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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**
+ W.P.(C) 4555/2020 & CM APPL.16458-59/2020
MDF PRODUCTS AND ORS ... Petitioners
Through Ms.Pratiti Rungta and Mr.Sumit
Pargal, Advs.
Versus

PUNJAB NATIONAL BANK ... Respondent
Through Mr.Hashmat Nabi & Farah Naaz,
Advs.

CORAM:
HON'BLE MR. JUSTICE JAYANT NATH
ORDER
% **27.07.2020**

This hearing is conducted through video conferencing.

1. This writ petition is filed by the petitioners seeking the following reliefs:

“1. Issuance of a Writ of Certiorari or any other appropriate writ order or direction thereby calling for the records relating to the letter no. REF/ARMB/HS/GS dated 06/07/2020 issued by respondent bank intending to declare the petitioners willful defaulter examine the same and quash it being violative of the procedure prescribed for this purpose vide master circular no. RBI/2015-16/100 dated 1/07/2015 issued by Reserve Bank of India; and

2. Issuance of a Writ of Prohibition or any other writ order or direction thereby restraining the respondent from proceeding against the petitioners on the basis of impugned decision of intending to declare the petitioners willful defaulter, the same being violative of master circular no. RBI/2015-16/100 dated 1/07/2015 issued by Reserve Bank of India.”

2. Essentially, the grievance of the petitioners is that on 06.07.2020 the

respondent/Bank has written a communication to the petitioners stating that the borrower/guarantor has defaulted in meeting its repayment obligations and has not utilized the finance from the lender for the specific purpose. It is further stated that in case the matter is not rectified the respondent will be constrained to recommend the name of the petitioners to the Identification Committee to declare petitioner as wilful defaulters in accordance with RBI guidelines.

3. Learned counsel for the petitioners has vehemently urged that the aforesaid communication gives no instances of any default done by the petitioners and hence the petitioners are unable to comply with any directions. She also reiterates that there is no diversion of funds by the petitioners. Various other contentions are also sought to be raised.

4. It is clear that the aforesaid communication is a mere communication seeking to initiate the proceedings for declaring the petitioners as wilful defaulters.

5. Learned counsel for the respondent submits that the respondents will be bound to follow the procedure as stated in the RBI Circular dated 01.07.2015 and also the legal position as settled by the Supreme Court in the case of ***State Bank of India vs. M/s Jah developers Pvt. Ltd.*** AIR 2019 SC 2854.

6. Clearly, the impugned communication merely communicates an intent on the part of the respondent to initiate proceedings to declare the petitioners as wilful defaulters. As stated by learned counsel for the respondent, the respondent would be naturally following the stipulated procedure as per law.

7. In view of the above, nothing further survives in this petition. Petition is disposed of accordingly. All other applications also disposed of

accordingly.

JULY 27, 2020/st

JAYANT NATH, J.