*** THE HON'BLE SRI JUSTICE BATTU DEVANAND**

AND

THE HONOURABLE SMT JUSTICE SUNITHA GANDHAM

% Dated 28.07.2026

<u>+ WRIT PETITION No.15623 of 2025</u>

Jampani Satyanarayana .. Petitioner

Vs.

$ Canara Bank, Rep. by Its Branch Manager, Arm Brnach, Circle Office, Door No.54-15-4b, 2nd Floor, Lakshmi Aveue, Srinivas Nagar Bank Colony, Ring Road, Vijayawada - 520008 and Others.

..Respondents

! Counsel for the Petitioners : Mr. Venkata Rao Burla

^ *Counsel for the Respondents* : Mr. T.B.L. Murthy

<GIST:

> HEAD NOTE:

? Cases referred:

i. *K. Sreedhar vs Ms. Raus Constructions Private Limited & Others*[1]
ii. *ITC Limited vs. Blue Coast Hotels Limited and Other*[2]
iii. *Indian Bank and Another vs. K. Pappireddiyar and Another*[3],
iv. *Govind Kumar Sharma and Another vs. Bank of Baroda and Others*[4]

[1] 2023 AIR (SC) 306
[2] 2018 15 SCC 99
[3] 2018 18 SCC 252
[4] 2024 SCC Online SC 559

IN THE HIGH COURT OF THE STATE OF ANDHRA PRADESH

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ORDER PRONOUNCED ON: 28.07.2026.

THE HON'BLE SRI JUSTICE BATTU DEVANAND
AND
THE HONOURABLE SMT JUSTICE SUNITHA GANDHAM

1) Whether Reporters of Local newspapers may be allowed to see the Judgments?	Yes/No
2) Whether the copies of judgment may be marked to Law Reporters/Journals	Yes/No
3) Whether Their Ladyship/Lordship wish to see the fair copy of the Judgment?	Yes/No

JUSTICE BATTU DEVANAND

JUSTICE SUNITHA GANDHAM

Vns

Date of reserved for orders : 07.07.2026
Date of pronouncement : 28.07.2026
Date of uploading : 30.07.2026

APHC010313342025

IN THE HIGH COURT OF ANDHRA PRADESH
AT AMARAVATI **[3602]**
(Special Original Jurisdiction)

TUESDAY, THE 28th DAY OF JULY 2026

PRESENT

THE HONOURABLE SRI JUSTICE BATTU DEVANAND

THE HONOURABLE SMT JUSTICE SUNITHA GANDHAM

WRIT PETITION NO: 15623/2025

Between:

1. JAMPANI SATYANARAYANA, S/O. LATE MR. TATARAO AGED ABOUT 62 YEARS, R/O.A/2, D.NO.15-13-235, 2ND LINE,RTC COLONY, NEAR SAI BABA TEMPLE, GUNTUR CITY AND DISTRICT

...PETITIONER

AND

1. CANARA BANK, REP.BY ITS BRANCH MANAGER, ARM BRNACH, CIRCLE OFFICE, DOOR NO.54-15-4B, 2ND FLOOR, LAKSHMI AVEUE, SRINIVAS NAGAR BANK COLONY, RING ROAD, VIJAYAWADA - 520008.
2. MR BALAGANI VENKATA RAO, S/O. MR. BALAGANI VENKAIAH, R/O.H.NO.19-10-42, ETUKURU ROAD, DARGA MANYAM, GUNTUR - 522 003, CELL NO. 99636 37566 AND ALSO TELUGU TEACHER, ZPH SCHOOL, KATRAPADU VILLAGE, VATTICHERUKURU MANDAL, GUNTUR DISTRICT - 522 017. CELL NO. 99636 37566
3. MR CH BASAVA MOHAN RAO, APPROVED VALUER, R/O.D.NO.32-27-3, SRI NAGAR, MARUTHI NAGAR, VIJAYAWADA-520034.

...RESPONDENT(S):

Counsel for the Petitioner:

1. VENKATA RAO BURLA

Counsel for the Respondent(S):

1. T B L MURTHY

The Court made the following:

THE HONOURABLE SRI JUSTICE BATTU DEVANAND

THE HONOURABLE SMT JUSTICE SUNITHA GANDHAM

WRIT PETITION NO: 15623 OF 2025

ORDER: *(per Hon'ble Smt. Justice Sunitha Gandham)*

As seen from the record, petitioner is the absolute owner of lands in extents of Ac.0.73 cents in Sy.No.43/1A2 and Ac.0.87 cents in Sy.No.43/1A3 of Nadimpalem village, Prathipadu Mandal, Guntur district *vide* registered sale deeds dated 24.12.1988 and 21.11.1988 respectively and that the petitioner is running a business enterprise in the name and style of M/s.Akhila Cotton Traders and the said proprietary concern obtained loan from the respondent No.1 Bank and for which, the petitioner himself stood as guarantor. The loan account was declared as NPA and the respondent No.1 bank issued Demand Notice dated 09.02.2018 under Section 13(2) of the SARFAESI Act (herein after referred to as 'the Act') and since the outstanding loan was not standardized, having issued possession notice, respondent No.1 bank also issued E-Auction Sale Notice dated 10.03.2025 and challenging the said sale notice in respect of Item Nos.1 and 2 of Schedule-B, petitioner filed this writ petition on the ground that the subject properties are agricultural lands and they shall not be put for sale under Section 31(i) of the Act.

2. Record reveals that before filing this writ petition, borrower represented by the petitioner filed S.A.No.572 of 2024 to declare the prior sale notice dated 11.10.2024 as void ab-initio and for other reliefs and it is pending. In the

meanwhile, respondent No.1 bank, having issued another Sale Notice No.0605.261.10596 SN dated 10.03.2025, conducted auction on 28.03.2025 and the respondent No.2 stood as successful bidder by purchasing the secured assets for an amount of Rs.81,50,000/-. And so far, sale certificate is not registered in favour of the respondent No.2.

3. Heard learned counsel for the petitioner and respondent No.1. Notice of respondent No.2 is returned as unclaimed. So, the service of respondent No.2 is held sufficient. Respondent No.2 remained absent.

4. The questions involved in this matter are (i) whether the petitioner has right of redemption under Section 60 of the Transfer of Property Act? and (ii) whether the secured assets i.e. lands in extents of Ac.0.73 cents in Sy.No.43/1A2 and Ac.0.87 cents in Sy.No.43/1A3 of Nadimpalem Village, Prathipadu Mandal, Guntur district are agricultural lands and are being used for cultivation?

5. As per the version of the petitioner, the secured assets are agricultural lands and since 2013, he has been cultivating the said lands by raising different types of crops and in view of protection under Section 31(i) of the Act, the said secured assets shall not be put for sale, he has a right of redemption under Section 60 of Transfer of Property Act and therefore, he is entitled to exercise the statutory right of redemption to protect his constitutional guaranteed right and no provision is made available to the mortgagor under

the provisions of the Act as well as the Recovery of Debts and Bankruptcy Act, 1993 for exercising this statutory right of redemption.

6. Per contra, learned counsel for the respondent No.1 would submit that respondent No.1 bank duly complied with the provisions of the Act, the secured assets are not agricultural lands, they have taken all necessary steps for recovery of the said loan in a lawful manner and instead of approaching the Debt Recovery Tribunal, the petitioner filed this instant writ petition which is not maintainable in law or facts.

7. As seen from the record, having considered the Judgment relied upon by the learned counsel for the respondent No.1 in ***K. Sreedhar vs Ms. Raus Constructions Private Limited & Others***[5], this Court appointed Advocate Commissioner to inspect the secured assets and ascertain whether there is any standing crop on the lands at present and also to ascertain whether the lands are being used for agricultural purpose for the last ten years i.e., since 2015 or not and submit a report so as to come to conclusion with regard to the nature of the secured assets. Accordingly, the learned Advocate Commissioner had executed the warrant and submitted a report dated 08.04.2026 and as seen from the report, as on the date of inspection on 24.02.2026, the subject lands were in a post harvest condition, no standing crop was present at the time of visit, however, straw bundles and crop residues shows recent harvested paddy crop across the fields and further, he had addressed request letter to the Tahsildar, Prathipadu Mandal and the

[5] 2023 AIR (SC) 306

Mandal Agricultural Officer, Prathipadu Mandal seeking certified copies of Adangal/Pahani and other relevant agricultural records for the period from 2015 to 2026. The learned Advocate Commissioner conducted second inspection on 18.03.2026 in the presence of petitioner, his counsel, surveyor and V.R.O and made certain observations as follows:

> "(i) The subject lands are under cultivation with a dense and standing crop of jowar fodder maize, at growing stage, covering the entire extent of the lands under inspection;
>
> (ii) The soil was visibly moist and standing water/irrigation patches were observed across portions of the field, confirming that the said lands had been irrigated in connection with the crop under cultivation; and
>
> (iii) The overall condition of the land, cropping pattern, and field characteristics at present ongoing agricultural operations being carried out on the subject lands."

8. The report of the learned Advocate Commissioner further reveals that in response to his request dated 26.03.2026, the Mandal Agricultural Officer, Prathipadu Mandal furnished the following details:

> "(i) For the current Rabi season 2025-26, crop booking in the Digital Crop Survey (e-Panta) portal has been recorded as **fodder maize** in respect of Sy.No.43/1A2;
>
> (ii) No crop booking has been recorded in the e-Panta portal in respect of Sy.No.43/1A3 for the current season; and
>
> (iii) Historical crop data from 2015 onwards is not accessible through the e-Panta portal on account of technical issues."

9. Finally, it is averred in the report that he had not received any information or documentary proof from the Tahsildar, Prathipadu Mandal in respect of continuous agricultural operations since 2015.

10. In this regard, learned counsel for the respondent No.1 vehemently contended that merely showing the secured properties as agriculture lands in the revenue records is not sufficient to attract Section 31(i) of the Act and the properties in question ought to be actually used as agricultural lands at the time when the security interest was created and relied upon the Judgment in ***K. Sreedhar*** *(supra)*. In this case, having considered the principles laid down in ***ITC Limited vs. Blue Coast Hotels Limited and Other***[6] and ***Indian Bank and Another vs. K. Pappireddiyar and Another***[7], Hon'ble Apex Court held that solely on the basis of the revenue records/pattadar, such properties cannot be said to be exempted from the provisions of the Act only in a case where the secured property is actually put to use as agriculture land, exemption shall be considered and further, the burden was upon the borrower to prove that the secured properties were agricultural lands and/or agricultural activities were going on. In this case, the borrower did not file any evidence to show that the agricultural work was being done in the said properties, except filing revenue records.

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[6] 2018 15 SCC 99
[7] 2018 18 SCC 252

11. The judgment in ***Blue Coast Hotels Limited*** *(supra*) underscores that, (i) agriculture exemptions under special statutes are not determined merely by nomenclature in revenue records,(ii) courts will examine real substance whether the land is genuinely held and used for agriculture; and (iii) creditors must exercise diligence in taking security over such properties, as enforcement under the Act is barred if genuinely agricultural. This decision provided foundational clarity on the interpretation of agricultural land under Section 31(i) and the Hon'ble Apex Court has continued to refine and affirm these principles in subsequent rulings and this ensures that the exemption is not a blanket shield but a targeted protection for genuine agricultural use, preventing its misuse in commercial disputes.

12. Further, in ***Indian Bank and Another*** (*supra*) Hon'ble Apex Court held that the classification of land in the revenue records as agricultural is not dispositive or conclusive of the question whether the Act does or does not apply and whether the land is agricultural must be deduced as a matter of fact from the nature of the land, the use to which it is being put on the date of the creation of the security interest and the purpose for which it was set apart.

13. The learned counsel for the petitioner also relied upon the same Judgments and has submitted that the petitioner has produced all types of documentary evidence i.e. revenue records from the year 2015, pattadar passbook, title deed, Form 1-B, Adangal/Pahani, Encumbrance Certificate and third party affidavits of two neighboring land owners and one agricultural labour.

14. Plain reading of Section 31(i) of the Act transpires that Section 31 begins with a non obstante clause exempting certain classes of properties from the coercive powers of the Act. Section 31 (i) explicitly excludes "any security interest created in agricultural land". The object is twofold: (i) To protect agriculturists from losing their primary means of livelihood through summary enforcement of security interests; (ii) to discourage creditors from accepting agricultural land as a mortgage since recovery cannot be made under the Act without judicial intervention. This provision is remedial in nature, highlighting that agricultural property, central to livelihood, enjoys special statutory protection. The judgments strikes a balance between the rights of secured creditors and the constitutional protection available to agriculturists, while also clarifying how agricultural land should be understood for the purposes of financial recovery disputes. As seen from the record, at the time of filing this writ petition, petitioner appended pattadar passbook, title deed, Form 1-B, Adangal/Pahani and Encumbrance Certificate and as seen from the said documents, subject properties are dry lands.

15. In this regard, it is to be mentioned that while appointing Advocate Commissioner, this Court directed the petitioner to produce the cultivation adangal as on the date of creating the security interest on 08.07.2015 for the relevant Fasli year. In due obedience to the said direction, the petitioner filed authenticated copy of Adangal for the Fasli year 1425 (01.07.2015 to 30.06.2016) issued on 20.02.2026 by the Tahsildar, Prathipadu Mandal, three third party affidavits, cultivation certificates dated 24.02.2026 for the years

from 2023 to 2026, copy of soil health card dated 13.03.2026 issued by the Agriculture Office, Department of Soil Health, Guntur, Sown Certificate dated 18.04.2026 issued by the Mandal Agriculture Office, copy of 1-B, Adangal and photographs showing physical possession of the properties. As seen from the said Adangal, especially at Sl.Nos.238 and 239, the scheduled properties are dry and agricultural lands and depended on rain fed.

16. Further, two third party affidavits of neighboring land owners namely Sri Alla Veera Swamy and Kanna Chinnasubbarao and third party affidavit of Dodda Sambasivarao, agricultural coolie reveal that since 2013, petitioner has been continuously and uninterruptedly cultivating the said agricultural lands and raised cotton for five years from 2014 to 2019, tobacco from 2020 to 2022, jowar from 2023 to 2024, tobacco seedlings/nursery from 2024 to 2025 and jowar from 2025 to 2026 and the subject properties never converted as non-agricultural lands. Third party affidavit of agricultural coolie reveals that since 2013, he has been directly working in the lands of the petitioner as a hired agricultural labourer. The other revenue records, tax receipts, certificates issued by the Department of Soil Health, Mandal Agriculture Office etc. clearly reveal that the subject properties are agricultural lands. Further, report of learned Advocate Commissioner also clearly reveals that agricultural operations are going on in the subject properties.

17. In the Judgment relied upon by the both parties in ***K. Sreedhar*** (*supra)*, Hon'ble Apex Court has held that the borrower has to prove that the secured properties were agricultural lands and/or agricultural activities were going on

when the security interest was created and creditors must exercise diligence in taking security over such properties as enforcement under the Act is barred if genuinely agricultural. In this case, the petitioner discharged his burden by producing best possible documentary evidence and has proved that since 2013 agricultural operations were going on in the schedule properties. The respondent No.1 being leading bank failed to exercise due diligence while taking security. In both the sale deeds, it is clearly mentioned that they are zeroithi dry lands. Having received documents, the respondent No.1 bank failed to cross check the descriptions of the lands which are mentioned in the registered sale deeds and verify the nature of the land before accepting security and if necessary, obtain legal opinion to come to conclusion with regard to the exact nature of the land.

18. Having knowledge about the protection given under Section 31(i) of the Act, respondent No.1 bank accepted the said lands towards security and further, not only issued statutory notices and auction notice, but also put the secured assets for sale and the procedure followed by respondent No.1 is nothing but violation of statutory provision. Having paid huge amount of Rs.81,50,000/-, the respondent No.2/auction purchaser has not yet received the fruits i.e., registered sale certificate and possession.

19. For the aforementioned reasons, this Court is of the considered view that the sale notice dated 10.03.2025 and sale dated 28.03.2025 are illegal as the provisions of the Act shall not apply to any secured asset created in agricultural land and both the parties have to work out their remedies in

respect of item Nos.1 and 2 of Schedule B before the Civil Court. If an auction notice is set aside due to procedural lapses, the auction purchaser must be fully refunded with interest and their prior legal rights have to be restored as per the Judgment of Hon'ble Apex Court in ***Govind Kumar Sharma and Another vs. Bank of Baroda and Others***[8].

20. **In the result**, this Writ Petition is allowed, and the sale notice dated 10.03.2025 and sale dated 28.03.2025 in respect of item Nos.1 & 2 of Schedule B of Nadimpalem village, Prathipadu Mandal, Guntur district are be and hereby set aside. The entire auction/sale money which is lying with the respondent No.1 bank shall be returned to the respondent No.2 along with interest at 6.85% per annum to be calculated from the date of deposit till the date of payment. There shall be no order as to costs.

As a sequel thereto, pending miscellaneous petitions, if any, shall stand closed.

JUSTICE BATTU DEVANAND

JUSTICE SUNITHA GANDHAM

Dt: 28.07.2026

Vns

[8] 2024 SCC Online SC 559

Whether the order is :

✓
Speaking Yes/No / Reasoned Yes/No

✓
Reportable Yes/No / Non-Reportable Yes/No