



IN THE HIGH COURT OF ORISSA AT CUTTACK

W.P.(C). No. 22488 of 2024

Sumit Mohanty

....

Petitioner

Mr. Ramakant Mohanty, Sr. Advocate

-Versus-

***Punjab National Bank, Bhubaneswar
and Others***

....

Opp. Parties

Mr. Anjan Kumar Biswal, Advocate
for OPs-1 & 2

Mr. Samir Kumar Behera, Advocate
For OP No.3

CORAM:

JUSTICE KRISHNA SHRIPAD DIXIT

JUSTICE CHITTARANJAN DASH

ORDER

18.03.2026

Order No.

06.

The security property was put to public auction on 15.03.2016 and the Petitioner happened to be the highest bidder in a sum of Rs.60.25 lakh of which he paid Rs.30.25 lakh as on 30.04.2016. The Bank sent letter dated 04.05.2016 to the Petitioner to the effect that 50 decimals of land were acquired for the State Sewerage Board and, therefore, he should take back his money by furnishing Bank account details.

2. Petitioner's wife letter dated 05.05.2016 told the Bank to confine the auction to the remainder of the property by proportionately reducing the bid amount. The Bank, we are told, did not respond to this and, therefore, Petitioner filed SA No.4/2018 before the DRT, Cuttack seeking an order for delivering remainder of the property, i.e., 170 decimals. The DRT granted *status quo* order on 06.02.2018 that was



eventually continued from time to time. In the meanwhile, second auction was notified to be held on 22.02.2018 and third auction on 23.05.2018, which did not materialize.

3. The 4th auction took place on 24.03.2023 in respect of 170 decimals of secured property, 50 having been already acquired for the benefit of the Sewerage Board. Petitioner's wife Smt. Ramya Rani, being the highest bidder, secured the property in the said auction by remitting the bid amount. With this development, Petitioner unconditionally withdrew his S.A. on 31.07.2023 on the ground that the same has become infructuous. He tells that at least interest should be directed to be paid to his client for the agony which he was put to.

4. Having heard learned counsel for the parties and having perused the petition papers, we grant marginal interference in the matter as under and for the following reasons:

4.1. The Bank had put the entire security property admeasuring 220 decimals on 15.03.2016 without disclosing that 50 decimals of the same were acquired by the State for the Sewerage Board. The version of the Bank that it did not have any knowledge of acquisition is irrelevant when fact remains that the Petitioner was made to participate in the said Auction. The contention of Panel Counsel appearing for the Bank that the subject property belonged to the father-in-law of the Petitioner, also would not come to his rescue. In law, in-laws have independent personalities. Father-in-law is a person, his son-in-law is a person and son-in-law's wife is also a person independent of each other. Merely because father-in-law is the owner of property, which his daughter has bought in auction, no



attribution can be made to the Petitioner unless a clandestine arrangement is demonstrated. That is not the case of anyone. For ignorance of the Bank, a citizen participating in the auction cannot suffer.

4.2 The above view gains support from the text of Rule 9(7) of The Security Interest (Enforcement) Rules, 2002, which reads as under:

“9(7) Where the immovable property sold is subject to any encumbrances, the authorized officer may, if he thinks fit, allow the purchaser to deposit with him the money required to discharge the encumbrances and any interest due thereon together with such additional amount that may be sufficient to meet the contingencies or further cost, expenses and interest as may be determined by him.”

Ordinarily, it is the duty of the Bank to make all reasonable inquiries relating to the possession of the secured asset before it is put to public auction, so that, the participant in the auction would not be put to prejudice. We hasten to add that the doctrine of caveat emptor also plays a role and, therefore, the responsibility of the intending auction buyer cannot be completely lost sight off. Especially when the property belonged to his father-in-law and later is retained in a public auction by Petitioner's wife, who is none other than his father-in-law's daughter herself. What reasonable enquiries were made before participating in the bid, the petition averments militantly lack. Be that as it may, justice of the case warrants that no interest be directed to be paid; some solatium be paid to the Petitioner who was made to participate in the public auction that was held on 15.03.2016 for a sum of Rs.60.25 lakh of which a sum of Rs.30.25 lakh was deposited by him as on 30.04.2016.



In the above circumstances, this petition marginally succeeds. A direction issues to the Bank to pay to the Petitioner a lump sum of Rs.50,000/- (Rupees Fifty Thousand only) within four weeks reckoned from this day, failing which an additional sum of Rs.250/- shall be payable per day of delay for the first month and Rs.500/- for the days next following. Cost is made easy.

(Krishna Shripad Dixit)
Judge

(Chittaranjan Dash)
Judge

AKPradhan/Priyanka

Signature Not Verified

Digitally Signed
Signed by: ANANTA KUMAR PRADHAN
Designation: Senior Stenographer
Reason: Authentication
Location: HIGH COURT OF ORISSA
Date: 19-Mar-2026 16:05:56

