



2025:DHC:11497-DB



*** IN THE HIGH COURT OF DELHI AT NEW DELHI**

Judgment reserved on: 15.12.2025
Judgment delivered on: 18.12.2025

+ LPA 1070/2024, CM APPL. 63188/2024, CM APPL. 63189/2024 &
CM APPL. 63190/2024

BANK OF BARODAAppellant
Through: Mr. Pankaj Vivek, Mr. Naveen Malik,
Mr. Suryansh Jamwal and Mr. Tarun
Kumar, Advocates.
versus

SAHIL CHUGH & ORS.Respondents
Through: Mr. Jagdish Chandra, CGSC with Ms.
Maanya Saxena and Mr. Siddharth
Bajaj, Advocates for UOI.

+ LPA 1071/2024, CM APPL. 63191/2024, CM APPL. 63192/2024 &
CM APPL. 63193/2024

BANK OF BARODAAppellant
Through: Mr. Pankaj Vivek, Mr. Naveen Malik,
Mr. Suryansh Jamwal and Mr. Tarun
Kumar, Advocates.
versus

SH. BABU RAM & ORS.Respondents
Through: Mr. Ishkaran Singh Bhandari, CGSC
and Mr. Piyush Yadav, Advocate for
R-2 to R-5.

+ LPA 1072/2024, CM APPL. 63202/2024, CM APPL. 63203/2024 &
CM APPL. 63204/2024

BANK OF BARODAAppellant
Through: Mr. Pankaj Vivek, Mr. Naveen Malik,
Mr. Suryansh Jamwal and Mr. Tarun

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LPA 1070/2024 & connected matters

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Kumar, Advocates.
versus

SH. DEEPAK SINGHAL & ORS.Respondents
Through: Mr. Jagdish Chandra, CGSC with Ms.
Maanya Saxena and Mr. Siddharth
Bajaj, Advocates for UOI.

+ LPA 1073/2024, CM APPL. 63205/2024, CM APPL. 63206/2024 &
CM APPL. 63207/2024

BANK OF BARODAAppellant
Through: Mr. Pankaj Vivek, Mr. Naveen Malik,
Mr. Suryansh Jamwal and Mr. Tarun
Kumar, Advocates.

versus

SMT. LAKSHMI SINGHAL & ORS.Respondents
Through: Ms. Manisha Agrawal Narain, CGSC
with Mr. Navneet Saharan, Advocates
for UOI.

+ LPA 1074/2024, CM APPL. 63234/2024, CM APPL. 63235/2024 &
CM APPL. 63236/2024

BANK OF BARODAAppellant
Through: Mr. Pankaj Vivek, Mr. Naveen Malik,
Mr. Suryansh Jamwal and Mr. Tarun
Kumar, Advocates.

versus

MEHUL KUMAR CHUGH & ORS.Respondents
Through: Mr. Amit Tiwari, CGSC with Ms.
Ayushi Srivastava, Mr. Ayush Tanwar,
Mr. Arpan Narwal, Mr. Kushagra
Malik, Advocates for UOI.

CORAM:
HON'BLE THE CHIEF JUSTICE
HON'BLE MR. JUSTICE TUSHAR RAO GEDELA



J U D G M E N T

TUSHAR RAO GEDELA, J.

1. In this batch of appeals, issue on law regarding quashing of Look Out Circulars (hereinafter referred to as “LOCs”) by the learned Single Judge has commonly been assailed. However, facts differ. For convenience the prayers in these appeals are enumerated below:

THE PRAYER IN LPA 1070/2024:-

Present Letters Patent Appeal has been filed assailing the judgment dated 12.07.2024 passed in the writ petitions bearing nos. W.P.(C) 6623/2024 titled “*Sh. Sahil Chugh vs. Union of India & Ors.*” and W.P. (C) 6665/2024 “*Sh. Mehul Kumar Chugh vs. Union of India Ors.*”, filed by the respondents, whereby the learned Single Judge quashed the LOCs issued by the Bureau of Immigration (hereinafter referred to as “BoI”) at the request of appellant/Bank of Baroda (hereinafter referred to as “*appellant bank*”).

THE PRAYER IN LPA 1071/2024:-

Present Letters Patent Appeal has been filed assailing the order dated 08.08.2024 passed in the writ petition bearing no. W.P.(C) 7239/2024 titled “*Shri Babu Ram vs. Union of India through Ministry of Home Affairs & Ors.*”, filed by the respondent, whereby the learned Single Judge quashed the LOCs issued by the BoI at the request of the appellant bank.

THE PRAYER IN LPA 1072/2024:-

Present Letters Patent Appeal has been filed assailing the order dated 08.08.2024 passed in the writ petition bearing no. W.P.(C) 7207/2024 titled “*Shri Deepak Singhal vs. Union of India through Ministry of*



Home Affairs & Ors.”, filed by the respondent, whereby the learned Single Judge quashed the LOCs issued by the BoI at the request of the appellant bank.

THE PRAYER IN LPA 1073/2024:-

Present Letters Patent Appeal has been filed assailing the order dated 08.08.2024 passed in the writ petition bearing no. W.P.(C) 15990/2024 titled “*Smt. Laksmi Singhal vs. Union of India through Ministry of Home Affairs & Ors.*”, filed by the respondent, whereby the learned Single Judge quashed the LOCs issued by the BoI at the request of the appellant bank.

THE PRAYER IN LPA 1074/2024:-

Present Letters Patent Appeal has been filed assailing the judgment dated 12.07.2024 writ petitions bearing Nos. W.P.(C) 6623/2024 titled “*Sh. Sahil Chugh vs. Union of India & Ors.*” and W.P. (C) 6665/2025 “*Sh. Mehul Kumar Chug vs. Union of India Ors.*”, filed by the respondents, whereby the learned Single Judge quashed the LOCs issued by the BoI at the request of the appellant bank.

2. Since the question of law is common in all the aforesaid appeals and the facts may not be common to all the appeals, we are noting the facts only in respect of W.P.(C) Nos. 6623/2024 and 6665/2024 for the purpose of convenience alone.

3. Briefly, it is stated that the respondents were the Directors of the company, namely, M/s Sahil Home Loomtex Private Limited, which was engaged in the business of manufacturing and trading of handloom goods and had availed credit facilities from the appellant bank. On account of non repayment of the debts, the account of the company was declared a Non



Performing Asset (hereinafter referred to as “NPA”) by the appellant bank on 29.11.2019. Consequently, a notice under Section 13(2) of the Securitisation And Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as “SARFAESI Act”) was issued by the appellant bank, as also a notice under Section 13(4) of the said Act was served upon the respondents. On 19.04.2021, the Assistant General Manager of the appellant bank issued a letter to the respondents stating that the Committee of Executives on Wilful Defaulters i.e., Wilful Defaulter Identification Committee of the Appellant Bank in its meeting held on 26.03.2021 had declared the Company and its directors as wilful defaulters.

4. The appellant bank claims to have filed an Original Application bearing O.A. No.1595/2021 before the Debt Recovery Tribunal-II, Chandigarh, claiming the outstanding dues, which is pending adjudication.

5. Respondents in the underlying writ petition referred to above were also partners in a partnership firm, namely M/s. S.M. Global, which was sanctioned a cash credit limit of Rs.1.20 Crores, and in order to secure the said credit facility, an industrial property admeasuring 5370 sq. ft. at Patti Afghan, Panipat was mortgaged with the appellant bank. The accounts of the said partnership firm were declared NPA on 30.12.2019. A notice under Section 13(2) of the SARFAESI Act claiming a sum of Rs.1,23,11,774.03 was issued by the appellant bank alongwith a notice under Section 13(4) of the SARFAESI Act. On 24.09.2021, the partnership firm as also the partners were declared as wilful defaulters.

6. The appellant bank filed an Original Application bearing O.A. No.1919/2021 before the Debt Recovery Tribunal-II, Chandigarh. Consequently, LOCs were issued against the respondents which were under



challenge in the underlying writ petitions. The contention raised by the respondents therein, while relying on various judgments of this Court, was that, since no criminal proceedings have been initiated against the respondents and merely on account of inability of the company and the partnership firm to repay their debts, LOCs could not be opened against the Directors/Partners as the same is violative of their fundamental rights to travel under Article 21 of the Constitution of India, 1950. By way of the impugned judgments, the learned Single Judge quashed the LOCs issued against the respondents, predicated on the fact that there are no criminal cases pending against them.

7. The only question raised by the learned counsel for the appellant bank is that, as per the Office Memorandum (hereinafter referred as “OM”) dated 22.11.2018 issued by the Ministry of Finance, Government of India, regarding empowerment of Heads of Public Sector Banks to issue requests for opening LOCs, particularly para 3, wherein it is provided that LOCs may be issued by the Heads of Public Sector Bank so that the persons covered under the amended OM of the Ministry of Home Affairs (hereinafter referred to as “MHA”), including fraudsters and persons who wish to take loans and willfully default or launder money and escape to foreign jurisdiction are restricted from escaping the country.

8. Learned counsel also relies upon the judgment in the case of ***Prateek Chitkara vs. Union of India & Ors.***, reported in ***2023 SCC OnLine Del 6104***, particularly para 82, to submit that the term “detrimental to economic interest” has been construed to mean that an LOC may be issued if, in any given case, the violation adversely impact the economy. He submitted that it was clarified that squandering of public money or siphoning of amounts taken as loans from banks etc. may justify the issuance of LOCs.



9. Learned counsel forcefully submitted that the learned Single Judge has not returned any finding or made any observation in respect of para 3 of the OM dated 22.11.2018, or the observations of the Court in *Prateek Chitkara (supra)*, particularly para 82. He contended that in the present cases too, the wilful defaults of the respondents across all the appeals, cumulatively, have adversely affected the economy of the country and would clearly fall within the term “detrimental to economic interest”. If that is so, he would contend that the impugned judgment of the learned Single Judge ought to be set aside.

10. He also contended that merely because no criminal case is registered against either the company/partnership firm or its Directors/Partners, in the light of the aforesaid observations, would not disentitle the appellant bank from placing its request for issuance of LOCs against such persons.

11. On the other hand, Mr. Amit Tiwari, learned Central Government standing counsel appearing for the Union of India stated that so far as the regime surrounding the issuance of LOCs is concerned, it is only the MHA which is the Nodal Ministry to issue any guidelines or policy in respect thereto.

12. Having heard the learned counsel for the parties and minutely examining the records, we find no reason to interfere or interdict the impugned judgment passed by the learned Single Judge.

13. So far as the OM dated 22.11.2018 issued by the Ministry of Finance is concerned, it is apparent that the Nodal Ministry which has the authority and jurisdiction to issue policies and guidelines in respect of the regime surrounding issuance of LOCs, is the MHA. That apart, even if we take the contents of para 3 of the said OM on its face value, it would, at best, amount to an advisory, over and above the guidelines of the MHA. Other than that,



we cannot conceive that the same would be of a binding nature.

14. That apart, the other argument in respect of the term “detrimental to economic interest” is concerned, we find that in para 82 of *Prateek Chitkara (supra)*, the Court noted that issuance of LOC cannot be resorted to in each and every case of bank defaults or credit facility availed of for business etc., and that citizens ought not be harassed or deprived of their liberty to travel merely due to their participation in business, whether in a professional or in a non-executive capacity. In fact, it was clearly observed that the circumstances surrounding issuance of an LOC have to reveal a higher gravity and a larger impact on the country. We agree with the said observations and find that the same would be squarely applicable to the facts of the present appeals. The learned Single Judge had also relied upon the judgment of this court in *Apurve Goel vs. Bureau of Immigration and Anr., W.P.(C) 5674/2023*, rendered on 19.09.2023, particularly in para 22, which noted that the authority opening the LOC must satisfy itself that the departure of a person against whom an LOC has been opened, would be detrimental to sovereignty or security or integrity of India or that the same is detrimental to the bilateral relationship with any country or to the economic interest of India. In the absence of such foundational facts as laid down, the sustenance of an LOC cannot be upheld.

15. Merely, the inability to repay the debt, without there being a criminal case, cannot be a reason to deprive a citizen of this country of the fundamental rights envisaged and guaranteed under Article 21 of the Constitution of India.

16. Lastly, learned counsel for the appellant bank was unable to provide any counter argument or judgment to the ratio laid down by the Division



Bench of the High Court of Bombay *vide* its judgment dated 23.04.2024 in ***W.P.(C) 719/2020*** titled ***Viraj Chetan Shah vs. Union of India and Anr.***, whereby Clause 8 (b) (xv) of the OM dated 27.10.2010 which was equivalent to Clause 6(B)(xv) of the OM dated 22.02.2021, empowering the Chairman/Managing Director/Chief Executive of all Public Sector banks who could make request for opening an LOC, was quashed. The very right, authority and jurisdiction of the Principal Officers of the Public Sector Banks to make a request for issuance of LOC having been divested, the question of relying on the OM issued by the Ministry of Finance etc., would be rendered meaningless. Thus, the contention predicated on the said OM is unpersuasive.

17. Learned counsel for the appellant bank had also contended that the right to freedom to movement or travel, though a fundamental right yet, is neither unfettered nor unrestricted, and therefore the appellant bank has every right to seek issuance of LOCs against persons or institutions which have been declared as wilful defaulters. The argument, no doubt, appears to be attractive, however, lacks substance. Undoubtedly, the right to freedom to travel may not be an unrestricted or unfettered right, however, the restrictions or fetters pitched against such fundamental rights have to pass the test of judicial review. Keeping in view the aforesaid judgments as also the ratio laid down by the Division Bench of the Bombay High Court in ***Viraj Chetan (supra)***, quashing the very power and jurisdiction of the banks to seek issuance of LOCs, there cannot be any restriction which we could read prohibiting the travel of the respondents freely. In that view of the matter, the said submission has no merits.

18. In view of the above, we do not find any reason, much less a cogent reason, to interfere with the well reasoned judgment of the learned Single



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Judge. Accordingly, all the appeals are dismissed at the admission stage itself without any order as to costs.

**TUSHAR RAO GEDELA
(JUDGE)**

**DEVENDRA KUMAR UPADHYAYA
(CHIEF JUSTICE)**

DECEMBER 18, 2025

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