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NAFR

HIGH COURT OF CHHATTISGARH AT BILASPUR

WPC No. 2956 of 2025

1 - Manish Kumar Singh S/ Uday Pratap Aged About 45 Years R/o H. No. 480, Kanhaiyapuri, Kasardih, Durg, District Durg, Chhattisgarh.

... Petitioner(s)

versus

1 - Uco Bank Zonal Office, Chhattisgarh, Eye Hospital Campus, 1st Floor, Telibandha Raipur, District Raipur, Chhattisgarh.

2 - Branch Manager, Punjab National Bank Borsi Durg, District Durg, Chhattisgarh.

3 - Branch Head, Uco Bank Civic Center Branch, Bhilai, District Durg, Chhattisgarh.

... Respondents

(Cause-title taken from the Case Information System)

For Petitioner :- Mr. Anand Bajaj, Advocate

For Respondent No.2 :- Ms. Aprajita Pandey, Advocate on behalf of Mr. Harshwardhan, Advocate

For Respondents No. 1 & 3 :- Mr. Ravindra Sharma, Advocate

SB- Hon'ble Shri Justice Amitendra Kishore Prasad

Order On Board

23.04.2026

1. By way of this petition, the petitioner has called in question the legality and validity of the order dated 30.05.2025 (Annexure P/1) passed by Respondent No. 3, whereby the request of the petitioner for settlement of loan under the earlier approved One Time Settlement (OTS) scheme has not been accepted and a fresh proposal of higher amount has been insisted upon.

2. The facts, in brief, are that the petitioner had availed a loan of Rs. 25,00,000/- from the respondent Bank, which was subsequently classified as Non-Performing Asset (NPA). Recovery proceedings were initiated and a recovery certificate was issued by the Debts Recovery Tribunal, Jabalpur. It is the case of the petitioner that the respondent Bank had earlier approved a One Time Settlement (OTS) on 20.01.2025 for a sum of Rs. 9,00,000/-, out of which Rs. 1,00,000/- was deposited as upfront amount and the remaining Rs. 8,00,000/- was to be deposited within the stipulated time. The petitioner submits that due to freezing of his bank account and delay in release of the order passed by the Debts Recovery Tribunal dated 28.01.2025 (uploaded on 07.02.2025), he could not ensure timely transfer of the remaining amount, despite having taken steps including issuance of cheque. It is further the case of the petitioner that despite directions issued by this Court in earlier proceedings to consider his representation sympathetically, the respondent Bank arbitrarily declined the earlier OTS and insisted upon a higher settlement amount of Rs. 20,00,000/-.

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3. Following reliefs have been prayed by way of this petition:-

> *“10.1 The Hon'ble Court may kindly be pleased to call for the entire records pertaining to the case of petitioner for its kind perusal.*
>
> *10.2 The Hon'ble Court may kindly be pleased to quash/set-aside the impugned order dated 30.05.2025 (ANNEXURE P/1) and direct the respondent Bank to settle the loan as per earlier compromise approval dated 20.01.2025 of Rs, 9,00,000/-.*
>
> *10.3 That, the respondents may be directed to de-freeze the PNB account of the petitioner and to recover the remaining amount of Rs. 8,00,000/- from the petitioner so that the aforesaid dispute could be settled in accordance with the compromise approval dated 20.01.2025.*
>
> *10.4 That, the Hon'ble Court may kindly be pleased to grant any other relief, as if may deem fit and appropriate.”*

4. Learned counsel for the petitioner submits that there was no deliberate default on the part of the petitioner in complying with the terms of the OTS, and the delay occurred due to circumstances beyond his control, including freezing of accounts and delayed release of the Tribunal’s order. It is contended that the respondent Bank has acted arbitrarily and contrary to the directions issued by this Court by refusing to honour the earlier approved settlement and by insisting upon an enhanced amount.

5. Learned counsel for Respondents No. 1 & 3 (UCO Bank) submits that the petitioner failed to comply with the terms of the One Time Settlement (OTS) within the stipulated period and, therefore, the settlement stood lapsed automatically. It is contended that once the OTS has failed, no right survives in favour of the petitioner to seek its enforcement as a matter of course. It is further submitted that the Bank is well within its jurisdiction to proceed for recovery of its dues in accordance with law. Learned counsel also submits that the dispute pertains to recovery proceedings arising out of a loan transaction, for which an efficacious statutory remedy is available before the Debts Recovery Tribunal, and thus, the present writ petition is not maintainable.

6. Learned counsel for Respondent No. 2 (Punjab National Bank) submits that the role of Respondent No. 2 is limited to compliance of directions issued by the competent authority regarding the operation of the petitioner's bank account. It is submitted that the account of the petitioner was frozen pursuant to the order dated 17.10.2024 passed by the competent authority, and the said respondent has acted strictly in accordance with such directions. It is further submitted that no independent cause of action survives against Respondent No. 2 in the present proceedings.

7. I have heard learned counsel for the parties and perused the material available on record.

8. Upon perusal of the material available on record, this Court finds that it is not in dispute that the petitioner failed to deposit the balance amount under the One Time Settlement (OTS) within the stipulated period. Though the petitioner has sought to explain the delay on account of freezing of bank accounts and delay in uploading of the order passed by the Debts Recovery Tribunal, the fact remains that the terms and conditions of the OTS were not complied with within the prescribed time frame.

9. It is well settled that a One Time Settlement is in the nature of a contractual arrangement between the borrower and the Bank, and strict adherence to its terms is essential. In the absence of compliance within the stipulated period, the settlement automatically lapses and cannot be enforced as a matter of right. Once the OTS has failed, no vested right accrues in favour of the petitioner to seek enforcement of the earlier settlement amount. In such circumstances, the appropriate remedy for the petitioner lies before the competent forum, namely the Debts Recovery Tribunal, in accordance with law.

10. In view of the aforesaid, this Court is of the considered opinion that no interference is warranted in exercise of writ jurisdiction under Article 226 of the Constitution of India.

11. Accordingly, the writ petition stands disposed of.

12. However, it is observed that the petitioner shall be at liberty to avail appropriate remedy before the competent forum, including the Debts Recovery Tribunal, in accordance with law.

13. It is further observed that in case the petitioner deposits the outstanding loan amount or submits a fresh proposal, the respondent Bank may consider the same in accordance with law and applicable policy.

14. No order as to costs.

sd/-

(Amitendra Kishore Prasad)
Judge

Vishakha