D/L 30
11.11.2025
Ct. No. 446
pp

WPA 19887 of 2022

Jyotirmoy Bhattacharjee
Vs.
State Bank of India & Ors.

Mr. Gautam Chakrborty,
Mr. Satyaki Chakraborty
... for the petitioner.
Mr. Subrata Kumar Sinha
... for the Respondent nos.1 & 2/SBI.

1. The present writ petition has been filed to challenge the validity and propriety of a communication dated 20th March, 2015, issued by the State Bank of India (hereinafter referred to as "the Bank") to the Secretary of the Indian Banks' Association. By the said communication, the petitioner's firm (hereinafter referred to as the firm) was designated as the erring professional allegedly responsible for a fraudulent act said to have been committed upon the Bank by an unscrupulous borrower. Accordingly, in addition to seeking the quashing of the said communication, the petitioner prays for the issuance of a writ of mandamus commanding the concerned respondents to remove the name of the firm from the caution list.
2. Prior to examining the issues arising for consideration in the present writ petition, it would be appropriate to briefly refer to the material facts giving rise to it.

3. A M/s. Global Engineering Services, a proprietorship firm owned by the petitioner, having expertise in various types of work, including property valuation, was empaneled as a valuer of the State Bank of India in 2012.

4. In 2010, a loan was sanctioned in favour of M/s Johnson Agritech & Farm Pvt. Ltd. (hereinafter referred to as "M/s Johnson"). In the same year, M/s Johnson approached the bank with a request for restructuring of the said loan, whereupon a cash credit limit of Rs. 2.16 crore and a term loan of Rs. 5.86 crore, totaling Rs. 8.02 crore, were sanctioned and disbursed to M/s Johnson.

5. In 2013, the borrower again approached the bank with a proposal for restructuring the loan. However, before accepting such proposal, the bank decided to assess the valuation of the property kept as collateral security. Accordingly, the firm was assigned the task of carrying out such valuation. Upon completion of the valuation through its personnel, the firm submitted a valuation report. Based on this report, the loan was restructured.

6. Subsequently, the bank alleged that it was discovered that the professionals engaged by the firm had inspected the property without giving prior intimation to the bank, and during such inspection, a different property was shown by the guarantor, one Mr. Sardar. It was further alleged that an inflated valuation was provided for the said property, which was incorrectly identified by the guarantor as the mortgaged property.

7. According to the bank, had the valuation report not been submitted by the firm, the bank would not have restructured the loan.

8. Immediately upon detection of the said incident, which, according to the bank, amounts to fraud, the bank, as per the Reserve Bank of India (RBI) guidelines, informed the Indian Banks' Association and the Central Bureau of Investigation (CBI). Thereafter, the bank lodged a complaint with the CBI, based on which an investigation was initiated, and from the records, it appears that a criminal proceeding has been instituted against the borrower and the guarantor, which are presently pending before the trial court for final adjudication.

9. In the meantime, the name of the firm was placed in the caution list. According to the petitioner, since name of the firm was included in the said list, it has been unable to obtain any assignment from any financial institution.

10. The record reveals that a Coordinate Bench, after arriving at the conclusion that this writ petition should be decided after an exchange of affidavits, directed the parties to file their respective affidavits. Accordingly, the parties have exchanged and filed their affidavits, which have been taken on record.

11. Mr. Chakraborty, learned advocate appearing for the petitioner, submits that the inspection of the property was carried out in accordance with the instructions of the Bank. Prior to conducting such inspection, due intimation had been given to the concerned Bank

official. However, none was present on behalf of the Bank at the time of inspection. He further contends that if the guarantor had misidentified a different property to the professional engaged for inspection, and such misidentification resulted in the valuation of another property, the petitioner's firm cannot be held liable for the same.

12. Mr. Chakraborty further submits that the petitioner's firm was placed in the caution list without being afforded any opportunity of hearing. He contends that such action on the part of the Indian Banks' Association constitutes a clear violation of the principles of natural justice.

13. In rebuttal, Mr. Sinha, learned advocate representing the State Bank of India, invites my attention to certain paragraphs of the affidavit-in-opposition filed on behalf of respondent nos. 1 and 2 and submits that if the correspondence exchanged between the petitioner and the respondents/SBI is carefully examined, it would be evident that the petitioner himself admitted that a different property had been inspected and that the valuation was made of a property which had never been kept as collateral security.

14. He submits that, on the basis of the said valuation report, the loan was subsequently restructured. According to him, this is a clear case of fraud practiced upon the Bank. He further contends that the petitioner's firm, which had been entrusted with the crucial task of valuing the property mortgaged with the Bank for the

purpose of restructuring the loan, ought to have exercised greater caution and should have apprised the Bank's representative before undertaking the valuation. It is urged that the firm, or any professional engaged by it for such purpose, was under an obligation to ensure proper identification of the actual property.

15. He further submits that, as per the RBI guidelines, whenever any incident of fraud comes to the bank's notice, the bank is bound to report the same to the Indian Banks' Association as well as to the CBI, and in this case also, such steps were taken. He contends that the CBI investigation has revealed a major conspiracy and detected that an unscrupulous borrower had practiced fraud upon the bank. He also submits that several correspondences were exchanged between the petitioner and the bank, and therefore, the petitioner cannot claim that no opportunity of hearing was afforded to him.

16. Heard learned advocates for the respective parties. Perused the materials on record.

17. Undisputedly, the petitioner's firm was assigned the task of valuing a property which was kept as collateral security with the bank, on the basis of which the loan was restructured. Therefore, the firm, having been entrusted with such responsibility, ought to have been more cautious in ensuring that the actual property on which the mortgage had been created was properly identified. The petitioner's firm should also have been more careful in ensuring the presence of the bank's representative during such inspection. However, it is alleged by the bank that a different property was identified to the professional engaged by the firm, and a valuation report in respect of that different property was submitted to the bank, on the basis of which the loan was restructured. Record reveals that several correspondences were exchanged between the petitioner's firm and the bank before the name of the firm was placed in the caution list.

18. Therefore, I do not agree with the contention of Mr. Chakraborty that the principles of natural justice have been violated or that no opportunity was afforded to him to defend itself before placing name of the firm in the caution list. As such, I find no merit in the petitioner's contention.

19. The writ petition is accordingly dismissed.

20. There shall be, however, no order as to costs.

21. Urgent photostat certified copies of this order, if applied for, be supplied to the parties upon compliance with all the necessary formalities.

(Partha Sarathi Chatterjee , J.)