

NAFR

HIGH COURT OF CHHATTISGARH, BILASPUR**Writ Petition (C) No. 777 of 2020**

India Infoline Housing Finance Limited, A Housing Finance Company Incorporated Under The Companies Act, 1956 Having Its Registered Office At India Infoline Housing Finance Limited, 12A-10, 13th Floor, Parinee Crescenzo, No. C-38, And C -39, G - Block, Behind MCA, Bandra Kurla Complex, Bandra East, Mumbai - 400 051 And Branch Office At India Infoline Housing Finance Limited, 1st Floor, Nagdev Plaza, Block - A, Kachahari Chowk Jail Road, Raipur - 492 001, Represented By Its Authorised Officer - Mr. Rajbeer Singh Siddhu, Age 27 Yrs, S/o Harjeet Singh Siddhu, Collection Manager, MD - 50, Hirapur, Raipur

---- Petitioner**Versus**

1. District Magistrate, Raipur
2. Mr. Dinesh Kumar Pahuja S/o Narainda Pahuja
3. Smt. Hema Pahuja W/o Dinesh Kumar Pahuja
4. Mr. Dilip Kumar Pahuja S/o Narainda Pahuja

Gayatri Enterprises, A - Block, Pujari Chamber, Pachpedi Naka, Raipur - 492001

Unit / Flat / Aptt. No. C - 206, 2nd Floor, Lotus Apartment, 49/39, Tash Kand Marg, Allahabad, Uttar Pradesh 211001

Khasra 327/1, P C - 104, Side Road Of Ring Road, R I C Raipur - 1, Tehsil And District Raipur 492001

5. Gayatri Enterprises, A - Block, Pujari Chamber, Pachpedi Naka, Raipur - 492001

---- Respondents

For Petitioner	:	Mr. Raja Sharma, Advocate
For State	:	Mr. V. R. Tiwari, Addl. Advocate General

Hon'ble Shri Justice P. Sam Koshy
Order On Board

27.02.2020

1. The relief sought by the petitioner in the present writ petition is for an appropriate direction to the respondent no.1 to take an early decision on the application filed by the petitioner under Section 14 of the Securitization & Reconstruction of Financial of Assets and Enforcement of Security Interest Act, 2002 (in short “the SARFAESI Act”).
2. According to the petitioner, in the instant case, the application under Section 14 of the SARFAESI Act was filed as early as on 02.08.2019 and the matter till date is pending before the respondent no.1 without any specific purpose.
3. The contention of the counsel for the petitioner is that since no adjudicatory function has to be performed by the respondent no.1 while entertaining and deciding an application under Section 14 of the SARFAESI Act, the proceeding should not take this much long time or else the very purpose of the provision of law becomes redundant.
4. It would be relevant at this juncture to refer to a recent decision passed by this Court in **WPC No. 245/2020** in the case of **DCB Bank Limited Vs. State of Chhattisgarh and others** decided on 05.02.2020. This Court while deciding the said writ petition in paragraphs 4, 5 & 6 has held as under:

“ So far as the proceedings drawn by respondent No.2 under Section 14 of the Sarfaesi Act is concerned, particularly on the issue whether notice has to be issued under Section 14 or not, it would be relevant at this juncture to refer to a recent Division Bench Judgment of the Madhya Pradesh High Court in the case

of **Aditya Birla Finance Limited Vs. Shri Carnet Elias Fernandes Vermalayam** decided on 13.07.2018 wherein the Division Bench in very categorical terms in paragraph 27 to 29 have held as under :-

“27. We do not find any merit in the said argument as well. The issue raised was a question of fact as to whether the petitioner is in possession of the W A No. 784/2018 property in question on the basis of lease agreement. The said judgment refers to the Supreme Court judgment reported as (2014) 6 SCC 1 (Harshad Govardhan Sondagar vs. International Assets Reconstruction Company Limited and others) to hold that such question is required to be decided while considering an application under [Section 14](#) of the Act. But, present is not a case where any such question is required to be decided. The property in question is mortgaged in favour of the appellant; therefore, it is a secured asset. In respect of secured assets, the District Magistrate is duty bound to hand over physical possession to the secured creditor in terms of [Section 14](#) of the Act. Therefore, such judgment provides no assistance to the argument raised.

28. Coming to the argument that opportunity of hearing was not granted to the writ-petitioners and that the order passed by the District Magistrate violates the principles of natural justice is again not tenable. The Bombay High Court in a judgment reported as 2007 Cri LJ 2544 (Bom.) ([Trade Well vs. Indian Bank](#)) has held that the District Magistrate is not required to give notice either to the borrower or to the third party. He is only to verify from the Bank whether notice under [Section 13\(2\)](#) of the Act has been issued or not. The said judgment has been quoted with approval by the Supreme Court in a judgment reported as (2013) 9 SCC 620 (Standard Chartered Bank, etc. vs. V. Noble Kumar and others, etc), wherein it was held as under:-

"22. However, the Bombay High Court in [Trade Well v. Indian Bank](#) [2007 Cri.L.J. 2544 (Bom.)] opined;

"2 ...CMM/DM acting under [Section 14](#) of the NPA Act is not required to give notice either to the borrower or to the third party.

3. He has to only verify from the bank or financial institution whether notice under [Section 13\(2\)](#) of the NPA Act is given or not and whether the secured assets fall within his jurisdiction. There is no adjudication W A No. 784/2018 of any kind at this stage.

4. It is only if the above conditions are not fulfilled that the CMM/DM can refuse to pass an order under [Section 14](#) of the NPA Act by recording that the above conditions are not fulfilled. If these two conditions are fulfilled, he cannot refuse to pass an order under Section 14." (emphasis supplied)

The said judgment was followed by the Madras High Court in [Indian Overseas Bank v. Sree Aravindh Steels Ltd.](#) [AIR 2009 Mad. 10]. Subsequently, Parliament inserted a proviso to [section 14\(1\)](#) and also sub-section (1-A) by Act 1 of 2013.

25. The satisfaction of the Magistrate contemplated under the second proviso to [section 14\(1\)](#) necessarily requires the Magistrate to examine the factual correctness of the assertions made in such an affidavit but not the legal niceties of the transaction. It is only after recording of his satisfaction the Magistrate can pass appropriate orders regarding taking of possession of the secured asset."

29. Thus, the proceedings under [Section 14](#) of the Act are not proceedings to adjudicate the rights of the parties. Therefore, no notice is contemplated to be served upon

the debtor, as such proceedings are taken only after serving notice under [Section 13](#) of the Act.”

5. The said view of the Division Bench was further reiterated by the Division Bench of the Madhya Pradesh High Court again in the case of DCB Bank Limited Vs. State of M.P. & Other, WPC 22260/18 decided on 10.10.2018 wherein the judgment of the Supreme Court in the case of Standard Chartered Bank, etc. Vs. V. Noble Kumar & Others etc), (2013) 9 SCC 62 and also in the case of Aditya Birla Finance Limited (Supra) was relied upon and held as under :-

“We find that the order passed by the District Magistrate is unsustainable, for the reason that no notice to the borrower is contemplated. The petitioner has filed an application under [Section 14](#) on 16.10.2017 and many opportunities were granted to the parties before passing the impugned order on 2nd August, 2018. The allegation of payment of Rs.10 Lakhs seems to be an effort made by the borrower without any proof or supportive document thereof. Therefore, we find that the District Magistrate was not justified in rejecting the claim of the petitioner for providing assistance to take possession of the secured assets in terms of [Section 14](#) of the Act.”

6. In view of the aforesaid decision and also considering the provisions of Section 14, this Court has no hesitation to hold that the need to notice the borrowers was not necessary or justified. However, since notice have been issued that present writ petition therefore can be disposed of directing the respondent No.2 to decide the application of the petitioner at the earliest preferably within a period of 60 days from the date of receipt of copy of this order.”

5. Given the aforesaid finding, this Court is of the opinion that the present writ petition also can be disposed of in similar terms directing the respondent no.1 to pass an appropriate order on the application of the

petitioner filed under Section 14 of the SARFAESI Act, at the earliest preferably within a period of 45 days from the date of receipt of copy of this order.

**Sd/-
P. Sam Koshy
Judge**

Khatai