



2024 PLRonline 0020 = ID 431700

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2024 NCPHHC 83499  
PUNJAB AND HARYANA HIGH COURT  
Present : Justice Lisa Gill and Justice Amarjot Bhatti.  
GAGANDEEP SINGH - Petitioner  
Versus  
RESERVE BANK OF INDIA AND ANR. - Respondent(s)  
CWP No. 17173 of 2019 (O&M).

**(I) Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002, S. 2(f) - Borrower - Definition - Includes any person who has given any guarantee or created any mortgage or pledge as security for financial assistance - Petitioner being a guarantor and mortgagor for a third-party loan account falls within the definition of borrower - Cannot escape liability by claiming to be merely a guarantor. [Para 8]**

"It is clearly provided in Section 2(f) of SARFAESI Act that "borrower means any person who has been granted financial assistance by any bank or financial institution or who has given any guarantee or created any mortgage or pledge as security for financial assistance granted by any bank or financial institution... There is no occasion or ground for holding that in the present case definition of 'Borrower' as above is not applicable." [Para 8]

**(II) RBI, Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, Clause 4.2.7(i) - Asset Classification - Borrower-wise vs. Facility-wise - All facilities granted by a bank to a borrower must be treated as NPA if any one facility becomes irregular - Provision is in line with international practices and financial norms - Not unconstitutional or violative of Article 14. [Paras 7, 8 & 10]**

"It is specifically provided in Clause 4.2.7(i) that asset classification has to be borrower-wise and not facility-wise... the said provision has been incorporated keeping in line with international practices and as per recommendations made by the Committee on Financial System. Rationale behind the Clause is absolutely clear." [Paras 8]

**(III) RBI - Master Circular - Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances, Clause 4.2.5 - Upgradation of NPA Accounts - Where a borrower has multiple facilities and one is a third-party account where the borrower is a guarantor/mortgagor, the individual loan account cannot be upgraded to 'standard' until all linked accounts (borrower-wise) are cleared - Relied on *M/s. Oswal Spinning & Weaving Mills Ltd. v. Reserve Bank of India*. [Para 9]**

"Therefore, once account of M/s. Navrang Infrastructure Inc. is not cleared, there can be no upgradation of loan account in question from NPA to standard." [Para 9]

**(IV) Constitution of India, Art. 226 - Writ Jurisdiction - Alternate Remedy - SARFAESI Act, S. 17 - Challenges to notices under Section 13(2) and 13(4) - Petitioner has an efficacious alternate remedy of approaching the Debt Recovery Tribunal - High Court declined interference in writ jurisdiction regarding the merits of SARFAESI proceedings. [Paras 5 & 12]**

"In so far as any grievance which the petitioner might have qua proceedings under SARFAESI Act, it is open to petitioner to avail remedy(ies) as may be available to him in accordance with law." [Para 10]

**(V) Banking - Refund of Deposit - Amount deposited during pendency of litigation to show bona fides - Where amount is deposited in discharge of loan liability and withdrawn by bank as per court orders not challenged by the petitioner, the same cannot be sought to be refunded - Distinguishing *M/s. Kut Energy Pvt Ltd. v. The Authorized Officer, Punjab National Bank - Constitution of India, Art. 226*. [Para 11]**



"We do not find any merit in the said argument inasmuch as the said amount was clearly deposited by petitioner in discharge of his liability towards the loan amount... This order was never subjected to challenge by petitioner, thereby reflecting that this amount is accepted to be deposited by petitioner qua discharge of his liability." [Para 11]

Cases Referred to :

1. 2019 (3) PLR 81, *M/s. Amor Alloys Pvt Ltd.(Regd.) v. State of India* (Stayed by SC). [Para 4]
2. 2019 AIR (SC) 4994, *M/s. Kut Energy Pvt Ltd. v. Authorized Officer, PNB* (Regarding refund). [Para 4]
3. CWP-13888-2015, *M/s. Oswal Spinning & Weaving Mills Ltd. v. RBI* (Asset classification). [Para 9]
4. Mr. H.S. Jagdev, Advocate for the petitioner.

*Mr. Deepak Suri, Advocate and Mr. Sidhant Suri, Advocate for respondent no.1. Mr. C.S. Pasricha, Advocate for respondent no.2.*

**Facts:**

The petitioner availed a housing loan of ₹90 lakhs and a car loan from Punjab National Bank. Due to financial indiscipline, the accounts were declared NPA. The petitioner's residential property was also mortgaged as security for a loan availed by *M/s. Navrang Infrastructure Inc.* (owned by petitioner's brother), where the petitioner stood as a guarantor. The petitioner cleared his own overdue amounts and sought upgradation of his account to 'Standard'. The Bank refused, citing Clause 4.2.7(i) of the RBI Master Circular, which mandates that asset classification is "borrower-wise" and not "facility-wise," meaning all accounts linked to a borrower (including those as a guarantor) must be regular for any one to be upgraded. The petitioner challenged the constitutionality of this clause and sought a refund of deposits made during the proceedings.

**JUDGMENT**

**Justice Lisa Gill** -(05-07-2024) - Prayer in this writ petition is for setting aside notice dated 01.04.2017 (Annexure P-1), notice dated 05.07.2018 (Annexure P-6) and notices dated 04.01.2019, 28.02.2019 and 01.03.2019 (Annexures P-8 to P-10) issued under the provisions of Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (for short SARFAESI Act) and further setting aside communication dated 13.06.2019 (Annexure P-16), issued by respondent no.2 vide which respondent-Bank has refused to upgrade home loan account of petitioner. There is a further prayer for setting aside Clause 4.2.7(i) of the Master Circular - "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances" alleged to be illegal, unconstitutional and violative of Articles [14](#) and [16](#) of the Constitution of India and in the alternate to declare that this provision is not applicable to the facts and circumstances of the present case. Petitioner seeks a direction to respondent no.2, Punjab National Bank, to upgrade home loan account of petitioner to standard in terms of Clause 4.2.5 of the above said Master Circular.

2. Brief facts as pleaded in this writ petition are that petitioner is a co-owner of residential property as detailed in para 2 of writ petition alongwith his real brother namely Navdeep Singh. Housing loan of Rs. 90 lakhs was availed of by petitioner on 02.12.2011 in order to purchase the said property of which petitioner is a co-owner. It is stated that on account of certain professional difficulties there was financial indiscipline on the part of petitioner which led to account being declared Non-Performing Asset (for short NPA) on 31.03.2017. Notice dated 01.04.2017 (Annexure P-1) under Section 13(2) of SARFAESI Act was issued claiming outstanding amount to be Rs. 85, 81, 320/- as on 30.03.2017 with interest being charged upto 28.02.2017. It is stated that amount included the dues towards a car loan also which was availed of by petitioner. It is stated that



overdue amount of Rs. 10.25 lakhs was deposited by petitioner after receipt of notice, therefore, account should have been regularized and it could not be termed NPA. However, notice dated 10.08.2017, dispatched on 17.10.2017 was received by petitioner through speed post on 20.10.2017. As petitioner felt that there was no occasion for issuance of such possession notice, e-mail dated 24.10.2017 (Annexure P-2) was sent by petitioner to respondent no.2 in this respect. Respondent no.2 is alleged to have issued a certificate dated 01.11.2017 (Annexure P-4) stating that loan account had been provisionally upgraded to standard category subject to finalization of accounts on quarter ending December, 2017. However, there was again default on the part of petitioner which led to issuance of notice dated 12.03.2018 (Annexure P-5) to petitioner and his brother Navdeep Singh seeking deposit of Rs. 5, 24, 093.29/- alongwith interest @ 9.15% per annum. Legal notice dated 05.07.2018 (Annexure P-6) was thereafter issued by respondent no.2 to petitioner and ultimately notice dated 16.07.2018 (Annexure P-7) under Section 13(2) of SARFAESI Act was issued indicating that account in question had become NPA on 30.06.2018 with outstanding amount being Rs. 72, 08, 286/-. Sale notices dated 04.01.2019, 28.02.2019 and 01.03.2019 (Annexure P-8 to P-10) were issued fixing reserve price of house in question to be Rs. 280.50/- lakhs.

3. It is further pleaded that petitioner on 29.04.2019 submitted a representation before Bank that overdue amount could earlier not be deposited but now petitioner was ready to clear overdue amount and that the Bank should not proceed with any coercive action. Sale notice dated 04.06.2019 (Annexure P-12) was, however, issued for auction of property on 02.07.2019. Petitioner yet again requested respondent-Bank on 11.06.2019 (Annexure P-13) to upgrade his account. Same was responded to by the Bank on 11.06.2019 (Annexure P-15) itself, stating that as account has been recalled and turned NPA on 02.05.2018, entire outstanding is required to be deposited. Petitioner again requested the bank on 13.06.2019 that the entire outstanding in his loan account should be intimated so that he can deposit the same leading to upgradation of his account. In response to letter dated 13.06.2019 (Annexure P-16) submitted by petitioner, respondent no.2 reverted vide e-mail dated 13.06.2019 by stating that there is another loan account of M/s. Navrang Infrastructure Inc., wherein real brother of petitioner is a borrower, property against which action was being taken, was a secured asset in said loan account as well. Therefore, until and unless said account is also upgraded to standard, housing loan account of petitioner cannot be upgraded because loan accounts are NPA borrower-wise and not facility-wise and that petitioner's account cannot be regularized in isolation and payment of part amounts. Civil Suit (Annexure P-18) was filed by M/s. Navrang Infrastructure Inc. seeking a declaration that act of the Bank in transfer of margin money of respective bank guarantees was illegal and the same should be refunded to plaintiff therein as the same was only for the purpose of renewal and continuance of bank guarantees. The matter in the case of M/s. Navrang Infrastructure Inc. was directed to be placed before the Rehabilitation Committee vide order dated 21.06.2017, passed by learned Civil Judge (Senior Division), Gurugram. Proposal for revival of firm of petitioner's brother is stated to be pending consideration on account of which said loan account is not being upgraded. Reliance has been placed in the writ petition on the judgment of this High Court in the case of **M/s. Amor Alloys Pvt Ltd.(Regd.) v. State of India, 2019(3) PLR 81**. Present writ petition was thus filed with the prayers as have been detailed in the foregoing paras.

4. Learned counsel for petitioner vehemently argued that respondent-Bank has erroneously and illegally relied upon Clause 4.2.7(i) of the Master Circular for refusing to upgrade loan account of petitioner who has been ready and willing to deposit entire overdue amount and continue to deposit installments as they would further fall due. It was contended that petitioner who is not the borrower in the loan account in respect to M/s. Navrang Infrastructure Inc., cannot be put to prejudice in this manner as it is a settled position that an account once an NPA need not always remain NPA. It was



contended that Clause 4.2.7(i) itself is illegal and arbitrary and violative of Article [14](#) of the Constitution of India inasmuch as it has no nexus with the purpose sought to be achieved. When petitioner is not a borrower in the other account and it is his brother who is under liability to pay, petitioner who is merely a guarantor/mortgager, should not be put to prejudice. In the present case, petitioner had duly deposited overdue amount and in fact on one occasion his account had also been provisionally upgraded, therefore, subsequent stand taken by respondent-Bank that it cannot be upgraded due to account of M/s. Navrang Infrastructure Inc., being NPA is clearly an afterthought only with a view to harass petitioner and pressurize the borrower in M/s. Navrang Infrastructure Inc. Moreover, Clause 4.2.7, it was urged is only directory and not mandatory, therefore, once petitioner is ready to upgrade his account, there is no occasion for respondent-Bank in not allowing the petitioner to do so. In fact, petitioner's account should be regularized and not be permitted to continue as NPA being clubbed with the account of M/s. Navrang Infrastructure Inc. It was further submitted that definition of borrower as contained in Section 2(l)(f) of SARFAESI Act is not stricto sensu applicable in connection with circulars issued by Reserve Bank of India (for short RBI). It is thus prayed that this writ petition may be allowed and in the alternate refund of Rs. 21.5 lakhs stately deposited by petitioner against overdue of Rs. 18, 80, 000/- lakhs to show his bonafides as is recorded in order dated 26.06.2019, should be refunded in terms of judgment of Hon'ble the Supreme Court in ***M/s. Kut Energy Pvt Ltd. v. The Authorized Officer, Punjab National Bank, 2019 AIR (Supreme Court) 4994.***

5. Per contra, learned counsel for respondents had vehemently opposed the writ petition. Learned counsel for respondent no.2 raised a preliminary objection qua entertain ability of this writ petition itself while submitting that petitioner had an efficacious alternate remedy of approaching learned Debt Recovery Tribunal under Section [17](#) of SARFAESI Act, if aggrieved by proceedings undertaken under SARFAESI Act, which otherwise are stated to have been carried out in complete consonance with the applicable provisions. It was further submitted that there is no question of any relief being granted to petitioner as property in question i.e. the secured asset qua the loan accounts of petitioner is also mortgaged with respondent-Bank for securing credit facilities granted to M/s. Navrang Infrastructure Inc. Petitioner duly stood as guarantor and mortgagor in the said loan account alongwith co-owner of property i.e. Navdeep Singh, real brother of petitioner. It was strenuously urged that none of the two loan accounts i.e. of petitioner or the account in which petitioner is a guarantor are regular/standard, therefore, petitioner is not even entitled to challenge clause 4.2.7(i) of the Master Circular in question. It was further submitted that provisions in Clause 4.2.7 of the Master Circular are in consonance with the accepted financial norms. Learned counsel for respondent no. 1 had submitted that provision is in line with international practices and as per recommendations made by the Committee on the financial system. It was denied that para 4.2.7 of the Master Circular is discriminatory or creates an unreasonable classification or is violative of Articles [14](#) and [16](#) of the Constitution of India. Action of downgrading a loan account to nonperforming is to proactively recognize incipient credit stress in books of the Bank through enhanced loan loss provisioning and to undertake suitable measures. It was urged by learned counsel for respondent no.2 that classification of petitioners' account as NPA has been carried out in complete consonance with the provisions of law and applicable circular issued by RBI. Learned counsel for respondent no.2 while referring to the written statement filed on its behalf submits that petitioner deliberately refrained from mentioning notices issued under Section 13(2) of SARFAESI Act to M/s. Navrang Infrastructure Inc. as well as the present petitioner being the guarantor in the said loan account. Said notices are attached as Annexure R-21 with the writ petition, therefore, petitioner as well as his brother were very well aware of the entire position. It is further submitted that respondent-Bank has filed OA No.998 of 2018 wherein present petitioner as well as M/s.



Navrang Infrastructure Inc. are being represented through the same counsel. Reference was made to LA No.239 of 2024 filed on behalf of said parties. Said application has been signed by the present petitioner though affidavit of Navdeep Singh has been attached in support of the application. Copy of said application alongwith affidavit had been handed over to learned counsel for petitioner during course of hearing on 25.04.2024, who at that stage had submitted that he was not the counsel for petitioner before learned DRT in the said matter. Present writ petition was then adjourned to enable learned counsel for parties to place on record relevant documents to reflect pendency of any matter before learned National Company Law Tribunal, Chandigarh (for short NCLT). CM-7771-2024 was subsequently filed on behalf of petitioner to place on record the petition under Section 95 of the Insolvency and Bankruptcy Code, 2016 (for short IBC, 2016) filed against brother of petitioner and proprietor of M/s. Navrang Infrastructure Inc. Learned counsel for respondent no.2 alleged that present writ petition is a mere delay tactic being adopted by petitioner in complete tandem with his brother. Dismissal of writ petition was sought.

6. Heard learned counsel for parties and have carefully perused the file with their able assistance.

7. It is a matter of record that petitioner availed of housing loan as well as car loan from respondent no.2. There was financial indiscipline on his part, for reasons as may be, which led to declaration of accounts NPA once on 31.03.2017 and thereafter on 30.06.2018 and initiation of proceedings under SARFAESI Act. Admittedly, property in question also stands mortgaged for loan account of M/s. Navrang Infrastructure Inc., proprietor of which is none other but real brother of present petitioner who is also the guarantor of said loan account. The said facts have not been succinctly and clearly mentioned in the writ petition though factum of loan facility availed by M/s. Navrang Infrastructure Inc. through its own proprietor Navdeep Singh is duly stated. Argument raised by learned counsel for petitioner was that reliance by respondent-Bank on Clause 4.2.7 to declare loan account of present petitioner to be NPA only due to loan account of M/s. Navrang Infrastructure Inc. being NPA, is illegal and arbitrary. Clause 4.2.5 and 4.2.7 of the Master Circular read as under:-

**4.2.5 Upgradation of loan accounts classified as NPAs**

If arrears of interest and principal are paid by the borrower in the case of loan accounts classified as NPAs, the account should no longer be treated as nonperforming and may be classified as 'standard' accounts. With regard to upgradation of a restructured/ rescheduled account which is classified as NPA contents of paragraphs 12.2 and 15.2 in the Part B of this circular will be applicable.

**4.2.7 Asset Classification to be borrower-wise and not facility wise**

i) It is difficult to envisage a situation when only one facility to a borrower/one investment in any of the securities issued by the borrower becomes a problem credit/investment and not others. Therefore, all the facilities granted by a bank to a borrower and investment in all the securities issued by the borrower will have to be treated as NPA/NPI and not the particular facility/investment or part thereof which has become irregular.

ii) If the debits arising out of devolvement of letters of credit or invoked guarantees are parked in a separate account, the balance outstanding in that account also should be treated as a part of the borrower's principal operating account for the purpose of application of prudential norms on income recognition, asset classification and provisioning.

iii) The bills discounted under LC favouring a borrower may not be classified as a Non-performing assets (NPA), when any other facility granted to the borrower is classified as NPA. However, in case documents under LC are not accepted on presentation or the payment under the LC is not made on the due date by the LC issuing bank for any reason and the



borrower does not immediately make good the amount disbursed as a result of discounting of concerned bills, the outstanding bills discounted will immediately be classified as NPA with effect from the date when the other facilities had been classified as NPA.

iv) Derivative Contracts

a) The overdue receivables representing positive mark-to-market value of a derivative contract will be treated as a non-performing asset, if these remain unpaid for 90 days or more. In case the over dues arising from forward contracts and plain vanilla swaps and options become NPAs, all other funded facilities granted to the client shall also be classified as non-performing asset following the principle of borrower-wise classification as per the existing asset classification norms. However, any amount, representing positive mark-to-market value of the foreign exchange derivative contracts (other than forward contract and plain vanilla swaps and options) that were entered into during the period April 2007 to June 2008, which has already crystallised or might crystallise in future and is / becomes receivable from the client, should be parked in a separate account maintained in the name of the client / counter party. This amount, even if overdue for a period of 90 days or more, will not make other funded facilities provided to the client, NPA on account of the principle of borrower-wise asset classification, though such receivable overdue for 90 days or more shall itself be classified as NPA, as per the extant Income Recognition and Asset Classification (IRAC) norms. The classification of all other assets of such clients will, however, continue to be governed by the extant IRAC norms.

b) If the client concerned is also a borrower of the bank enjoying a Cash Credit or Overdraft facility from the bank, the receivables mentioned at item (iv) (a) above may be debited to that account on due date and the impact of its non-payment would be reflected in the cash credit / overdraft facility account. The principle of borrower-wise asset classification would be applicable here also, as per extant norms.

c) In cases where the contract provides for settlement of the current mark-to-market value of a derivative contract before its maturity, only the current credit exposure (not the potential future exposure) will be classified as a non-performing asset after an overdue period of 90 days.

d) As the overdue receivables mentioned above would represent unrealised income already booked by the bank on accrual basis, after 90 days of overdue period, the amount already taken to 'Profit and Loss a/c' should be reversed, and held in a 'Suspense Account-Crystallised Receivables' in the same manner as done in the case of overdue advances.

e) Further, in cases where the derivative contracts provides for more settlements in fixture, the MTM value will comprise of (a) crystallised receivables and (b) positive or negative MTM in respect of fixture receivables. If the derivative contract is not terminated on the overdue receivable remaining unpaid for 90 days, in addition to reversing the crystallised receivable from Profit and Loss Account as stipulated in para (d) above, the positive MTM pertaining to fixture receivables may also be reversed from Profit and Loss Account to another account styled as 'Suspense Account - Positive MTM'. The subsequent positive changes in the MTM value may be credited to the 'Suspense Account - Positive MTM', not to P&L Account. The subsequent decline in MTM value may be adjusted against the balance in 'Suspense Account - Positive MTM'. If the balance in this account is not sufficient, the remaining amount may be debited to the P&L Account. On payment of the over dues in cash, the balance in the 'Suspense Account-Crystallised Receivables' may be transferred to the 'Profit and Loss Account', to the extent payment is received.



f) If the bank has other derivative exposures on the borrower, it follows that the MTMs of other derivative exposures should also be dealt with / accounted for in the manner as described in para (e) above, subsequent to the crystallised/settlement amount in respect of a particular derivative transaction being treated as NPA.

g) Since the legal position regarding bilateral netting is not unambiguously clear, receivables and pay ables from/to the same counter party including that relating to a single derivative contract should not be netted.

h) Similarly, in case a fund-based credit facility extended to a borrower is classified as NPA, the MTMs of all the derivative exposures should be treated in the manner discussed above.

8. It is specifically provided in Clause 4.2.7(i) that asset classification has to be borrower-wise and not facility-wise. To read Clause 4.2.7(i) in isolation as had been urged by learned counsel for petitioner is clearly unjustified. As has been stated before us the said provision has been incorporated keeping in line with international practices and as per recommendations made by the Committee on Financial System. Rationale behind the Clause is absolutely clear. Argument raised by learned counsel for petitioner that definition of borrower in Section 2(l)(f) of SARFAESI Act is not per se applicable in relation to circulars issued by RBI, is rejected being devoid of merit. In case, such an explanation is to be accepted, it would lead to an extremely anomalous situation. It is to be noted that circulars issued by RBI cannot be read in isolation. They have been issued to provide a framework for proper functioning of the economic system keeping in mind the objective of growth. Therefore, petitioner is not entitled to escape the liability which is definitely imposed upon him in respect to loan account of M/s. Navrang Infrastructure Inc. as well by simply stating that he is merely a guarantor in the said loan account. It is clearly provided in Section 2(f) of SARFAESI Act that "borrower means any person who has been granted financial assistance by any bank or financial institution or who has given any guarantee or created any mortgage or pledge as security for the financial assistance granted by any bank or financial institution and includes a person who becomes borrower of a [asset reconstruction company] consequent upon acquisition by it of any rights or interest of any bank or financial institution in relation to such financial assistance [or who has raised funds through issue of debt securities]". There is no occasion or ground for holding that in the present case definition of 'Borrower' as above is not applicable. Learned counsel for petitioner was further unable to point out any ground which calls for setting aside of Clause 4.2.7(i) of the Master Circular. Reliance by learned counsel for petitioner on the judgment of Division Bench of this Court in Amor Alloys's case (supra) is of no avail for the reason that said judgment dated 17.05.2019 is the subject matter of challenge in SLP(c)-1234-2019 with operation thereof being stayed vide order dated 13.09.2019, passed by Hon'ble the Supreme Court.

9. Having upheld Clause 4.2.7(i) of the Master Circular, it is relevant to note that a Division Bench of this High Court in **CWP-13888-2015 titled 'M/s. Oswal Spinning & Weaving Mills Ltd. v. Reserve Bank of India and others'**, has specifically held that manner in which an account is to be upgraded from NPA to standard is stipulated in the Master Circular and that asset classification has to be borrower-wise and not facility-wise. Therefore, once account of M/s. Navrang Infrastructure Inc. is not cleared, there can be no upgradation of loan account in question from NPA to standard. It is further relevant to note that there is no denial of the fact that as of now all loan accounts of petitioner as well as M/s. Navrang Infrastructure Inc. are in default. As per affidavit dated 10.07.2023, filed by Mr. Praveen Kumar Sammi, Authorized Officer of Punjab National Bank, outstanding dues as on 30.06.2023 were as under:-

A/c	Facility	Outstanding as on 30.06.2023
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Navrant Infrastructure	CC	Rs. 13,88,54,047/-
Navrant Infrastructure	Term Loan	Rs. 1,28,01,341/-
Gagandeep Singh & Navdeep Singh	Housing Loan	Rs. 1,10,28,228/-
Gagandeep Singh	Car Loan	Rs. 8,12,875.35/-
<b>Total</b>		<b>Rs. 16,34,96,491.35/-</b>

10. The amount as on date would necessarily have increased. Keeping in view the facts as above, we do not find any ground whatsoever to interfere in this writ petition for setting aside Clause 4.2.7(i) of the Master Circular - "Prudential Norms on Income Recognition, Asset Classification and Provisioning pertaining to Advances". In so far as any grievance which the petitioner might have qua proceedings under SARFAESI Act, it is open to petitioner to avail remedy(ies) as may be available to him in accordance with law.

11. At this stage, we would take note of the argument raised by learned counsel for petitioner that amount deposited by petitioner in terms of order dated 26.06.2019 should be refunded. We do not find any merit in the said argument inasmuch as the said amount was clearly deposited by petitioner in discharge of his liability towards the loan amount. A bare reading of order dated 26.06.2019 reveals the same. Though, it is mentioned that status quo regarding sale notice dated 04.01.2019 shall be maintained subject to deposit of Rs. 10 lakhs, respondent-Bank, it is specifically observed, would be at liberty to withdraw the amount of Rs. 11 lakhs already deposited alongwith sum of Rs. 10.50 lakhs to be deposited by petitioner as per his offer. This order was never subjected to challenge by petitioner, thereby reflecting that this amount is accepted to be deposited by petitioner qua discharge of his liability.

12. Writ petition is accordingly dismissed with no order as to cost. As noted in foregoing paras, petitioner is at liberty to avail remedy(ies) as may be available in accordance with law to impugn proceedings under SARFAESI Act, if so aggrieved, there being no expression of opinion on the said aspect.

13. Pending miscellaneous application(s), if any, stand disposed of accordingly as well.

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**Tags:** #CWP-17173-2019, Gagandeep Singh v. Reserve Bank of India, SARFAESI Act 2002, NPA, Asset Classification, RBI Master Circular, S. 2(f), Borrower, Guarantor Liability, Upgradation of Account.

**Title:** Gagandeep Singh v. Reserve Bank of India – Challenge to Borrower-wise NPA Classification

**Subtitle:** High Court upholds RBI Master Circular Clause 4.2.7(i) regarding facility-wise vs borrower-wise classification under SARFAESI Act.

**Excerpt:** The Punjab and Haryana High Court dismissed a writ petition challenging the RBI's "borrower-wise" asset classification policy. The court held that a guarantor falls under the definition of a 'borrower' under SARFAESI Act, and their personal loan account cannot be upgraded to 'standard' status if a linked account where they stood as guarantor remains an NPA.