

Mere Existence Of Arbitration Clause In Contract Between Parties Not Sufficient Ground To Quash Criminal Case: Supreme Court

The Court said that it was incumbent on the High Court to consider the allegations in the FIR and materials collected during the investigation before quashing criminal proceedings

By Namrata Banerjee | 18 July 2025 7:30 PM



IN THE SUPREME COURT OF INDIA
CRIMINAL APPELLATE JURISDICTION

CRIMINAL APPEAL NO. _____ OF 2025
@ SPECIAL LEAVE PETITION (CRIMINAL) NO.7341 OF 2025

DIGAMBAR PATHAK

APPELLANT

VERSUS

THE STATE OF UTTAR PRADESH & ORS.

RESPONDENTS

O R D E R

1. Leave granted.
2. Heard learned counsel for the parties.
3. This appeal impugns an order of the High Court of Judicature at Allahabad¹ dated 16.04.2025 passed in Application under Section 482 No.22327 of 2024 by which the chargesheet and all proceedings in pursuance thereof arising out of Case Crime No.312 of 2023, P.S. Izzatnagar, District Bareilly have been quashed.
4. The contention of learned counsel for the appellant is that the order impugned is a non-speaking order inasmuch as it does not advert to the allegations made in the First Information Report² and the materials collected during the course of investigation to assess

1 1 The High Court

2 2 FIR

whether a *prima facie* case is made out to proceed against the accused.

5. Having regard to the aforesaid submissions, on 16.05.2025, this Court had passed the following order:

"1. Issue notice, returnable in four weeks.

2. The contention of the learned counsel for the petitioners is that the order impugned, quashing the First Information Report ("F.I.R.") as also the chargesheet and the proceedings in pursuance thereof, does not advert to the allegations made in F.I.R. as also the materials collected during the course of investigation. It has been submitted that the order impugned is a non-speaking order.

3. The matter requires consideration.

4. Issue notice. Notice on behalf of respondent No.2 has been accepted by Mr. Pankaj Bhagat, Advocate. He prays for and is allowed four weeks time to file a counter affidavit.

5. List on 15th July, 2025."

6. Pursuant to the above order, the respondent has put an appearance.

7. Learned counsel for the respondent submits that if this Court is of the view that the order impugned is a non-speaking order, it may remit the matter back to the High Court for adjudication afresh.

8. Having perused the order impugned and considered the submissions made, we are of the view that the order passed by the High Court cannot be sustained for the simple reason that it does not advert to the allegations made in the FIR and the materials collected

by the investigating agency during investigation. Admittedly, after investigation, a chargesheet was laid and cognizance was taken by the Court. In such circumstances, before taking a decision to quash the proceedings arising from FIR, it was incumbent upon the High Court, exercising powers under Section 482 of the Code of Criminal Procedure, 1973, to advert to the allegations and the materials collected during the course of investigation so as to find out whether a *prima facie* case is made out or not to proceed against the accused. The High Court quashed the proceedings on the singular ground that there is an arbitration agreement between the parties where they can resolve their differences amicably. It is well-settled that mere existence of an arbitration clause in the contract between the parties is not a sufficient ground for quashing the criminal proceedings if the necessary ingredients of a criminal offence are made out from the allegations and the materials collected during the course of investigation or inquiry³. In such circumstances, we are of the view that the order of the High Court cannot be sustained. However, since we find that the High Court has not considered the allegations in the FIR and the materials collected during the course of investigation, the matter would have to be

3 3 Trisuns Chemical Industry v. Rajesh Agarwal & Others, (1999) 8 SCC 686; S.W. Palanitkar & Others v. State of Bihar and another, (2002) 1 SCC 241

remitted back to the High Court for fresh consideration.

9. In view of the above, the appeal is allowed. The order impugned is set aside. Application under Section 482 No.22327 of 2024 is restored on the file of the High Court and shall be decided afresh in accordance with law.

10. Pending application(s), if any, shall stand disposed of.

.....J.
(MANOJ MISRA)

.....J.
(UJJAL BHUYAN)

NEW DELHI;
JULY 15, 2025.

S U P R E M E C O U R T O F I N D I A
RECORD OF PROCEEDINGS

Petition(s) for Special Leave to Appeal (Crl.) No.7341/2025

[Arising out of impugned final judgment and order dated 16-04-2025 in A482 No. 23327/2024 passed by the High Court of Judicature at Allahabad]

DIGAMBAR PATHAK

Petitioner(s)

VERSUS

THE STATE OF UTTAR PRADESH & ORS.

Respondent(s)

FOR ADMISSION

IA No. 122949/2025 - EXEMPTION FROM FILING O.T.

Date : 15-07-2025 This matter was called on for hearing today.

CORAM : HON'BLE MR. JUSTICE MANOJ MISRA
HON'BLE MR. JUSTICE UJJAL BHUYAN

For Petitioner(s) : Mr. Ravindra Singh, Sr. Adv.
Mr. Vibhav Srivastava, Adv.
Mr. Raman Yadav, Adv.
Mr. Ujjwal Sinha, Adv.
Ms. Aashi Arora, Adv.
Mr. Priyam Kaushik, Adv.
Mr. Aniket Vijay Seth, AOR

For Respondent(s) : Mr. Rahul Singh Chauhan, Adv.
Ms. Sakshi Kakkar, AOR
Mr. Mrigank Mishra, Adv.

UPON hearing the counsel the Court made the following
O R D E R

1. Leave granted.
2. The appeal is allowed in terms of the signed order placed on the file.
3. Pending application(s), if any, shall stand disposed of.

(NEHA GUPTA)
SENIOR PERSONAL ASSISTANT

(SAPNA BANSAL)
COURT MASTER (NSH)