HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

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CWP No.19406 of 2016 (O&M)
Date of Decision: 11.07.2017

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M/s Ishwar Steel Industries & Ors. ... Petitioners

VS.

State Bank of India & Ors. ... Respondents

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CORAM: HON'BLE MR.JUSTICE SURYA KANT
HON'BLE MR.JUSTICE SUDHIR MITTAL

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Present: Mr. PS Jammu, Advocate for the petitioners

Ms. Sonia Mehta, Advocate for
Mr. SS Pathania, Advocate for the respondents

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SURYA KANT, J. (Oral)

(1) The petitioner-borrowers have laid challenge to the order dated 26.08.2016 passed by Debt Recovery Tribunal-I, Chandigarh, vacating the *ad interim* stay which was conditionally granted on 08.06.2016 subject to petitioners' depositing ₹ 15 lacs. The petitioners though had deposited the said amount but due to their failure to submit a proposal of settlement that the stay was vacated.

(2) The petitioners have availed two loans from the respondent-Bank, namely, Cash Credit Limit/loan facility sanctioned to first petitioner to the tune of ₹ 83 lacs and a house loan of ₹ 10 lacs taken by petitioner No.3 jointly with his father. There was default in the first CC limit/loan facility account which was declared NPA.

(3) It is also pertinent to mention here that the respondent-Bank is a tenant in the premises of the borrower, namely, petitioner No.3. After the first account was declared NPA, the entire property including the Bank premises, shops, residential house and industrial unit were sought to be auctioned.

(4) The aggrieved petitioners filed SA before the Tribunal in which initially *ad interim* stay was granted on 08.06.2016 but it was vacated on 26.08.2016 due to non-submission of proposal for settlement.

(5) At the time of preliminary hearing, petitioners were asked to show their *bona fide* by bringing a demand draft of ₹ 10 lacs which was deposited by them on 13.11.2016. The petitioners appear to have made further deposit in the first loan account and as of now only ₹ 14 lacs or so are outstanding. They have already deposited ₹ 69 lacs though according to the respondent-Bank the petitioners are yet to pay about ₹ 14 lacs towards that account alone.

(6) Learned counsel for the Bank further points out that the petitioners are liable to pay more than ₹ 11 lacs towards house loan account as well.

(7) Counsel for the petitioners submits that petitioners gave a proposal for One Time Settlement which has been arbitrarily rejected by the Bank and the issue *re:* acceptance of that proposal would now be raised before DRT. Without prejudice to such a plea to be taken before the Tribunal, he submits that given some reasonable time, the petitioners would deposit the demanded amount of ₹ 14 lacs towards the first account within three months.

(8) We find that the offer made by the petitioners is just and fair. The same is accepted. It is directed that subject to the petitioners' depositing a sum of ₹ 14 lacs in two equal instalments of ₹ 7 lacs each out of which the first instalment shall be deposited on or before 31.08.2017 and the second instalment on or before 15.09.2017, it is directed that *status quo re:* possession or auction of the mortgaged property shall be maintained. However, in default, the Bank shall be at liberty to proceed further in accordance with law.

(9) As regard to the house loan account, the petitioners have categorically averred that there is no default till date and the account has not

been classified as NPA. In this view of the matter, the Bank cannot recover the house loan in lumpsum. The petitioners shall continue to pay the due instalments on time. However, in the event of any default, the Bank shall be at liberty to declare house loan account NPA and proceed against the loanee in accordance with law. It is made clear that we have not expressed any views on merits and the DRT shall decide all the issues in accordance with the law.

(10) Ordered accordingly.

(Surya Kant)
Judge

11.07.2017
vishal shonkar

(Sudhir Mittal)
Judge

1. Whether speaking/reasoned? ***Yes***
2. Whether reportable? ***No***