



CIVIL

Rejection Of Plaints Cannot Be Permitted In Part Due To Purported Statutory Bar On Few Reliefs Being Sought: SC

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The Hon'ble Supreme Court (“**SC**”) was recently occasioned to hold that a plaint cannot be rejected in part with respect to certain reliefs, in view of a statutory bar, when there are other reliefs being sought which are not restricted by any such statutory bar. The same was decided in the case of *Central Bank of India and Anr. v. Smt. Prabha Jain and Ors.*^[1] wherein the SC was considering the rejection of a plaint with respect to reliefs sought therein being purportedly barred by the Securitization and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (“**SARFAESI Act, 2002**”).

The genesis of this dispute originated in Civil Suit No. 25A/2011 filed before the Additional District Judge, Bhopal, by the respondent no.1 – plaintiff (“**said suit**”). The said suit was filed by the respondent no.1 – plaintiff claiming illegal sale, development, and subsequent mortgage, of a plot of land that was inherited by her from her late husband. It was her case that the suit property was inherited by her, after the demise of her husband. The late husband was a co-owner of the suit property along with his brother, the defendant no. 4, and his mother, the plaintiff's mother – in – law. It was further alleged that the defendant no.4 had executed and registered a sale deed dated 3rd July, 2008, in respect of a portion of the suit property and sold the same to the defendant no.3. The defendant no.3, in turn, had financed the same via the appellant – defendant no. 1 bank by mortgaging the suit property with it via a mortgage deed. Thus, the said suit was filed seeking three reliefs, viz. to declare the sale deed dated 3rd July, 2008 and the mortgage deed executed subsequently as illegal and for the possession of the suit property to be handed over.

The appellant – defendant no.1 bank had filed an application under Order VII Rule 1 of the Code of Civil Procedure, 1908, seeking the rejection of the plaint in the said suit due to the suit being barred by the provisions of section 34 of the SARFAESI Act, 2002, and due to the plaint being written upon insufficiently stamped paper. This application was allowed and the Ld. Trial Court rejected the plaint by holding that the suit was barred by section 34 of the SARFAESI Act, 2002 and that the respondent no. 1 – plaintiff had not paid the proper court fee. This was challenged before the Hon'ble Madhya Pradesh High Court (“**HC**”).

The HC, allowing the appeal filed by the respondent no. 1 – plaintiff, set aside the judgment of the Ld. Trial Court and restored the said suit. The HC held that the civil court's jurisdiction to decide the said suit was not ousted by section 34 of the SARFAESI Act, 2002, and that the proper court fees was paid. The decision of the HC was, thus, assailed before the SC.

The SC, in its considerations over the matter, found that there were two aspects of the matter that would require upholding the decision of the HC. The first was that the contention of the appellant – defendant no.1 bank in invoking section 34 of the SARFAESI Act, 2002, was in relation to the proceedings initiated by it before the Hon'ble Debt Recovery Tribunal for enforcing its security interest in the suit property under section 13 of the SARFAESI Act, 2002. It was in this respect that the possession of the suit property was also with the bank. The SC observed that insofar as the first two reliefs for declaration were concerned, the same could not be adjudicated by the DRT. The only relief that could be purportedly held to be within the purview of the powers of the DRT would be that relating to the possession of the suit property.

However, even in this regard, the SC observed that the unamended section 17 of the SARFAESI Act, 2002, which was in force when the said suit was filed would not give any rights to the respondent no. 1 – plaintiff to proceed against the actions taken by the appellant – defendant no. 1 bank for seeking recovery of possession. Thus, even this relief could not be held to be within the purview of the DRT.

Irrespective of the above, the SC held that even in a case where the third relief was such that it could be granted by the DRT, no plaint can be rejected in part. Therefore, when there were multiple reliefs being sought a plaint ought not to be rejected by the civil courts. The second aspect of the matter considered by the SC was that the legal position^[2] was such that when there was specific exclusion of the civil courts by statute, such exclusion was to be interpreted in the narrowest possible sense so as to interpret such provisions to retain the jurisdiction of the civil courts. Accordingly, the appeal was dismissed and the suit was ordered to be proceeded with.

In the author's opinion, this is an informative guide for plaintiffs that are faced with applications for rejection of their plaint on account of purported or apparent statutory bars placed on the jurisdiction of civil courts over matters falling under the purview of special tribunals set up to decide such subject matters. The civil courts would also gain valuable confidence in proceeding with suits irrespective of a statutory bar placed, whilst considering the interpretation rendered by the SC towards statutory bars in the present matter.

[1] *Central Bank of India and Anr. v. Smt. Prabha Jain and Ors.*, 2025 SCC OnLine SC 121, judgment decided on 9th January, 2025. The coram comprised of J.B. Pardiwala and R. Mahadevan, JJ. The judgment was authored by J.B. Pardiwala, J.

