14.10.2026
Sl. No. 12
Ct No. 446
tkm

WPA 28159 of 2026

Mahabir Metal and Steel Udyog Proprietor
Sri Ram Pujan Jaiswal @ Ram Pujan Gupta & Anr.
Vs
South Indian Bank Ltd. & Anr.

Mr. Suman Saha,
Mr. Iahan Bhattacharya.
...for the petitioners

Mr. Shiv Mangal Singh,
Ms. Madhu Shaw.
...for the bank

1. The present writ petition has been preferred challenging the purported classification of the petitioners' loan as 'Non Performing Asset' (hereinafter referred to as 'NPA') on 1.5.2026.

2. Mr. Saha, learned Advocate appearing for the petitioners, submits that petitioner no. 1, viz. Mahabir Metal and Steel Udyog, is a micro, small and medium manufacturing enterprise registered under the MSME Act, 2005. Therefore, the petitioners are entitled to the benefits of the Reserve Bank circular dated 1st July, 2016, and its subsequent circulars. The petitioners approached the bank with a request to restructure the loan account. However, without extending any benefit under the said circulars, the petitioners' loan account has been classified as an NPA. He submits that such action is arbitrary and furnishes sufficient grounds for this Court to interfere with the action taken by the bank in classifying the loan account as an NPA. He further submits that, without paying any heed to the petitioners' request for restructuring the loan, the bank has initiated measures under the Securitisation and Reconstruction

of Financial Assets and Enforcement of Security Interest Act, 2002 (for short, “the SARFAESI Act”), and has already issued a notice under Section 13(2) of the Act. He submits that, in such circumstances, immediate intervention by this Court is warranted and that, unless an interim order is passed restraining the respondent bank from taking any action under the SARFAESI Act, the petitioners will be highly prejudiced. He has produced a communication dated 5th October, 2026, issued by the Senior Manager of the respondent bank and addressed to the petitioners, which indicates that the petitioners’ proposal for restructuring the loan account was forwarded to the credit sanctioning authority and is pending consideration before the said authority. However, he submits that without awaiting any decision from that authority, the bank is proceeding to take further measures under the SARFAESI Act.

3. In rebuttal, Mr. Singh, learned Advocate appearing for the bank, submits that a committee was constituted to examine the acceptability of the petitioners’ request for restructuring the loan account before the classification of the account as an NPA and that, upon examining the relevant aspects, the committee ultimately arrived at the conclusion that the petitioners are not entitled to the benefits of restructuring the loan account.

4. In support of such contention, he has placed an internal communication of the bank dated 29th April, 2026. Despite this, Mr. Singh submits that the petitioners’ request for restructuring the loan account has been forwarded to the credit sanctioning authority and that, until a decision is received from

the said authority, the bank will not take any further steps or action under the SARFAESI Act in respect of the secured asset.

5. Having heard the submissions made on behalf of the respective parties and having regard to the facts and circumstances of the case, particularly the stand taken by the bank, I am of the view that, as prayed for by the petitioners, no order needs to be passed in view of the submission made on behalf of the bank that, until a decision is received from the credit sanctioning authority on the petitioners' request for restructuring of the loan account, the bank will not take any further steps or action under the SARFAESI Act in respect of the secured asset.

6. With the observation, present writ petition is disposed of.

7. However, this order shall not preclude the petitioners to approach the appropriate forum, in accordance with law in the event their request for restructuring the loan account is turned down.

(Partha Sarathi Chatterjee, J.)