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

\+ W.P.(C) 36/2015 & CM No. 64/2015 (Stay)

VARUN KUMAR JAJOO ..... Petitioner

Through: Mr Kapil Kher, Adv.

versus

RESERVE BANK OF INDIA & ORS ..... Respondents

Through: Mr H.S. Parihar, Adv. for R -1.

Mr O.P. Gaggar, Adv. for R- 2 & 3.

CORAM:

HON'BLE MR. JUSTICE RAJIV SHAKDHER

O R D E R

% **05.01.2015**

1. Issue notice.

2. Mr Parihar accepts notice on behalf of respondent no.1, while Mr Gaggar accepts notice on behalf of respondent nos. 2 and 3. They waive service of notice. Learned counsels for the respondents say that they do not wish to file a counter-affidavit, in view of the order that I propose to pass.

3. Learned counsel for the petitioner submits that the impugned order dated 20.09.2013, passed by the Grievance Redressal Committee (in short the GRC), has already been set aside by this court vide order dated 19.11.2014, passed in WP(C) No. 3645/2013, titled : ***Mahendra Kumar Jajoo vs Reserve Bank of India & Ors***. He says that, therefore, this court ought to dispose of the writ petition in terms of order dated 19.11.2014.

4. Learned counsel for the respondents has submitted that there is a serious objection to the maintainability of the writ petition, in this court, in view of the fact that the entire cause of action arose outside the territorial

jurisdiction of this court.

4.1 Mr Gaggar, learned counsel for respondent nos. 2 and 3, in particular, empahsises that, this apart, respondent nos. 2 and 3, who gave loan facility to the principal borrower, qua which the petitioner stood as a guarantor, is also situated outside the territorial jurisdiction of this court.

4.2 To be noted, the order dated 19.11.2014 has been passed in the case of Mr Mahendra Kumar Jajoo, i.e., father of the petitioner herein, Mr Varun Kumar Jajoo. It is not disputed by counsels for parties, that both, Mr Mahendra Kumar Jajoo and the petitioner herein, are guarantors to the loan given to the principal borrower, i.e., Victoria Agro Food Processing Pvt. Ltd.

4.3 It is also pertinent to note that this objection, vis-a-vis the territorial jurisdiction, is not reflected in the order dated 19.11.2014. The reason for this perhaps may have been that the contesting respondents, in that writ petition, agreed to accord fresh hearing to the petitioner, i.e., Mahendra Kumar Jajoo.

5. Therefore, in view of the fact that the transaction is common and the petitioner in this case is a co-guarantor, along with Mr Mahendra Kumar Jajoo, this aspect of the matter need not detain the court. The reason for this is that the order of the GRC which was assailed in WP (C) 3645/2013 pertains to both the petitioner herein as well as Mahendra Kumar Jajoo. As indicated above, no objection to territorial jurisdiction of this court was taken. In fact Mr. Gaggar admitted in so many words that the respondents themselves had offered to reconsider the matter. Therefore, in my view, since the objection is to the territorial jurisdiction and not to the substantive jurisdiction of this court, principles analogous to Section 21A of the Code of

Civil Procedure, 1908 can be applied. In my view, there is no failure of justice, in this court, entertaining the matter.

5.1 A bare perusal of the impugned order establishes that the conclusion reached by the GRC is not buttressed with reasons; which ordinarily are the link between the material placed before an adjudicating authority and the conclusion reached in the matter. (See ***Union of India Vs. Mohan Lal Capoor, 1974 (1) SCR 797***). What the GRC has done instead, is to declare the petitioner, a wilful defaulter, after simply recording the submissions of both sides. The GRC is expected to do better. Their orders should reflect a distillation of thought and reasoning prior to recordal of conclusion, in a given matter. The impugned order does not meet this test.

6. Therefore, I am inclined to set aside the impugned order. It is ordered accordingly. The GRC shall follow the RBI guidelines, with regard to the matter in issue. A fresh hearing will be accorded to the petitioner, in accordance with RBI guidelines. Needless to say, the GRC will ensure that the necessary material, on which respondent nos. 2 wishes to rely upon, is supplied to the petitioners.

7. The petition and the application are, accordingly, disposed of.

RAJIV SHAKDHER, J

JANUARY 05, 2015

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