Fair Order

IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI
DATED THIS 22nd DAY OF JULY 2026
PRESENT: SEEMA SINHA
[PR. DISTRICT & SESSIONS JUDGE - Retd]
PRESIDING OFFICER

SA No. 405/2021

1. Mr. M. Balamurugan
S/o Late Maruthai Chettiar
D.No. 14/23, Nathamvari Street
Manachanallur
Trichy – 621 005 ...... **Applicant**

Vs

1. The Authorised Officer
UCO Bank, No. 90
LF Road, Manachanallur
Trichy – 621 005

2. The Branch Manager
UCO Bank
Manachanallur Branch
No. 90, LF Road
Manachanallur
Trichy – 621 005 ...... **Defendants**

Appearance of Advocates:
M/s R.J. Karthick ---- Counsel for the Applicant
M/s K. Periasamy ---- Counsel for the Defendant Banks

This Application was heard in the presence of M/s R.J. Karthick, Counsel for the Applicant and M/s K. Periasamy, Counsel for the Defendant Banks in the aforesaid case and upon hearing the arguments of both sides Counsels and having stood over for consideration till this day, this Tribunal delivered the following:

ORDER

1. This Application has been filed under Section 17(1) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 with a prayer to set aside the possession notice dated 17.09.2021 issued by the 1st Defendant Bank under section 13(4) of the SARFAESI Act, 2002.

2. The brief averments of the Application filed by the Applicant are as follows:-

A. That the Applicant is doing a rice-selling business. In the year 2018, and he availed a Cash Credit Loan of Rs.30,00,000/- and a Term Loan of Rs.12,50,000/- from the 2nd Defendant Bank vide CC Loan Account No. 04840510001684 and Term Loan Account No. 04840610107485. He had been paying the monthly instalments without any default. But due to the Covid-19 lockdown and the resultant financial crisis, he was pushed into default in the above loan accounts. The said loan accounts were classified as NPA and SARFAESI proceedings were initiated. Accordingly, the 1st Defendant issued a Demand Notice dated 21.06.2021 by clubbing both loan accounts. Thereafter, the 1st Defendant issued the impugned Possession Notice dated 17.09.2021. Challenging the Possession Notice dated 17.09.2021, the Applicant has preferred the above application on the following among other grounds.

Main Grounds

a) The Defendant has wrongly classified the Applicant's account as a Non-Performing Asset (NPA). The classification is not in accordance with the RBI guidelines.

b) The properties are worth several times more than the liability. Moreover, instead of granting an opportunity to the Applicant, the Bank issued notices only with a view to selling the property for a meagre amount compared to its actual value and with mala fide intention.

c) The Applicant further alleges that the Defendant Bank has not furnished the complete statement of account, as certain credits are not reflected therein. Hence, the Defendant Bank should be directed to furnish a complete statement of account.

d) It is submitted that, at the time of sanction of the loan, the Defendant Bank obtained various signatures from the Applicant on blank papers and pre-filled forms, and he was kept unaware of the purpose for which they were used. Therefore, in the interest of natural justice, the Defendant Bank may be directed to furnish all documents in its custody upon which it relies to establish the creation of the mortgage. It is respectfully submitted that there is no secured asset in the present case and, therefore, the Defendant's claim is legally unsustainable. In the absence of a valid secured asset, the Defendant Bank cannot invoke the provisions of the SARFAESI Act.

e) It is submitted that the Defendants have failed to mention the particulars of the loan availed, details of the guarantee, documents executed, and the name of the Authorised Officer in the Demand Notice issued under Section 13(2) and in the Possession Notice.

f) The interest levied by the Defendant Bank is contrary to the principles laid down in the RBI guidelines. The Defendant Bank cannot levy penal interest as claimed by it.

g) The Defendant Bank has not mentioned the correct and updated outstanding amount in the Possession Notice as required under the Rules.

h) The Defendant Bank has not registered the mortgage with the Central Registry of Securitisation Asset Reconstruction and Security Interest of India (CERSAI) established under Section 20 of the Act. The Government of India, Ministry of Finance, had directed Banks as early as 2011 to register all mortgages with the Central Registry. However, the Defendant Bank has failed to do so for reasons best known to it.

i) The Reserve Bank of India directed Banks to provide a moratorium on loan repayments falling due between 01.03.2020 and 31.08.2020 and restrained them from imposing penal interest during the moratorium period. However, the Defendant Bank levied penal interest during the said period.

j) The Defendant Bank ought to have offered restructuring of the loan to the Applicant in terms of the RBI Notification dated 05.05.2021 on Resolution Framework 2.0.

SCHEDULE OF PROPERTIES

Land and building thereon in Tiruchirappalli Registration District, Manachanallur Sub-Registration District and Taluk, Manachanallur Village, in Natham Survey No. 19A1A1, measuring 1391 sq.ft. land with the following boundaries.

North by	:	Natham Vari Street
South by	:	Akshaya Street
East by	:	Third Party Property
West by	:	Mookkan @ Senthilkumar's house

Dimensions of the Plot

East – West : 22 ¼ Feet on both sides
South – North : 62 ½ Feet on both sides

Totaling 1391.00 Sq.ft.

Property in the name of Mr. M. Balamurugan S/o Late. Maruthai Chettiar.

Documents filed by the Applicants:

Sl.No.	Date	Documents particulars
1.	21.06.2021	Demand Notice issued by the 1st Defendant
2.	17.09.2021	Impugned Possession Notice issued by the 1st Defendant

3. On the other hand, the 1st and 2nd Defendant banks appeared and filed Reply Statement along with typed set and Additional typed set of papers wherein it has been submitted that the applicant is doing a rice selling business. In the year 2018, he availed Cash Credit loan and Term Loan from the 2nd Defendant Bank to develop his business and the applicant agreed to mortgage his schedule mentioned property as security. On condition of the applicant agreeing to various terms and conditions, the defendant bank sanctioned the Cash Credit Loan and Term Loan and to that effect the applicant executed various loan security documents:

- The Defendant Banks submitted that, the Applicant borrowed a sum of Rs.30,00,000/- by way of Cash Credit Loan and a sum of Rs.12,50,000/- by way of Term Loan from the 2nd Defendant Bank on 15.02.2018 by executing the necessary loan documents in favour of the Defendant Bank and by creating a mortgage over his property.

- It is further submitted that, the Applicant could not make repayment as stated in the Application. Consequently, he committed default in repayment of the loan amount and failed to comply with the terms and conditions of the Loan Agreement and other documents executed by him. Therefore, the loan accounts became irregular and were classified as Non-Performing Assets in accordance with the RBI guidelines relating to asset classification.
- It is submitted that the balance outstanding amount payable by the Applicant to the Defendant Bank was Rs.43,97,528.44 as on 17.09.2021, exclusive of further interest from 18.09.2021. Since the Applicant failed to discharge the outstanding dues, the mortgaged property became liable for sale to realise the said amount.
- It is also submitted that, having no other alternative, the 1st Defendant Bank issued a Demand Notice dated 21.06.2021 under Section 13(2) of the SARFAESI Act demanding payment of the outstanding amount. The Applicant admittedly received the said notice but failed to comply with the same.
- Further, it is submitted that, since the Applicant failed to comply with the Demand Notice dated 21.06.2021, possession of the mortgaged property was taken on 17.09.2021 under Section 13(4) of the SARFAESI Act by issuing a Possession Notice, serving the same on the Applicant, affixing it on a conspicuous part of the property, and publishing it in Tamil and English daily newspapers in compliance with the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002. There is no violation of any statutory provision by the Defendant Bank.
- The allegation that the property is worth several times more than the liability and that the Defendant Bank issued notices with a view to selling the property at a meagre price with mala fide intention is baseless, false, and not admitted.

- The allegation that the Defendant Bank failed to furnish the complete statement of account and that certain credits have not been reflected therein is false and not admitted.
- The allegations that the Defendant Bank obtained signatures on blank papers and pre-filled forms at the time of sanction of the loan, that there is no secured asset in the present case, and that the Defendant Bank cannot proceed under the SARFAESI Act are baseless, false, and not admitted.
- The allegation that the interest levied by the Defendant Bank is contrary to the RBI guidelines is false and not admitted.
- The allegation that the Applicant continued to pay monthly instalments during the moratorium period is false and not admitted.
- The allegation that the Defendant Bank ought to have offered restructuring of the loan is baseless and not admitted.
- The remaining allegations contained in the Application are denied as false, baseless, and not admitted.
- The Application is not maintainable either in law or on facts and is liable to be dismissed in limine.

Typed set of documents filed by the Respondents Bank

Sl. No.	Date	Description
1.	21.06.2021	u/s 13(2) Demand Notice issued by the Bank to the Applicant
2.	24.06.2021	Acknowledgement card of the Demand Notice
3.	17.09.2021	Possession Notice issued by the Bank to the Defendant
4.	21.09.2021	Acknowledgement card of the Possession Notice
5.	17.09.2021	Publication of Possession Notice in English

6.	17.09.2021	Publication of Possession Notice in Tamil
7.	17.09.2021	Affixture photo of the Possession Notice
8.	15.02.20.18 to 13.11.2024	Statement of Account of the Applicant

Additional Typed set of documents filed by the Respondents Bank

Sl. No.	Date	Description
1.	24.06.2021	Acknowledgement card of the Demand Notice (Original)
2.	21.09.2021	Acknowledgement card of the Possession Notice (Original)
3.	17.09.2021	Paper publication of Possession Notice in the New Indian Express (English) published on 21.09.2021 (Original)
4.	17.09.2021	Paper Publication of Possession Notice in th Dinamani (Tamil) published on 21.09.2021 (Original)
5.	17.09.2021	Affixture photo of the Possession Notice (Original)

4. ***ON THE BASIS OF ABOVE PLEADINGSTHE POINT WHICH ARISES FOR CONSIDERATION IS:-***

WHETHER THE APPLICANT IS ENTITLED TO GET THE RELIEFS AS PRAYED FOR?

5. Having heard the parties and after going through the entire documents available on the records, this Tribunal find that there is no dispute between the parties with regard to the availment of loan facilities by creating equitable mortgage on his property. In this case, I find that the Applicants has availed some credit facilities for a total sum of Rs. 42,50,000/- (Rupees forty two lakhs fifty thousand only). Initially, he was regular in repayment loan dues, Due to Covid-19 lockdown and huge financial crisis and hence, there was some default. Therefore the 1st Defendant Bank has classified his loan account as NPA on 31.03.2021. And, then the Bank has issued Demand Notice dated 21.06.2021 u/s 13(2) of SARFAESI Act for a sum of Rs. 43,36,396.68 (Rupees forty three lakhs thirty six thousand three hundred ninety six and sixty eight paise only). Thereafter, a Possession Notice dated 17.09.2021 u/s 13(4) of SARFAESI Act was also issued by the 1st Defendant Bank. Challenging the same, the Applicant has filed this SA No. 405 of 2021 stating therein that Bank has not followed the procedure strictly in issuance of Demand Notice & Possession Notice.

6. On the other hand the Defendant Bank has denied the entire allegation of the applicant and further submitted that when the applicant failed to repay the loan amount he issues Demand Notice under section 13(2) of SARFAESI Act and thereafter he issued Possession Notice. He has also filed documents in his type set papers in support of his averment. I perused the type set of papers and I find that the Bank has produced a copy of the Demand Notice along with the Postal acknowledgment (AD) cards as proof of service served on Applicants and the said are **annexed at Pages 01 to 06** of the Bank's typed set of papers. Further I find that the Applicants has not filed any chit of paper to show that he has sent reply to the Demand Notice under Section 13(3-A) of the SARFAESI Act.

7. Further, I find that the 1st Defendant Bank has issued the Possession Notice dated 17.09.2021 under Section 13(4) of the SARFAESI Act. I also find that the outstanding dues amount mentioned therein was a sum of

Rs.43,97,528.44/- (Rupees forty three lakhs ninety seven thousand five hundred twenty eight and forty four paise only). Further, the 1st Defendant Bank has filed a Xerox copy of the Possession Notice dated 17.09.2021 **which is annexed at Page No. 7** of the Typed sets of papers and also filed original copies of the acknowledgment due cards as a proof of service upon the Applicant, **which is annexed at Pages 05** of the Additional Typed sets of papers. The Defendant Bank has also filed original copy of the publication made in the English daily news paper "Indian Express" and Tamil daily newspaper "Dina Mani," **which are annexed at Pages 07 and 08** of the Additional Typed sets of papers. Further I find that, 1st Defendant Bank stated in its reply statement that, the Possession Notice was affixed on the conspicuous part of the property and also produced photographs evidencing such affixture on the conspicuous part of the property **which is annexed at Page Nos. 09** of the Additional Typed sets of papers. Thus, I find that the 1st Defendant Bank has followed the SARFAESI procedures, while issuing the Possession Notice.

8. I also find that during the pendency of the case, this Tribunal has granted a conditional stay order dated 21.11.24 for a sum of Rs.13,20,000/- (Rupees thirteen lakhs twenty thousand only) to be paid in two instalments by the Applicant, the Applicant has also complied with the conditional order and proved his bona-fide.

9. In view of the above, this Tribunal is on the considered view that Applicant has failed to prove his case and on the other hand, I find that the Bank has followed the procedures for recovery of loan amount under Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 Act as such I do not find any merit in the above SARFAESI Act, 2002 Application.

10. In the result SA No. 405/2021 stands dismissed with no costs. However, the Applicant has complied with this Tribunal's conditional order dated 21.11.2024. Hence the Defendant Bank can settle the dispute amicably as the Applicant has shown his bonafide. Consequently, all pending IAs (if any) are also disposed of. No Costs.

(Dictated to KKN taken down, transcribed, typed by him, corrected and pronounced by me in the Open Court in this the **22nd July**, 2026).

Sd/-
(SEEMA SINHA)
PRESIDING OFFICER

Uploaded on 30.07.2026