

Security Interest (Enforcement) Rules, 2002, Rules 8 and 9(1) - Sale through private treaty - Any sale effected without complying with the same would be unconstitutional and, therefore, null and void - There were no terms settled in writing between the parties that the sale can be affected by Private Treaty. In fact, the borrowers - Borrowers were not even called to the joint meeting between the Bank - and the auction purchaser - Therefore, there was a clear violation of the aforesaid Rules rendering the sale illegal - SARFAESI Act, 2002.

Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 - Sale - Provisions of the SARFAESI Act, 2002 and the Rules, 2002 have been enacted to ensure that the secured asset is not sold for a song - It is expected that all the banks and financial institutions which resort to the extreme measures under the SARFAESI Act, 2002 for sale of the secured assets to ensure, that such sale of the asset provides maximum benefit to the borrower by the sale of such asset.

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