2026:AHC:211886-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 38851 of 2026

M/s. Woven Magic and others

.....Petitioner(s)

Versus

State of U.P. and others

.....Respondent(s)

Counsel for Petitioner(s)	:	Santosh Kumar Pandey, Yadavendra Dwivedi
Counsel for Respondent(s)	:	Ajal Krishna, Anadi Krishna Narayana, C.S.C.

Court No. - 2

HON'BLE J.J. MUNIR, J.
HON'BLE VIVEK SARAN, J.

1. A personal affidavit has been filed by the Branch Manager, Bank of Baroda, Panki Branch, Kanpur Nagar ('Bank' for short).

2. Heard learned Counsel for the petitioner and Mr. Ajal Krishna, learned Counsel appearing for the respondent-Bank.

3. The first petitioner, who are a manufacturing firm, going by the name M/s. Woven Magic, had availed cash credit facility of Rs. 50 lacs. The repayment in the loan account became irregular and it was classified as a Non-Performing Asset. An Original Application was filed before the Debts Recovery Tribunal, Allahabad, being O.A. No. 1202 of 2026. Pending this application, the Bank issued a recovery certificate to the Collector, Kanpur Nagar, to recover the outstandings in the cash credit limit/loan account as arrears of land revenue. This recovery certificate led to the issue of recovery citation dated 21.07.2026 by the Tehsildar, Kanpur Nagar, which is impugned in the present writ petition.

4. When the matter came up for admission on 05.10.2026, we pointed out to the learned Counsel appearing for the Bank that the loan appears to be a commercial loan and not one under a State Sponsored Scheme, and,

therefore, the outstandings in the loan account could not be recovered as arrears of land revenue. We passed the following order on 05.10.2026 :

> The Branch Manager, Bank of Baroda, Panki Branch, Kanpur Nagar shall file his own affidavit, indicating if the loan against the petitioner is under a State-sponsored scheme. *Prima facie*, the loan does not appear to be under a State-sponsored scheme, because the Bank had filed an Original Application before the Debts Recovery Tribunal for recovery of its outstandings on the defaulted amount of the loan. The personal affidavit shall be filed within three days, through the Registrar (Compliance), without fail.
>
> Adjourned to **08.10.2026**.
>
> To be taken up as **fresh**.
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> Till then, no recovery shall be made from the petitioner in execution of the impugned citation dated 21.07.2026 issued by the Tehsildar, Kanpur Nagar.
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> Mr. Ajal Krishna, Advocate, has appeared for the respondent-Bank.
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> The Registrar (Compliance) is directed to communicate this order to the District Magistrate, Kanpur Nagar, the Branch Manager, Bank of Baroda, Branch Panki, Kanpur Nagar and the Tehsildar, Tehsil Kanpur Nagar, all through the learned Chief Judicial Magistrate, Kanpur Nagar **today**.

5. In compliance with our orders, a personal affidavit has been filed by Abhishek Bajaj, Chief Manager, Bank of Baroda, Panki Branch, Kanpur Nagar. In paragraphs nos. 4 and 5 of the affidavit, it is averred :

> 4. That it is submitted that Recovery Citation cannot be issued in the said Loan Account but inadvertently, a Recovery Certificate was sent by the Branch to the

> Collector, Kanpur Nagar for recovery of Bank's dues. Thereafter a Recovery Citation dated 21.07.2026 has been issued by the Tehsildar, Kanpur Nagar (Annexure No. 2 to the writ petition) for which the deponent is tendering his unconditional and unqualified apology for the same and begs to be pardoned and the Recovery Citation dated 21.07.2026 (Annexure No. 2 to the writ petition) may kindly be quashed by this Hon'ble Court.
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> 5. That it is submitted that the deponent has sent a letter dated 06.10.2026 through speed post on the same day i.e. 06.10.2026 to the Collector, Kanpur Nagar and copy whereof to the Tehsildar, Kanpur Nagar for withdrawal of the Recovery Certificate. Copy of letter dated 06.10.2026 sent by the Deponent i.e. Chief Manager, Bank of Baroda, Panki Branch, Kanpur Nagar along with postal receipts dated 06.10.2026 are being collectively filed herewith and marked as **ANNEXURE NO. 1** to this Affidavit.

6. The position of law is well settled that for the recovery of a commercial loan, the mechanism of revenue recovery is not available under any statute. The Uttar Pradesh Public Moneys (Recovery of Dues) Act, 1972 ('Act of 1972' for short) also does not provide for recovery of bank loans through the mechanism of revenue recovery, unless the loan is under a State Sponsored Scheme.

7. After enactment of Recovery of Debts Due to Banks and Financial Institutions Act, 1993, the remedy of recovery to a bank and recovery of its loan overdues under the Act of 1972 is no longer available, as held by the Supreme Court in **M/s. A.T.P. Ispat Pvt. Ltd. v. U.P. Small Industrial Corporation Ltd. and another, AIR 2010 SC 2095**. In **A.T.P. Ispat Pvt. Ltd.** *(supra)*, it was observed :

> 18. There is another point and though it was not raised before the High Court, we think proper to mention it since it is crucial to the proceeding under section 3 of the U.P. Public Moneys (Recovery of Dues) Act, 1972. In a

> decision by this court in Unique Butyle Tube Industries (P) Ltd. vs. U.P. Financial Corporation and Others, (2003) 2 SCC 455 : (AIR 2003 SC 2103 : 2003 AIR SCW 104, it was held that after the coming into force of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993, recourse cannot be taken for recovery of dues to the provisions of U.P. Public Moneys (Recovery of Dues) Act, 1972 because the U.P. Act does not find mention in section 34(2) of the Recovery of Debts Due to Banks and Financial Institutions Act, 1993.

8. The question whether it is open to a bank to recover dues of loan, advance or grant of credit or money advanced under a cash credit facility under Section 3 of the Act of 1972 fell for consideration before a full Bench of this Court in **Sharda Devi v. State of U.P. and others, AIR 2001 All 1**. In **Sharda Devi** *(supra)*, it was held by their Lordships of the full Bench :

> 32. In view of the discussion made above, we are clearly of the opinion that a banking company can recover its dues by taking recourse to S. 3 of the Act only where the loan or advance or grant or credit has been given by it to a borrower under a State Sponsored Scheme and not otherwise. Any money advanced under cash credit limit facility by itself is not determinative of the matter as there is no prohibition under the Act for the State Government to notify such a facility as a State Sponsored Scheme. The real test is whether the banking company has made the advance, etc. under State Sponsored Scheme.

9. The Bank have conceded this position and addressed a memo to the Collector, recalling the recovery certificate. Be that as it may.

10. In order to curtail the controversy, because the Collector may have his own views, we are of opinion that the impugned citation ought be

quashed.

11. In the result, this writ petition **succeeds** and is **allowed**. The impugned citation dated 21.07.2026, issued by the Tehsildar, Kanpur Nagar (Annexure No. 2 to the writ petition) is hereby **quashed**.

12. It shall be open to the Bank to pursue the recovery against the petitioner in the manner permissible under the law.

13. The Registrar (Compliance) is directed to communicate this order to the Tehsildar, Kanpur Nagar through the learned Chief Judicial Magistrate, Kanpur Nagar.

(Vivek Saran,J.) (J.J. Munir,J.)

October 8, 2026
I. Batabyal