IN THE HIGH COURT OF JUDICATURE AT PATNA
Civil Writ Jurisdiction Case No.4392 of 2026

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Abhijeet Kumar Singh Son of Shri Arjun Singh, Resident of Village-Rukanpura, Bailey Road, Near Singh Petrol Pump, Police Station-Rupaspur, District-Patna.

... ... Petitioner/s

Versus

1. The Union of India through its Home Secretary, Ministry of Home Affairs, Government of India, North Block, New Delhi-110001.
2. The Home Secretary, Ministry of Home Affairs, Government of India, North Block, New Delhi-110001.
3. The Foreigners Regional Registration Officer (FRRO), Bureau of Immigration, Ministry of Home Affairs, Government of India, East Block-VIII, Level-V, Sector-1, R.K. Puram, New Delhi 110066, through Director General, Revenue Intelligence, New Delhi.
4. The Canara Bank through its Managing Director - cum Chief Executive Officer having its Office at 112, J.C. Road, P.S.-J.C. Nagar, Bengaluru, PIN Code - 560002.
5. The Deputy General Manager (DGM), Canara Bank, Circle Office Patna, 3rd Floor, Luv Kush Tower, Exhibition Road, P.B. No. 195, Salimpur Ahra, Golambar, Patna-800001.

... ... Respondent/s

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Appearance :

For the Petitioner/s	:	Mr.Sanjeev Ranjan
For the Respondent/s	:	Mr.Additional Solicitor General

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CORAM: HONOURABLE MR. JUSTICE AJIT KUMAR

ORAL ORDER

8 04-05-2026 Heard Mr. Sanjeev Ranjan, learned counsel for the petitioner, Mr. Rajan Ghoshrave, learned counsel for the Canara Bank and Mr. Anand Kr. Ojha duly assisted by Ms. Kalpana, learned counsel for the Union of India.

2. The present writ petition has been filed seeking the following reliefs:

> *i. For issuance of an appropriate writ, order or direction in the nature of certiorari for quashing the illegal and arbitrary*

action of the respondent no. 3 in making an adverse endorsement / remark in the passport of the petitioner marking it as "cancelled without prejudice" and thereby restraining his international travel without authority of law which action of the respondent no.3 is illegal, arbitrary and unsustainable.

ii. For issuance of an appropriate writ, order or direction, in the nature of Mandamus that upon quashing the adverse remark/ endorsement of cancellation without prejudice, the respondent may be directed to remove the said endorsement forthwith and permit the petitioner to travel to the United States of America for the purpose of joining his employment, forthwith.

iii. For issuance of an appropriate writ, order or direction, in the nature of certiorarified mandamus, directing the respondents to produce before this Hon'ble Court the Look Out Circular / Look Out Notice issued by the Bureau of Immigration at the instance of Canara Bank and upon such production, issue a writ in the nature of certiorari for quashing the same as the issuance thereof is illegal, arbitrary and without authority of law and consequently, restrain the respondents from in any manner interfering with the fundamental right to travel outside India. petitioner's

iv. For any other relief / reliefs to which the petitioner is found entitled in the facts and circumstances of the case.

Additional prayer made through Interlocutory Application after service of the Look Out Circular, the following reliefs were incorporated by the learned counsel for the petitioner, which are as follows:-

> *v. For a writ, order or direction in the nature of certiorari to quash the Look Out Circular bearing No. 2024410271 dated 30.03.2024, as the same has been issued in a mechanical manner without disclosing the grounds for opening the LOC. Thus, the issuance of the LOC is arbitrary, illegal, and unsustainable in law.*
>
> *vi. For a writ, order or direction in the nature of certiorari to quash the requisition issued in Appendix-II by the Managing Director-cum-Chief Officer of Canara Bank for opening of the LOC, which does not satisfy the grounds prescribed under the Office Memorandum dated 22.02.2022, and therefore, the said requisition is illegal, arbitrary, and wholly without jurisdiction.*

3. The factual matrix of the case is that the family of the petitioner was engaged in the business of operating flour mill through duly incorporated and registered in the year, 2007 under the name of M/s Maruti Nandan Food Products Private Limited, and in the year 2011, petitioner was inducted as director holding 28.5% of the shareholding, whereas his elder brother holds 71.5% of the shares in the said company. In between 2007 and 2013, the company demonstrated strong creditworthiness through successive loan takeovers by nationalized banks, starting with a Rs. 4 Crore term loan from Allahabad Bank. In 2010, the account moved to the Bank of India with a sanctioned term loan of Rs. 4.39 Crores and a Rs. 6 Crore cash credit facility. On 29.06.2013, the Petitioner executed a Power of Attorney authorizing his father to act as Director and manage loan facilities with Canara Bank. By 18.12.2015, a previously mortgaged property was sold via public auction by Vijaya Bank, a fact that later became central to allegations of non-disclosure in the CBI FIR. In 2013, Canara Bank took over the account, initially providing a Rs. 10 Crore cash credit limit and a Rs. 4 Crore term loan, which were later enhanced to Rs. 17 Crores and Rs. 6.5 Crores, respectively. These successive appraisals by different financial institutions underscored the company's initial financial viability and sound operational health.

4. Subsequently, the company's financial stability said to have been severely compromised following the economic impact of demonetization in November 2016 and the transition to the GST regime in 2017. These structural shifts created a liquidity crunch and disrupted the working capital cycle, leading to a substantial downturn in business operations. Consequently, the company struggled to service its interest instalments, resulting in the loan account being classified as a Non-Performing Asset (NPA) on March 1, 2017. In response, Canara Bank initiated recovery proceedings for recovery of the alleged outstanding dues, via O.A. No. 540 of 2018 before the Debt Recovery Tribunal (DRT), Patna, which was subsequently allowed by the Learned Tribunal and recovery proceeding is pending before the Recovery Officer.

5. Parallel to the DRT proceedings, the bank invoked the SARFAESI Act for recovery of the alleged outstanding dues, issuing demand notice under Section 13(2) and followed by a possession notice under Section 13(4). Subsequently, the Bank approached the District Magistrate, Patna for taking physical possession of the residential property belonging to the petitioner's father under Section 14. The secured assets were thereafter put to auction sale by the Bank. However, the said auction sale proceedings were vitiated by several legal and procedural infirmities, whereupon the learned Debt Recovery Tribunal, Patna was pleased to stay the operation of the e-auction sale.

6. To secure the loans, the family had mortgaged 18 immovable properties, in which the petitioner holds an undivided share. While the bank attempted to auction these assets, the process faced legal challenges at the DRT due to procedural infirmities. A criminal investigation by the CBI (FIR No. RC0232023A0010-Pat) dated 22.11.2023 at Police Station CBI/ACB, Patna, Bihar, under Sections 120B read with 420 of the Indian Penal Code against the company, namely M/s Maruti Nandan Food Products Private Limited and its Directors, Guarantors and Mortgagors. (Annexure-P/4). In the said FIR, the father, mother and brother of the petitioner have been arraigned as accused persons. However, the investigation found no evidence of siphoning or diversion of funds or any wrongful gain accruing to the petitioner. The CBI did not find any material indicating diversion of funds or mismanagement in the affairs, operations or the conduct of the company. It was noticed during the course of investigation that the only irregularity noted involved a single property in Village Balbatra admeasuring 47.5 decimals (valued at ~Rs. 7.5 Lacs) which had a prior undisclosed mortgage with Vijaya Bank and was sold in public auction in proceedings before the DRT on 18.12.2015.

7. The CBI chargesheet (Annexure-P/5) ultimately did not find the petitioner involved in any wrongdoing, listing him in Column No. 12 as a person not charge-sheeted, while charges were filed against the Company, Arjun Singh and Abhimanyu Kumar Singh. Subsequently, upon completion of investigation, the police report/charge sheet was submitted before the Learned Exclusive Magistrate, Central Bureau of Investigation, Patna, who was pleased to take cognizance under Section 190(1)(a) of the Code of Criminal Procedure, 1973 vide order dated 15.01.2025 passed in Special Case No. 4 of 2024 for the offences punishable under Section 120B read with Section 420 of the Indian Penal Code, 1860 against Shri Arjun Singh, Shri Abhimanyu Kumar Singh and the Company. (Annexure-P/6)

8. In a move to resolve all outstanding liabilities, the company submitted a One-Time Settlement (OTS) proposal on May 27, 2025 (Annexure-P/7). The company has offered to settle the entire loan account for a sum of Rs. 18.5 Crores and has already demonstrated its bona fide intent by depositing an upfront amount of Rs. 50 Lakhs via Demand Draft, which the bank has encashed. This proposal is intended to cover the total default amount which had escalated due to accrued interest.

9. The current legal grievance arises from a Look Out Circular (LOC) issued by the Bureau of Immigration at the bank's request, which resulted in the petitioner being intercepted at Indira Gandhi International Airport on February 6, 2026 without any prior notice and was neither served a copy of the LOC issued against him nor any grounds were communicated to him for issuance of LOC against him. Despite being a Lead Software Engineer in the USA with no findings of financial mismanagement against him, the petitioner's passport was endorsed as "cancelled without prejudice" (Annexure-P/8), preventing his return to work. The petitioner sent a communication vide e-mail dated 06.03.2026 addressing respondent no. 2 with a request inter alia to supply a copy of the LOC issued against him to avail appropriate remedy under law. (Annexure-P/9)

<u>Submission on Behalf of Petitioner</u>

10. The Learned Counsel for the petitioner submits that the petitioner initially approached the Delhi High Court via W.P. (Crl.) No. 628 of 2026 to quash the LOC. However, the court did not entertain the petition on merits due to a preliminary objection regarding territorial jurisdiction, leading the petitioner to withdraw the case on 26.02.2026 with liberty to move the appropriate forum, the Patna High Court (Annexure P/12). Jurisdictional issues raised by the petitioner was due in the background that neither LOC nor requisition was made available to the petitioner at the time of detainment. It is next submitted that the legal landscape governing LOCs has fundamentally shifted through successive executive instructions, often to the detriment of individual liberty. It is argued that under the original Office Memorandum (OM) dated 27.10.2010, a respondent bank lacked the authority to request an LOC. This was altered by the OM dated 05.12.2017, which introduced the phrase "detrimental to the economic interest of the country" as a ground for restriction a term the petitioner contends did not exist in the 2010 guidelines and should only be applied in "exceptional circumstances".

11. It is next submitted that in order to consolidate the directions for issuance of LOCs, the Ministry of Home Affairs issued a comprehensive Office Memorandum dated 22.02.2021, which presently governs the law with respect to the issuance of LOCs. The relevant extract of said Office Memorandum is as under: -

"6. The existing guidelines with regard to issuance of Look Out Circulars (LOC) in respect of Indian citizens and foreigners have been reviewed by this Ministry. After due deliberations in consultation with various stakeholders and in suppression of all the existing guidelines issued vide this Ministry's letters/O.M. referred to in para 1 above, it has been decided with the approval of the competent authority that the following consolidated guidelines shall be followed henceforth by all concerned for the purpose of issuance of Look Out Circulars (LOC) in respect of Indian citizens and foreigners: -

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(B) The request for opening of LOC. must invariably be issued with the approval of an Originating Agency that shall be an officer not below the rank of-

(i) Deputy Secretary to the Government of India; or

(ii) Joint Secretary in the State Government; or

(ii) District Magistrate of the District concerned; or

(iv) Superintendent of Police (SP) ofthe District concerned; or

(v) SP in CBI or an officer of equivalent level working in CBI; or

(vi) Zonal Director in Narcotics Control Bureau (NCB). or an officer of equivalent level [including Assistant Director (Ops.) in

Headquarters of NCB); or

(vii) Deputy Commissioner or an officer of equivaleht level in the Directorate of Revenue Intelligence or Central Board of Direct Taxes or Central Board of Indirect Taxes and Customs: or

(viii) Assistant Director of Intelligence Bureau/ Bureau of Immigration (Bol); or

(ix) Deputy Secretary of Research and Analysis Wing (R&AW); or

(x) An officer not below the level of Superintendent of Police in National Investigation Agency; or

(xi) Assistant Director of Enforcement Directorate; of

(xii) Protector of Emigrants in the office of the Protectorate of Emigrants or ån officer not below the rank of Deputy Secretary to the Government of India; or

(xiii) Designated officer of Interpol; or

(xiv) An officer of Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs not below the rank of Additional Director (in the rank of Director in the Government of India); or

(xv) Chairman/ Managing Directors/ Chief Executive of all Public Sector Banks.6

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(H) Recourse to LOC is to be taken in cognizable offences under IPC or other penal laws. The details in column IV in the enclosed

proforma regarding „reason for opening LOC" must invariably be provided without which the subject of an LOC will not be arrested/detained.

(I) In cases where there is no cognizable offence under IPC or other penal laws, the LOC subject cannot be detained/arrested or prevented from leaving the country. The originating agency can only request that they be informed about the arrival/departure of the subject in such cases

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(L) In exceptional cases, LOCs can be issued even in such cases, as may not be covered by the guidelines above, whereby departure of a person from India may be declined at the request of any of the authorities mentioned in clause (B) above, if it appears to such authority based on inputs received that the departure of such person is detrimental to the sovereignty or security or integrity of India or that the same is detrimental to the bilateral relations with any country or to the strategic and/or economic interests of India or if such person is allowed to leave, he may potentially indulge in an act of terrorism or offences against the State and/or that such departure ought not be permitted in the larger public interest at any given point in time.

12. It is next submitted that while it empowers heads of Public Sector Banks to request LOCs, such recourse is strictly intended for cognizable offences or cases involving a "flight risk," neither of which apply to him as he was not charge-sheeted in the underlying CBI investigation (Annexure-

P/11 series). The validity of the said Office Memorandum dated 22.02.2021, along with earlier amendments issued by the Ministry of Home Affairs governing the issuance of LOCs, fell for consideration before the Division Bench of the Hon'ble Bombay High Court in a batch of petitions, the lead matter being ***Viraj Chetan Shah v. Union of India and Ors.*** reported in ***2024 SCC ONLINEBOM 1195,*** wherein the Hon'ble Court has quashed Clause 8(b)(XV) of the Office Memorandum dated Memorandum No. 27.10.2010 bearing Office 25016/31/2010-Imm, as well as Clause 6(B) (XV) of the Office Memorandum dated 22.02.2022 bearing Office Memorandum No. 25016/10/2017-Imm (Pt), whereby the Chairman/Managing Director/Chief Executive Officer of a Public Sector Bank was empowered to request the opening of a Look Out Circular. Thus, in view of the cumulative effect of the said judgment, Public Sector Banks cannot open or request issuance of such Look Out Circulars and thus, the lookout circular issued against the petitioner at instance of the respondent bank is wholly without jurisdiction.

13. It is next submitted that the decision in the case of ***Viraj Chetan Shah (supra)*** was also considered by Hon'ble Delhi High Court in ***Sahil Chugh v. Union of India***

reported in ***2024 SCC OnLine Del 4806***, wherein, it was held that LOC issued at the behest of a public sector bank against borrowers/directors merely on account of loan default or declaration as wilful defaulters, in the absence of any criminal proceedings, are unsustainable in law. It was emphasized that the expression "detrimental to the economic interests of India" under the MHA guidelines is meant for exceptional cases involving grave, systemic or national economic impact, and not routine commercial defaults.

Submission on Behalf of Respondent-Bank

14. Learned Counsel for the respondent-bank submits that the petitioner is not entitled to the reliefs sought, such as the quashing of the Look Out Circular (LOC) or the removal of the passport endorsement. The bank's primary position is that the petitioner remains significantly liable for substantial outstanding dues, and the restrictive measures are necessary to protect the economic interests of the institution and the country. It is next submitted that there is history of default by the borrower, M/s Maruti Nandan Food Products Pvt. Ltd. and a One Time Settlement (OTS) was previously sanctioned on September 26, 2017, for an amount of Rs. 23.30 Crore.

However, the respondent-bank next submits that the borrower failed to honour this commitment, paying only a negligible sum of Rs. 0.22 Crore toward the sanctioned amount. This failure to adhere to the prior settlement terms is a primary reason for the bank's refusal to grant further leniency or permit the petitioner's departure from India.

15. It is next submitted that the current financial liability, which has escalated due to the breach of the 2017 agreement and accrued interest. As per the bank's records, the borrower is now required to pay the remaining balance of the original OTS (Rs. 23.08 Crore) plus Delayed Period Interest (DPI) of Rs. 33.59 Crore calculated up to March 30, 2026. This brings the total outstanding liability to Rs. 56.67 Crore. It is next submitted that the borrower's representatives submitted a fresh OTS offer of Rs. 18.50 Crore, to be repaid over 12 months, with a request for the release of mortgaged securities. The bank formally rejected this proposal as it does not align with the Board-approved policy for compromise settlements, which requires payment of the earlier OTS amount plus compounding interest.

16. It is next submitted that as a director and guarantor, the petitioner cannot be permitted to leave the country while such massive financial obligations remain unliquidated. The bank asserts that the LOC and the passport endorsement are lawful measures taken to recover public money. Given the history of non-compliance and the substantial gap between the borrower's offer and the actual dues as detailed in Annexure-R/1, the bank prays that the court reject the petitioner's request for travel and uphold the restrictive measures currently in place.

17. Further, in the Supplementary Counter Affidavit, the respondent bank clarifies that the Look Out Circular (LOC) was issued against the petitioner based on several critical factors: his status as the Personal Guarantor for M/s Maruti Nandan Food Products Private Limited, his failure to respond to the bank's repeated attempts to discuss the loan account, and the classification of said account as a Non-Performing Asset (NPA). Furthermore, the bank emphasizes that the loan account was formally declared as a fraud on February 27, 2023. Regarding the legal proceedings, the bank has filed a petition under Section 358 of the Bhartiya Nagrik Suraksha Sanhita, 2023, currently pending before the Special Judge, CBI-I, Patna, in R.C. No. 10 (A)/ 2023. However, the bank explicitly submits that at the time the requisition for the LOC was originally made, it was clearly indicated that no criminal case was pending against the petitioner; therefore, the LOC was initiated as a recovery measure for a defaulted and fraudulent account rather than as a consequence of the current CBI case.

18. Regarding the issue of jurisdiction, the bank asserts that the Requisitioning Authority in this matter is the Managing Director of Canara Bank, thereby fulfilling the legal requirements for such an action as documented in Annexure-R/2 of the Supplementary Counter Affidavit. The respondent bank contends that the petitioner has attempted to mislead the Court by making false statements regarding the basis of the LOC and the authority of the bank to request it. Ultimately, the bank maintains that the recovery of a "huge amount" of public money is at risk. It argues that if the petitioner is permitted to travel abroad, the likelihood of recovering these funds would be severely diminished, and consequently, the reliefs sought in the writ petition should be rejected in their entirety.

<u>Submission on Behalf of Union of India</u>

19. The learned counsel for the respondents no. 1, 2 and 3 submits that such personal milestones of the petitioners do not grant an absolute right to circumvent the legal consequences of pending criminal proceedings. It is a matter of record that an FIR has been registered and a formal chargesheet has already been filed, rendering the matter sub-judice before a court of competent jurisdiction. Under the Passport Act, 1967, and relevant government notifications, the pendency of such criminal proceedings constitutes a valid and legal ground for the restriction or refusal of travel documents. Consequently, the petitioner's proper legal recourse is to approach the concerned Trial Court to seek a "No Objection" certificate or specific permission to travel, as an alternative and efficacious remedy exists within that forum.

20. Learned counsel for the respondents further submits that the Bureau of Immigration (BoI) functions solely as a ministerial "custodian" of the LOC database and does not possess the independent authority to initiate, adjudicate, or withdraw an LOC *suo motu*. The LOC against the petitioner was operationalized strictly based on a formal requisition from the "originating agency," specifically Canara Bank, and the BoI is legally bound to maintain this status until the originating agency or a competent court directs its withdrawal. In an official communication dated March 25, 2026, the BoI stated it has no inherent objection to the withdrawal of the LOC, provided such a request is formally communicated by Canara Bank. As the petitioner is admittedly a defaulter in relation to the originating agency, any grievance regarding the continuation of the LOC lies exclusively against that agency rather than the BoI. Counsel further contended that they have acted in strict compliance with extant governmental guidelines and that no cause of action survives against them, necessitating the dismissal of the writ petition.

<u>Consideration</u>

21. On close scrutiny of the facts, materials available on record and submission made by the learned counsel for the petitioner, Union of India and respondent-Canara Bank, it is evident from the submissions made by the Union of India that the investigation in which FIR was lodged by CBI, in which the charge-sheet has already been filed rendering the matter before the Court of competent jurisdiction, therefore, the petitioner has to approach the concerned Trial Court for seeking NOC to travel abroad. The effective remedy is completely misplaced stand as taken by them because the materials do not show any charge-sheet having been filed against this petitioner and, therefore, the petitioner may not have any reason to approach the Court of competent jurisdiction when the criminal case is pending and in view of the fact that the charge-sheet having been filed by the CBI against which cognizance has already been taken and this petitioner was summoned.

21.(i) The reason which has been assigned for opening of LOC does not disclose anything new rather on the basis of all such materials which were available with the bank at the time of attachment of property, kept with them as security, has only been referred but to meet with the contingencies as enumerated under the guidelines issued by Ministry of Home Affairs (MHA) to make such request for opening of LOC has not been found out as is apparent from the requisition annexed with the Interlocutory Application, while putting the same to challenge before this Court. Even from the pleadings made by the respondent-bank officials through their counter affidavit, it does not appear that any hindrance has been caused by this petitioner in respect of the property pledged for obtaining cash credit and term loan benefits, rather from the pleadings of the parties, it is quite evident that the pledged property was put on auction but no prospective buyers turned up as submitted by the counsel for the petitioner, which fact has not been controverted by the counsel for the respondent-Canara Bank, by referring to the records of the case.

22. The guidelines which specifically provides for opening of LOC clearly mentions that LOCs can be issued in respect of the person against whom cognizable offences are made out under IPC or any other Penal Laws and in cases where there is no cognizable offence under IPC or any other Penal Laws, the LOC subject cannot be detained or arrested or prevented from leaving the country. The originating agencies can only be acquainted to be informed about the arrival or departure in such cases. The power to detain can be exercised under exceptional circumstances, which can be discerned from the guidelines of Ministry of Home Affairs, where the departure of a person from India may be declined at the request of any of the authorities based on the inputs received that the departure of such person is detrimental to the sovereignty or security or integrity of India or the same is detrimental to bilateral relation with any country or to strategic and/or the economic interest of India or if such person is allowed to leave the country, then the person may potentially get indulged in act of terrorism or offence against the State and/or that such departure ought not be permitted in larger public interest at any given point in time.

23. From the materials placed on record for consideration of validity or recourses taking against the LOC subject, it is quite evident that the pre-conditions for issuance of LOC is apparently missing as the criminal angle against this petitioner qua other members were investigated by the Central Bureau of Investigation (CBI) but no chargesheet is said to have been filed against this petitioner and consequently thereto there is no cognizable offence pending against this petitioner as of now, which would prohibit or prevent the LOC subject from leaving the country. In so far, the cooperation which the Originating Authority may expect from this petitioner in making good the liabilities, which is said to have incurred against the Company in question, because of the Loan Account having been classified as NPA, the property pledged is already under attachment of the DRT and even the efforts made by the DRT to put such property on auction could not be fructified and failure in fetching suitable buyer may not be attributable to this petitioner.

24. In so far, the jurisdiction of the originating authority in seeking opening of the LOC is concerned to which the counsel for the respondent-bank, has categorically submitted that the requisition was made by Managing Director of respondent-Canara Bank and as such, the jurisdiction of the authority of the Bank in question cannot be questioned, which fact has also not been controverted by the petitioner in reference to any supportive materials, to hold the requisition of the Originating authority being without jurisdiction. From the averments made in supplementary counter affidavit giving out the reasons for making requisition for issuance of LOC is that petitioner is the personal guarantor of the company namely M/s Maruti Nandan Food Products Private Limited and the Petitioner did not respond even after request of Canara Bank to discuss the status of his loan account and accordingly, the loan account has been declared fraud as on 27.02.2023 holding their conduct being not satisfactory owing to which the account in question has been classified as NPA as per the guidelines of RBI.

25. The grounds which have been referred in the supplementary counter affidavit justifying the issuance of the requisition for opening of LOC does not indicate any fresh ground rather these grounds were available with the respondent-bank from much before, even when the petitioner is said to have been visiting the country on several occasions, prior to issuance of LOC based on the requisition in question. Insofar, the reasons assigned for not responding to the notices issued by the bank to the petitioner to make good to the liability fastened against him, there is nothing on record to show that the notices issued were ever communicated to the petitioner, even during his visit or through any other mode, while this petitioner was abroad.

26. Insofar, the issues raised by the counsel for the petitioner that the machineries deployed in the unit for carrying out the business, could have also fetched more amount and the liability so created could be have easily been discharged by the petitioner. Clubbing the said amount, if those machineries would have separately been put on auction or the petitioner and his family members were allowed by the bank officials, to negotiate with private person under their supervision. As such, stand taken by the counsel for the petitioner, having not been controverted, surely persuades this Court to adjudicate the issues raised by the petitioner in reference to the specific stand taken by the respondent-bank and as also stand taken by the Union of India in their counter affidavit to justify the opening of LOC.

27. At this stage, the counsel for the respondent-bank has pointed out that their only concern is that the petitioner should discharge his liability or the mode of discharging the same be dictated by him before leaving the country, to such stand of the respondent-bank, counsel for the petitioner on instructions, submits that the petitioner in order to show his *bona fide*, is ready to discharge some percentage of his liability and ready to discuss further terms to settle/discharge the liability with the bank, for which both the parties sought indulgence from this Court and in order to enable the parties to arrive to an amicable settlement or to discuss the mode of settlement, the matter was adjourned vide order dated 30.04.2021 by passing of following order:

> *"In continuity with the settlement directed vide order dated 26.03.2026 to find out the terms of settlement for allowing the issues to be adjudicated on merit, the bank officials are directed to discuss the issues with the petitioner and fix the terms to resolve the liability latest by tomorrow, so that appropriate orders on the grievance raised by this petitioner can be made by this Court, wherein the authority of issuance of requisition based on which the opening of LOC has been made the subject matter of challenge."*

28. This matter was taken up on 30.04.2026, in order to explore the possibility of settlement and to enable adjudication of the issues on merits, the bank officials were directed to hold discussions with the petitioner and arrive at mutually agreeable terms for liquidation of liabilities. Accordingly, the matter was listed for further consideration on 01.05.2026 at 3:00 p.m. When the matter was taken up, Shri Sanjeev Ranjan, General Manager, ARM Branch, Canara Bank, appeared in person and apprised the Court of the discussions held with the Head Office as well as with the petitioner. During the course of hearing, the respondent bank reiterated its stand. However, with a view to facilitate an amicable settlement and explore the modes of discharging the liabilities accrued against the petitioner and his family members, this Court directed the General Manager to further deliberate upon the issues with the Head Office and revert with a concrete proposal for settlement, the matter was adjourned by passing of following order vide order dated 01.05.2026:

> *"2. In view of the order dated 30.04.2026, Mr. Sanjeev Ranjan, Chief Manager, Canara Bank, ARM Branch, Patna, has appeared in person and submits that the proposal for settlement with the petitioner in respect of the financial liability so*

> *accrued as against the account, which has been classified as NPA, is under active consideration before the Board and most likely an appropriate decision would be taken on Saturday, i.e. on 02.05.2026 and as such, in order to apprise this Court with such decision, seeks a short adjournment."*

29. Pursuant to the order dated 01.05.2026 when Mr. Sanjeev Ranjan, who had appeared in person and submitted that the terms of proposal for settlement with the petitioner in respect of the financial liability so accrued as against the account, which has been classified as NPA, is under active consideration before the Board and most likely an appropriate decision would be taken on Saturday, i.e. on 02.05.2026.

30. Today, when this matter was taken up for consideration, an unsigned paper showing purported proposal made on behalf of the respondent is placed for consideration, in which the only condition stipulated is that the Bank is only interested with the entire decretal amount as on 30.04.2026 to the tune of Rs.45,16,79,758, as per the DRT, Patna, be paid by this petitioner, only then the interference be given by this Court. The proposal came from the respondent-bank is as follows:

> *"It is observed that the bank sanctioned a One Time Settlement (OTS) to the borrower for Rs. 23.30 crore on 26.09.2017. however,*

> *the borrower failed to fulfil their commitment, paying only Rs. 22 lac towards the sanctioned amount. To revive this OTS, the party has to pay the decretal amount of Rs. 45,16,79,758.00 (as on 30.04.2026) as per the learned DRT, Patna order."*

31. The purported proposal of the Bank, which has been placed for consideration by this Court, in reference of revival of OTS and payment of decretal amount, which is already pending before DRT for its adjudication and there is no fresh ground, as is evident from the record, therefore, the originating agency who had made the requisition for issuance of LOC, cannot be justified in law, and as such the issuance of LOC violates the individual rights of the petitioner which is protected under Article 19 and 20 of the Constitution of India, and so callously, the bank authorities may not be allowed to make a requisition to affect the constitutional right of any individual, who is said to have borrowed certain amount to facilitate their business and owing to demonetization in November 2016 and further with introduction of GST regime in 2017, the business operations of the company suffered a substantial downturn.

32. Since, the matter is already pending before the

DRT and parallel proceeding under SARFAESI Act, 2002, is also undertaken by them, the bank is at liberty to pursue such remedy, as a similar stand was taken before the Hon'ble Delhi High Court in ***Rajesh Kumar Mehta v. Union of India*** reported in ***2024 SCCOnLine Del 4153*** wherein it was observed that:

> *"25. Lookout Circular has been issued against the Petitioner only because of the inability of the company to repay its debts for which the Petitioner stood guarantee. There are no criminal proceedings against the Petitioner and there is no allegation that the Petitioner was instrumental in defalcation or siphoning off the money. The Bank has already initiated steps against the Petitioner and the company by taking steps under the RDDB Act, SARFAESI Act and under the IBC. This Court is of the opinion that after resorting to all the remedies available in law, the Bank cannot open a Lookout Circular as an arm-twisting tactic to recover debt from a person who is otherwise unable to pay more so when there are no allegations that he was engaged in any fraud or in any siphoning off or defalcation of the amounts given as loan."*

33. Since, all such grounds referred in the requisition is pending for adjudication before the DRT and further this Court is of the opinion that after resorting to all such remedies available to respondent-Bank, as per the applicable laws, the steps taken for opening of LOC is indeed an arm twisting tactics to recover debts from a person who is otherwise unable to pay more, so when there is no allegation against this petitioner being engaged in fraud or in any siphoning, or any defalcation of amount given as loan and there being no cognizable offence, pending against this petitioner, the requisition dated 30.03.2024 made for issuance of Look Out Circular is wholly unsustainable in law and is accordingly, set aside and consequentially, the LOC dated 30.03.2024 is also set aside.

34. Since, the respondnet-Bank has requested for imposing certain conditions upon this petitioner in the event this Court holds the requisition to be bad in law and without jurisdiction. In view of the fact that the petitioner cannot shirk his liability, which has been created against him along with other members. Therefore, in fitness of the things, it is required that certain conditions be imposed upon this petitioner in making good to the liability in due course of time by the Bank authority in enabling them to recover the amount in question, as is apparent from the proposal placed or record for consideration by this court, in which the liability is mentioned referred to the decretal amount, as per the learned DRT.

35. Looking to the financial interest & issues being involved in the present case and taking into account the proposal of this petitioner to settle the issues in due course of time, the following conditions are imposed:

> *(I) In view of the observations made by this Court, the petitioner is required to furnish an assurance regarding the frequency of his visits to India, and that during such visits, he shall present himself before the bank as and when called upon by the bank officials.*
>
> *(II) The petitioner shall also give an undertaking that he shall not initiate or pursue any further litigation, and that he shall take steps to bring the pending litigations at different forum to a logical conclusion, so as to facilitate the bank in proceeding with recovery and settlement measures by providing full cooperation to the bank officials.*
>
> *(III) The petitioner shall promptly inform the respondent bank of his arrival and shall appear before the bank officials as and when required for purposes of resolving the liabilities. In any event, the petitioner undertakes to ensure at least one visit to India in a calendar year.*
>
> *(IV). With regard to the pending litigations, the petitioner further assures that he shall make all sincere efforts to facilitate resolution by engaging with the other stakeholders of the property and by*

placing suitable proposals before them as well as before the respondent bank, so as to enable an expeditious settlement of the dispute.

36. All aforesaid undertakings shall be communicated to the appropriate bank authorities via e-mail by this petitioner to show his *bona fide.* Accordingly, the writ petition stands disposed of.

37. Interlocutory applications, if any, also stands disposed of.

(Ajit Kumar, J)

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