



ಕರ್ನಾಟಕ ರಾಜ್ಯ ಕಾನೂನು ಸೇವೆಗಳ ಪ್ರಾಧಿಕಾರ

'ನ್ಯಾಯ ದೇಗುಲ', ಮೊದಲನೇ ಮಹಡಿ, ಹೆಚ್. ಸಿದ್ದಯ್ಯ ರಸ್ತೆ, ಬೆಂಗಳೂರು-560 027

KARNATAKA STATE LEGAL SERVICES AUTHORITY

'Nyaya Degula', 1st Floor, H. Siddaiah Road, Bengaluru-560 027.

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ಸಂಖ್ಯೆ : ಕರಾಕಾಸೇಪ್ರಾ :

No. KSLSA : **04/SPL-LA/2026**

23.04.2026

To,

The Chairpersons & Member Secretaries of
all DLSAs in the State and the Secretaries of
High Court Legal Services Committees,
Pri.Bench Bengaluru, Dharwad and Kalaburagi Benches.

Respected Sir/Madam,

Sub:To organise Special Lok Adalat on **18.07.2026** and
21.11.2026 pertaining to cases under Section 138 of the
Negotiable Instruments Act, 1881 pending before the courts-reg

Ref: Submission note dated: 09.04.2026

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With reference to the above subject, I would like to state that, Karnataka State Legal Services Authority has received an email dated:06.04.2026, from NALSA regarding to organise the Special Lok Adalats for disposal of cases under the Negotiable Instruments Act, 1881.

In the said letter, it is stated that a significant proportion of pendency before various courts across the country pertains to cases under Section 138 of the Negotiable Instruments Act, 1881, primarily relating to cheque dishonour. These matters, being financial in nature and compoundable, are particularly amenable to settlement through alternative dispute resolution mechanisms such as Lok Adalats.

In view of the continued high pendency of such cases and their suitability for amicable settlement, it has been decided to organise Special Lok Adalats dedicated exclusively to NI Act matters across all States and Union Territories, with a view to reducing pendency and facilitating expeditious and meaningful resolution of disputes.

Accordingly, NALSA has directed the Member Secretaries of all the State Legal Services Authorities to take necessary steps for organization of Special Lok

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NALSA Helpline No. 15100

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Adalat for NI Act matters on the **3rd Saturday of July and November, 2026 i.e., 18.07.2026 and 21.11.2026**, covering both pending cases as well as pre-litigation matters. For this purpose, advance identification and listing of eligible cases may be undertaken, notices may be issued to the parties well in time, and the presence of bank officials may be ensured to facilitate effective settlement. An adequate number of benches may be constituted, active assistance of trained mediators may be ensured to facilitate meaningful and expeditious settlements and concerted efforts may be made to maximize disposal of cases during the Special Lok Adalat.

Further, it is also requested to submit the consolidated report to NALSA after each Special Lok Adalat in the prescribed format, mentioning the number of benches constituted, cases taken up, settled, and the total settlement amount.

In this regard, as per the directions of Hon'ble Executive Chairperson, KSLSA, I request your goodself to direct the concerned to take immediate steps for organising Special Lok Adalat on the fixed dates **i.e., 18.07.2026 and 21.11.2026** and to hold meetings with concerned stakeholders.

As per the information received from Review and Statistics, High Court of Karnataka, there are total **1,909 NI Act cases and 4,43,629 NI Cases** are pending before the High Court of Karnataka and District Judiciary respectively across the State.

Hence, I am directed to request you to take up necessary preliminary work in settlement of NI Act cases as shown under:

1. **Identifying N.I. Act Cases (Judge incharge shall group the cases based on Companies/Firm):-**

(i) In NI Act Cases, the group leaders or concerned Judge shall hold meeting with the officers of Company or Finance and try to identify more number of cases, which could be compounded. The Judicial Officer shall prepare a list of N.I. Act cases based on cheque amount, preferably of lesser amount of Rs.25,000/-, Rs.50,000/-, Rs.1,00,000/- and Rs.2,00,000/- as there are more chances of settlement of such cases.

(ii) The directions given by Hon'ble Supreme Court in **Indian Bank Association Cases [(2014) 5 SCC 590]** must strictly be followed - Convince the parties that as directed by Hon'ble Supreme Court, in N.I. Act cases, the

evidence of the complainant must conclude within 3 months of assigning the case.

(iii) Further, as per Sec. 143-A of amended N.I. Act, the Trial Court may direct the accused to pay 20% of the cheque amount to the complainant as Interim Compensation. Then as per Sec.148 of amended N.I.Act, on conviction if the accused prefers appeal, he may be required to deposit 20% of the compensation/fine amount before the Appellate Court.

(iv) In **Damodar S. Prabhu Vs Sayed Babalal H [(2010) 5 SCC 663]**, Hon'ble Supreme Court laid down certain guidelines to encourage the litigants in cheque dishonour cases, to opt for compounding during early stages of litigation and laid down graded scheme of imposing costs on parties who unduly delay in compounding of offence.

(v) The Hon'ble High Court of Karnataka, in **W.P.No.23519/2018 (GM-RES)**, it is stated that -

“31.1. Depending on the terms of a compromise arrived at before the Lok-Adalat it can be enforced as a Civil decree or in terms of the applicable provisions of Cr.P.C., including that under Section 431 of Cr.P.C. if so provided in the compromise.

31.2. In the event of a default of the compromise arrived at before the Lok-Adalat this Court or the Trail Court can on an application made by the Complainant set-aside the compromise arrived at before the Lok-Adalat, restore the complaint on its file and proceed with the complaint or enforce the compromise as per the terms of the compromise including by issuance of an FLW under Section 431 of the Cr.P.C.”

(vi) The Judgment of the Hon'ble High Court of Karnataka, in Criminal Revision Petition No.909/2017, dated 04.02.2021 (**Sri M Vijay Nayak Vs. M/S Sri Sai Book Manufacturers**) - It is held that even a matter referred by Criminal Court to the Lok Adalat is covered under Section 21 of Legal Services Authorities Act and award passed on such reference also can be executed as provided under order XXI CPC. In a cases under Section 138 of NI Act, for recovery of fine the Criminal Court may invoke Section 421 of Cr.P.C.

(vii) To follow the guidelines issued by Supreme Court in Criminal Appeal No. 1755 of 2010 dated 25.09.2025 (**Sanjabija Tari Vs Kishore S. Borcar & Anr.**)

Hence, I am under direction to request you to submit a consolidated report to the State Legal Services Authority after each Special Lok Adalat in the attached format (Annexure A), specifying the number of benches constituted, cases taken up, cases settled, and the total settlement amount, so as to enable the same before Hon'ble Executive Chairperson, KSLSA and NALSA.

Thanking you,

Yours faithfully,


(H. Shashidhara Shetty)
Member Secretary

Copy to:

1. Registrar General, High Court of Karnataka, Bengaluru.
2. Registrar, Review and Statistics, High Court of Karnataka, Bengaluru.
3. Additional Registrar General, High Court of Karnataka, Dharwad and Kalaburagi - for kind information and necessary action.



राष्ट्रीय विधिक सेवा प्राधिकरण
NATIONAL LEGAL SERVICES AUTHORITY
(Constituted under the Legal Services Authorities Act, 1987)

संजीव पाण्डेय
SANJIV PANDEY
(District & Sessions Judge)
सदस्य सचिव
MEMBER SECRETARY
(In-Charge)

B-Block, Ground Floor,
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Supreme Court of India, New Delhi-110001

Ground Floor, Double Storey,
Jaisalmer House, 26, Mansingh Road,
New Delhi-110011

F. No. L/34/2018-NALSA/141/J
Dated:06.04.2026

To

The Member Secretaries
All State Legal Services Authorities

Subject: Organisation of Special Lok Adalats for Disposal of Cases under the Negotiable Instruments Act, 1881

Sir/Madam,

It is to bring to your kind attention that a significant proportion of pendency before various courts across the country pertains to cases under Section 138 of the Negotiable Instruments Act, 1881, primarily relating to cheque dishonour. These matters, being financial in nature and compoundable, are particularly amenable to settlement through alternative dispute resolution mechanisms such as Lok Adalats.

In view of the continued high pendency of such cases and their suitability for amicable settlement, it has been decided to organise Special Lok Adalats dedicated exclusively to NI Act matters across all States and Union Territories, with a view to reducing pendency and facilitating expeditious and meaningful resolution of disputes.

In view thereof, the Hon'ble Executive Chairman, NALSA has been pleased to approve the organisation of Special Lok Adalats for NI Act matters on the 3rd Saturday of July and November, i.e., 18.07.2026 and 21.11.2026. Your goodself is, therefore, requested to take necessary steps for organisation of the same, covering both pending cases as well as pre-litigation matters. For this purpose, advance identification and listing of eligible cases may be undertaken, notices may be issued to the parties well in time, and the presence of bank officials may be ensured to facilitate effective settlement. An adequate number of benches may be constituted, active assistance of trained mediators may be ensured to facilitate meaningful and expeditious settlements, and concerted efforts may be made to maximise disposal of cases during the Special Lok Adalats.

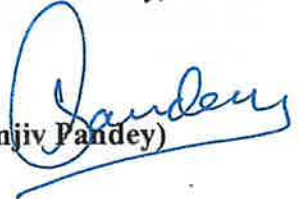
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You are also requested to submit a consolidated report to NALSA after each Special Lok Adalat in the attached format (**Annexure A**), mentioning the number of benches constituted, cases taken up, settled, and the total settlement amount, so as to enable assessment of the impact of the initiative.

With regards,

Yours sincerely,


(Sanjiv Pandey)

