IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CWP-30496-2025
CWP-35397-2025
CWP-39123-2025 (O&M)

CWP-30496-2025

UNION BANK OF INDIA

.....Petitioner

Versus

DEBTS RECOVERY TRIBUNAL-II, CHANDIGARH & ORS.

....Respondents

CWP-35397-2025

M/S BRIJWASI CYCLE STORE

.....Petitioner

Versus

UNION BANK OF INDIA & ANR.

....Respondents

CWP-39123-2025

UNION BANK OF INDIA

.....Petitioner

Versus

DEBTS RECOVERY TRIBUNAL & ORS.

....Respondents

Reserved on	**:**	**30.01.2026**
Pronounced on	**:**	**20.03.2026**
Uploaded on	**:**	**21.03.2026**

Whether full judgment is pronounced
or
operative part thereof : FULL

CORAM: HON'BLE MR. JUSTICE SHEEL NAGU, CHIEF JUSTICE
HON'BLE MR. JUSTICE PARMOD GOYAL

Present: Mr. Yogesh Goel, Advocate (arguing counsel), and
Mr. Vishal Mittal, Advocate,
for the petitioner Bank in CWPs-30496-2025 and 39123-2025
for the respondent Bank in CWP-35397-2025

Mr. Arpit Chawla, Advocate,
For respondents No.2 to 4 in CWP-30496-2025,
for respondents No.2 and 3 in CWP-39123-2025, and
for the petitioner in CWP-35397-2025.

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PARMOD GOYAL, J.

CWP Nos.30496, 35397 and 39123 of 2025 are being taken up together as all the writ petitions (two petitions filed by petitioner-Union Bank of India i.e. CWP Nos.30496, 35397 of 2025 and one filed by respondent-M/s. Brijwasi Cycle Store i.e. CWP No.39123 of 2025) arise from orders passed by the learned Debt Recovery Tribunal-II, Chandigarh in MA No.87 of 2025. For the purpose of convenience, Union Bank of India shall be referred to as 'Petitioner-Bank' and M/s. Brijwasi Cycle Store (petitioner in CWP No.35397 of 2025) shall be referred to as 'respondent' herein.

2. Petitioner-bank is aggrieved by order passed by DRT-II, Chandigarh dated 04.10.2025 (Annexure P-6 in CWP-30496-2025) vide which notice to petitioner-bank was issued as to why contempt proceedings be not initiated against the official of the bank for non-implementation of final order dated 06.06.2025 passed in SA No.23 of 2022 by DRT-II, Chandigarh. Petitioner-bank is also aggrieved by order dated 27.10.2025 (Annexure P-9 in CWP-30496-2025) passed by the learned Debt Recovery Tribunal-II, Chandigarh vide which it was directed that petitioner-bank would permit respondent to operate cash credit account up to Rs.30,00,000/-.

3. CWP-39123-2025 has been preferred by petitioner-bank wherein petitioner-bank is aggrieved by order dated 27.10.2025 (Annexure P-9 in CWP-30496-2025) whereby petitioner-bank has been directed to allow respondent-borrower to operate the cash credit account upto limit of Rs.30,00,000/- and order dated 20.12.2025 (Annexure P-10

in CWP-39123-2025) vide which General Manager (Recovery) was ordered to appear in person before Tribunal on 30.01.2006.

4. In CWP-35397-2025 preferred by M/s. Brijwasi Cycle Store (respondent herein), jurisdiction of this Court has been invoked seeking direction to respondents to comply with order dated 06.06.2025 (Annexure P-2 in CWP-30496-2025) passed by DRT-II, Chandigarh in SA-23-2022 titled as **M/s. Brijwasi Cycle Store Vs. Union Bank of India and Ors**.

5. In order to appreciate the controversy between the parties and relief sought by both the sides, it would be necessary to note down undisputed facts which have led to passing of orders dated 04.10.2025 (Annexure P-6 in CWP-30496-2025), 27.10.2025 (Annexure P-9 in CWP-30496-2025) and 20.12.2025 (Annexure P-10 of CWP-39123-2025).

6. Respondent had availed credit facilities from petitioner-bank, thereafter, insurance policy was got issued/taken by the petitioner-bank to secure mortgaged/hypothecated property. It was the case of respondent that it continued to submit all the necessary papers required by petitioner-bank and the said limits were renewed from time to time and no grievance was raised by petitioner-bank. However, petitioner-bank fraudulently got insurance for the lesser value of stocks showing place of goods on ground floor instead of basement of the property.

7. That on 29.11.2019, at about 9.00 p.m., a major fire broke at the property of respondent. Despite all efforts to control fire it destroyed not only the mortgaged property but also stocks, cash and documents. The incident was duly reported to Manager of petitioner-bank, who had visited

the premises and claim was lodged with insurance company. It is the claim of respondent that it was only after the incident of fire, respondent came to know about inadequate insurance cover was got by the bank and in meantime, Covid-19 pandemic had set in causing complete closure of respondent. The request for fresh loan was rejected and account of respondent was designated as Non-performing Account/Asset (hereinafter referred to as NPA). Insurance policy was repudiated by insurance company as wrong address of respondent was allegedly mentioned by petitioner-bank while getting insurance policy issued. Instead of basement, the premises was stated to be ground floor which gave justification to insurance company to repudiate claim raised by respondent.

8. Since the default was on account of fault of petitioner-bank, accordingly, against order declaring account to be NPA, respondent had approached Debt Recovery Tribunal by filing securitization application under Section 17 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred as 'SARFAESI Act'). The said application was numbered as SA-23-2022 and was decided by DRT-II, Chandigarh. DRT-II, Chandigarh vide its order dated 06.06.2025 (Annexure P-2 in CWP-30496-2025) quashing decision of petitioner-bank to classify account of respondent to be NPA and further held initiation of proceedings under SARFAESI Act to be illegal. Petitioner-bank was further directed to pay compensation of Rs.5,00,000/- to respondent.

9. Against order dated 06.06.2025 (Annexure P-2 in CWP-30496-2025) passed by DRT-II, Chandigarh vide which SA-23-2022 was allowed, petitioner-bank has preferred an appeal before the Debt Recovery Appellate Tribunal, Delhi, which is stated to be pending and not being taken up for want of appropriate bench (due to non-availability of presiding officer) to hear the appeal.

10. Subsequently, respondent had preferred miscellaneous application bearing MA No.87-2025 in SA-23-2022 wherein, impugned orders dated 04.10.2025 (Annexure P-6 in CWP-30496-2025), 27.10.2025 (Annexure P-9 in CWP-30496-2025) and 20.12.2025 (Annexure P-10 in CWP-39123-2025) have been passed. The order dated 04.10.2025 was stayed by this Court vide its order dated 16.12.2025 passed in CWP-30496-2025. Vide order dated 16.12.2025 (Annexure P-9 in CWP-39123-2025) passed in CWP-30496-2025, it was clarified that respondent borrower may invoke provisions of Section 19(25) of Recovery of Debts and Bankruptcy Act, 1993 (hereinafter referred to as ‘1993 Act’) and it was clarified that order dated 11.11.2025 (Annexure P-8 in CWP-39123-2025) passed in CWP-30496-2025 will not restrain respondent No.3 from taking recourse to remedy under SARFAESI Act including one under Section 19(25) of the said Act. In meanwhile, respondent had also filed CWP-35397-2025 seeking direction to respondents in said writ petition including petitioner-bank to implement order dated 06.06.2025.

11. In light of above noted facts, following questions arise for consideration before this Court:-

1) Whether DRT-II, Chandigarh is competent to initiate contempt proceedings for non-execution of order dated 06.06.2025;

2) Whether order dated 27.10.2025 vide which bank has been directed to allow operation of cash credit limit upto Rs.30,00,000/- in pursuance of order dated 06.06.2025 can be passed and whether same is beyond scope of order dated 06.06.2025 and;

3) Whether Debt Recovery Tribunal is justified in passing order dated 20.12.2025;

4) Whether any directions are required to be issued by this Court for implementation of order dated 06.06.2025.

12. Since impugned orders dated 04.10.2025, 27.10.2025 and 20.12.2025 all have arisen due to execution of order dated 06.06.2025 passed in SA No.23 of 2022 and even respondent by way of its writ petition has sought implementation of order dated 06.06.2025, the operative part of order dated 06.06.2025 (Annexure P-2 in CWP-30496-2025) is being reproduced for ready reference :-

"16. In the case in hand also, the Applicant relied upon the Bank for the insurance. However, the Bank officials gave the wrong "Risk Location', which resulted in the repudiation of the claim by the Insurance Company. Apart from setting-aside the SARFAESI action by the Bank, it is hereby ordered that the Bank would pay compensation of Rs.5 lacs to the Applicant. It is clarified that this compensation has been awarded for illegally declaring the account of the Applicant as NPA and not for the insurance claim, which will be adjudicated by the Consumer Court.

17. For all the reasons, I hereby set-aside the SARFAESI action taken by the Bank. Accordingly, the SA is hereby allowed.

18. A copy of this final order be furnished to all the parties free of cost.

19. Registrar of this Tribunal is also directed to send a copy of this Final Order to Central Consumer Regulatory Authority for taking appropriate action in the matter."

13. Petitioner-bank is challenging power of Debt Recovery Tribunal to initiate contempt proceedings while exercising powers under SARFAESI Act. Learned counsel for petitioner-bank has argued that Debt Recovery Tribunal is a Tribunal and not a Court and since it has not been vested with power to initiate contempt for its contempt, as was exercised by it vide impugned order dated 04.10.2025, wherein notice to bank was issued to show cause as to why contempt proceedings be not initiated, the order dated 04.10.2025 is liable to be quashed being beyond jurisdiction.

14. The issue whether Debt Recovery Tribunal is a Court vested with power to initiate contempt proceedings is not *res integra*. The scope of powers of Debt Recovery Tribunal was duly considered by Division Bench of Delhi High Court in **Cofex Exports Ltd. Vs. Canara Bank,** 1998 (1) RCR (Civil) 158, wherein it was held as under :-

"36. A few features of significance may be noted. The Debt Recovery Tribunal is a tribunal and not a Court. The proceedings before it are initiated on an application and hence are not suits. Only bank or a financial institution has the locus to invoke the jurisdiction of the Tribunal. The Tribunal does not pass a decree. It issues a certificate to the recovery officer for recovery of the amount of debt specified therein. Its procedure is not prescribed nor detailed, the principles of natural justice alone have to be followed. The procedure is summary. Ordinarily the Tribunal shall spend a term of six months merely between the date of the application and decision thereon. The definition of debt shows that he jurisdiction of the Tribunal is attracted on the allegation of debt being due made in the application and is not dependent on its being so found. "

15. Debt Recovery Tribunal was held to be a Tribunal vested with special jurisdiction only to try specific issues so permitted under SARFAESI Act/1993 Act and not a Court. It was further held that it does not exercise any common law jurisdiction and its jurisdiction is limited to bank, financial institutions, their consortium or a borrower or person affected by action of bank under SARFAESI Act or 1993 Act.

16. In **Shiv Kumar Gupta & Ors. Vs. Ajay Singh Tomar & Ors.,** (COCP-1479-2025, decided on 25.03.2025) and in **Parkash Maan Vs. The Authorised Officer, State Bank of India & Anr.,** (COCP-2379-2024, decided on 19.07.2024) Single Judge of this Hon'ble Court had arrived at the conclusion that Debt Recovery Tribunal does not fall within the definition of Court for the purpose of Contempt of Court Act, 1971.

17. In **Thakur Jugal Kishore Sinha Vs. The Sitamarhi Central Co-operative Bank Ltd. & Anr.,** 1967 AIR Supreme Court 1494, it has been observed by the Hon'ble Supreme Court as under :-

> *"The Contempt of Courts Act, 1952 does not define 'contempt' or 'Courts' and in the interest of justice any conduct of the kind mentioned above towards any person who can be called a 'Court' should be amenable to the jurisdiction under the Contempt of Courts Act, 1952. It must be borne in mind that we do not propose to lay down that all Registrars of all Co-operative Societies in the different States are "Courts" for the purpose of Contempt of Courts Act, 1952. Our decision is expressly limited to the Registrar and the Assistant Registrar like the one before us governed by the Bihar and Orissa Co-operative Societies Act."*

18. Hon'ble Supreme Court in **HDFC Bank Limited & Ors. Vs. State of Maharashtra & Ors.,** 2024 (6) BCR 393, had considered initiation of contempt proceedings by Maharashtra State Minorities

Commission for non-implementation of Debt Recovery Tribunal orders passed in favour of applicant who claimed himself to be a member of Minority Community. It was held that Minority Commission was not within its rights to issue notice to the bank and same was beyond its jurisdiction. The scope of jurisdiction of Debt Recovery Tribunal was again considered by Hon'ble Supreme Court in **International Asset Reconstruction Company of India Ltd. Vs. The Official Liquidator of Aldrich Pharmaceuticals Ltd. & Ors.,** 2017 AIR Supreme Court 5013 wherein it was held as under :-

"9. We have considered the submissions. The RDB Act was enacted to facilitate and expedite recovery of debts due to banks and financial institutions by summary proceedings before a statutory Tribunal. Section 18 bars the jurisdiction of any court or other authority in such matters (except the Supreme Court/High Court under Articles 226 and 227 of the Constitution). Section 31 provides for transfer of pending cases from a Court to the Tribunal. The Act provides a complete procedure for institution of recovery proceedings, the method of its enforcement including the right to appeal. The RBD Act is undoubtedly a special law and a complete code by itself with regard to expeditious recovery of dues to banks and financial institutions.

10. The fact that the Tribunal may be vested with some of the powers as a Civil Court under the Code of Civil Procedure, regarding summoning and enforcing attendance of witnesses, discovery and production of the documents, receiving evidence on affidavits, issuing commission for the examination of witnesses or documents, reviewing its decisions etc. <u>Does not vest in it the status of a Court</u>. Section 22(1), in fact, provides that the Tribunal shall not be bound by the procedures under the C.P.C., and can regulate its own procedures in accordance with natural justice."

19. Therefore, Debt Recovery Tribunal is not a Court having inherent contempt jurisdiction. High Courts and the Supreme Court, are "courts of record" under Articles 215 and 129 of the Constitution of India having power to initiate and punish for contempt of its orders.

20. The Contempt of Courts Act, 1971 provides statutory framework for the constitutional powers of High courts and Supreme Court. Wilful disobedience of court orders, judgments, or breaches of undertakings amounts to civil contempt where as acts that scandalize, lower the authority of, or interfere with the due course of judicial proceedings are considered as criminal contempt. Under Contempt of Courts Act, 1971 contempt proceedings can be initiated by High Courts and Supreme Court on its own motion or upon motion by the Attorney General/Solicitor General (for SC) or Advocate General (for HCs) or on invocation of jurisdiction by an aggrieved person.

21. The exercise of power of contempt can be initiated for its own contempt or contempt of courts subordinate to High Courts. Therefore, unless court has some statutory authorisation/jurisdiction to initiate contempt proceedings, they are not vested inherently with authority to initiate contempt proceedings. To exercise contempt jurisdiction it is mandatory to have statutory authority to do so.

22. In case of Debt Recovery Tribunal which is not a court but Tribunal exercising limited jurisdiction without having common law jurisdiction, no statutory power to initiate contempt is available either under 1993 Act or under SARFAESI Act. Debt Recovery Tribunal though has

got ample powers under Section 19(25) of 1993 Act to enforce its orders, however, has no power to initiate contempt proceedings.

23. Order dated 04.10.2025 whereby Ld. Tribunal had initiated contempt proceeding is hereby quashed to that extent. Debt Recovery Tribunal however, shall be free to exercise its powers to implement its orders as per Section 19(25) of 1993 Act.

24. In view of fact that Debt Recovery Tribunal has got ample powers to implement its orders, no directions are required to be issued in CWP No.35397 of 2025, wherein respondent had sought indulgence of this Court for implementation of order dated 06.06.2025 passed in SA No.23 of 2022.

25. Petitioner-bank has also sought quashing of orders dated 27.10.2025 (Annexure P-6 in CWP-39123-2025) and 20.12.2025 (Annexure P-10 in CWP-39123-2025). Perusal of order dated 27.10.2025 shows that Debt Recovery Tribunal has ordered petitioner-bank to allow operation of cash credit limit to the extent of Rs.30,00,000/-. Learned counsel for respondent has justified said order on the ground that cash credit limit was part of credit limits granted by petitioner-bank and, therefore, once classification of account as NPA stands quashed, the petitioner-bank is bound to allow operation of cash credit limit sanctioned in favour of respondent.

26. On the other hand, case presented on behalf of petitioner-bank is that since year 2020 not a single paisa has been paid back by the respondent towards principle outstanding and interest accrued and respondent is under heavy debt, therefore, Debt Recovery Tribunal has no

jurisdiction to regulate relationship of bank and borrower. Debt Recovery Tribunal can only adjudicate action of bank under SARFAESI Act. Since order dated 06.06.2025 stands implemented as bank has not taken any action in view of order dated 06.06.2025 despite non-payment of bank dues by respondent since year 2020, therefore, Debt Recovery Tribunal had exceeded its jurisdiction.

27. The contentions raised on behalf of petitioner-bank merits acceptance. Admittedly, Debt Recovery Tribunal has limited jurisdiction. It can only adjudicate acts covered by SARFAESI Act. Common law relief cannot be granted by Debt Recovery Tribunal in a proceeding before it. The issue whether respondent is entitled to compensation and to what extent, on account of alleged fault of petitioner-bank in not getting insurance properly can be decided only by appropriate Court having jurisdiction and not by Debt Recovery Tribunal. As on date, no order holding bank to be at fault by Court having appropriate jurisdiction/common law jurisdiction has been passed, whereby compensation payable to respondent has been quantified. Similarly, Debt Recovery Tribunal has no jurisdiction to direct bank to allow or grant credit limits to a litigant. The scope of order dated 06.06.2025 is limited one. No action in pursuance of order declaring account of respondent as non-performing account can be taken in view of order dated 06.06.2025, unless order dated 06.06.2025 is set aside or stayed by Appellate Court. Petitioner-bank has already asserted that in furtherance of designation of account of respondent as NPA, no action has been initiated in view of order dated 06.06.2025.

28. Therefore, Debt Recovery Tribunal has exceeded its jurisdiction in passing order dated 27.10.2025 directing petitioner-bank to allow operation of cash credit limit to the extent of Rs.30,00,000/-. Similarly order dated 20.12.2025 is also liable to be set aside being a non-speaking order. General Manager of Bank is being summoned by Debt Recovery Tribunal without giving detailed reasons for such summoning. The learned Tribunal ought to have concluded and disclosed as to how petitioner-bank has violated order dated 06.06.2025 when after passing of order dated 06.06.2025, no punitive action has been taken by petitioner-bank against the respondent. Failure of learned Tribunal to highlight failure on the part of bank makes its order dated 20.12.2025 liable to be set aside.

29. Learned counsel for petitioner-bank has also argued that order dated 06.06.2025 is ambiguous and therefore, liable to be set aside. It is asserted that in the garb of order dated 06.06.2025 respondent is not paying either the principle amount or accrued interest since 2020 and is in arrears of huge amount. It is asserted that under threat of contempt/in the garb of implementation of order dated 06.06.2025, respondent is trying to avoid its liability to pay back borrowed amount. Admittedly in the present case, petitioner-bank has already approached learned Debt Recovery Appellate Tribunal by way of appeal and validity of order dated 06.06.2025 is subject matter of said appeal. Jurisdiction vested in this Court has been exercised in the present writ petitions under exceptional circumstances as Debt Recovery Appellate Tribunal was not having any presiding officer to adjudicate appeal preferred by petitioner-bank and Debt Recovery Tribunal was passing orders leaving petitioner-bank

remedy-less. Therefore, the issue is left open to be decided by Debt Recovery Tribunal/Debt Recovery Appellate Tribunal. The petitioner-bank shall be free to press this issue including validity of order dated 06.06.2025 before appropriate forum.

30. In view of above discussion, it is held that Debt Recovery Tribunal has no power to initiate contempt proceedings either under 1993 Act or under SARFAESI Act for implementation of its orders. Learned Debt Recovery Tribunal has got powers to implement its orders as per provisions of Section 19(25) of 1993 Act which gives detailed and ample powers to Debt Recovery Tribunal to ensure compliance of its orders.

31. Debt Recovery Tribunal has no jurisdiction to regulate relationship of bank and borrower. It can only adjudicate acts of bank under provisions of SARFAESI Act and declare the same to be void/valid. Jurisdiction of Debt Recovery Tribunal in this regard is limited one. It is also held that before summoning of any person while exercising powers under Section 19(25) for implementation of orders, Debt Recovery Tribunal is required to give reasons as to how its order has not been implemented and justification/reasons for summoning any person for implementation of its orders which are lacking in order dated 20.12.2025. Accordingly, impugned orders dated 04.10.2025 to the extent of initiation of contempt proceedings, order dated 27.10.2025 and order dated 20.12.2025 are held to be without jurisdiction and accordingly set aside.

25. CWP-30496-2025 and CWP-39123-2025 are accordingly allowed in above terms, whereas CWP-35397-2025 is disposed of with

liberty to petitioner therein to invoke jurisdiction of Debt Recovery Tribunal in accordance with law.

(PARMOD GOYAL) **JUDGE**	**(SHEEL NAGU)** **CHIEF JUSTICE**

20.03.2026
shivani/chiranjeev

Whether reasoned/speaking	Yes/No
Whether reportable	Yes/No