D/L.6.
March 21, 2024.
MNS.

WPA No. 2020 of 2023

Champakali Chatterjee Biswas
and another
Vs.
Indian Bank and others

Mr. Saurabh Guha Thakurata,
Ms. Nilanjana Sarkar,
Mr. Abhratanu Sarkar

… for the petitioners.

1. Learned counsel for the petitioners submits that a one-time settlement was entered into between the respondent-bank and the petitioners.
2. The petitioners argue that although it was stated in Clause 10 of the Compromise Proposal given by the bank that the said proposal was in conformity with the Reserve Bank of India Guidelines, in the said proposal, only two months have been given to the petitioners to pay the entire balance amount after payment of the first upfront down payment.
3. Learned counsel for the petitioners places reliance on the Revised Guidelines of Compromise Settlement of Chronic Non-Performing Assets of public sector banks

issued by the Reserve Bank of India on January 29, 2003.

4. It is argued that in terms of Clause 3(A)(iii), in cases where the borrowers are unable to pay the entire amount in one lump sum, at least 25% of the amount of settlement should be paid upfront and the balance amount of 75% should be recovered in installments within a period of one year, together with interest at the existing Prime Lending Rate from the date of settlement up to the date of final payment.
5. Thus, it is contended that despite Clause 10 mentioning that the proposal of the bank is in conformity with the Reserve Bank of India Guidelines, the same squarely contravenes the same inasmuch as only two months have been given to the petitioners to make the payment whereas one year is the stipulated time under the guidelines.
6. Despite service, none appears for the respondents at the time of call.
7. Affidavit-of-service filed in Court today be kept on record.
8. The petitioners are justified in arguing that the compromise proposal given by the bank is self- contradictory inasmuch as it says that it is in conformity with the Reserve Bank of India Guidelines whereas it is not.

9. However, if such issue is decided in favour of the petitioners, the effect will be that the compromise proposal itself, being vitiated by contravention of the Reserve Bank of India Guidelines, goes.
10. Hence, not only the order of the bank cancelling the compromise proposal but the compromise proposal itself loses sanctity.
11. Thus, it is doubtful whether any effective purpose will be served for the petitioners in deciding the writ petition either way, since if the compromise proposal itself is set aside, the petitioners still remain defaulters, which they were in the first place, for which due proceedings under the law have been initiated by the bank.
12. However, since the petitioners have made out a valid point on contravention of the extant guidelines, WPA No. 2020 of 2023 is allowed, thereby setting aside the impugned cancellation of the compromise proposal of the bank to the petitioners on the ground that the compromise proposal itself was bad in law, being in contravention of the concerned Reserve Bank of India Guidelines dated January 29, 2003.
13. There will be no order as to costs.

14. Urgent photostat certified copies of this order, if applied for, be made available to the parties upon compliance with the requisite formalities.

(Sabyasachi Bhattacharyya, J.)