Case Citation: (2026) ibclaw.in 458 DRT



**IN THE DEBTS RECOVERY TRIBUNAL**
**VISAKHAPATNAM**
**Present :- SHRI KRISHNA GOPAL DWIVEDI,**
**PRESIDING OFFICER**
**Dated the 17th day of June, 2026**
**S.A.No.176 of 2025**

**Between:-**
Smt. Maddipoti Satyavathi, W/o. Garatayya, Resident of Old Door No.4-76, New Door No. 102-5-165, M.G. Road, Near Masque, Bommuru, Rajamahendravaram Rural, E.G. District

.....Applicant

**And:-**
1. The Authorized Officer, ICICI Home Finance, D.No.16-11. 20/6/6/1/1, 1 Floor, Opp: TV Tower, Malakpet, Near Musarambagh Metro Station, Dilsukhnagar, Hyderabad (TS) – 500036.

2. Mr. Pynda Ravikanth, S/o. Kameswara Rao, Resident of Flat No.11, MIG-II, Block No. 23, APHB Colony, New Nallakunta, Baghligampalli, Mushirabad, Hyderabad.

And also at:
Achaiah Nagar, 1-8-747-2, Hyderabad, Telangana – 500044.

3. Mrs. Pynda Leela Saivardhani, W/o. Mr. Pynda Ravikanth, Resident of Flat No. 11, MIG-II, Block No. 23, APHB Colony, New Nallakunta, Baghligampalli, Mushirabad, Hyderabad.

......Respondents

Ld Counsel for Applicant - Shri Jakka Amaranadh
Ld Counsel for Respondent FI - Shri Ajjarapu Srinivas

**ORDER**

1. The applicant has filed the present appeal under Section 17(1) of SARFAESI Act 2002 on 07.03.2025.

2. As per neat copy of SA dt.18.05.2026 the applicant is neither the borrower nor the guarantor for the loan transaction took place between the 1st Respondent and the Respondent No. 2 and 3, but the absolute owner of the SA schedule property has been in possession and enjoyment since 1984. As per SA the schedule property belongs to Maddipoti Koteswara Rao and the applicant purchased the same from Maddipoti Koteswara Rao in terms of registered sale deed dt. 05.12.1984 vide Doc. No. 10131/1984 for a valid consideration. Ever since of purchase of the SA schedule property, the

applicant has been in possession and enjoyment of the same. It is further submitted that at the time of purchase of the SA schedule property there was a tiled house, during the course of time in the year 2003 the applicant constructed a two storeyed building with the approval of Grampanchayath of Bommuru after removing the existing tiled house by then. The applicant was in need of money of Rs.15.00 lakhs for her agricultural operations.Having known the same one Mr. Tirunagari Seshu being a close friend of the son (Maddipoti Venkata Ramakrishna) of the applicant, approached the plaintiff and informed her that he will lend Rs.15.00 lakhs and asked the applicant to execute Regd. Mortgage deed towards security for the amount to be lent by him and requested the applicant to give Photostat copies of title deeds, the plaintiff agreed for the same and handed over the Photostat copies of title deeds of her property. It is humbly submitted that at the time of handing over of the photostat copies of title deeds of the SA schedule mentioned property to Mr. Tirunagari Seshu, he obtained the signatures of the applicant on stamp papers and empty white papers representing that they are required for the purpose of registration of mortgage of the SA schedule property. The applicant has further submitted that on 04.12.2017, Mr. Tirunagari Seshu and the son of the applicant along with another person by name Mr. Nunavath Yugandhar have taken the applicant to the JSRO, Pidimgoyye promising her to pay the amount of Rs.15.00 lakhs after execution of Regd. Mortgage deed in favour of Mr. Tirunagari Seshu. Believing all of them as one of them is her son and remaining two are the close friends of her son. It is humbly submitted that the applicant being illiterate blindly believed the representations of the defendants 1 to 3 and signed on the papers that are prepared by the defendants in the office of JSRO, Pidimgoyya and also obtained the signatures of the applicant on some blank cheques of Axis Bank, Rajamahendravaram stating that they are required for repayment of the debt of Rs.15.00 lakhs together with interest at 24% per annum and also taken the ATM Card of the applicant.

The applicant has further submitted that after completion of the registration process pretends to be a mortgage, Mr. Tirunagari Seshu paid an amount of Rs.13,65,000/- to the plaintiff and informed that the remaining Rs.1,35,000/- is spent for stamp duty, registration formalities and miscellaneous expenses. The applicant further submits that she has been paying an amount of Rs. 30,000/- either to Mr. Tirunagari Seshu or to her son (Maddipoti Venkata Ramakrishna) as suggested by Mr. Tirunagari Seshu towards interest for the mortgage debt. The applicant has further submitted that as the matter stood thus, it is astonished to see that the 1st respondent affixed a notice dated 11.10.2024 issued under Section 13(2) of SARFAESI Act, 2002 by the Authorized Officer of the 1st respondent at the SA schedule mentioned property wherein it is stated that the Respondent Nos. 2 & 3 availed a home loan sectioned by the 1st respondent against the SA schedule mentioned property and due to non-payment of the loan amount, it was classified as NPA on 03.10.2024.

It is further submitted that upon affixture of the above said notice dated 11.10.2024 issued by the Authorized Officer of the 1st respondent, the applicant enquired with her son and Mr. Tirunagari Seshu and it was revealed that 20.08.2020 Mr. Tirunagari Seshu executed a General Power of Attorney cum Possessory Agreement of Sale in favour of Mr. Nunavath Yugandhar who accompanied with the son of the applicant and Mr. Tirunagari Seshu at the time of registration of the SA schedule property on 04.12.2017, for consideration of Rs.1,00,00,000/- vide doc. No. 5209/2020 of Joint Sub-Registrar office, Rajamahendravaram stating that Mr. Tirunagari Seshu sold away the SA schedule property to meet his necessities and shown that the consideration of Rs.40,00,000/- paid by way of cheque in favour of Dewan Housing Finance Corporation Ltd., Rajahmundry Branch, drawn on ICICI Bank, Ram Nagar Branch, Visakhapatnam vide cheque bearing No.000707 dated 20.08.2020 towards discharge of the loan, and another cheque bearing No.000708 drawn on the same branch in favour of Mr. Tirunagari Seshu for Rs.60,00,000/-. It is further submitted that on 02.12.2020 i.e. after four months of the said transaction i.e. 20.08. 2020 Mr. Nunavath Yugandhar being Regd. GPA cum Possessory Sale agreement holder in collusion with others executed a registered sale deed bearing Doc. No. 8899/2020 in favour of Mr. Pyda Ravikanth who is the Respondent No. 2 herein for consideration of Rs.1,00,00,000/- (Rupees One Crore only). It is further submitted that after perusal of the Doc. No. 8899/2020, the recitals about the sale consideration of Rs. 1,00,00,000/- are mentioned that an amount of Rs. 74.90 Lakhs was paid by way of cheque issued by ICICI Home Finance Limited, Dilshuknagar Branch, Hyderabad as loan, an amount of Rs. 20.00 Lakhs mentioned as online transaction without writing any particulars, such as account / transaction numbers etc., and remaining amount in cash of i.e. Rs.5,10,000/-. The transaction dated 20.08.2020 and 02.12.2020 are fake and sham transactions in the way that the value of the document is shown as 1.00 crore with fraudulent intention to get more amount than the original value of the property with the help of some of the officials of the respondent bank. Those documents are not binding on the applicant in any way and in any manner whatsoever. It is pertinent to note that the SA schedule property is remaining in the possession and enjoyment of the applicant till today and she has no knowledge about the said transactions. Furthermore, the applicant has let out the terrace of SA schedule property to Reliance/JIO Company who erected cell phone signal tower and the same is remained there on the SA schedule property till the end of April 2024 and some portion of SA schedule property is also let out to the tenant by name Pamidighantam Sridhar, S/o. Venkateswarulu and he is continuing as tenant even till today.

It is further submitted that in order to have wrongful gain,2nd respondent in collusion of others including the officials of the respondent bank borrowed loan from ICICI Home Finance Company Limited, Dilshukh Nagar Branch, Hyderabad to the tune of Rs.74,90,000/- after showing his wife as co-applicant. It is submitted that Mr. Tirunagari Seshu, Mr. Maddipoti Venkata Ramakrishna, Mr. Nunavath Yugandhar, Mr. Nunavath Jithender& Mr. Pynda Ravikanth being close friends and they hatched a plan to cheat the applicant and to make cash from her property, made the fraudulent transactions and gained wrongfully. In fact, from August 2024 the plaintiff is staying along with her daughter Smt. Eedala Mani Kumari residing at Katheru Village as she is suffering from chronic ill health due to old age. It is humbly submitted that after making all the enquires regarding the fraud played by Mr. Tirunagari Seshu, Mr. Maddipoti Venkata Ramakrishna, Mr. Nunavath Yugandhar, Mr. Nunavath Jithender& Mr. Pynda Ravikanth in collusion with some of the officials of the respondent bank, the applicant gave a report to the SHO, Bommuru Police Station and the police issued Receipt No. 556/2024, dated 23.12. 2024.

It is submitted that the applicant has been in possession and enjoyment of the SA schedule property since 19894 to till today and paying the property tax to the Grama panchayath authority and electrical consumption charges to the AP Transco regularly without fail and at any point of time nobody informed or questioned the plaintiff about her title, interest, possession and ownership of the SA schedule property. It is pertinent to note that the E.C did not even reflect any of the transactions that were taken place between the banks and respective debtors who obtain loans from the respondent bank and also the property tax is not mutated in the name of purchasers. All these fraudulent transactions proved the fraud. The documents i.e. GPA cum Possessory Sale Agreement dated 20.08.2020 and Regd. Sale deed dated 02.12.2020 are brought into existence by playing fraud in respect of plaint schedule property and since the documents are is the result of the Regd. Sale deed dated 04.12.2017. Therefore, those documents are not valid and binding on the applicant and hence, she filed a suit for declaration of the SA schedule property is absolute property of the applicant, consequently declare and cancel that the registered sale deed dated 01.12.2017 / 04.12.2017 vide Doc. No.4873/2017 of JSRO, Pidimgoyya as the document obtained by Mr. Tirunagari Seshu, Mr. Maddipoti Venkata Ramakrishna, Mr. Nunavath Yugandhar by playing fraud and further direct the Mr. Tirunagari Seshu, Mr. Maddipoti Venkata Ramakrishna, Mr. Nunavath Yugandhar, Mr. Nunavath Jithender, Mr. Pynda Ravikanth & the respondent bank to attend for cancellation of possessory agreement of sale cum General power of attorney vide Doc. No.5209/2020 dated 20.08.2020 on the file of JSRO, Rajamahendravaram, & Regd. Sale deed vide Doc. No. 8899/2020 dated 02.12.2020, in the office of JSRO, Rajamahendravaram are null and void as they are result of fraud and consequently the same be cancelled and JSRO, Kadiyam and Rajamahendravaram be informed of the same with a direction to make necessary entries in all the registers and the said suit is numbered as O.S. No. 4 of 2025 and the same is pending for adjudication. It is submitted that in fact, after affixture of the notice dated 11.10.2024 issued under Section 13(2) of SARFAESI Act, 2002 by the Authorized Officer of the respondent bank, the applicant raised objections to all the officials of the respondent bank including the fraudsters i.e. Mr. Tirunagari Seshu, Mr. Maddipoti Venkata Ramakrishna, Mr. Nunavath Yugandhar, Mr. Nunavath Jithender& Mr. Pynda Ravikanth and his wife narrating the entire fraud played by them through her advocates vide notice date 28.12.2024. It is further submitted that despite receipt of the said objections got issued by the applicant through her advocate, the respondent bank affixed another notice dated 21.01.2025 at the SA schedule property which shows the intension of the Authorized Officer of the respondent bank in collusion with the fraudsters i.e. Mr. Tirunagari Seshu, Mr. Maddipoti Venkata Ramakrishna, Mr. Nunavath Yugandhar, Mr. Nunavath Jithender& Mr. Pynda Ravikanth and his wife.

It is submitted that after affixing the Demand Notice dated 11.10.2024, she has raised objections narrating all the facts about the collusion took place among all the respondents and some others. But without considering the said objections and without even enquiring about the said collusion, the Authorized Officer of the Respondent FI intentionally and purposefully affixed the possession notice dated 21.01.2025 at the conspicuous place of the SA schedule property. As the matter stood thus, the Authorized Officer of the Respondent FI approached the Principal Assistance Sessions Judge-cum-Chief Judicial Magistrate, Rajamahendravaram by filing an application under Section 14 of SARFAESI Act, 2002 and the Principal Assistance Sessions Judge-cum-Chief Judicial Magistrate, Rajamahendravaram appointed an Advocate Commissioner in Crl.M.P. No. 148 of 2025 authorizing her to take physical possession of the SA schedule mentioned property. Now the Advocate Commissioner appointed by the Principal Assistance Sessions Judge-cum-Chief Judicial Magistrate, Rajamahendravaram in Crl.M.P. No. 148 of 2025 gave a notice dated 11.04.2025 wherein it is mentioned that "I am the Advocate Commissioner in Crl.M.P. No. 148/2025 appointed by the Hon'ble Chief Judicial Magistrate, Rajamahendravaram for taking the physical possession of the petition schedule property and handover the same to the Authorized Officer of the petitioner. Please take notice that you are hereby directed to vacate the premises within 10.05.2025 days from the date of this notice failing which I will be constrained to take the physical possession of the property by law. If necessary, by breaking open lock with the help of the police. Hence, you are advised to take over the possession of the property by cooperating with me and extending help in preparing inventory or Panchanama". As per SA basing on the complaint lodged by the applicant the police have arrested the main culprit by name Nunavat Yugandhar and produced before Hon'ble VI AJFCM Court, Rajamahendravaram after arresting him. The Ld. Court ordered for custody of the accused for one day. The accused confessed before the mediators how he has mortgaged the SA schedule mentioned property with the Respondent Bank. The applicant has filed petition before Ld. V Additional District Judge, Rajamahendravaram in O.S.No.4 of 2025 with a prayer to appoint and Advocate Commissioner to note down the house number, electrical service number and the physical features etc. The Hon'ble Court appointed an Advocate Commissioner to execute this warrant and submit that at the time of execution the petitioner, her husband, daughter adopted son by name Maddipoti Venkata Satyanarayana and her grandson were present. The Respondent bank again approached the Ld. Chief Judicial Magistrate at Rajamahendravaram and obtained orders in their favour by suppressing the facts, take physical possession of the SA schedule mentioned property. The applicant has not sold the SA schedule mentioned property to anyone. Respondent No.2 and 3 along with some other people have fraudulently obtain loan. The Advocate Commissioner appointed in Crl.MP.NO. 211 of 2026 served a notice dt.23.04.2026 wherein it is mentioned that he is going to execute the warrant on 11.04.2026. The applicant filed stay petition on that IA 1909/2025 and the said IA was dismissed. Again the Respondent bank approached the Ld. Chief Judicial magistrate and obtained orders by suppressing the facts.

3. The applicant has prayed for the following relief in SA:

(i) Declare that the alleged recovery proceedings against the SA schedule mentioned property as arbitrary, illegal and not maintainable under the SARFAESI Act and Rules, 2002,

(ii) Direct the respondent bank to take departmental action against their officials who involved in the fraudulent loan transaction sanctioned against the SA schedule mentioned property

(iii) Set aside the proceedings allegedly initiated by the Authorised Officer of the Respondent FI under Section 14 of SARFAEI Act, 2002 against the schedule mentioned properties as illegal and arbitrary.

(iv) Set aside the proceedings allegedly initiated by the Respondent FI under Section 14 of SARFAEI Act, 2002 against the schedule mentioned property in pursuant to the notice dt.23.04.2026 issued by the Advocate Commissioner appointed by the Ld. Chief Judicial Magistrate, Rajamahendravaram in Crl.MP.No.211 of 2026 as illegal and arbitrary with costs.

4. The applicant has filed the following documents with SA:-

(a) Copy of Sale deed bearing Doc. No. 1013/1984 dated 18.10.1984 1013/1984
(b) Copy of Regd. sale deed bearing Doc. No. 4893/2017 of JSRO, Pidimgoyya dated 01.12.2017
(c) Copy of GPA cum Possessory Sale agreement bearing Doc. No. 5209/2020 of JSRO, Rajamahendravaram dated 20.08.2020
(d) Copy of Regd. Sale deed bearing Doc. No. 8899/2020 of JSRO, Rajamahendravaram dt.02.12.2020
(e) Online copy of Encumbrance Certificate dt.18.12.2024 for the period from 01.11.2007 to 18.12.2024 obtained against the SA schedule property
(f) Copy of Market Value Certificate of the SA schedule property issued by Sub-Registrar, Kadiam, dated 26.12.2024
(g) Copy of Electricity Bill dated 05.12.2024 in the name of the Applicant
(h) Copy of the police report dated 23.12.2024 along with receipt issued by the SHO, Bommur P.S.
(i) Copy of the notice dated 11.10.2024 issued by the Authorised Officer of the respondent bank affixed at the SA schedule property
(j) Copy of the objections raised by the applicant through her advocates and its postal receipts
(k) Copy of the notice dated 21.01.2025 issued by the Authorised Officer of the respondent bank affixed at the SA schedule

5. The 1st Respondent Bank has filed reply on 27.05.2025. The Respondent Bank has prayed to dismiss the SA with costs.

6. The 1st Respondent Bank had denied all the allegations alleged by the applicants. As per reply, the above SA is not maintainable under law. It is submitted that the applicant herself filed a Sale Deed dated 01.12.2017 duly executed by her before concerned Joint Sub Registrar whereby she has sold away the schedule property and recitals of the Sale Deed shows that the entire consideration was received by her. Consequently it is clear that this appeal is filed purely to drag on the proceedings. It is submitted that if a

vendor who sold away the property in 2017 is permitted to come forward in 2025 alleging that the Sale Deed is not valid, no transaction can be believed and the very purpose of Registration Act is defeated and Banks and financial Institutions cannot believe any Registered Sale Deed. Therefore, this application is liable to be dismissed in limine without going into any other aspect. It may be appreciated that under Article 59 of Limitation Act, Suit for cancellation of document shall have to be filed within 3 years from the date of knowledge. In this case as the applicant herself has executed the Sale Deed and limitation will start from 01.12.2017 itself. Therefore the appeal itself is not maintainable under law.

As per reply, the applicant sold the schedule property vide Sale Deed dated 01.12.2017 to Mr. Thirunagari Seshu and the same is registered as Doc.No.4893/2017 in the Office of the Joint Sub Registrar, Pidimgoyya. On perusal of the said Sale Deed, it would show that the purchaser therein obtained loan for purchasing the property from Deewan Housing Finance Corporation Limited. The Sale Deed also clearly shows that the applicant has received the entire consideration and she has handed over the possession of the property to the purchaser. Subsequently the said Sri. Thirunagari Seshu executed a Registered Agreement of Sale with GPA dated 20.08.2020 registered as Doc.No.5209/2020 in favour of N. Yughandhar. Later, Sri. N. Yughandhar representing Sri Thirunagari Seshu executed Registered Sale Deed dated 02.12.2020 in favour of 2nd Respondent herein i.e., Sri Pynda Ravi Kanth. The said document is registered as Doc.No.8899/2020 in the Office of Joint Sub Registrar, Rajahmundry. It may be seen from the Sale Deed that out of the agreed sale consideration of Rs. 1.00 Crore, Rs.74,90,000/- has been paid by this respondent by way of cheque as the 2nd Respondent obtained Housing Loan from this respondent. The Sale Deed also shows that Rs.20.00 lakhs was transferred online and the balance of Rs.5.00 lakhs is paid by way of cash.

As per reply, para 4, the 2nd Respondent obtained loan from this Respondent. The 3rd Respondent is the wife of 2nd Respondent, who is co-applicant in the loan. The Respondents 2 and 3 executed all the necessary loan documents, deposited the original Sale Deed dated 02.12.2020 referred above along with the original link documents with this Respondent FI as a security for the loan and a valid mortgage is created and the charge is registered with CERSAI vide ID No. 200052502918.

The 1st respondent has further submitted that the 2nd and 3rd Respondents failed to adhere to the repayment schedule inspite of repeated reminders and consequently the account was classified as NPA w.e.f., 03.10.2024. This Respondent FI has initiated SARFAESI proceedings and issued Demand Notice dated 11.10.2024 under Section 13 (2) demanding an amount of Rs.73,33,423.54ps. as on 10.10.2024 together with subsequent interest and charges. The same was duly sent to Respondents 2 and 3 through registered post and was also published in Hans India and Praja Sakthi both dated 31.10.2024. Subsequently the Authorized Officer issued Possession Notice dated 21.01.2025 and the same was also published in Hans India and Praja Sakthi on 4.01.2025. The Possession Notice was also affixed at the schedule property and sent to the Respondents. Subsequently, the Authorized Officer approached Hon'ble CMM Court under Section 14 of SARFAESI Act as against which this application is filed. It is further submitted that as on 13-05-2025 an amount of Rs.77,89,310/- (Rupees Seventy Seven Lakh Eighty Nine Thousand Three Hundred and Ten Only) is due and outstanding from Respondent 2 and 3 together with subsequent interest and expenses.

7. The Respondent FI has filed the following documents with reply:

(a) Demand Notice under Sec. 13(2) of SARFAESI Act along with postal track dt.11.10.2024

(b) Demand Notice published in Hans India and Praja Sakthi dt.31.10.2024

(c) Possession Notice along with postal Receipts dt.21.01.2025

(d) Possession Notice published in Hans India and Praja Sakthi dt.24.01.2025

(e) Photos showing affixture of Possession Notice

(f) CERSAI REPORT dt.30.11.2020

(g) Statement of Account

8. The Respondent No.1 has also filed additional reply on 22.05.2026. In this reply also, the 1st respondent has prayed to dismiss the SA with costs. In the additional reply also, the applicant has submitted the facts of the main reply. As per additional reply, the authorised officer approached the Court under Sec.14 of the SARFAESI Act and the Hon'ble Court appointed an Advocate Commissioner vide Crl.M.P. No.148/2025.

9. Vide order dt.09.09.2025, R2 and R3 are debarred from filing counter and reply and case set exparte against R2 and R3.

10. After scanning the facts and evidence, I find that the applicant has filed sale deed dtt.01.12.2017. As per English translation of this sale deed, date of document is 01.12.2017. The value of the property as on date is Rs.52,35,000/-. Vendor of this sale deed is Smt. Maddipoti Satyavathi, W/o Sri. Maddipoti Garatayya. She has sold the property through registered sale deed to Sri. Thirunagari Seshu, S/o Sri. Thirunagari Krishna Murthy. As per sale deed, vendor has delivered the property to vendee with full and absolute right. The applicant has also filed copy of Sale cum GPA Agreement dt.20.08.2020. It is also executed in the office of Joint Sub Registrar, Rajamahendravaram. As per this sale deed, value of the property on the date was Rs.1.00 crore. As per sale deed dt.01.12.2017, Sri. Thirunagari Seshu has purchased the property and the said Sri. Thirunagari Seshu has executed deed dt.20.08.2020 in favour of Sri. Sunavat Yugandhar, S/o Sunavat Veeranna. As per this Sale cum GPA Agreement, property is delivered with full and absolute right.

On 02.12.2020, the GPA holder Sri. Sunavat Yugandhar sold the property for Rs.1.00 crore to Sri. Pynda Ravikanth, S/o Sri. Pynda Kameswara Rao and also delivered the property with full and absolute right. Thereafter, 2nd and 3rd respondents who has not appeared before this Tribunal obtained loan from the 1st respondent. The 3rd respondent is the wife of 2nd respondent and co-applicant of the loan. The Respondent Nos.2 and 3 executed all the necessary loan documents and deposited the original

Sale Deed dt.02.12.2020 along with all the original link documents with the Respondent FI as a security for the loan and a valid mortgage is created and the charge is registered with CERSAI vide ID No.200052502918. After that, 2nd and 3rd respondents failed to repay the loan and as such the account was classified as NPA and respondent bank initiated SARFAESI proceedings by issuing demand notice, possession notice and also obtained order from the Ld. CJM Court under Sec.14 of the SARFAESI Act.

The applicant of this SA is a third party, hence this applicant has no right to challenge this SARFAESI proceedings. In the present case, the applicant has filed this SA under Secc.17 (1) of the SARFAESI Act as aggrieved by the notice of the respondent FI. From the sale deed, it is clear that the present applicant sold the property on 01.12.2017 and after that she has no right, title and interest on the schedule property. After perusal of the SA, it is clear that applicant has filed Civil Suit bearing O.S. No.04/2025, which is time barred and it reveals that till today, the competent Civil Court has not passed any order in favour of the applicant. Only Civil Court has right to cancel the registered sale deed and till today, the competent Civil Court has not cancelled the sale deed dt.01.12.2017.

11. The Ld. Counsel of the applicant referred Judgment of Hon'ble Supreme Court passed in the case of "Central Bank of India and Another Vs Smt. Prabha Jain & Ors." The Hon'ble Supreme Court of India at para 42, 43 & 44 have laid down principle as follows:

**42.** The relevant paragraphs are:

"*39.* On a plain reading of the provisions, the conclusion reached was that Section 17 of the RDB Act bars the jurisdiction of the civil court only in respect of applications filed by the Bank or financial institution. This provision did not bar the jurisdiction of the civil court to try a suit filed by the borrower. There was also an absence of provisions in the Act for transfer of suits and proceedings except Section 31, which relates to pending suit proceedings by a bank or financial institution for recovery of debt.

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*Our view*

*43. We must note at the threshold itself that there are no restrictions on the power of a civil court under Section 9 of the Code unless expressly or impliedly excluded. This was also reiterated by a Constitution Bench of this Court inDhulabhai* v. *State of M.P. [Dhulabhai* v. *State of M.P.,* (1968) 22 STC 416 : 1968 SCC OnLine SC 40 : AIR 1969 SC 78] *Thus,* *it is in the conspectus of the aforesaid proposition that we will have to analyse the rival contentions of the parties set out above. Our line of thinking is also influenced by a three-Judge Bench of this Court inDwarka Prasad Agarwal* v. *Ramesh Chander Agarwal* [*Dwarka Prasad Agarwal* v. *Ramesh Chander Agarwal*, (2003) 6 SCC 220 : (2003) 117 Comp Cas 206] *where it was opined that Section 9 of the Code confers jurisdiction upon civil courts to determine all disputes of civil nature unless the same is barred under statute either expressly or by necessary implication and such a bar is not to be readily inferred. The provision seeking to bar jurisdiction of a civil court requires strict interpretation and the Court would normally lean in favour of construction which would uphold the jurisdiction of the civil court.*

*44. Now, if we turn to the objective of the RDB Act read with the scheme and provisions thereof; it is abundantly clear that a summary remedy is provided in respect of claims of Banks and financial institutions so that recovery of the same may not be impeded by the elaborate procedure of the Code. The defendant has a right to defend the claim and file a counterclaim in view of sub-sections (6) and (8) of Section 19 of the RDB Act. In case of pending proceedings to be transferred to DRT, Section 31 of the RDB Act took care of the issue of mere transfer of the Bank's claim, albeit without transfer of the counterclaim. Thus, if the debtor desires to institute a counterclaim, that can be filed before DRT and will be tried along with the case. However, it is subject to a caveat that the Bank may move for segregation of that counterclaim to be relegated to a proceeding before a civil court under Section 19(11) of the RDB Act, though such determination is to take place along with the determination of the claim for recovery of debt.*

*45. We are thus of the view that there is no provision in the RDB Act by which the remedy of a civil suit by a defendant in a claim by the Bank is ousted, but it is the matter of choice of that defendant. Such a defendant may file a counterclaim, or may be desirous of availing of the more strenuous procedure established under the Code, and that is a choice which he takes with the consequences thereof.*

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*47.* We may also refer to the judgment of this Court in *Transcore* [*Transcore* v. *Union of India*, (2008) 1 SCC 125 : (2008) 1 SCC (Civ) 116 : (2007) 135 Comp Cas 1] opining that DRT, being a Tribunal and a creature of the statute, does not have any inherent power which inheres in civil courts such as Section 151 of the Code.

*48.* We now draw our attention to Chapter 5 of the RDB Act, which deals with recovery of debt determined by DRT. Section 25 of the RDB Act prescribes the mode of recovery of debts, which takes place pursuant to a certificate issued under sub-section (7) of Section 19 to recover the amount of debt specified in the certificate by any of the modes specified therein. The expanse of the reliefs the defendant may claim in the suit proceeding can certainly go beyond mere adjustments of the amounts of claim, for which DRT would not have any power.

*49.* Now, turning to the issue of the power of the civil court to transfer an independent proceeding instituted by a defendant to be tried alongside a recovery proceeding before DRT. There is gainsay that there is no specific power to transfer a suit to DRT. A plaint can be returned only under the provisions of Order 7 Rule 10 of the Code for the reasons specified therein. In the absence of such reasons, Section 151 of the Code cannot be utilised as a residuary power to achieve the transfer, which is really a consequence of return of the plaint when the grounds under Order 7 Rule 10 of the Code are not satisfied. The absence of any legislative power cannot give a power by implication to the civil court. We believe that it would not be appropriate to read such power to transfer a suit to a DRT under Section 151 of the Code when DRT is a creature of a statute and that statute does not provide for such eventuality.

*50.* We must also notice an important aspect that even where a defendant is to invoke the jurisdiction of DRT by filing a counterclaim, the Bank has a right to seek a relegation of that claim to the civil court and DRT has been empowered to do so, albeit, at the final adjudication stage. This is so in view of the summary nature of remedy provided before DRT and thus, if certain inquiries beyond the contours of what DRT does are envisaged, a civil court remedy may be considered as appropriate.

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*56.* In view of the discussion aforesaid, the questions framed above are to be answered as under:

(*c*) Is the jurisdiction of a civil court to try a suit filed by a borrower against a bank or financial institution ousted by virtue of the scheme of the RDB Act in relation to the proceedings for recovery of debt by a bank or financial institution?

The aforesaid question ought to be answered first and is answered in the negative.

(*a*) Whether an independent suit filed by a borrower against a bank or financial institution, which has applied for recovery of its loan against the plaintiff under the RDB Act, is liable to be transferred and tried along with the application under the RDB Act by DRT?

In the absence of any such power existing in the civil court, an independent suit filed by the borrower against the Bank or financial institution cannot be transferred to be tried along with application under the RDB Act, as it is a matter of option of the defendant in the claim under the RDB Act. However, the proceedings under the RDB Act will not be impeded in any manner by filing of a separate suit before the civil court.

(*b*) If the answer is in the affirmative, can such transfer be ordered by a court only with the consent of the plaintiff?

Since there is no such power with the civil court, there is no question of transfer of the suit whether by consent or otherwise."

(emphasis supplied)

**<u>How to interpret the clauses which bar the civil court's jurisdiction</u>**

**43.** This Court in *Dwarka Prasad Agarwal* v. *Ramesh Chander Agarwal* [*Dwarka Prasad Agarwal* v. *Ramesh Chander Agarwal*, (2003) 6 SCC 220 : (2003) 117 Comp Cas 206] (three-Judge Bench) has explained that bar of jurisdiction of the civil court is not to be readily inferred. Such a provision requires strict interpretation. It was further held that this Court would lean in favour of construction which would uphold the retention of the civil court's jurisdiction. The relevant paragraphs are : (SCC pp. 228-29, paras 22 & 25)

"*22.* The dispute between the parties was eminently a civil dispute and not a dispute under the provisions of the Companies Act. Section 9 of the Code of Civil Procedure confers jurisdiction upon the civil courts to determine all disputes of civil nature unless the same is barred under a statute either expressly or by necessary implication. _Bar of jurisdiction of a civil court is not to be readily inferred. A provision seeking to bar jurisdiction of a civil court requires strict interpretation. The court, it is well settled, would normally lean in favour of construction, which would uphold retention of jurisdiction of the civil court._ The burden of proof in this behalf shall be on the party who asserts that the civil court's jurisdiction is ousted. (See *Sahebgouda* v. *Ogeppa* [*Sahebgouda* v. *Ogeppa*, (2003) 6 SCC 151] .) Even otherwise, the civil court's jurisdiction is not completely ousted under the Companies Act, 1956.

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*25.* In that view of the matter, we are of the opinion that the civil suit was maintainable. In any event, we fail to understand and rather it is strange as to how the High Court while rejecting relief to the original plaintiff (late Dwarka Prasad Agarwal), granted a similar relief in favour of the first respondent herein."

(emphasis supplied)

**44.** Before we close this litigation, we deem it necessary to observe that banks should remain very careful with inadequate title clearance reports, more particularly, when such reports are obtained cheaply and at times for external reasons. This concerns the protection of public money and is in the larger public interest. Therefore, it is essential for Reserve Bank of India and other stakeholders to collaborate in developing a standardised and practical approach for preparing title search report before sanctioning loans and also for the purpose of determining liability (including potential criminal action) of the officer who approves loan. Additionally, there should be standard guidelines for fees and costs associated with title search reports so as to ensure that they maintain high quality.

12. In the present case, the applicant has filed Civil Suit for the cancellation of the sale deed. The applicant has right to file the case. The Civil Court which is the competent Court for cancellation of sale deed will decide the suit as per law but at present after analyzing the sale deed filed by the applicant himself, it reveals that applicant has sold the property on 01.12.2017 and after 01.12.2017, the applicant has no right, title and interest on the suit property. The applicant has filed the Civil Suit in the year 2025. Moreover, that suit will be decided by the competent Court but till date, any order has not passed in favour of the applicant by the Civil Court. After perusal of the record, it is clear that applicant has sold the property on 01.12.2017. The applicant suit is time-barred also. The applicant appeared before the Sub Registrar Office and signed on the deed. Before issuance of the demand notice and possession notice, applicant has not challenged the sale deed dt.01.12.2017.

On the basis of the above discussion, SA 176/2025 is hereby dismissed on contest with costs. Accordingly, all connected IAs if any, are also closed.

[Dictated to the Steno, transcribed by her, corrected and pronounced by me in the open court on this 17th June, 2026]

17.06.2026

**PRESIDING OFFICER**
**DEBTS RECOVERY TRIBUNAL**
**VISAKHAPATNAM**