.APHC010683682025

IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI **[3332]**
(Special Original Jurisdiction)

THURSDAY, THE 20th DAY OF AUGUST 2026

PRESENT

THE HONOURABLE SRI JUSTICE RAVI CHEEMALAPATI

WRIT PETITION NO: 35312/2025

Between:

Kalangi Raja Sridevi **...PETITIONER**

AND

Union Of India and Others **...RESPONDENT(S)**

Counsel for the Petitioner:

1. DAGGUBATI VENKATESWARA RAO

Counsel for the Respondent(S):

1. S SATYANARAYANA MOORTHY
2. Y V ANIL KUMAR (Central Government Counsel)
3. T B L MURTHY

The Court made the following order:

The case of the petitioner is that, she is a small entrepreneur belonging to Scheduled Caste community and availed MSME loan of Rs.24,40,000/- from the 1st respondent bank on 18.11.2019 under Stand-Up India Scheme for purchase of a bus bearing Registration No.AP 39 TG 2024 for the purpose of earning livelihood by operating the same under APSRTC hire agreement and have been promptly paying all the monthly installments without any default. Due to spread of Covid-19 pandemic and the national wide lock-down

imposed by the Central Government, the businesses were adversely affected, as such she could not pay the amounts due to the bank. However, RBI has issued moratorium guidelines to protect the borrowers affected by the pandemic, inspite of that the respondent bank has enhanced the EMI without even assessing the petitioner's repayment capacity. The petitioner made several requests to the respondent-bank to re-structure the loan amount explaining her genuine difficulties and medical issues but the bank has not responded to any of the requests and classified the petitioner account as Non-Performing Asset (NPA) on 13.09.2025 without issuing any caution notice, contrary to guidelines of MSMED Act, 2006 and RBI guidelines and initiated proceedings under SARFEASI Act, 2002. Immediately, the petitioner submitted an application to the bank seeking One Time Settlement (OTS) and gave an undertaking to pay Rs.5,00,000/- under OTS which was acknowledged by the bank. Inspite of the same, bank issued two notices and through its third notice dated 16.10.2025 intimated the petitioner that the bank would seize the bus and accordingly bus was seized forcibly from the driver without even securing signatures or issuing seizure memo, acknowledgement or inventory. Later, the bank has issued another alleged notice dated 03.11.2026 informing the petitioner about the auction of the vehicle but the said notice was not served on the petitioner. Questioning the action of the respondents in classifying the petitioner's account as NPA, in forcibly seizing the hypothecated vehicle and in issuing auction intimation dated 16.10.2025, the present writ petition is filed.

2. Heard Sri D.Venkateswara Rao, learned counsel for the petitioner, Sri Satya Narayana Moorthy, learned counsel for the respondent nos.1 & 2 and Sri TBL Moorthy, learned counsel for respondent nos.3 & 4.

4. Learned counsel for the petitioner in elaboration to what has been stated in the writ affidavit contended that, the RBI had issued Master Direction-Reserve Bank of India [Lending to Micro, Small & Medium Enterprises(MSME) sector]-Directions, 2016 notifying Framework for revival and rehabilitation of MSME to provide a simpler and faster mechanism to address the stress in the accounts of MSMEs and to facilitate the promotion and development of MSMEs and advised to issue necessary instructions to banks for effective implementation and monitoring of the said Framework. He further submitted that, as per the said directions, before declaring an account as NPA, a committee has to be appointed and restructure mechanism has to be adopted but in the present case, despite making requests to re-structure the loan amount, the petitioner's account has been declared as NPA without issuing any caution notice, contrary to guidelines of MSMED Act, 2006, RBI guidelines and notification issued by the Ministry of MSME dated 29.05.2015 and further initiated proceedings under SARFEASI Act, 2002 and already seized the hypothecated vehicle and now resorting to auction the vehicle, which is illegal and arbitrary. He further submitted that, if such action of the respondents is allowed to subsist, the petitioner will be put to suffer irreparable loss and hardship, as such prayed to pass appropriate orders protecting the interest of the petitioner. In support of his contentions, learned counsel for the

petitioner relied upon the judgments of the Apex Court in ***Shri Shri Swami Samarth Construction & Finance solution & another Vs The Board of Directors of NKGSB Co-op, Bank Ltd and Ors***[1] *and* in ***Pro Knits Vs. Board of Directors of Canara Bank***[2]***.***

5. On the other hand, Sri TBL Moorthy, learned counsel for respondent nos.3 & 4 on counter submitted that, the authorities have already passed orders on the application submitted by the petitioner and restructured the loan amount and also informed the petitioner. Despite having knowledge of the same, the petitioner filed the writ petition, as such prayed to dismiss the writ petition.

6. In reply, learned counsel for the petitioner submitted that the restructured loan amount is three times the original EMI to be paid and the petitioner, being a small MSME unit cannot pay that much amount in view of her financial issues and medical issues of her husband. As such prayed to pass appropriate orders in that regard.

7. Perused the record and considered the submissions of learned counsel for the respective parties.

8. The prime grievance of the petitioner is that, despite making requests for restructuring of the loan amount, her account was declared as NPA without issuing any caution notice, contrary to guidelines of MSMED Act, 2006, RBI guidelines and the notification issued by the Ministry of MSME dated

[1] MANU/SC/0997/2025 or 2025 INSC 908
[2] MANU/SC/0814/2024

29.05.2015 and proceedings under SARFEASI Act, 2002 were initiated against her.

9. Undoubtedly, the notification dated 29.05.2015 is binding on the lending banks/secured creditors. Even otherwise, the authorities have passed orders on the petitioner's application for restructuring of the loan amount and already restructured the loan amount and informed the same to the petitioner. Now the contention of the petitioner is that, the restructured loan amount is three times the original EMI to be paid and the petitioner cannot pay that much amount in view of her financial issues and medical issues of her husband.

10. Be that as it may, though the petitioner has knowledge that respondents have already passed orders on the petitioner's application and restructured the amount, the petitioner neither questioned the said proceedings of the restructured amount nor withdrew this present writ petition. As such no relief as sought by the petitioner can be granted and this court is inclined to dispose of the writ petition giving liberty to the petitioner to question the restructure proceedings before appropriate forum.

Accordingly, the writ petition is ***disposed of***. No costs.

Miscellaneous applications, pending if any, shall stand closed.

JUSTICE RAVI CHEEMALAPATI

BRS