Fair Order

IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI
DATED THIS 08TH DAY OF OCTOBER 2026
PRESENT: SEEMA SINHA
[PR. DISTRICT & SESSIONS JUDGE - Retd]
PRESIDING OFFICER

SA No. 742/2023

1. A. Singaraj
S/o Ashokan
No. 112E, Teachers Colony
South Venganallur Panchayat
K.R. Nagar (Post)
Rajapalayam – 626 108
Virudhunagar District ..... **Applicant**

Vs

1. The Authorised Officer
UCO Bank
Rajapalayam Branch
No. 806A, Tenkasi Road
Rajapalayam
Viruchunagar District

2. The Chief Manager
UCO Bank
Rajapalayam Branch
No. 806A, Tenkasi Road
Rajapalayam
Virudhunagar District

3. The Branch Manager
UCO Bank
Rajapalayam Branch
No. 806A, Tenkasi Road

Rajapalayam
Virudhunagar District

4. The Principal Officer
UCO Bank
Rajapalayam Branch
No. 806A, Tenkasi Road
Rajapalayam
Virudhunagar District ..... **Defendants**

Appearance of Advocates:
Mr. C. Veerasingam ---- Counsel for the Applicant
M/s K. Periasamy ---- Counsel for the Defendant Banks (D1 to D4)

This SARFAESI Application has heard in the presence of Counsels for the Applicant and the Defendant Bank and fixed for passing final order before me and upon hearing the arguments of the 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 Impugned Sale Notice dated 10.11.2023 issued by the 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. The Applicant has filed the present Securitisation Application challenging the impugned E-Auction Sale Notice dated 29.11.2023 issued by the 1st Defendant, fixing the date of E-Auction Sale on

27.12.2023. The Applicant states that the said E-Auction Sale Notice came to his knowledge only on 07.12.2023.

B. The Applicant submitted that he is engaged in Dairy Farm business and, for the purpose of improving the said business and repaying an earlier loan availed from Sri Ram Finance, he and his wife, namely Vijayalakshmi, approached the Defendant Bank and availed a business loan. The Applicant is the borrower and his wife is the co-borrower.

C. The Defendant Bank sanctioned a business loan of Rs.11,00,000/- on 30.04.2018 under Loan Account No.19900610081679. A sum of Rs.10,28,601/- and Rs.71,399/- was disbursed on the same date. The tenure of the loan was stated to be 10 years. As collateral security, the Applicant furnished his house property and executed a Memorandum of Understanding dated 28.06.2018 in favour of the Defendant Bank, which was registered before the Sub-Registrar Office, Rajapalayam.

D. The Applicant submitted that the secured asset is his residential house in which he resides along with his wife, two minor sons, parents and younger brother and his family. According to the Applicant, the entire joint family depends upon the said house property for their livelihood and it is the only house property available to the family.

E. The Applicant submitted that, although the loan was sanctioned for a period of 10 years, the Defendant Bank did not furnish the sanction letter or fix the EMI at the time of sanction. According to him, after about seven months, the Branch Manager orally informed him that the monthly EMI was Rs.14,000/- and also made an endorsement in his passbook. The Applicant states that he made various payments towards the loan account.

F. The Defendant Bank issued a Demand Notice dated 20.06.2019 and thereafter a Symbolic Possession Notice dated 23.09.2019 under Section 13(4) of the SARFAESI Act, 2002. The Applicant states that physical possession of the property was not taken under Section 14 of the Act. The Defendant Bank subsequently issued an E-Auction Sale Notice dated 19.11.2019.

G. The Applicant submitted that, after issuance of the first E-Auction Sale Notice, he approached the Defendant Bank for repayment. According to him, the Branch Manager initially instructed him to pay Rs.1,30,000/- for closure of the NPA account. When the Branch Manager refused to receive the said amount and demanded Rs.1,83,000/-, the Applicant states that he paid Rs.1,83,000/- on 07.01.2020. Since the E-Auction Sale was not conducted, the Applicant contends that the E-Auction Sale Notice dated 19.11.2019 became infructuous.

H. The Applicant further submitted that, after receipt of the aforesaid payment, the Branch Manager informed him that the loan account had become normal and that the proposed E-Auction Sale would be cancelled. However, the Defendant Bank subsequently issued a second E-Auction Sale Notice dated 24.02.2020, which was received by the Applicant on 26.02.2020 and was also published in the newspaper “Dinamani” on the same date.

I. Challenging the second E-Auction Sale Notice, the Applicant filed S.A.No.113 of 2020 before this Tribunal. An interim conditional order was passed in I.A.No.458 of 2020 dated 11.03.2020. The Applicant states that he could not comply with the conditional order owing to the COVID-19 pandemic and lockdown. The said S.A.No.113 of 2020 remained pending until September 2023 and was subsequently withdrawn by the Applicant as infructuous on 21.09.2023.

J. During the pendency of S.A.No.113 of 2020, Defendants 3 and 4 instituted O.S.No.49 of 2023 before the Principal District Court, Srivilliputhur, Virudhunagar District, seeking recovery of Rs.14,78,577.74/- with interest and consequential reliefs against the Applicant. The Applicant states that the said suit is still pending. According to him, while the civil suit was pending, the 1st Defendant initiated further SARFAESI proceedings and issued the impugned E-Auction Sale Notice dated 10.11.2023.

K. The Applicant submitted that the impugned E-Auction Sale Notice dated 29.11.2023 was sent by Registered Post on 02.12.2023 and was received by him on 07.12.2023. The said notice demanded an amount of Rs.17,04,050/-. The Applicant alleges that the Defendant Bank was taking coercive steps to bring the secured property to sale.

L. The Applicant contends that, under the loan arrangement, the dues were to be settled within the stipulated period of 10 years and alleges that the Defendant Bank acted contrary to the terms of the arrangement and applicable RBI guidelines. He further alleges that the loan account was not properly maintained and that the interest and EMI calculations were not properly communicated or accounted for.

M. The Applicant further submitted that the loan sanction letter was not furnished to him, the EMI was fixed only orally after several months, and the statement of account did not clearly disclose the rate of interest. He contends that excessive interest was collected by the Defendant Bank.

N. The Applicant also challenges the impugned E-Auction Sale Notice on the ground that the loan account number was not mentioned therein and alleges non-compliance with the provisions of the Security Interest

(Enforcement) Rules, 2002, particularly Rules 8(2-A), 8(6) and 9(1). He further alleges that the E-Auction Sale Notice was not published in two leading newspapers and was not served through electronic mode.

O. The Applicant submitted that, owing to financial difficulties, he could not regularly repay the instalments. He claims to have approached the concerned officials of the Defendant Bank and requested time to clear the outstanding dues. According to him, despite his requests and willingness to repay the loan, the Defendant Bank proceeded with the SARFAESI measures and sought to bring the secured property to E-Auction.

P. The Applicant submitted that the outstanding amount mentioned in the second E-Auction Sale Notice dated 24.02.2020 was Rs.11,33,035/-, whereas the amount mentioned in the impugned E-Auction Sale Notice dated 10.11.2023 was Rs.17,04,050/-. He therefore questions the increase in the outstanding amount and alleges that the Defendant Bank charged excessive interest and failed to maintain the loan account properly.

Q. On the above grounds, the Applicant contends that the impugned E-Auction Sale Notice dated 29.11.2023 is arbitrary, unreasonable and contrary to the provisions of the SARFAESI Act, 2002 and the Security Interest (Enforcement) Rules, 2002, as well as the applicable RBI guidelines. The Applicant has therefore sought stay of further proceedings pursuant to the impugned E-Auction Sale Notice.

SCHEDULE OF PROPERTY

All the piece and parcel of land with RCC roofed House building bearing Door No. 112E, Teachers Colony with E.B. Service No. 07.280.004.0658, South

Venganallur Panchayat and comprised in Plot No. 24, house site plots formed in Survey No. 176/1B and 176/2B in Pudupalayam Revenue Village of Rajapalayam Sub Registrar Office limits of Rajapalayam Taluk of Virudhunagar District.

Following four boundaries:

East	:	Plot No. 25 Sarada's Land
West	:	Plot No. 23, Sreedharan's Land
South	:	Land of Balakrishnama Raja
North	:	23 feet width East – West Road

Measurements : East to West – 33 feet (Northern side) 33.50 feet (Southern side) North to South – 65.50 feet (Western side) 65.50 feet (Eastern side) Total Area : 2177.75 Sq.ft.

Documents filed by the Applicants:

Sl.No.	Date	Documents particulars
1	28.06.2018	Memorandum of Deposit of Title Deed
2	20.06.2019	Demand Notice
3	23.06.2019	Symbolic Possession Notice
4	19.11.2019	First time E-Auction Sale Notice
5	24.02.2020	Second time E-Auction Sale Notice
6	30.04.2018	The applicant's pass book No. 19900610081679
7	07.01.2020	The applicant's bank statement
8	06.01.2020	Requisition letter
9	06.11.2023	Copy of plaint in OS No. 49/2023
10	21.09.2023	E-Diary copy of S.A. No. 113/2020
11	10.11.2023	Impugned E-Auction Sale Notice
12	02.11.2023	Copy of Postal Cover of Impugned E-Auction Sale Notice
13	08.12.2023	E-Acknowledgment slip of Impugned E-Auction Sale Notice
14	08.12.2023	E-Diary copy of OS No. 49/2023

3. On the other hand, the Defendant bank appeared and filed Vakalath, Reply Statement along with type set of papers wherein it has been submitted that the allegations contained in the Securitisation Application, except those specifically admitted herein, are false, incorrect, and therefore denied. The Defendant Bank submits as follows:

- Except for the allegations specifically admitted hereunder, all other allegations and grounds stated in the Application are denied as false and are not admitted. The Applicant is put to strict proof of the same.
- Admittedly, the Applicant had availed a sum of Rs.11,00,000/- (Rupees Eleven Lakhs only) on 30.04.2018 from the Defendant Bank by executing the necessary loan documents in favour of the Defendant Bank and by mortgaging the Applicant's property mentioned in the Sale Notice as security for the said loan.
- Admittedly, the Applicant failed to make repayment as agreed. Consequently, the Applicant committed default in repayment of the said loan amount and failed to abide by the terms and conditions of the Loan Agreement and other documents executed by him. Since the Applicant failed to repay the loan amount as agreed, the loan account became irregular and was classified as a Non-Performing Asset in accordance with the guidelines relating to asset classification issued by the Reserve Bank of India, consequent upon the default committed by the Applicant in repayment of the principal amount and interest thereon.
- It is submitted that the balance outstanding amount payable by the Applicant to the Defendant Bank was Rs.11,83,762/- as on 31.05.2019, exclusive of interest from 01.06.2019. The Applicant failed to discharge the aforesaid outstanding amount and, therefore, the

mortgaged property is liable to be sold for realization of the said outstanding amount.

- Accordingly, the Defendant Bank issued a Demand Notice dated 20.06.2019 under Section 13(2) of the SARFAESI Act to the Applicant and the Co-Borrower, demanding payment of the outstanding loan amount. Admittedly, the Applicant received the said Demand Notice. However, the Applicant failed to comply with the Demand Notice dated 20.06.2019.

- Since the Applicant/Co-Borrower/Guarantors failed to comply with the Demand Notice dated 20.06.2019, the Defendant Bank took possession of the mortgaged property on 23.09.2019 under Section 13(4) of the SARFAESI Act by issuing the Possession Notice to the Applicant/Co-Borrower, with proof of service, affixing the Possession Notice on the conspicuous part of the mortgaged property and effecting publication in Tamil and English daily newspapers, in accordance with the provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002.

- It is submitted that the Applicant had not challenged the Possession Notice dated 23.09.2019 issued under Section 13(4) of the SARFAESI Act. Hence, the Applicant cannot now raise any objection in respect of the said Possession Notice.

- Thereafter, for realization of the outstanding loan amount, the Defendant Bank issued the Sale Notice dated 29.11.2023 to the Applicant/Co-Borrower, with proof of service, fixing the date of sale as 27.12.2023. The Defendant Bank complied with the applicable provisions of the SARFAESI Act and the Security Interest (Enforcement) Rules, 2002.

- It is submitted that the Demand Notice dated 20.06.2019 issued under Section 13(2) of the SARFAESI Act, the Possession Notice dated 23.09.2019 issued under Section 13(4) of the SARFAESI Act and the Sale Notice dated 29.11.2023 fixing the sale on 27.12.2023 are valid and in accordance with the provisions of the SARFAESI Act and the Rules. There is no material irregularity, fraud or violation of the provisions of law in the action taken by the Defendant Bank against the Applicant and the Co-Borrower.

- The allegation that the Defendant Bank failed to follow the guidelines issued by the Reserve Bank of India in declaring the secured asset as a Non-Performing Asset is incorrect, false and not admitted.

- The allegation that the Defendant Bank failed to follow the guidelines issued by the Reserve Bank of India for recovery of the loan amount is incorrect, false and not admitted.

- The allegation that the Defendant Bank failed to properly maintain the accounts in accordance with the applicable accounting standards is incorrect, false and not admitted.

- The allegation that the Sale Notice dated 24.02.2020 issued by the Defendant Bank violated the principles of natural justice and Article 14 of the Constitution of India and was liable to be set aside is incorrect, false and not admitted.

- The allegation that the Sale Notice issued by the Defendant Bank under Rule 8(6) of the Security Interest (Enforcement) Rules, 2002 is arbitrary and unreasonable is incorrect, false and not admitted.

- The allegations that the loan sanction letter was not furnished to the Applicant by the Defendant Bank, that the EMI was not fixed at the time of sanction of the loan and that only after a period of seven months

the Defendant Bank's Manager orally directed the Applicant to pay a monthly EMI of Rs.14,000/- are incorrect, false and not admitted.

- The allegation that the Applicant did not receive the Possession Notice issued under Section 13(4) of the SARFAESI Act is incorrect, false and not admitted.

- The allegations that the rate of interest was not mentioned in the statement of account, that the rate of interest was secretly maintained by the Defendant Bank and that an exorbitant rate of interest was collected by the Defendant Bank are incorrect, false and not admitted.

- The remaining allegations and grounds stated in the Application, insofar as they are contrary to or inconsistent with the facts stated herein, are denied as false, baseless and not admitted.

- The Applicant is not entitled to the reliefs prayed for in the Application. The suit in O.S.No.49 of 2023 filed before the District Court and the SARFAESI proceedings are separate proceedings arising out of the outstanding dues, and the Defendant Bank is legally entitled to take appropriate measures under the SARFAESI Act for recovery of its dues.

Typed set of papers

Sl. No.	Date	Particulars
1.	20.06.2019	13(2) Demand Notice issued by the 1st Defendant Bank to the Applicant
2.	26.06.2019	Postal Receipt of the Demand Notice
3.	28.06.2019	Acknowledgement Card of the Demand Notice
4.	23.09.2019	13(4) Possession Notice issued by the 1st Defendant Bank to the Applicant
5.	29.09.2019	Paper publication of Possession Notice in the New Indian Express (English)

6.	29.09.2019	Paper publication of Possession Notice in the Dinamani (Tamil)
7.	--	Photo affixture of Possession Notice
8.	10.11.2023	Sale Notice
9.	02.12.2023	Postal Cover and Receipt of the Sale Notice
10.	05.11.2023	Postal Tracking report of the Sale Notice

4. ***On the basis of the above pleadings, the following issues have been framed:-***

I. Whether the Applicant has been able to prove his case in his own legs?

II. Whether the Applicant 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. The Applicant is engaged in Dairy Farm business and, for the purpose of improving the said business and repaying an earlier loan availed from Sri Ram Finance, he and his wife, namely Vijayalakshmi, approached the Defendant Bank and availed a business loan. The Applicant is the borrower and his wife is the co-borrower. The Defendant Bank sanctioned a business loan of Rs.11,00,000/- on 30.04.2018 under Loan Account No.19900610081679. As collateral security, the Applicant furnished his house property and executed a Memorandum of Understanding dated 28.06.2018 in favour of the Defendant Bank, which was registered before the Sub-Registrar Office, Rajapalayam.

6. On the other hand the Defendant Bank that when the applicant defaulted in repayment of EMI the account has been classified as NPA on 30.05.2019 subsequently the 1st Defendant bank has issued Demand Notice dated 20.06.2019 amounting to Rs. 11,83,762/- (Rupees eleven lakhs eighty

three thousand seven hundred sixty two only) to the borrower by registered post with acknowledgment due. I perused the documents filed by the Defendant Bank and I find that, the Bank has produced a photo copy of the Demand Notice with AD Card copy **(annexed at pages 03 to 09 of the Bank's typed set of papers).** In view of the above, I find that the Defendant Bank has established valid service of the Demand Notice dated 16.08.2023 and has complied with the procedure prescribed under the SARFAESI Act.

7. Thereafter, the Defendant Bank issued a Possession Notice dated 23.09.2019 under Section 13(4) of the SARFAESI Act, demanding a sum of Rs.12,05,379/- (Rupees Twelve Lakhs Five Thousand Three Hundred and Seventy-Nine only). On perusal of the records, I find that the Defendant Bank has produced a copy of the Possession Notice dated 23.09.2019, which is **annexed at Page No.10 of the Typed Set of Papers**. The Defendant Bank has further produced copies of the newspaper publications of the Possession Notice in two leading newspapers, one in English and the other in Tamil, published on 29.09.2019, which are **annexed at Pages 11 and 12 of the Typed Set of Papers.** I further find that the Defendant Bank has also produced a copy of the photograph evidencing the affixture of the Possession Notice dated 23.09.2019 on the conspicuous part of the schedule-mentioned secured property, which is **annexed at Page No.13 of the Typed Set of Papers**. On perusal of the records, I find that the Defendant Bank has failed to produce the postal receipt evidencing dispatch of the Possession Notice along with the corresponding Acknowledgment Due (AD) cards. Further, the copies of the newspaper publications produced by the Defendant Bank do not contain the name of the newspaper, place of publication, or date of publication. As regards the affixture of the Possession Notice, the copy of the photograph produced by the Defendant Bank contains the date.

8. Thereafter, the 1st Defendant Bank issued the 1st and 2nd Sale Notices dated 19.11.2019 and 24.02.2020 respectively to the Applicant; however, the said sales were not conducted for want of bidders. Further, the 1st Defendant Bank issued the 3rd Sale Notice dated 29.11.2023 for recovery of a sum of Rs.17,04,050/- (Rupees Seventeen Lakhs Four Thousand Fifty only). The 1st Defendant Bank has filed a xerox copy of the returned postal cover along with the postal tracking report to establish the issuance and service of the said Sale Notice upon the Applicant. On the other hand, the Applicant has admitted in the Application that he received the Sale Notice dated 29.11.2023 on 07.12.2023. Hence, I find that the Sale Notice was duly served upon the Applicant. On perusal of the records, I find that the 1st Defendant Bank issued the 3rd Sale Notice dated on 29.11.2023 **(Annexed at Page No. 14 & 15 of the Typed set of Defendant Bank)**, whereas in the terms and conditions of the E-Auction Sale notice date is mentioned as 10.11.2023 **(Annexed at Page No. 16 & 17 of the Typed set of Defendant Bank)**, which is prior to the date of the Sale Notice. Therefore, there is a discrepancy in the dates mentioned in the Sale Notice and the terms and conditions of the E-Auction Sale. Further, I find that the 1st Defendant Bank has not produced any material evidence to establish that the Sale Notice was published in two leading newspapers, that the Sale Notice was affixed on the conspicuous part of the scheduled properties, and that a valuation report in respect of the scheduled properties was obtained from an authorised valuer. Hence, the 1st Defendant Bank has failed to establish compliance with the mandatory procedural requirements relating to the conduct of the sale

9. Therefore, I find that the 1st Defendant Bank has failed to establish compliance with the mandatory procedural requirements prescribed under Rules 8(5), 8(6) and 8(7) of the Security Interest (Enforcement) Rules, 2002, in respect of the proposed sale of the scheduled properties. The mere service of the Sale Notice upon the Applicant, by itself, would not establish

compliance with the other statutory requirements relating to valuation, publication and affixture of the Sale Notice. The Bank has failed to establish strict adherence to Rule 8(5), 8(6) and 8(7) of the Security Interest (Enforcement) Rules, 2002 which clearly says:-

> ***(5)*** *Before effecting sale of the immovable property referred to in sub-rule (1) of rule 9, the authorised officer shall obtain valuation of the property from an approved valuer and in consultation with the secured creditor, fix the reserve price of the property and may sell the whole or any part of such immovable secured asset by any of the following methods:-*
>
> ***(a)*** *by obtaining quotations from the persons dealing with similar secured assets or otherwise interested in buying the such assets; or*
>
> ***(b)*** *by inviting tenders from the public;*
>
> ***(c)*** *by holding public auction including through e-auction mode; or]*
>
> ***(d)*** *by private treaty:*
>
> ***(6)*** *The authorised officer shall serve to the borrower a notice of thirty days for sale of the immovable secured assets, under sub-rule (5):*
>
> *[Provided that if the sale of such secured asset is being effected by either inviting tenders from the public or by holding public auction, the secured creditor shall cause a public notice in the Form given in Appendix IV-A to be published in two leading newspapers including one in vernacular language having wide circulation in the locality.]*
>
> ***(7)*** *Every notice of sale shall be affixed on the conspicuous part of the immovable property and the authorised officer shall upload the detailed terms and conditions of the sale, on the web-site of the secured creditor, which shall include,-*
>
> ***(a)*** *the description of the immovable property to be sold, including the details of the encumbrances known to the secured creditor;*
>
> ***(b)*** *the secured debt for recovery of which the property is to be sold;*
>
> ***(c)*** *reserve price of the immovable secured assets below which the property may not be sold;*
>
> ***(d)*** *time and place of public auction or the time after which sale by any other mode shall be completed;*

(e) *deposit of earnest money as may be stipulated by the secured creditor;*

(f) *any other terms and conditions, which the authorized officer considers it necessary for a purchaser to know the nature and value of the property.]*

10. I also find that during the pendency of the case, this Tribunal has granted a conditional stay order dated 21.12.23 for a sum of Rs.5,97,000/- (Rupees five lakhs ninety seven thousand only) to be paid in three equal instalments by the Applicant, the Applicant has also complied with the conditional order and proved his bona-fide.

11. The Applicants have no doubt being defaulters are liable to pay the loan amount to the Defendant Banks and the Banks have been given ample power to recover the outstanding loan amount from the borrowers by invoking the SARFAESI Act and without the intervention of any Court. But, it shall not allow the Banks to sell the property of the Applicants without following the due process of law strictly. Because, the properties are the constitutional right of an individual and the Bank cannot sell the property as he desires.

12. In view of the above facts and discussion made above, I find that the Banks have proceeded under the SARFAESI Act and rules for recovery of money from the Applicants and they have not followed the procedure as mentioned in the SARFAESI Act & Rules strictly and failed to rebut the allegations made by the Applicants successfully. Therefore, this Tribunal holds that the Applicants are entitled to get the reliefs as prayed for in SA No. 742/2023.

13. The counsel for the Defendant Banks has submitted that the Impugned Sale Notice dated 29.11.2023, sale was not held for want of bidders and hence, the SA may be dismissed as infructuous.

In view of the above facts this S.A. No. 742/2023 is disposed off with direction to the Defendant Bank not to include the expenditure incurred in the issuance of impugned Sale Notice dated 29.11.2023

(Dictated to KKN taken down, transcribed, typed by him, corrected and pronounced by me in the Open Court in this the 08th October, 2026).

Sd/-
(SEEMA SINHA)
PRESIDING OFFICER

Uploaded on 14.10.2026