

THE HON'BLE SRI JUSTICE C.V. NAGARJUNA REDDY
AND
THE HON'BLE SMT JUSTICE T. RAJANI

CIVIL REVISION PETITION Nos.5172 and 5460 of 2016

DATED: 31.01.2017

Between

Smt. Subha Kameswar Sripada and another.

...PETITIONERS

And

M/s. Neeladri Chit Fund Pvt. Ltd.
Rep. by its Foreman/Legal Manager
Mr. Chandra Reddy, Barabagh Colony,
Domalguda, Hyderabad and others.

...RESPONDENTS

COUNSEL FOR THE PETITIONERS: SMT.S.A.V. RATNAM

COUNSEL FOR THE RESPONDENTS: MR. G. KALYAN CHAKRAVARTHY



THE COURT MADE THE FOLLOWING:

COMMON ORDER: (*per the Hon'ble Sri Justice C.V. Nagarjuna Reddy*)

Judgment debtors 3 and 5 in Dispute Arbitration/C.F.No.8 of 2014 on the file of the Deputy Registrar of Chits/Arbitrator, Hyderabad filed these two revision petitions feeling aggrieved by order dated 16.08.2016 of the II Additional Chief Judge, City Civil Court, Hyderabad attaching the salary of the petitioners towards recovery of a sum of Rs.7,94,788/- from each of the petitioners.

2. The petitioners stood as sureties for the loan obtained by the second respondent from the first respondent. As the second respondent committed default in repayment of the loan amount, the first respondent has got the dispute referred for arbitration under the Chit Funds Act, 1982 (for short 'the Act'). The petitioners were impleaded as opposite parties 3 and 5 in the arbitration dispute, they were set *ex parte* and an award was passed on 15.04.2014 against second respondent herein, the petitioners herein and two others for recovery of sum of Rs.13,32,500/- along with interest with joint and several liability. The petitioners failed to question the said award so far. As neither the principal borrower nor the sureties have repaid the amount under the award, the first respondent has filed EP.No.47 of 2014 before the Court of the II Additional Chief Judge, City Civil Court, Hyderabad and sought attachment of salaries of the petitioners herein towards recovery of the EP amount. Under the aforementioned order passed by the II Additional Chief Judge, City Civil Court, Hyderabad, attachment of the petitioners' salaries has been made.

3. At the hearing, Smt. S.A.V. Ratnam, learned counsel for petitioners, submitted that her clients had no notice of the arbitration

proceedings and therefore, they could not contest the said proceedings.

4. A perusal of the arbitration award shows that the petitioners along with opposite party No.2 were set *ex parte*. No specific plea was raised by the petitioners that the Arbitrator committed any procedural illegality or irregularity in the service of notices. At any rate, even if the award suffered from such a defect, the only remedy available for them is to file an appeal before the Government under Section 70 of the Act. Admittedly, this remedy is not availed by petitioners. The liability of the principal borrower being an admitted one and the default having been committed by him, the liability of the sureties is coextensive with that of the principal borrower. In these undisputed facts of the cases, we do not find any illegality or jurisdictional error in the order of the lower Court attaching the salaries of the petitioners.

Hence, the civil revision petitions are dismissed.

As a sequel to the dismissal of the civil revision petitions, CRPMP.Nos.6696 and 7063 of 2016, filed in the respective revision petitions, shall stand disposed of as infructuous.

C.V. NAGARJUNA REDDY, J

T. RAJANI, J

January 31, 2017
DSK