

Writ Petition(s)(C)No.573/2003

CENTRAL FOR PUBLIC INTEREST LITIGATION

Petitioner(s)

VERSUS

HOUSING & URBAN DEVELOPMENT CORP.LTD&ORS

Respondent(s)

Date : 18/11/2016 This petition was called on for hearing today.

CORAM :

HON&#39;BLE THE CHIEF JUSTICE

HON&#39;BLE MR. JUSTICE A.M. KHANWILKAR

HON&#39;BLE DR. JUSTICE D.Y. CHANDRACHUD

For Petitioner(s)

Ms. Kamini Jaiswal, Adv.

Mr. Rohit Kumar Singh, Adv.

Mr. R. Chandrachud, Adv.

For Respondent(s)

Mr. Ranjit Kumar, SG

Ms. Binu Tamta, Adv.

Mr. D.L. Chidanand, Adv.

(Union of India) Mr. R.K. Verma, Adv.

Mr. Raj Bahadur Yadav, Adv.

Mrs. Anil Katiyar, Adv.

Mr. R.R. Rajesh, Adv.

Mr. M.K. Maroria, Adv.

Mr. D.S. Mahra, Adv.

Mr. Jaideep Gupta, Sr. Adv.

(For RBI) Mr. Kuldeep S. Parihar, Adv.

Mr. H.S. Parihar, Adv.

Mr. Pranab Kumar Mullick, Adv.

(Respondent No.5) Mrs. Soma Mullick, Adv.

Mr. Sebat Kumar Deuria, Adv.

Mr. Gopal Jain, Sr. Adv.

Ms. Ruby Singh Ahuja, Adv.

Mr. Vishan Gehrana, Adv.

Mr. Lalit Bhasin, Adv.

(Respondent No.7) Ms. Nina Gupta, Adv.

Mr. Mudit Sharma, Adv.

Ms. Ranu Purohit, Adv.

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(State of Punjab) Mr. Saurabh Ajay Gupta, AAG

Mr. Nishant Bishnoi, Adv.

Mr. P. Parmeswaran, Adv.

Mr. Rajeev Sharma, Adv.

Mr. Vikas Mehta, Adv.

UPON hearing the counsel the Court made the following

O R D E R

Mr.Ranjit Kumar, learned Solicitor General has along with an additional affidavit filed on behalf of respondent No.7 filed a copy of an office memorandum dated 05.05.2016 constituting a Committee to look into the issues raised by the petitioner in this writ petition. He submits that the Committee has already held as many as six meetings and is likely to finalize its report with recommendations by the end of this month. He further submits that this Court can adjourn these proceedings till such time the report of the Committee is received in which event this Court will be in a better position to appreciate the nature of the problem that led to accumulation of NPAs and the possible solutions and reforms to prevent such accumulation. He further submits that apart from the Committee, the Government of India is also separately looking into the possible reforms in the statutory mechanism provided for recovery of loans advanced by the banking institutions. He submits that although no final shape has been given to the line of action

which the Government proposes to take, he should be in a position to file an outline of the steps that are proposed in that regard.

Ms. Kamini Jaiswal, learned counsel appearing on behalf of the petitioner submits that the Committee set up by the Government

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would not inspire confidence as the same is presently manned by persons who are themselves heading different banking institutions that are also accused of having accumulated a large amount of NPAs. She submits that this Court may have no difficulty to constitute an independent Body comprising experts from the field of banking and finance to discover the root cause of such accumulation of NPAs and also to suggest ways to prevent the same. She submits that this Court could in the meantime make the names of the defaulters in excess of Rs.500 crores from different institutions public in the light of the decision of this Court in R.B.I. vs. Jayantilal N. Mistry [(2016) 3 SCC 525].

The issues raised by the writ petitioner are as noticed in the earlier orders passed by this Court of considerable public importance. The Government has therefore acting in right earnest set up a Committee to look into the nature and extent of the problem and the proposed reforms. This Committee we are told has already held several meetings and is about to finalize its report with recommendations. It will, therefore not be proper at this stage to prevent the Committee from taking the proceedings to their logical conclusion especially when the recommendations to be made by the Committee are subject to scrutiny of this Court as also of the petitioners. The recommendations would only point out the nature of the deficiencies in the banking system and the areas that need to be reformed to prevent situations like the one highlighted in the writ petition. Submissions of the report may also not prevent this Court from giving a direction for further investigation or inquiry into the nature of the problem or the

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possible solution for the same. In the circumstances we do not propose to interfere with the working of the Committee for the present. We would only expect the Committee to finalize the recommendations as far as possible within a period of four weeks from today. While we expect the Committee constituted in terms of the memorandum to address the issues in the writ petition it may be useful for the Committee to keep in view the points which may have been formulated by the petitioner and which according to Mr. Ranjit Kumar, learned Solicitor General have already been annexed with the memorandum appointing the Committee. That will perhaps help the Committee in giving a more articulate report with recommendations.

As regards the Government's resolve to reform the statutory and other mechanism for recovery of the NPAs through the DRT and SARFAESI Act we direct that a comprehensive note indicating the Government's action plan in that direction may be filed if so advised in a sealed cover for the perusal by this Court. This shall be done within a period of three weeks from today.

Post for further hearing on 12 th

December, 2016 at 2.00 p.m.

(Ashok Raj Singh)

Court Master

(Veena Khera)

Court Master