed specifically to the Petitioner; the present stage of the proceedings;

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[8] Bail Appln. 2509/2023, decided on 06th February, 2024 (Delhi High Court).
[9] 2023 SCC OnLine SC 417.

the status of the investigation; the necessity, if any, of custodial detention at this stage; the period for which the Petitioner has remained at liberty pursuant to orders of Court; his conduct during that period, including whether there has been any specific instance of misuse of liberty; and such other considerations as are germane to an application for regular bail. Nothing stated in the present order shall be understood as expressing any view on the ultimate entitlement of the Petitioner to bail.

e. Having regard to the length of time which has elapsed and the protection enjoyed by the Petitioner during the pendency of the present petition, the restored bail application shall be taken up expeditiously and decided, preferably, within four weeks from the date on which a copy of this order is placed before the concerned Sessions Court.

f. Until the restored bail application is decided, the interim protection presently operating in favour of the Petitioner shall continue. During this period, he shall continue to participate in the proceedings before the Trial Court and appear as and when required; shall not leave India without prior permission of the Trial Court; and shall not directly or indirectly influence any witness or tamper with the evidence.

g. The Court has consciously refrained from issuing any direction regarding the refund of the sum of INR 45,00,000/- already paid by the Petitioner to the Bank pursuant to the settlement. It shall, however, be open to the Petitioner to seek a direction for its refund, if so advised, at the time of adjudication of the bail application, which request shall be considered by the Sessions Court in accordance with law.

25. The petition is allowed in the above terms. Pending applications, if any, also stand disposed of.

26. A copy of this order be forwarded forthwith to the concerned Sessions Court, for necessary information and compliance.

SANJEEV NARULA, J

SEPTEMBER 22, 2026/ab