

Court No. - 39

Case :- WRIT - C No. - 2228 of 2025

Petitioner :- Anil Pathak And Another

Respondent :- State Of U.P. And 4 Others

Counsel for Petitioner :- Brijesh Kumar Kesharwani, Mamta Singh

Counsel for Respondent :- A.S.G.I., Anoop Tiwari, C.S.C., Krishna Mohan Asthana

Hon'ble Siddhartha Varma, J.

Hon'ble Dr. Yogendra Kumar Srivastava, J.

(Per: Dr Yogendra Kumar Srivastava, J)

1. Instructions provided by Sri Prakhar Shukla, learned Advocate, holding brief of Sri Ramesh Kumar Shukla, learned counsel for the respondent-Bank, be kept on record.
2. Heard Sri Brijesh Kumar Kesharwani, learned counsel for the petitioners, Sri Prakhar Shukla, holding brief of Sri Ramesh Kumar Shukla, learned counsel for the respondent-Bank and learned Standing Counsel for the State-respondents.
3. The facts as pleaded in the writ petition indicate that House No.24, Awas Vikas Colony Betiyahata, Gorakhpur, owned by Ujjwal Banka and Tushar Banka, was mortgaged against a loan amount of Rs.1 Crore plus Rs.20 Lakhs over draft.
4. The above mentioned loan amount, having not been repaid, respondent no.3-Bank issued a notice under Section 13 (2) of the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002¹. Thereafter, a possession notice under Section 13 (4) of the SARFAESI Act, 2002 was issued, and a newspaper

¹ SARFAESI Act, 2002

publication for auction of the above mentioned property was also made. The auction date was fixed on 23.10.2024 and the petitioners, being the only bidders were declared successful.

5. The petitioners deposited 25% of the auction money, amounting to Rs.55,93,750/-, within the prescribed time period of 15 days. For depositing the balance 75% of the auction money, the petitioners applied for a loan from the respondent-Bank. The said application was rejected by the respondent-Bank on 3.1.2025. It is stated that although the petitioners have made a request for grant of three months' further time for depositing the balance 75% of the auction money, but the respondent-Bank is going to auction the property on 22.1.2025.

6. The petitioners have, accordingly, preferred the present writ petition, seeking a direction to respondent no.3-Bank for granting three months' further time for depositing the balance 75% of the auction money, or to refund 25% amount deposited earlier, within a stipulated time period.

7. Learned counsel for the petitioners has referred to the afore-stated facts, to contend that the delay in depositing 75% of the auction money is mainly due to rejection of the loan application of the petitioners by the respondent-Bank, and accordingly, they have sought further three months' time for the purpose. It is submitted that the Bank is seeking to re-auction the property which would gravely prejudice their interests.

8. Learned counsel for the petitioner has placed reliance upon a decision of this Court in Writ-C No.2196 of 2019 (**Gaurav Garg vs. Syndicate Bank and others**), which was disposed of, following the judgment in the case of **GM, Sri Siddeshwara Cooperative Bank Ltd. and another vs. Sri Iqbal and others**².

9. Learned counsel appearing for the respondent-Bank has submitted that as per his instructions, the petitioners, who were declared highest

² (2013) 10 SCC 83

bidders in the online auction held on 23.10.2024, upon having deposited 25% of the bid amount, were advised to deposit the remaining 75% of the bid amount by 7.11.2024. However, considering their request vide letter dated 5.11.2024, the Bank granted extension of time till 6.12.2024. Thereafter, by means of another representation dated 2.12.2024, the petitioners sought further extension of time till 7.1.2025, stating their difficulty in arranging the funds. Considering the said request, the Bank further allowed extension of time for depositing of the remaining sale amount till 27.12.2024. It is stated that instead of depositing the balance sale amount within the extended time period, the petitioners submitted another representation on 22.12.2024, seeking further extension of time upto 7.2.2025.

10. It has been submitted that as per the request received from the petitioners vide representation dated 22.12.2024, the competent authority of the Bank had granted further extension of time till 23.1.2025, as final opportunity for depositing the remaining balance. It has been pointed out that the Bank has duly sent a communication dated 18.1.2025 to the petitioners, with an advise to deposit the remaining sale amount of Rs.1,67,81,250.00, not later than 23.1.2025 failing which, the initial deposit of Rs.55,93,750.00 shall be forfeited to the Bank and the said property shall be re-sold.

11. Learned counsel for the Bank has submitted that the auction sale has been conducted as per the provisions of the SARFAESI Act, 2002 and Rules made thereunder, and in terms thereof, it is to be a time bound process and no extension can be granted to the auction purchaser beyond the time period stipulated under the relevant statutory rules. Further, in default of payment of entire sale amount within the stipulated time period, the deposit made by the auction purchaser is to be forfeited to the secured creditor-Bank.

12. In order to examine the rival contentions, the relevant statutory provisions would be required to be referred.

13. The SARFAESI Act, 2002 was enacted to regulate securitisation and reconstruction of financial assets and enforcement of security interest and to provide for a central database of security interests created on property rights, and for matters connected therewith or incidental thereto.

14. The Statement of Objects and Reasons of the Act reads as under:

“STATEMENT OF OBJECTS AND REASONS

The financial sector has been one of the key drivers in India's efforts to achieve success in rapidly developing its economy. While the banking industry in India is progressively complying with the international prudential norms and accounting practices there are certain areas in which the banking and financial sector do not have a level playing field as compared to other participants in the financial markets in the world. There is no legal provision for facilitating securitisation of financial assets of banks and financial institutions. Further, unlike international banks, the banks and financial institutions in India do not have power to take possession of securities and sell them. Our existing legal framework relating to commercial transactions has not kept pace with the changing commercial practices and financial sector reforms. This has resulted in slow pace of recovery of defaulting loans and mounting levels of non-performing assets of banks and financial institutions. Narasimham Committee I and II and Andhyarujina Committee constituted by the Central Government for the purpose of examining banking sector reforms have considered the need for changes in the legal system in respect of these areas. These Committees, inter alia, have suggested enactment of a new legislation for securitisation and empowering banks and financial institutions to take possession of the securities and to sell them without the intervention of the court. Acting on these suggestions, the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Ordinance, 2002 was promulgated on the 21st June, 2002 to regulate securitisation and reconstruction of financial assets and enforcement of security interest and for matters connected therewith or incidental thereto. The provisions of the Ordinance would enable banks and financial institutions to realise long-term assets, manage problem of liquidity, asset liability mismatches and improve recovery by exercising powers

to take possession of securities, sell them and reduce non-performing assets by adopting measures for recovery or reconstruction."

15. The history and the legislative backdrop that led to the enactment of the SARFAESI Act was examined in the case of **Mardia Chemical Ltd. vs. Union of India**³, and it was observed as follows:

“34. Some facts which need to be taken note of are that the banks and the financial institutions have heavily financed the petitioners and other industries. It is also a fact that a large sum of amount remains unrecovered. Normal process of recovery of debts through courts is lengthy and time taken is not suited for recovery of such dues. For financial assistance rendered to the industries by the financial institutions, financial liquidity is essential failing which there is a blockade of large sums of amounts creating circumstances which retard the economic progress followed by a large number of other consequential ill effects. Considering all these circumstances, the Recovery of Debts Due to Banks and Financial Institutions Act was enacted in 1993 but as the figures show it also did not bring the desired results. Though it is submitted on behalf of the petitioners that it so happened due to inaction on the part of the Governments in creating Debts Recovery Tribunals and appointing presiding officers, for a long time. Even after leaving that margin, it is to be noted that things in the spheres concerned are desired to move faster. In the present-day global economy it may be difficult to stick to old and conventional methods of financing and recovery of dues. Hence, in our view, it cannot be said that a step taken towards securitisation of the debts and to evolve means for faster recovery of NPAs was not called for or that it was superimposition of undesired law since one legislation was already operating in the field, namely, the Recovery of Debts Due to Banks and Financial Institutions Act. It is also to be noted that the idea has not erupted abruptly to resort to such a legislation. It appears that a thought was given to the problems and the Narasimham Committee was constituted which recommended for such a legislation keeping in view the changing times and economic situation whereafter yet another Expert Committee was constituted, then alone the impugned law was enacted. Liquidity of finances and flow of money is essential for any healthy and growth-oriented economy. But certainly, what must be kept in mind is that the law should not be in derogation of the rights which are guaranteed to the people under the Constitution. The procedure should also be fair, reasonable and valid, though it may vary looking to the different situations needed to be tackled and object sought to be achieved.”

16. In this context, certain observations made in the decision in the case of **United Bank of India vs. Satyawati Tandon**⁴, may also be referred to. The said observations are as follows:

³ (2004) 4 SCC 311

⁴ (2010) 8 SCC 110

“1. ... With a view to give impetus to the industrial development of the country, the Central and State Governments encouraged the banks and other financial institutions to formulate liberal policies for grant of loans and other financial facilities to those who wanted to set up new industrial units or expand the existing units. Many hundred thousand took advantage of easy financing by the banks and other financial institutions but a large number of them did not repay the amount of loan, etc. Not only this, they instituted frivolous cases and succeeded in persuading the civil courts to pass orders of injunction against the steps taken by banks and financial institutions to recover their dues. Due to lack of adequate infrastructure and non-availability of manpower, the regular courts could not accomplish the task of expeditiously adjudicating the cases instituted by banks and other financial institutions for recovery of their dues. As a result, several hundred crores of public money got blocked in unproductive ventures.”

17. Section 13 of the SARFAESI Act contains the provisions relating to the enforcement of the security interest and the manner in which the same may be done by the secured creditor without the intervention of the court or tribunal in accordance with its provisions.

18. The procedural formalities to be followed for the sale of immovable secured assets as per Section 13 of the SARFAESI Act is provided under Rules 8 and 9 of the Security Interest (Enforcement) Rules, 2002⁵.

19. The controversy involved in the present case would relate to sub-rule (4) of Rule 9 which provides for a time period within which, the balance amount of the purchase price payable by the auction purchaser is to be paid. For ease of reference, Rule 9 of the Rules, 2002 is extracted below:

“9. Time of sale, issue of Sale Certificate and delivery of possession, etc. – (1) No sale of immovable property under these rules, in first instance shall take place before the expiry of thirty days from the date on which the public notice of sale is published in newspapers as referred to in the proviso to sub-rule (6) of rule 8 or notice of sale has been served to the borrower:

Provided further that if sale of immovable property by any one of the methods specified by sub rule (5) of rule 8 fails and sale is required to be conducted again, the authorised officer shall serve, affix and publish notice of sale of not less than fifteen days to the borrower, for any subsequent sale.

5 Rules, 2002

(2) The sale shall be confirmed in favour of the purchaser who has offered the highest sale price in his bid or tender or quotation or offer to the authorized officer and shall be subject to confirmation by the secured creditor:

Provided that no sale under this rule shall be confirmed, if the amount offered by sale price is less than the reserve price, specified under sub-rule (5) of rule 8:

Provided further that if the authorized officer fails to obtain a price higher than the reserve price, he may, with the consent of the borrower and the secured creditor effect the sale at such price.

(3) On every sale of immovable property, the purchaser shall immediately, i.e. on the same day or not later than next working day, as the case may be, pay a deposit of twenty five per cent. of the amount of the sale price, which is inclusive of earnest money deposited, if any, to the authorized officer conducting the sale and in default of such deposit, the property shall be sold again.

(4) The balance amount of purchase price payable shall be paid by the purchaser to the authorized officer on or before the fifteenth day of confirmation of sale of the immovable property or such extended period as may be agreed upon in writing between the purchaser and the secured creditor, in any case not exceeding three months.

(5) In default of payment within the period mentioned in sub-rule (4), the deposit shall be forfeited to the secured creditor and the property shall be resold and the defaulting purchaser shall forfeit all claim to the property or to any part of the sum for which it may be subsequently sold.

(6) On confirmation of sale by the secured creditor and if the terms of payment have been complied with, the authorized officer exercising the power of sale shall issue a certificate of sale of the immovable property in favour of the purchaser in the Form given in Appendix V to these rules.

(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:

Provided that if after meeting the cost of removing encumbrances and contingencies there is any surplus available out of the money deposited by the purchaser such surplus shall be paid to the purchaser within fifteen days from the date of finalisation of the sale.

(8) On such deposit of money for discharge of the encumbrances, the authorised officer shall issue or cause the purchaser to issue notices to the persons interested in or entitled to the money deposited with him and take steps to make the payment accordingly.

(9) The authorised officer shall deliver the property to the purchaser free from encumbrances known to the secured creditor on deposit of money as specified in sub-rule (7) above.

(10) The certificate of sale issued under sub-rule (6) shall specifically mention that whether the purchaser has purchased the immovable secured asset free from any encumbrances known to the secured creditor or not.”

20. Rule 9 of the Rules, 2002 relates to the time of sale, issue of sale certificate and delivery of possession etc. Public notice of sale is to be published in the newspaper and only after thirty days thereafter, the sale of immovable property can take place. Under Rule 9 (2) of the 2002 Rules, the sale is required to be confirmed in favour of the purchaser who has offered the highest sale price to the authorised officer and shall be subject to confirmation by the secured creditor. The proviso makes it clear that sale under the said Rule would be confirmed if the amount offered and the whole price is not less than the reserved price as specified in Rule 9 (5).

21. Rule 9 (3) makes it clear that on every sale of immovable property, the purchaser on the same day or not later than next working day, has to make a deposit of twenty-five per cent of the amount of the sale price, which is inclusive of earnest money deposited if any. Rule 9 (4) makes it clear that balance amount of the purchase price payable shall be paid by the purchaser to the authorised officer on or before the fifteenth day of “confirmation of sale of the immovable property” or such extended period as may be agreed upon in writing between the purchaser and the secured creditor.

22. The liability of a successful auction purchaser to deposit the requisite amount begins from the date when the sale is confirmed by the secured creditor and communicated to the auction purchaser and as per sub-rule (3) of Rule 9 of the Rules, 2002, twenty five per cent amount of auction price has to be deposited, as earnest money, no later than next

working day from the date of confirmation of sale and the balance amount within 15 days from the said date.

23. As per terms of sub-rule (3) of Rule 9 of the Rules, 2002, as it originally existed, 15 days time period for depositing of the balance 75% of the purchase price was extendable for a period, as may be agreed upon in writing between the parties. For ease of reference, sub-rule (4) of Rule 9 of the Rules, 2002, as it originally existed, is reproduced below:

“(4) The balance amount of purchase price payable shall be paid by the purchaser to the authorised officer on or before the fifteenth day of confirmation of sale of the immovable property or such extended period as may be agreed upon in writing between the parties.”

24. Sub-rule (4) of Rule 9 of the Rules, 2002 was subsequently amended vide GOI Notification No.GSR 1046 (E) dated 3.11.2026 and clause (iv) of Rule 7 of the Security Interest (Enforcement) (Amendment) Rules, 2002 reads as under:

“(iv) in sub-rule (4), for the words “as may be agreed upon in writing between the parties”, the words, “as may be agreed upon in writing between the purchaser and the secured creditor, in any case not exceeding three months” shall be substituted.”

25. Subsequent to the aforesaid amendment, sub-rule (4) of Rule 9 of the Rules, 2002, now reads as under:

“(4) The balance amount of purchase price payable shall be paid by the purchaser to the authorized officer on or before the fifteenth day of confirmation of sale of the immovable property **or such extended period as may be agreed upon in writing between the purchaser and the secured creditor, in any case not exceeding three months.**”

(emphasis supplied)

26. The effect of the amendment to sub-rule (4) of Rule 9 of the Rules, 2002 is that the fifteen days time period for depositing of the balance amount of the purchase price by the purchaser would be extendable upon agreement in writing between the purchaser and the secured creditor, for a period not exceeding three months in any case.

27. Rule 9 (4) of the Rules, 2002 was examined in the decision in **Union Bank of India vs. Rajat Infrastructure (P) Ltd.**⁶, wherein it was clarified that the balance amount of the purchase price has to be paid by the auction purchaser to the Authorized Officer on or before the fifteenth day of confirmation of sale or such extended period as may be agreed upon in writing between the purchaser and the secured creditor, in any case not exceeding three months. It was observed that even the plenary powers of the Supreme Court under Article 142 of the Constitution could not be invoked to supplant the substantive law, ignoring the express statutory provisions dealing with the subject and thereby to achieve something indirectly, which could not be achieved directly. It was observed as follows:

27. As discernible from the aforesaid sub-rule (4) of Rule 9, the balance amount of purchase price payable by the purchaser to the authorised officer has to be paid on or before the fifteenth day of confirmation of sale of the immovable property or such extended period as may be agreed upon in writing between the purchaser and the secured creditor, in any case not exceeding three months. Sub-rule (5) thereof states that in default of payment within the period mentioned in sub-rule (4), the deposit shall be forfeited to the secured creditor and the property shall be resold, and that defaulting purchaser shall forfeit all claim to the property or to any part of the sum for which it may be subsequently sold. As per sub-rule (6) thereof, on the confirmation of sale by the secured creditor and if the terms of payment have been complied with, the authorised officer exercising the power of sale would issue a certificate of sale of the immovable property in favour of the purchaser in the form prescribed under the Rules.

28. The provisions contained in sub-rules (4) and (5) of Rule 9 of the Rules, 2002, came up for consideration in the decision in the case of **Authorized Officer, State Bank of India vs. C. Natarajan**⁷, wherein it was observed that a discretion is available to the Authorized Officer of the secured creditor for extension of time for depositing the balance consideration, but not exceeding the prescribed limit of ninety days. The objective and necessity of enactment of the powers of forfeiture of deposited amount of the secured creditor under sub-rule (5) was also

6 (2023) 10 SCC 232

7 (2024) 2 SCC 637

explained by pointing out that the legislature had visualized that there was a need to arrest cases of deceptive manipulation of prices at the instance of unscrupulous borrowers by thwarting sale processes. It was observed that the purpose of the provision was aimed at instilling a sense of discipline in the intending purchasers while they proceed to participate in the auction-sale process. Relevant observations made in the judgment in this regard are as follows:

27. In the current era of globalisation, the entire philosophy of society, mainly on the economic front is making rapid strides towards changes. Unscrupulous people have been inventing newer modes and mechanisms for defrauding and looting the nation. It is in such a scenario that provisions of enactments, particularly those provisions which have a direct bearing on the economy of the nation, must receive such interpretation so that it not only fosters economic growth but is also in tune with the intention of the law-makers in introducing a provision such as sub-rule (5) of Rule 9, which though harsh in its operation, is intended to suppress the mischief and advance the remedy. If indeed Section 73 and Section 74, which are part of the general law of contract, were sufficient to cater to the remedy, the need to make sub-rule (5) of Rule 9 as part of the Rules might not have arisen. Additionally, insertion of sub-rule (5) with such specificity regarding forfeiture must not have been thought of only for reiterating what is already there. It was visualised by the law-makers that there was a need to arrest cases of deceptive manipulation of prices at the instance of unscrupulous borrowers by thwarting sale processes and this was the trigger for insertion of such a provision with wide words conferring extensive powers of forfeiture. The purpose of such insertion must have also been aimed at instilling a sense of discipline in the intending purchasers while they proceed to participate in the auction-sale process.

28. At the cost of repetition, it must not be forgotten that the SARFAESI Act was enacted because the general laws were not found to be workable and efficient enough to ensure liquidity of finances and flow of money essential for any healthy and growth-oriented economy. The decision of this Court in *Mardia Chemicals Ltd. v. Union of India* [*Mardia Chemicals Ltd. v. Union of India*, (2004) 4 SCC 311] , while outlawing only a part of the SARFAESI Act and upholding the rest, has traced the history of this legislation and the objects that Parliament had in mind in sufficient detail. Apart from the law laid down in such decision, these are the other relevant considerations which ought to be borne in mind while examining a challenge to a forfeiture order.

29. There is one other aspect which is, more often than not, glossed over. In terms of sub-rule (5) of Rule 9, generally, forfeiture would be followed by an exercise to resell the immovable property. On the date an order of forfeiture is in contemplation of the authorised officer of the secured creditor for breach committed by the bidder, factually, the position is quite uncertain for the former in that there is neither any

guarantee of his receiving bids pursuant to a future sale, much to the satisfaction of the secured creditor, nor is there any gauge to measure the likely loss to be suffered by it (secured creditor) if no bidders were interested to purchase the immovable property. Since the extent of loss cannot be immediately foreseen or calculated, such officers may not have any option but to order forfeiture of the amount deposited by the defaulting bidder in an attempt to recover as much money as possible so as to reduce the secured debt. That the immovable property is later sold at the same price or at a price higher than the one which was offered by the party suffering the forfeiture is not an eventuality that occurs in each and every case. Sections 73 and 74 of the Contract Act would not, therefore, be sufficient to take care of the interest of the secured creditor in such a case and that also seems to be another reason for bringing in the provision for forfeiture in Rule 9. Ordinarily, therefore, validity of an order of forfeiture must be judged considering the circumstances that were prevailing on the date it was made and not based on supervening events.

33. The upshot of the aforesaid discussion is that whenever a challenge is laid to an order of forfeiture made by an authorised officer under sub-rule (5) of Rule 9 of the Rules by a bidder, who has failed to deposit the entire sale price within ninety days, the tribunals/courts ought to be extremely reluctant to interfere unless, of course, a very exceptional case for interference is set up. What would constitute a very exceptional case, however, must be determined by the tribunals/courts on the facts of each case and by recording cogent reasons for the conclusion reached.

34. Insofar as challenge to an order of forfeiture that is made upon rejection of an application for extension of time prior to expiry of ninety days and within the stipulated period is concerned, the scrutiny could be a bit more intrusive for ascertaining whether any patent arbitrariness or unreasonableness in the decision-making process has had the effect of vitiating the order under challenge. However, in course of such scrutiny, the tribunals/courts must be careful and cautious and direct their attention to examine each case in some depth to locate whether there is likelihood of any hidden interest of the bidder to stall the sale to benefit the defaulting borrower and must, as of necessity, weed out claims of bidders who instead of genuine interest to participate in the auctions do so to rig prices with an agenda to withdraw from the fray post conclusion of the bidding process. In course of such determination, the tribunals/courts ought not to be swayed only by supervening events like a subsequent sale at a higher price or at the same price offered by the defaulting bidder or that the secured creditor has not in the bargain suffered any loss or by sentiments and should stay at a distance since extending sympathy, grace or compassion are outside the scope of the relevant legislation.

35. In any event, the underlying principle of least intervention by tribunals/courts and the overarching objective of the SARFAESI Act duly complemented by the Rules, which are geared towards efficient and speedy recovery of debts, together with the interpretation of the relevant laws by this Court should not be lost sight of. Losing sight thereof may not be in the larger interest of the nation and susceptible to interference.

29. The objective and the background under which stringent consequences for default have been provided were taken note of in the decision in the case of **Authorized Officer, State Bank of India** (supra), and it was observed as follows:

“24. ...Drawing from our experience on the Bench, it can safely be observed that in many a case the borrowers themselves, seeking to frustrate auction sales, use their own henchmen as intending purchasers to participate in the auction but thereafter they do not choose to carry forward the transactions citing issues which are hardly tenable. This leads to auctions being aborted and issuance of fresh notices. Repetition of such a process of participation-withdrawal for a couple of times or more has the undesirable effect of rigging of the valuation of the immovable property. In such cases, the only perceivable loss suffered by a secured creditor would seem to be the extent of expenses incurred by it in putting up the immovable property for sale. However, what does generally escape notice in the process is that it is the mischievous borrower who steals a march over the secured creditor by managing to have a highly valuable property purchased by one of its henchmen for a song, thus getting such property freed from the clutches of mortgage and by diluting the security cover which the secured creditor had for its loan exposure. Bearing in mind such stark reality, sub-rule (5) of rule 9 cannot but be interpreted pragmatically to serve twin purposes - first, to facilitate due enforcement of security interest by the secured creditor (one of the objects of the SARFAESI Act); and second, to prohibit wrong doers from being benefitted by a liberal construction thereof.”

30. In the case, at hand, the petitioners having participated in the auction held on 23.10.2024, and having deposited 25% of the bid amount on the said date, were required to deposit the remaining 75% of the purchase price before the fifteenth day of the sale confirmation, i.e. by 7.11.2024. However, upon request being made by the petitioners on 5.11.2024, the Bank granted extension of time till 6.12.2024. Another representation dated 2.12.2024 was submitted by the petitioners, seeking extension of time till 7.1.2025, stating their difficulty in arrangement of funds. The said request was also acceded to by the Bank and further extension of time was allowed to deposit the balance sale price till 27.12.2024. The petitioner made yet another representation dated 22.12.2024, seeking further extension of time upto 7.2.2025, which was turned down by the Bank on the ground that no extension could be

granted to the auction purchaser beyond the time period stipulated under the statutory rules.

31. There is no material on record, which may persuade this Court to come to a conclusion that there has been any manifest arbitrariness or unreasonableness on the part of the respondent-Bank in not acceding the repeated requests of the petitioners for depositing of the balance 75% amount of the bid amount beyond the time period stipulated under sub-rule (4) of Rule 9 of the Rules, 2002. The maximum permissible limit of three months, as provided under the relevant statutory rules, having already been granted by the secured creditor, there is no plausible reason which may warrant issuance of any direction for further extension of time period, as sought by the petitioners.

32. It may be reiterated as a settled principle of law that when a statute requires a particular thing to be done in a particular manner, it must be done in that manner or not at all, and other methods of performance are necessarily forbidden. (*See: Taylor v. Taylor*, (1875) LR 1 Ch D 426; *Nazir Ahmad vs. King Emperor*, AIR 1936 PC 253 (2); *Rao Shiv Bahadur Singh v. State of Vindhya Pradesh*, (1954) 1 SCC 296; *State of UP v. Singhara Singh*, AIR 1964 SC 358; *Babu Verghese v. Bar Council of Kerala*, (1990) 3 SCC 422; *Municipal Corporation of Greater Mumbai vs. Abhilash Lal* (2020) 13 SCC 234 and *Nareshbhai Bhagubhai vs. Union of India*, (2019) 15 SCC 1.

33. Rule 9 (4) of the Rules, 2002, as amended with effect from 4.11.2016, contains an ordainment that on mutual agreement, the time for making deposit of the balance amount of sale price can be extended for a period not exceeding ninety days; however, extension beyond ninety days would not be permissible in any case.

34. The decision in the case of **GM, Sri Siddeshwara Cooperative Bank Ltd.** (supra), followed in the subsequent decision of **Gaurav Garg**

(supra), which are sought to be relied on behalf of the petitioners, were rendered in the context of the unamended Rule 9 (4) of the Rules, 2002, wherein there was no outer limit provided for extension of the time period for depositing of the balance amount of 75% of the purchase price. The said authorities cannot be relied upon by the petitioners to claim further extension of time beyond the outer limit prescribed under sub-rule (4) of Rule 9 of the Rules, 2002, as it now exists.

35. The secured creditor is entitled in law to enforce the security interest and in the process, to initiate all such steps and take all such measures for the protection of public interest by recovering public money lent to a borrower, who has defaulted in its repayment. The petitioners (auction purchasers), having participated in the auction, would be presumed to be fully aware of the requirements under the law with regard to deposit of the purchase price and also that in case of any default or failure on their part to make the payment of the sale price within the permissible time period under the relevant statutory rules, would entail forfeiture of the deposit already made by them.

36. Looking to the objectives for which, the SARFAESI Act, 2002 has been enacted, Courts have taken a consistent view that in such a situation, where a bidder has failed to deposit the entire sale price within the stipulated period of ninety days, the tribunal/court would be extremely reluctant to interfere, unless of course, a very exceptional case for interference is made out. The underlying principle of least intervention by the tribunal/courts and the overriding objective of the SARFAESI Act and the Rules made thereunder, which are for speedy recovery of debt, cannot be lost sight of.

37. We do not see any patent arbitrariness or unreasonableness on the part of the respondent-Bank, which may persuade us to entertain the writ petition in respect of the reliefs sought.

38. The writ petition lacks merit and is, accordingly, **dismissed**.

Order Date :- 21.1.2025

Arun K. Singh/RKK/-

(Dr Y K Srivastava, J)

(Siddhartha Varma, J)