



ARB-627-2025

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**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH
ARB-627-2025**

STATE BANK OF INDIA

....Petitioner

Versus

BANK OF INDIA AND ANOTHER

...Respondents

Reserved on: 21.11.2025**Pronounced on: 02.12.2025****Uploaded on: 02.12.2025**

*Whether only operative part of the judgment is
pronounced or the full judgment is pronounced: full judgment*

CORAM: HON'BLE MR. JUSTICE SHEEL NAGU, CHIEF JUSTICE

Present: Mr. Rakshit Gupta, Advocate, for the petitioner.

Ms. Shweta Sharma, Advocate, for the respondents.

SHEEL NAGU, C.J.

1. The petitioner has approached this Court u/s 11(6) of the Arbitration and Conciliation Act, 1996 (for short '1996 Act'), as amended, read with Section 11 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act), seeking appointment of an independent Arbitrator to adjudicate the dispute inter se between the parties.

2. The dispute arises out of competing claims of the petitioner—State Bank of India and the respondent—Bank of India, over charge and entitlement relating to pledged/hypothecated stock of M/s Sri Nangli Rice Mills Pvt. Ltd. The matter was earlier subject to proceedings before the Debt Recovery Tribunal, and subsequently before the Debt Recovery Appellate Tribunal, culminating in an order dated 12.06.2025 (Annexure P-7) directing the parties to avail statutory arbitration u/s 11 of the SARFAESI Act.

3. Section 11 of the SARFAESI Act mandates resolution of disputes between two financial institutions only by way of arbitration, and reads as under:

“Where any dispute relating to securitisation or reconstruction or



non-payment of any amount due including interest arises amongst any of the parties namely the bank or financial institution or asset reconstruction company or qualified buyer, such dispute shall be settled by conciliation or arbitration as provided in the Arbitration and Conciliation Act, 1996, as if the parties to the dispute have consented in writing for determination of such dispute...”

3.1 Hence, the present petition.

4. Learned counsel for the respondents has entered appearance and submits that the respondents have no objection to appointment of an independent Arbitrator by this Court, provided that the Arbitrator meets the eligibility criteria u/s 12(5) read with the Seventh Schedule of the 1996 Act. This statement is accepted and taken on record.

5. The present request stands squarely covered by the judgment of the Hon’ble Supreme Court in **Bank of India vs. Sri Nangli Rice Mills Pvt. Ltd. & Another, Civil Appeal No. 7110 of 2025 (Paras 124,125), decided on 23.05.2025**, wherein it has been held that in disputes between two financial institutions involving enforcement actions under SARFAESI, the only legally available remedy is arbitration as per section 11 of SARFAESI Act. The Apex Court further held that such arbitration must be invoked in accordance with Section 11(6) of the 1996 Act where the parties fail to mutually agree on an arbitrator.

6. In the present case, the arbitration requirement is not merely contractual but statutory, and therefore non-discretionary. Since both sides acknowledge existence of the statutory arbitration mechanism and the respondents do not dispute arbitrability, this Court finds no legal impediment in proceeding with appointment.



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7. Accordingly, in exercise of powers u/s 11(6) of the 1996 Act, this Court hereby appoints:

7.1. Hon’ble Mr. Justice Surinder Gupta, Former Judge of this Court, #542, The Foothills Cooperative Residential Society (IAS/PCS Society), New Chandigarh, Mullanpur 140901, Mobile No.9646356001, as the Sole Arbitrator to adjudicate disputes between the parties subject to compliance of statutory requirements under 1996 Act before proceeding ahead.

8. Parties are directed to appear before the learned Arbitrator on date, time and place to be fixed by the Arbitrator at her/his convenience.

9. The Arbitrator is appointed with the liberty to determine jurisdiction, including ruling on any objections and the scope of the Arbitrator’s authority in accordance with Section 16 of the 1996 Act.

10. The arbitration shall proceed under the applicable provisions of the 1996 Act and the applicable fee schedule shall be governed by the Fourth Schedule, unless otherwise mutually agreed.

11. The Arbitrator is requested to complete the arbitral proceedings as per time limit stipulated u/s 29-A of 1996 Act.

12. Any observation made hereinabove is meant merely for passing this order and shall not be construed as expression on merits of the dispute.

13. A request letter along with copy of this order be sent to Hon’ble Mr. Justice Surinder Gupta, Former Judge of this Court.

14. The petition stands allowed in the above terms.

(SHEEL NAGU)
CHIEF JUSTICE

02.12.2025

mohit goyal

Whether speaking/reasoned	:	Yes / No
Whether reportable	:	Yes / No