

were not provided. Lastly, the statement of account appended to the plaint, while advertg to the fact that the appellant's/ plaintiff's branch was located in Delhi, did not disclose its details.

12.1 According to me, the learned ADJ has erred in appreciating the nature of the transaction pleaded by the appellant. It is the appellant's case that the loan agreement was executed between itself and the respondents. It is not the case of the appellant that the dealer is a party to the agreement. The reference to the dealer, Auto Vikas Sales and Services Pvt. Ltd., is made in clause (2) to the Annexure to Credit Facility Application Form (which is the loan agreement). Clause (2) of the said annexure gives a choice to the borrower, in this case the respondents, as to the manner in which the loan amount is to be disbursed. There are various options provided including the option for disbursement of the loan amount via the dealer. For a better appreciation of this fact, the relevant clause, is extracted hereinbelow:

“..2. Facility is to be disbursed to the person mentioned below:

Dealer ☒ Manufacturer ☐ Seller ☐ Existing ☐ Applicant
Financier ☐

Co-applicant ☐ DMA ☐ DSA ☐ Other ☐ (tick
person ☐ whichever is
applicable)

Name: Auto Vikas Sales & Service Pvt. Ltd. 12-A, Shivaji
Marg, New Delhi – 110015....”

12.2 This aspect by itself could not have led the trial court to come to the conclusion that no part of the cause of action arose within its territorial jurisdiction.

12.3 As regards the point about territorial location of respondents' bank is concerned, without doubt, it form a part of the cause of action, as dishonor of cheque(s) would have occurred at that place. Having said so, the payee would receive intimation of dishonour only upon being informed by his bank, which could be located, in given circumstances at a different place. Besides, a loan transaction has two components, disbursement and repayment. Both, form a vital part of the cause of action. To say one part is substantial, while the other is not, and hence, for a court to proceed to refrain from exercising jurisdiction; is to my mind, a

failure to appreciate the true scope and import of the expression cause of action.

*12.4 In any event, in an action, such as a suit, a court cannot refuse to exercise jurisdiction on the ground that a substantial part of the cause of action does not arise within its jurisdiction. That is the preserve of the court exercising writ jurisdiction. The writ court invokes this principle, which is often referred to as doctrine of forum conveniens, not for the reason that it does not have jurisdiction but for the reason that it takes upon itself not to exercise jurisdiction, in a given fact situation; writ being an extra ordinary remedy the grant of relief by the court being in the realm of its discretionary jurisdiction. In this regard, observations of the Supreme Court in **Kusum Ingots and Alloys Ltd. Vs Union of India & Anr. (2004) 6 SCC 254** in paragraph 30 at page 265, are extracted below:*

“.... Forum Conveniens:

We must, however, remind ourselves that even if a small part of cause of action arises within the territorial jurisdiction of the High Court, the same by itself may not be considered to be a determinative factor compelling the High Court to decide the matter on merit. In appropriate cases, the Court may refuse to exercise its discretionary jurisdiction by invoking the doctrine of forum conveniens. (See Bhagar Singh Bagga v. Dewan Jagbir Sawhany, AIR 1941 Cal; Mandal Jalan v. Madanlal, (1945) 49 CWN 357; Bharat Coking Coal Limited v. M/s Jharia Talkies & Cold Storage Pvt. Ltd. (1997) CWN 122; S.S.Jain & Co. & Anr. v. Union of India & Ors. (1994) CHN 445; M/s. New Horizon Ltd. v. Union of India, AIR 1994 Delhi 126)...

(emphasis is mine)

*12.5 As to how a court exercising civil jurisdiction is to proceed in the matter, the observations of Karnataka High Court in **D. Munirangappa vs Amidayala Venkatappa & Anr. AIR 1965 Kant 316**, being relevant are extracted hereinafter:*

“..... (4) Under Section 9 of the Code of Civil Procedure, the Courts shall (subject to the provisions herein contained) have jurisdiction to try all suits of a civil nature excepting suits of which their cognizance is either expressly or impliedly barred. Therefore, every Civil Court will have jurisdiction subject to the provisions mentioned in the Code to try the suit within its cognizance. This jurisdiction exists unless it has been specifically

taken away by a statute, either expressly or impliedly. Section 20, clause (c), C.P.C. which is material for the purpose states that—

"Subject to the limitation aforesaid every suit shall be instituted in a Court within the local limits of whose jurisdiction—

(a) X X X

(b) X X X

(c) the cause of action, wholly or in part, arises."

"...Thus, it is clear that every suit has to be instituted in a Court within the local limits of whose jurisdiction the cause of action wholly or in part arises. It would not be right as has been done by the Court below to proceed to examine the extent of the cause of action or to try to find out the percentage of the cause of action. If a part of the cause of action arises within the local limits of the jurisdiction of a Court, then such a Court would have jurisdiction to entertain and try such a suit, irrespective of the extent of the cause of action. It is in my opinion wholly wrong to state that a very small fraction of the cause of action accrued within the jurisdiction of the Tumkur Court, which would not entitle the plaintiff to institute a suit in that Court. This process of examining the cause of action would be wholly wrong in view of Section 20, Clause (c), which provides that every suit shall be instituted in a Court within the local limits of whose jurisdiction the cause of action, wholly or in part, arises. The words 'in part' have not been defined. Even a fraction of a cause of action is a part of the cause of action and therefore, if a part of the cause of action accrues within the local limits of the jurisdiction of Tumkur Court then it must be held that that Court has the jurisdiction to entertain the suit. The provisions of clause (c) of Section 20 of the Code of Civil Procedure are based on broad principle to avoid the multiplicity of the proceedings and inconvenience to the parties. If the reasoning adopted by the Courts below is accepted as correct, it would lead to many inconvenient results which the legislature sought to avoid by enacting the provisions of clause (c) of Section 20 of the Code of Civil Procedure. For these reasons I hold that the Courts below were wrong in taking the

view they took and thus declining to exercise the jurisdiction vested in them by law...”

(emphasis is mine)

12.7 In so far as the observations vis-à-vis the statement of account is concerned, in my view, there is a factual error committed by the trial court, in as much as the statement of account placed on record bears a stamp of the Videocon Tower, Jhandewalan Extn., New Delhi. No doubt, the printed part of the statement of account does not expound where the branch is located except stating that it is a Delhi branch, the trial court could not have ignored the stamp on the document, especially, when it is accompanied by an assertion made by the appellant in paragraph 12 of the plaint that the payments were made within the territorial jurisdiction of the concerned court. As indicated above, the trial court at this stage was required to accept the veracity of the assertions made in the plaint by the appellant.

13. Therefore, for the foregoing reasons, I am persuaded to set aside the impugned judgement and decree. The trial court would recommence the proceedings from the stage they are presently positioned.

14. Furthermore, having regard to the fact that the appellant had moved an application before the trial court with regard to the appointment of a receiver, which quite obviously with the return of plaint, could not see the light of the day, I am inclined to appoint a receiver pending the disposal of the interlocutory application moved in that behalf having regard to the assertions made in the plaint, in consonance with a similar prayer being made in the appeal.”

5. This Court is in complete agreement with the findings of this Court in the aforesaid judgment. Following the aforesaid judgment, this appeal is allowed and the impugned judgment and decree is set aside. The Trial Court shall issue notice to the respondent and recommence the proceedings.

6. The appellant shall appear before the learned Trial Court on 20th July, 2016.

7. The Trial Court record be sent back forthwith.

8. Copy of this judgment be given *dasti* to counsel for the appellant.

J.R. MIDHA, J.

MAY 25, 2016

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