



IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

Date of Pronouncement: 27.05.2024

(1) CWP-34297-2019 (O & M)

AGR STEEL STRIPS PVT. LTD. AND OTHERS

....Petitioners

Versus

RESERVE BANK OF INDIA AND OTHERS

....Respondents

Present: Mr. Anand Chhibbar, Senior Advocate with
Mr. Shikhar Sarin, Advocate,
Mr. Nitin Kaushal, Advocate,
Mr. Tanuj Sud, Advocate,
Mr. Ajay Kumar, Advocate,
Ms. Stuti Vatsa, Advocate
Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Umang K. Khosla, Advocate,
for respondents No.2 and 3.

(2) CWP-36494-2019(O&M)

M/S K.K. CONTINENTAL TRADE LIMITED AND OTHERS

....Petitioners

Versus

UNION OF INDIA AND OTHERS

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,



Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Lovish, Advocate, for
Mr. R.S. Bhatia, Advocate,
for respondent Bank.

(3) CWP-36517-2019 (O & M)

M/S JINDAL OIL AND FATS LIMITED AND OTHERS

....Petitioners

Versus

UNION OF INDIA AND OTHERS

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent -RBI.

Mr. Lovish, Advocate, for
Mr. R.S. Bhatia, Advocate,
for respondent Bank.

(4) CWP-15626-2020(O&M)

**PDM RELIGIOUS AND EDUCATIONAL ASSOCIATION AND
OTHERS**

....Petitioners

Versus

RESERVE BANK OF INDIA AND OTHERS

....Respondents



Present: Mr. V.K. Sachdeva, Advocate and
Mr. Pulkit Sachdeva, Advocate
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Arvind Seth, Sr. Panel Counsel,
for respondent – UOI.

Er. Sandeep Suri, Advocate,
for respondent – ICICI Bank.

Mr. Kamal Satija, Advocate,
for respondent No.4 – UOI.

(5) CWP-12597-2021(O&M)

M/S NIRBHAI TEXTILES PRIVATE LIMITED AND ORS

....Petitioners

Versus

INDIAN OVERSEAS BANK AND ANR

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. C.S. Pasricha, Advocate,
Mr. Ashish Kumar Sharma, Advocate and
Mr. Sushil K. Bhardwaj, Advocate,
for the respondent-Bank.



(6) CWP-15855-2021(O&M)

M/S NIRBHAI TEXTILES PRIVATE LIMITED AND OTHERS
....Petitioners
Versus

UCO BANK AND OTHERS
....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. K.P.S. Dhillon, Advocate,
for respondent- Bank.

(7) CWP-1999-2022 (O&M)

KRISHAN KUMAR
....Petitioner
Versus

RESERVE BANK OF INDIA AND ANOTHER
....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.



(8) CWP-23524-2022(O&M)

M/S G.H CROP SCIENCE PVT. LTD. AND ORS.

....Petitioners

Versus

RBI AND ANR.

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. D.K. Gupta, Advocate and
Ms. Garima Gupta, Advocate,
for respondent-PNB.

(9) CWP-23532-2022(O&M)

M/S. A.B. INFRA INVESTMENTS PVT. LTD. AND ORS.

....Petitioners

Versus

RESERVE BANK OF INDIA AND ANOTHER

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. D.K. Gupta, Advocate and
Ms. Garima Gupta, Advocate,
for respondent-PNB.



(10) CWP-23550-2022(O&M)

M/S FARMING RESOURCES LLP AND ORS.

....Petitioners

Versus

RESERVE BANK OF INDIA AND ANR.

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. D.K. Gupta, Advocate and
Ms. Garima Gupta, Advocate,
for respondent-PNB.

(11) CWP-23578-2022(O&M)

M/S AB WORLD TRADE PVT. LTD. AND ORS.

....Petitioners

Versus

RBI AND ANR.

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. D.K. Gupta, Advocate and
Ms. Garima Gupta, Advocate,
for respondent-PNB.



(12) CWP-37385-2019(O&M)

HAKAM CHAND JOSAN AND ORS Petitioners

Versus

RESERVE BANK OF INDIA AND ORS Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent – CBI.

Mrs. Madhu Dayal, Advocate,
for respondent -SBI.

(13) CWP-14236-2020(O&M)

ISHWAR CHAND GOEL AND ORS Petitioners

Versus

RESERVE BANK OF INDIA AND ORS Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Akshay Jain, Advocate,
for respondent – SBI.



(14) CWP-5238-2021(O&M)

SUKHINDER SINGH AND ORS Petitioners

Versus

UNION OF INDIA AND ORS Respondents

Present: Mr. Anand Chhibbar, Senior Advocate with
Mr. Shikhar Sarin, Advocate,
Mr. Nitin Kaushal, Advocate,
Mr. Tanuj Sud, Advocate,
Mr. Ajay Kumar, Advocate, and
Ms. Stuti Vatsa, Advocate
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent -RBI.

(15) CWP-6507-2021(O&M)

M/S BHARAT PAPERS LTD AND ORS Petitioners

Versus

RESERVE BANK OF INDIA AND ORS Respondents

Present: Mr. V.K. Sachdeva, Advocate and
Mr. Pulkit Sachdeva, Advocate
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Mayank Mathur, Advocate
for respondent- J & K Bank.

Mr. Deepak Sabherwal, Advocate,
for respondent – CBI.

Ms. Manjari Joshi, Advocate,
for respondent No.3.

Mr. D.K. Gupta, Advocate and
Ms. Garima Gupta, Advocate, for respondent-PNB.



(16) CWP-6509-2021(O&M)
GAUTAM GUPTA AND ANOTHER Petitioners
Versus
RESERVE BANK OF INDIA AND OTHERS Respondents

Present: Mr. Namit Gautam, Advocate,
for petitioner No.1.

Mr. Sandeep Wadhawan, Advocate and
Mr. Suvir Tandon, Advocate,
for the petitioner No.2.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent -CBI.

Mr. Rakesh Gupta, Advocate,
Mr. Rakshit Gupta, Advocate, and
Ms. Manvi Arora, Advocate,
for respondent – Bank.

Mr. Akshay Jain, Advocate,
for respondent – SBI.

(17) CWP-19290-2021(O&M)
GAUTAM GUPTA AND ANOTHER Petitioners
Versus
RESERVE BANK OF INDIA AND OTHERS Respondents

Present: Mr. Namit Gautam, Advocate,
for petitioner No.1.



Mr. Sandeep Wadhawan, Advocate and
Mr. Suvir Tandon, Advocate,
for the petitioner No.2.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

(18) CWP-20442-2021(O&M)

M/S AMYRA FOODS PRIVATE LIMITED AND ANOTHER

....Petitioners

Versus

PUNJAB NATIONAL BANK AND OTHERS

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent -RBI.

Mr. C.S. Pasricha, Advocate,
Mr. Ashish Kumar Sharma, Advocate and
Mr. Sushil K. Bhardwaj, Advocate,
for the respondent-Bank.

(19) CWP-1372-2022(O&M)

RAMAN KUMAR AGGARWAL AND OTHERS

....Petitioners

Versus

RESERVE BANK OF INDIA AND OTHERS

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and



Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Akashdeep Singh, Special Public Prosecutor
for respondent – CBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.

(20) CWP-3210-2022(O&M)

PRANAV GUPTA AND ANR Petitioners

Versus

RESERVE BANK OF INDIA AND ORS Respondents

Present: Mr. Puneet Bali, Senior Advocate, with
Mr. Surjeet Bhadu, Advocate,
Mr. Anmol Chauhan, Advocate,
Mr. Agam Bansal, Advocate,
Mr. Veer Singh, Advocate,
Ms. Sanya Thakur, and
Mr. Gagandeep Singh, Advocate
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Shailender Kashyap, Advocate, and
Mr. Parshant Sethi, Advocate,
for respondent No.2.

Dr. Deepak Jindal, Advocate,
for respondents No.3 to 7.

Mr. Vishwas Kumar, Advocate,
for respondent No.8.(through VC)

Mr. Gaurav Goel, Advocate,
for respondent - Bank.



(21) CWP-7480-2022(O&M)

KARNAL AGRICULTURAL INDUSTRIES PVT LTD. Petitioner

Versus

RESERVE BANK OF INDIA AND ORS

....Respondents

Present: Ms. Sidhi Bansal, Advocate and
Ms. Ridhi Bansal, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Atul Bhatia, Advocate,
for respondents No.2, 3 and 4.

(22) CWP-9819-2022 (O & M)

ASHOK KUMAR MIGLANI AND ORS Petitioners

Versus

RESERVE BANK OF INDIA AND ORS

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent-RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent – CBI.

Mr. Shailender Kashyap, Advocate, and
Mr. Parshant Sethi, Advocate,
for respondents No.2 & 3.



(23) CWP-14528-2022 (O & M)

DR. NARESH MALHOTRA AND ORS Petitioners

Versus

RESERVE BANK OF INDIA AND ORS Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent – CBI.

Mr. Abhay Karan Khanna, Advocate, and
Mr. N.C. Sahni, Advocate,
for respondent – PNB.

(24) CWP-17109-2022 (O & M)

M/S H.K. NARANG HOSIERY PVT. LTD. AND ORS Petitioners

Versus

RESERVE BANK OF INDIA AND ORS Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent -CBI.



(25)CWP-17496-2022 (O & M)

SANJEEV KUMAR....Petitioner

Versus

RESERVE BANK OF INDIA AND ANOTHER....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Rakesh Gupta, Advocate,
Mr. Rakshit Gupta, Advocate, and
Ms. Manvi Arora, Advocate,
for respondent – Bank.

(26)CWP-19179-2022 (O & M)

HARINDER SINGH....Petitioner

Versus

RESERVE BANK OF INDIA AND OTHERS....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Gaurav Goel, Advocate,
for respondent – Bank.



Mr. Deepak Sabherwal, Advocate,
for respondent – CBI.

(27) CWP-22753-2022 (O & M)

M/S. KISSAN FATS LTD. AND ORS.

....Petitioners

Versus

RESERVE BANK OF INDIA AND ANR

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.

(28) CWP-23794-2022(O&M)

VIMAL KUMAR AND ORS.

....Petitioners

Versus

RESERVE BANK OF INDIA AND ORS

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.



Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Deepak Sabherwal, Advocate
for respondent- CBI.

Mr. C.S. Pasricha, Advocate,
Mr. Ashish Kumar Sharma, Advocate and
Mr. Sushil K. Bhardwaj, Advocate,
for the respondent-Bank.

(29) CWP-25600-2022(O&M)

BHAGWAN DASS GARG AND OTHERS

....Petitioners

Versus

RESERVE BANK OF INDIA AND ORS

....Respondents

Present: Ms. Isha Goyal , Advocate
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Harsh Garg, Advocate,
for respondent -BOI.

(30) CWP-26644-2022(O&M)

KALARITHARA MICHAEL SEBASTINE AND ORS.

....Petitioners

Versus

RESERVE BANK OF INDIA AND ORS.

....Respondents

Present: Ms. Sidhi Bansal, Advocate and
Ms. Ridhi Bansal, Advocate,
for the petitioners.



Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent – CBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.

(31) CWP-27265-2022(O&M)

RITU SOIN Petitioner
Versus

RESERVE BANK OF INDIA AND ORS
....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Rakesh Gupta, Advocate,
Mr. Rakshit Gupta, Advocate, and
Ms. Manvi Arora, Advocate,
for respondent – SBI.

Mr. Deepak Sabherwal, Advocate,
for respondent – CBI.

(32) CWP-27390-2022(O&M)

NAVNEET GUPTA AND ORS.
....Petitioners
Versus

RESERVE BANK OF INDIA AND ORS.
....Respondents



Present: Mr. Randeep S. Rai, Senior Advocate and
Mr. Anand Chhibbar, Senior Advocate with
Mr. Shikhar Sarin, Advocate,
Ms. Rubina Virmani, Advocate,
Mr. Shikhar Sarin, Advocate,
Mr. Nitin Kaushal, Advocate,
Mr. Tanuj Sud, Advocate,
Mr. Ajay Kumar, Advocate, and
Ms. Stuti Vatsa, Advocate
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Harsh Garg, Advocate,
for respondent – PNB.

Mr. Rakesh Gupta, Advocate,
Mr. Rakshit Gupta, Advocate, and
Ms. Manvi Arora, Advocate,
for respondent- SBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.

(33) CWP-28829-2022(O&M)

ABHISHEK SOIN AND ANR

....Petitioners

Versus

RESERVE BANK OF INDIA AND ORS

....Respondents

Present: Mr. Alok Jagga, Advocate,
Mr. Harkirat Singh, Advocate,
Mr. Vibhu Aggarwal, Advocate, and
Mr. Karan Inder Singh, Advocate,
for the petitioners.



Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent -CBI.

Mr. Rakesh Gupta, Advocate,
Mr. Rakshit Gupta, Advocate, and
Ms. Manvi Arora, Advocate,
for respondent – Bank.

(34) CWP-29493-2022(O&M)

AJAY DHINGRA Petitioner

Versus

RESERVE BANK OF INDIA AND ORS
....Respondents

Present: Mr. V.K. Sachdeva, Advocate and
Mr. Pulkit Sachdeva, Advocate
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent-CBI.

Mr. Atul Bhatia, Advocate,
for respondent No.3.

(35) CWP-29656-2022(O&M)

RAJA SINGH KAPOOR Petitioner

Versus

RESERVE BANK OF INDIA AND ORS
....Respondents



Present: Mr. D.S. Sobti, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Deepak Sabherwal, Advocate,
for respondent- CBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.

(36) CWP-30173-2022(O&M)

SAHIL NARANG Petitioner

Versus

RESERVE BANK OF INDIA AND ORS Respondents

Present: Mr. Vijiyesh Malhotra, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Rakesh Gupta, Advocate,
Mr. Rakshit Gupta, Advocate, and
Ms. Manvi Arora, Advocate,
for respondents – Bank.

(37) CWP-7927-2023(O&M)

NARINDER CHUGH Petitioner

Versus

PUNJAB NATIONAL BANK AND OTHERS Respondents



Present: None for the petitioners.

Mrs. Madhu Dayal, Advocate,
for respondent -SBI.

Mr. Deepak Sabherwal, Advocate,
for respondent – CBI.

Mr. Deepak Suri, Advocate,
for respondent -RBI.

Mr. Lovish, Advocate, for
Mr. R.S. Bhatia, Advocate,
for respondent Bank.

(38) CWP-8110-2023(O&M)

SUYOG JAIN

....Petitioner

Versus

RESERVE BANK OF INDIA AND ORS

....Respondents

Present: Mr. Puneet Bali, Senior Advocate, with
Mr. Surjeet Bhadu, Advocate,
Mr. Anmol Chauhan, Advocate,
Mr. Agam Bansal, Advocate,
Mr. Veer Singh, Advocate,
Ms. Sanya Thakur, and
Mr. Gagandeep Singh, Advocate
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Akashdeep Singh, Special Public Prosecutor
for respondent – CBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.



(39)

CWP-11745-2023(O&M)

M/S AMICO TEXTILES

....Petitioner

Versus

RESERVE BANK OF INDIA AND ANOTHER

....Respondents

Present: Ms. Palak Dev, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

(40)

CWP-27039-2023(O&M)

VIJAY KUMAR AND ANOTHER

....Petitioners

Versus

UNION OF INIDA AND OTHERS

....Respondents

Present: Mr. Abhimanyu Tewari, Advocate,
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

(41)

CWP-9071-2024(O&M)

SHALLU GUPTA

....Petitioner

Versus

PUNJAB NATIONAL BANK AND OTHERS

....Respondents



Present: None for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent – RBI.

Mr. Satya Pal Jain, Additional Solicitor General of India with
Ms. Neha Awasthi, Senior Panel Counsel,
for respondent – UOI.

(42) CWP-22309-2022(O&M)

POONAM PAUL AND OTHERS Petitioners

Versus

RESERVE BANK OF INDIA AND ANOTHER Respondents

Present: None for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.

(43) CWP-25934-2022(O&M)

M/S TRIVENI KNITS PVT. LIMITED AND OTHERS Petitioners

Versus

RESERVE BANK OF INDIA AND OTHERS Respondents

Present: Mr. V.K. Sachdeva, Advocate and
Mr. Pulkit Sachdeva, Advocate
for the petitioners.



Mr. Deepak Suri, Advocate,
for respondent - RBI.

Ms. Puneeta Sethi, Senior Panel Counsel
for respondent – UOI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.

(44) CWP-26758-2022(O&M)

M/S ABIR KNITS PVT LIMITED AND OTHERS Petitioners

Versus

RESERVE BANK OF INDIA AND OTHERS Respondents

Present: Mr. V.K. Sachdeva, Advocate and
Mr. Pulkit Sachdeva, Advocate
for the petitioners.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Jaivir Singh, Advocate, for
Mr. Ashish Rawal, Advocate,
for respondent No.2 – UOI.

Mr. Anirudh Gupta, Advocate,
for respondent No.3 – PNB.

(45) CWP-29609-2022(O&M)

AHUJA COTSPIN PRIVATE LIMITED Petitioner

Versus

RESERVE BANK OF INDIA AND ORS Respondents

Present: Mr. Anand Chhibbar, Senior Advocate with
Mr. Shikhar Sarin, Advocate,



Mr. Nitin Kaushal, Advocate,
Mr. Tanuj Sud, Advocate,
Mr. Ajay Kumar, Advocate,
Ms. Stuti Vatsa, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Gaurav Goel, Advocate,
for respondents No.2 and 3.

(46) CWP-29615-2022(O&M)

KRISHAN KUMAR GUPTA ALIAS KRISHAN LAL AND ANOTHER

....Petitioners

Versus

RESERVE BANK OF INDIA AND OTHERS

....Respondents

Present: Mr. Harsh Chopra, Advocate,
for the petitioner.

Mr. Deepak Suri, Advocate,
for respondent - RBI.

Mr. Akshay Jain, Advocate,
for respondent – SBI.

Mr. Gaurav Goel, Advocate,
for respondent - Bank.

**CORAM: HON'BLE MR. JUSTICE SURESHWAR THAKUR
HON'BLE MR. JUSTICE LALIT BATRA**

Sureshwar Thakur, J.

1. Since in all the writ petitions a common challenge is made to the
validity of Circular bearing No.RBI/DBS/2016-17/28 DBS.CO.CFMC.BC.



No.1/23.04.001/2016-17 dated 01.07.2016 as updated on 03.07.2017, moreover, since the pursuant thereto coercive action, if any, as becomes drawn against the petitioners is also challenged, therefore, all the writ petitions which involve the above common controversies are required to be decided through a common verdict.

2. The said circular has been issued with a purpose which is delineated in Clause 1.3 thereof, the said clause becomes extracted hereinafter;-

“1.3. Purpose: These directions are Issued with a view to providing a framework to banks enabling them to detect and report frauds early and taking timely consequent actions like reporting to the Investigative agencies so that fraudsters are brought to book early, examining staff accountability and do effective fraud risk management. These directions also aim to enable faster dissemination of information by the Reserve Bank of India (RBI) to banks on the details of frauds, unscrupulous borrowers and related parties, based on banks' reporting SO that necessary safeguards/preventive measures by way of appropriate procedures and internal checks may be introduced and caution exercised while dealing with such parties by banks.”

3. Further Clause 2.2 of the impugned Master Circular classifies ‘frauds’ into different categories based merely on the provisions of the Penal Code, 1860, the said clause is extracted hereinafter:-

“2.2 Classification of Frauds

2.2.1 In order to have uniformity in reporting, frauds have been classified as under, based mainly on the provisions of the Penal Code, 1860:



- a. Misappropriation and criminal breach of trust.*
- b. Fraudulent encashment through forged instruments, manipulation of books of account or through fictitious accounts and conversion of property.*
- c. Unauthorised credit facilities extended for reward or for illegal gratification.*
- d. Cash shortages.*
- e. Cheating and forgery.*
- f. Fraudulent transactions involving foreign exchange.*
- g. Any other type of fraud not coming under the specific heads as above.”*

4. Further Clause 8.2 of the impugned Master Circular deals with the objective of the framework, the said clause is extracted hereinafter:-

“8.2 Objective of the framework:

The objective of the framework is to direct the focus of banks on the aspects relating to prevention, early detection, prompt reporting to the RBI (for system level aggregation, monitoring & dissemination) and the investigative agencies (for instituting criminal proceedings against the fraudulent borrowers) and timely initiation of the staff accountability proceedings (for determining negligence or connivance, if any) while ensuring that the normal conduct of business of the banks and their risk taking ability is not adversely impacted and no new and onerous responsibilities are placed on the banks. In order to achieve this objective, the framework has stipulated time lines with the action incumbent on a bank. The time lines/stage wise actions in the loan life-cycle are expected to compress the total time taken by a bank to identify a fraud and aid more effective action by the law enforcement agencies. The early detection of Fraud and the necessary corrective action are important to



reduce the quantum of loss which the continuance of the Fraud may entail.”

5. Further Clause 8.3 of the impugned Master Circular prescribes Early Warning Signals (EWS), and deals with the Red Flag Accounts (RFA), the said clause is extracted hereinafter:-

“8.3 Early Warning Signals (EWS) and Red Flagged Accounts (RFA)

8.3.1 *A Red Flagged Account (RFA) is one where a suspicion of fraudulent activity is thrown up by the presence of one or more Early Warning Signals (EWS). These signals in a loan account should immediately put the bank on alert regarding a weakness or wrong doing which may ultimately turn out to be fraudulent. A bank cannot afford to ignore such EWS but must instead use them as a trigger to launch a detailed investigation into a RFA.*

8.3.2 *An illustrative list of some EWS is given for the guidance of banks in Annex II to this circular. Banks may choose to adopt or adapt the relevant signals from this list and also include other alerts/signals based on their experience, client profile and business models. The EWS so compiled by a bank would form the basis for classifying an account as a RFA.*

8.3.3 *The threshold for EWS and RFA is an exposure of Rs. 500 million or more at the level of a bank irrespective of the lending arrangement (whether solo banking, multiple banking or consortium). All accounts beyond Rs. 500 million classified as RFA or 'Frauds' must also be reported on the CRILC data platform together with the dates on which the accounts were classified as such. As of now, this requirement is in addition to the extant requirements of reporting to RBI as mentioned in Para 3.2 above.*



8.3.4 The modalities for monitoring of loan frauds below Rs. 500 million threshold is left to the discretion of banks. However, banks shall continue to report all identified accounts to CFMC, RBI as per the existing cut-offs.

8.3.5 The tracking of EWS in loan accounts should not be seen as an additional task but must be integrated with the credit monitoring process in the bank so that it becomes a continuous activity and also acts as a trigger for any possible credit impairment in the loan accounts, given the interplay between credit risks and fraud risks. In respect of large accounts it is necessary that banks undertake a detailed study of the Annual Report as a whole and not merely of the financial statements, noting particularly the Board Report and the Managements' Discussion and Analysis Statement as also the details of related party transactions in the notes to accounts. The officer responsible for the operations in the account, by whatever designation called, should be sensitised to observe and report any manifestation of the EWS promptly to the Fraud Monitoring Group (FMG) or any other group constituted by the bank for the purpose immediately. To ensure that the exercise remains meaningful, such officers may be held responsible for non-reporting or delays in reporting.

8.3.6 The FMG or any such designated committee shall classify the account as RFA and the details of RFA accounts shall be put up to the CMD/CEO every month.

8.3.7 A report on the RFA accounts shall be put up to the Special Committee of the Board for monitoring and follow-up of Frauds (SCBF) providing, inter alia, a synopsis of the remedial action taken together with their current status.

6. Be that as it may, the validity of the making of the said Master Circular in pursuance whereof the accounts of the present petitioners become



classified as ‘frauds’ and in pursuance thereto some coercive actions become drawn against the petitioners, became delved into and also became adjudicated upon by the High Court of Telangana at Hyderabad, in a decision recorded in case titled as “Rajesh Aggarwal Vs. Reserve Bank of India, through Regional Director, 6 Sansad Marg, and others”. To the apposite writ petition, No.19102 of 2019 became assigned, and, the said writ petition became decided on 10.12.2020.

7. The High Court of Telangana, through making a decision on the writ petition supra, after considering the arguments as became addressed before it respectively by the learned counsel for the petitioner/borrower and by the counsel for the Reserve Bank of India, recorded inferences which occur in paragraph 76 thereof, para whereof becomes extracted hereinafter:-

“76. For the reasons stated above, this Writ Petition is, hereby, allowed with the following directions and in the following terms:-

76.1. Firstly, the principle of audi alteram partem, part of the principles of natural justice, is to be read in Clause 8.9.4 and 8.9.5 of the Master Circular.

76.2. Secondly, the decision, dated 15.02.2019, passed by the JLF, and the resolution dated 31.07.2019, passed by the FIC are, hereby, set aside.

76.3. Thirdly, the JLF is directed to give an opportunity of hearing by furnishing copies of both the Reports, namely the Forensic Auditor Report, dated 06.04.2018 and the subsequent Report submitted by Dr. K.V. Srinivas, IRP, to the petitioner, and to the OL.

76.4. Fourthly, the JLF is directed to give an



opportunity of personal hearing both to the petitioner and to the OL before taking any decision on the issue whether the account should be classified as 'fraud' or not?

76.5. Fifthly, after the JLF has taken its decision, the FIC is directed to pass its resolution whether the decision of the JLF should be confirmed or not?

76.6. Lastly, the said exercise shall be carried out by the JLF within a period of three months from the date of receipt of the certified copy of this judgment. Furthermore, the subsequent exercise by FIC shall be carried out within two months from the date of the decision of the JLF.”

8. A reading of the above made conclusions, but patently reveals that the principles of natural justice and/or of the principle of *audi alteram partem*, became read into the above referred clauses, as embodied in the Master Circular. Consequently, a direction was passed upon the lending institution concerned to assign an opportunity of hearing to the borrowers, through furnishing copies of both the reports, mainly the Forensic Auditor Report dated 29.08.2016 and the subsequent report submitted by Dr. K.V. Srinivas, Interim Resolution Professional (IRP), thus to the petitioner and to the Official Liquidator (OL). Furthermore, the lending institution was also directed to give an opportunity of personal hearing to both the petitioner and to the opposite party, before taking any decision on the issue, whether the petitioners' therein accounts should be classified as 'fraud' or not. In addition, a further direction was also passed that after the said decision is taken, the entity concerned being required to pass a resolution, whether the apposite initially made decision is required to be confirmed or not.



9. In sequel to the extent of the conclusions above, as occur in verdict supra recorded by the High Court of Telangana, thus the circular impugned before the said High Court, and which is also impugned by the petitioners before this Court, hence became read down to the extent, that in the makings of classifications accounts maintained by the petitioners therein, thus as fraud, thereby, the said classifications would be unstained, but only if, prior thereto adherence to the principles of *audi alteram partem* were made by the entity concerned. Therefore, if in terms of the clauses supra, as occur in the circular supra, the accounts of the petitioners concerned, were declared as 'fraud', but without adherences being made to the principles of natural justice, thereby the classifications as 'fraud' of the accounts of the petitioners, rather would become stained or would be construed to be legally fallible.

10. Tritely, the said ground is also reared by all the petitioners before this Court to impugn the declarations as 'fraud', of their respectively maintained accounts concerned, thus by the lending institutions concerned.

11. The decision supra as became recorded by the High Court of Telangana brought grievance to the respondent therein i.e. the Reserve Bank of India and also to the State Bank of India, wherebys Civil Appeal No.7300 of 2022, became reared thereagainst, before the Hon'ble Apex Court. The Hon'ble Apex Court while affirming the decision recorded by the High Court of Telangana, proceeded to record the hereinafter extracted principles, which occur in paragraphs 29 to 32 thereof, paragraphs whereof becomes extracted hereinafter:-

"29. We need to bear in mind that the principles of natural



justice are not mere legal formalities. They constitute substantive obligations that need to be followed by decision-making and adjudicating authorities. The principles of natural justice act as a guarantee against arbitrary action, both in terms of procedure and substance, by judicial, quasi-judicial, and administrative authorities. Two fundamental principles of natural justice are entrenched in Indian jurisprudence: (i) nemo judex in causa sua, which means that no person should be a judge in their own cause; and (ii) audi alteram partem, which means that a person affected by administrative, judicial or quasijudicial action must be heard before a decision is taken. The courts generally favor interpretation of a statutory provision consistent with the principles of natural justice because it is presumed that the statutory authorities do not intend to contravene fundamental rights. Application of the said principles depends on the facts and circumstances of the case, express language and basic scheme of the statute under which the administrative power is exercised, the nature and purpose for which the power is conferred, and the final effect of the exercise of that power.

*30. While the borrowers argue that the actions of banks in classifying borrower accounts as fraud according to the procedure laid down under the Master Directions on Frauds is in violation of the principles of natural justice, the RBI and lender banks argue that these principles cannot be applied at the stage of reporting a criminal offence to investigating agencies. At the outset, we clarify that principles of natural justice are not applicable at the stage of reporting a criminal offence, which is a consistent position of law adopted by this Court. In **Union of India v. W N Chadha**, a two-judge bench of this Court held that that providing an opportunity of hearing to the accused in every criminal case before taking any action against them would*



*“frustrate the proceedings, obstruct the taking of prompt action as law demands, defeat the ends of justice and make the provisions of law relating to the investigation lifeless, absurd, and self-defeating.”*²² Again, a two-judge bench of this Court in **Anju Chaudhary v. State of UP**²³ has reiterated that the Code of Criminal Procedure, 1973 does not provide for right of hearing before the registration of an FIR.

31. Chapter VIII of the Master Directions on Fraud provides detailed procedures to be followed by the banks before forming an opinion to proceed with a criminal complaint against the borrowers. Under the said chapter, the lender banks have to report a borrower to the CBI after classifying the borrower’s account as fraudulent. However, the classification of the borrower’s account does not simpliciter lead to reporting of criminal complaint with the enforcement authorities; it also entails penal consequences for the borrowers as laid down under Clause 8.12.

32. The process of forming an informed opinion under the Master Directions on Frauds is administrative in nature. This has also been acceded to by RBI and lender banks in their written submissions. It is now a settled principle of law that the rule of *audi alteram partem* applies to administrative actions, apart from judicial and quasi-judicial functions. ²⁴ It is also a settled position in administrative law that it is mandatory to provide for an opportunity of being heard when an administrative action results in civil consequences to a person or entity.”

12. The inferences which ensue from a reading of the above said expostulations of law, as made in the above extracted paragraphs, are that, the Hon’ble Apex Court while making a decision upon Civil Appeal supra, made



an unflinching conclusion, that the twin principles of natural justice are entrenched in Indian jurisprudence, inasmuch as, the principles of (i) *nemo judex in causa sua*, which means that no person should be a judge in their own cause; and (ii) *audi alteram partem*, which means that a person affected by administrative, judicial or quasi-judicial action must be heard before a decision is taken. Moreover, the Hon'ble Apex Court also thereby concluded that though Chapter VIII of the Master Directions on Fraud provides detailed procedures to be followed by the banks before forming an opinion, to proceed with a criminal complaint against the borrowers. Nonetheless, the classification of the borrower's account as 'fraud' is stated therein to not simplicitor lead to reporting of the criminal complaint with the enforcement authorities, but it also entails civil consequences for the borrowers as laid down under Clause 8.12 of the relevant circular.

13. The Hon'ble Apex Court in the judgment supra also concluded that the process of forming an informed opinion under the Master Directions on Frauds, is administrative in nature and since it is a settled principle of law that the rule of *audi alteram partem*, applies to administrative actions apart from judicial and quasi-judicial functions, therefore, in terms of the above principles, it is mandatory that prior to the said declarations being made in terms of the apposite circular, thus, an opportunity of being heard is required to be assigned to the aggrieved concerned, as the said administratively taken action but results in civil consequence becoming entailed onto a person or an entity.

14. The conclusions and inferences which became ultimately



recorded by the Hon'ble Apex Court upon Civil Appeal supra are extracted hereinafter:-

“80. Lastly, the borrowers have argued that the Master Directions on Frauds suffer from manifest arbitrariness because they stipulate an opportunity of a hearing to third parties, while denying the same to borrowers, who face significant civil consequences. Clause 8.12.5 of the Master Directions on Frauds provides that banks have to satisfy themselves of the involvement of third parties and provide them with an opportunity of being heard before reporting them to Indian Banks' Association. We are unable to accept this argument of the borrowers in light of the fact that the borrowers and the third parties stand on a different footing because: (i) the borrowers are the main perpetrators of fraud, while the third parties are merely facilitators; and (ii) it is the borrowers who face the significant civil consequences stipulated under clauses 8.12.1 and 8.12.2, while the third party service providers are merely referred to the Indian Banks' Association which maintains a caution list of such service providers. However, this view does not affect our conclusions in view of the discussion in the preceding paragraphs.”

E. Conclusion

81. The conclusions are summarized below:

- i. No opportunity of being heard is required before an FIR is lodged and registered:*
- ii. Classification of an account as fraud not only results in reporting the crime to investigating agencies, but also has other penal and civil consequences against the borrowers;*
- iii. Debarring the borrowers from accessing institutional finance under Clause 8.12.1 of the*



Master Directions on Frauds results in serious civil consequences for the borrower;

- iv. *Such a debarment under Clause 8.12.1 of the Master Directions on Frauds is akin to blacklisting the borrowers for being untrustworthy and unworthy of credit by banks. This Court has consistently held that an opportunity of hearing ought to be provided before a person is blacklisted;*
- v. *The application of audi alteram partem cannot be impliedly excluded under the Master Directions on Frauds. In view of the time frame contemplated under the Master Directions on Frauds as well as the nature of the procedure adopted, it is reasonably practicable for the lender banks to provide an opportunity of a hearing to the borrowers before classifying their account as fraud;*
- vi. *The principles of natural justice demand that the borrowers must be served a notice, given an opportunity to explain the conclusions of the forensic audit report, and be allowed to represent by the banks/ JLF before their account is classified as fraud under the Master Directions on Frauds. In addition, the decision classifying the borrower's account as fraudulent must be made by a reasoned order; and*
- vii. *Since the Master Directions on Frauds do not expressly provide an opportunity of hearing to the borrowers before classifying their account as fraud, audi alteram partem has to be read into the provisions of the directions to save them from the vice of arbitrariness.*

15. Now insofar as the instant petitioners are concerned, if evidently



there is non-adherence to the principle of *audi alteram partem* in the administrative action takings at the instance of the lending institution concerned, whereby the accounts concerned of the petitioners concerned became classified as 'fraud', thereby in terms of the verdict supra recorded by the Hon'ble Apex Court, the said non-adherences to the principles of natural justice, resultantly begets the conclusion, as made even by the Hon'ble Apex Court in verdict supra, that thereby the said declarations as 'fraud' of the accounts concerned of the petitioners concerned, thus are required to be set aside.

16. Having said so, the further moot question which is required to be answered by this Court relates to the validity of pursuant thereto coercive actions drawn against the present petitioners by the lending institutions concerned. Moreover, the validity of the writ relief, that, whether the said takings of coercive actions against the petitioners, can be quashed and set aside by this Court, but also, is required to be adjudicated upon.

17. The learned counsel appearing for the lending institutions concerned, vigorously argued before this Court, that the Hon'ble Apex Court in verdict supra, though has enunciated the trite principle, that the principles of natural justice are compulsorily required to be adhered to, prior to the declarations as 'frauds' of the accounts concerned of the petitioners concerned. Though, he submits that to the extent, that the said declarations as made vis-a-vis the accounts concerned of the petitioners before this Court, if evidently remain un-preceded by adherences being made to the principles of natural justice, thereby such classifications as 'fraud' of the accounts



concerned of the petitioners concerned, thus in terms of the verdict supra rather are required to be quashed and set aside.

18. However, he submits that since the Hon'ble Apex Court in verdict supra, thus in the above extracted conclusions, as become carried therein, has candidly declared, that no opportunity of personal hearing is required to be assigned to the aggrieved, before the FIR is lodged and registered. Therefore, he vehemently argues that the pleas, if any, raised before this Court, thus at the instance of the petitioners, that the FIRs which stand lodged against the petitioners concerned, be quashed and set aside, thus, are not amenable to be accepted by this Court.

19. The above made submission before this Court by the learned counsel for the respondent/lending institutions concerned, suffers the casualty of same becoming rejected, thus for the hereinafter assigned reasons:-

- (i) The above argument is mis-premised on the ground that the Hon'ble Apex Court, thus in making the above conclusion in the verdict supra, thereby the coercive actions, if any, are unquashable, besides is ill-grounded qua with the Hon'ble Apex Court, rather not purportedly quashing the FIR as became lodged against one Rajesh Aggarwal, the respondent in the said SLP, therefore but obviously this Court likewise is also forbidden to quash such coercive action takings.
- (ii) The fact that is but mis-premised, thus becomes more firmly grooved on the ground that the learned counsel for the respondent concerned, rather has remained oblivious to the factum, that the FIR, if any, which became lodged against the respondent in the Civil Appeal supra,



rather remained unchallenged at his instance.

- (iii) Secondly, the validity of the said FIR, if any, as became lodged against the respondent in the said Civil Appeal, was not the subject matter of challenge at the instance of the respondent in the said appeal.
- (iv) Contrarily, the subject matter of challenge in civil appeal supra, was the validity of the principles culled out supra, by the High Court of Telangana, while making a decision upon the above titled case. The apt corollary thereof, is that, the validity of the FIR as such, if any, as became lodged against the respondent in the civil appeal, was never either delved into, nor the further fact that the said FIR, if it became registered, was required to be, as such, maintained, irrespective of non-adherences prior thereto being made vis-a-vis the principles of natural justice, but also remained undelved into nor became answered against the respondent in the said civil appeal.”

20. Therefore, the principle as expostulated by the Hon’ble Apex Court in the above extracted paragraph, that the principles of natural justice, are not required to be adhered to by the lending institutions concerned, prior to the registration or lodging of the FIR, but necessarily are not required to be read, as restricting the, vestment of inherent jurisdiction in the High Court, through the provisions as become engrafted, under Section 482 of the Cr.P.C., read with Article 226 of the Constitution of India, for thereby the FIRs, if any, which become registered against the petitioners concerned, if become rested upon the declarations as ‘fraud’ of the accounts concerned, rather being flawed or tainted, inasmuch as, the said declarations in terms of the verdict



supra made by the Hon'ble Apex Court, remaining un-preceded by adherences being made to the principles of *audi alteram partem.*, thus being ordered to be quashed and set aside.

21. Necessarily, FIRs, if any, if became registered, against the petitioners concerned, in terms of the otherwise tainted but for the reasons supra, declarations of 'fraud' being made of the accounts concerned of the petitioners concerned, thereby there is plenitude of jurisdiction vested in this Court, to thereby construe that such lodged FIRs, thus are also required to be quashed and set aside.

22. In adopting the above view, this Court finds support from paragraphs 105 to 111, which are carried in a verdict made by the Hon'ble Apex Court, in cases titled as "***State of Punjab Vs. Davinder Pal Singh Bhullar and others***" and in case titled as "***Sumedh Singh Saini Vs. Davinder Pal Singh Bhullar and others***" reported in **2011 (14) Supreme Court Cases 717**, paras whereof becomes extracted hereinafter:

"105. The FIR unquestionably is an inseparable corollary to the impugned orders which are a nullity. Therefore, the very birth of the FIR, which is a direct consequence of the impugned orders cannot have any lawful existence. The FIR itself is based on a preliminary enquiry which in turn is based on the affidavits submitted by the applicants who had filed the petitions under Section 482 Cr.P.C.

106. The order impugned has rightly been challenged to be a nullity at least on three grounds, namely, judicial bias; want of jurisdiction by virtue of application of the provisions of Section 362 Cr.P.C. coupled with the principles of constructive res



judicata; and the Bench had not been assigned the roster to entertain petitions under Section 482 Cr.P.C. The entire judicial process appears to have been drowned to achieve a motivated result which we are unable to approve of.

107. It is a settled legal proposition that if initial action is not in consonance with law, all subsequent and consequential proceedings would fall through for the reason that illegality strikes at the root of the order. In such a fact-situation, the legal maxim "sublato fundamento cadit opus" meaning thereby that foundation being removed, structure/work falls, comes into play and applies on all scores in the present case.

108. In Badrinath v. State of Tamil Nadu & Ors., AIR 2000 SC 3243; and State of Kerala v. Puthenkavu N.S.S. Karayogam & Anr., (2001) 10 SCC 191, this Court observed that once the basis of a proceeding is gone, all consequential acts, actions, orders would fall to the ground automatically and this principle is applicable to judicial, quasi-judicial and administrative proceedings equally.

109. Similarly in Mangal Prasad Tamoli (dead) by Lrs. v. Narvadeshwar Mishra (dead) by Lrs. & Ors., (2005) 3 SCC 422, this Court held that if an order at the initial stage is bad in law, then all further proceedings, consequent thereto, will be non est and have to be necessarily set aside.

110 In C. Albert Morris v. K. Chandrasekaran & Ors., (2006) 1 SCC 228, this Court held that a right in law exists only and only when it has a lawful origin. (See also: Upen Chandra Gogoi v. State of Assam & Ors., (1998) 3 SCC 381; Satchidananda Misra v. State of Orissa & Ors., (2004) 8 SCC 599; Regional Manager, SBI v. Rakesh Kumar Tewari, (2006) 1 SCC 530; and Ritesh Tewari & Anr. v. State of U.P. & Ors., AIR 2010 SC 3823).



111. Thus, in view of the above, we are of the considered opinion that the orders impugned being a nullity, cannot be sustained. As a consequence, subsequent proceedings/orders/ FIR/ investigation stand automatically vitiated and are liable to be declared non est.”

23. The fine principles which are embodied in the hereinabove extracted paragraphs, are that, in case the generation of the FIR, thus has a close nexus or is insegregably connected to the impugned orders/circulars, thereby the consequence of illegalities staining the orders concerned, thus would percolate into the incidental thereto FIRs which become lodged against the delinquents/offenders concerned.

24. If so, since the FIRs, if any, which become lodged against the petitioners and which are insegregably interlinked with the declarations of ‘fraud’ as became made vis-a-vis the petitioners’ accounts concerned, besides if the said declarations of ‘fraud’ are so made without evident non-adherences by the entity concerned, vis-a-vis the principles of *audi alteram partem*, thereby when the FIR is born from such stained or declarations of frauds vis-a-vis the accounts of the petitioners concerned. Resultantly, the inevitable consequence thereof, is that, the child or the FIR procreated by the stained declaration of ‘fraud’, is also likewise required to be quashed and set aside.

25. Furthermore, apposite to the instant situation, the High Court of Madhya Pradesh at Indore, in case titled “***M/s Rajshree Cotex, A Partnership Firm through its Partner Narendra Mahajan and others Vs. Bank of Baroda and others***”, to case whereof, Writ Petition No.22475 of 2023 is assigned, has in paragraph 10 of verdict supra, para whereof becomes



extracted hereinafter, has taken a view alike to the one which has been taken supra by this Court.

“10. As a consequence any action taken against the petitioners example registration of FIR etc and declaration of fraud is hereby quashed. It is however made clear that the impugned circular shall remain in existence as it is.”

26. The said decision has been followed by the Hon’ble High Court of Madhya Pradesh at Indore, while making a judgment on WP No.4699 of 2024 titled **“Madan Lal Goyal and others Vs. IDBI Bank Ltd. and others”**, whereby in paragraph 5 thereof, paragraph whereof becomes extracted hereinafter, the High Court of Madhya Pradesh, Indore Bench, proceeded to quash the therein FIR, as became lodged pursuant to the illegal classification of the loan account of a company concerned, as ‘fraud’:-

“12. Accordingly, FIR No.RC0682023E0010 registered at Police Station EOB, Mumbai as well as the complaint filed by Respondent /bank pursuant to the illegal classification of the loan account of the Company and the petitioners as 'fraud' is hereby quashed. No order as to cost.”

27. The said decisions have also been followed by the Hon’ble High Court of Madhya Pradesh at Indore, in Writ Petition No.23153 of 2023 in case titled **“Vijay Kumar Jain and others Vs. Reserve Bank of India and others”** decided on 06.03.2024; by the High Court of Delhi at New Delhi in W.P. (C) 9302/2022 titled as **“TV Vision Limited Vs. Punjab National Bank & another”** decided on 01.12.2023, and W.P. (C) 2543/2024 titled **“Sanjay Tiku**



and others Vs. Reserve Bank of India and another”, decided on 20.02.2024.

28. The learned counsel appearing for the respondents concerned, has not been able to place on record any verdict recorded by the Hon’ble Apex Court on any apposite SLPs, instituted before the Hon’ble Apex Court against the verdicts supras, whereby the said verdicts became reversed and set aside.

29. Sequel thereof, is that the consistent views adopted by this Court, which has also been earlier adopted in verdicts supra, made by the High Court of Madhya Pradesh, Indore Bench, are, at this stage, of immense force.

30. The consequence thereof is, but naturally that the argument supra, raised before this Court by the learned counsel for the respondent concerned, is completely devoid of any force or merit and, as such, is rejected.

31. Tritely, therebys the principle of laws supra contemplated by the Hon’ble Apex Court, in verdict made in case titled “**State Bank of India and others V/s Rajesh Agarwal and others**”, wherebys declaration was made that, prior to the registration of an FIR, no opportunity of personal hearing, is required to be assigned to the borrower by the lending institution, thus is to be read, ‘to not curtail or fetter the plenitude of jurisdiction invested in this Court, under Section 482 of the Cr.P.C. read with Article 226 of the Constitution of India’, thus to quash the FIR concerned, but only if the said FIR is premised on the declarations as ‘fraud’ of the accounts concerned of the petitioners concerned, declarations whereof are, but evidently stained with a gross perverse vice of such theirs being made, thus without assigning any opportunity of personal hearing to the offenders/delinquents concerned.

32. In aftermath, the declarations of ‘fraud’ as made of the accounts



concerned of the petitioners concerned, are quashed and set aside, but only if they are so made without adherence by the respondents concerned, qua the solemn principle of *audi alteram partem*. Moreover, the pursuant thereto FIRs, if any, which become lodged against the petitioners concerned, and if they are rested upon such illegally made declarations, are also, but quashed and set aside.

33. Nonetheless, liberty is preserved to the lending institutions concerned to, after adhering to the principles of natural justice, and, in terms of the principles supra, carried in the verdict recorded by the Hon’ble Apex Court, proceed to draw such actions, as deemed fit, against the petitioners concerned.

34. Disposed of accordingly, along with all pending applications, if any.

(SURESHWAR THAKUR)
JUDGE

27.05.2024
D.Gulati

(LALIT BATRA)
JUDGE

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No