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SARFAESI

Statutory Stop-Watch Re-Set: Section 17(5) SARFAESI Act Comes Alive

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A silent file in the Debts Recovery Tribunal, Dehradun, has become the trigger for a sharp reminder from the Supreme Court that debt-recovery statutes are meant to be swift, not sluggish. In Indian Overseas Bank v. M/s Radhey Infra Solutions (Pvt.) Ltd. & Ors., Civil Appeal arising out of SLP (C) No. 21255/2025, decided on 7 October 2025, a Bench of Justices Sanjay Kumar and Alok Aradhe converted the bank's prayer for speed into a binding directive that now stares at every tribunal which treats mandatory timelines as ornamental.

The Players and the Paper Trail

The aggrieved appellant is Indian Overseas Bank, a public-sector lender that had taken symbolic possession of certain secured assets of the borrower-company, M/s Radhey Infra Solutions (Pvt.) Ltd. The borrower retaliated by filing Securitisation Application No. 264 of 2024 under Section 17(1) of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (SARFAESI Act) before the DRT, Dehradun, praying for quashing of the bank's action. The statutory clock under Section 17(5) started ticking the moment the application was instituted, giving the tribunal sixty days, extendable to a maximum of four months, for disposal after recording written reasons for every extension. Months rolled by, but the file remained untouched, forcing the bank to rush to the Uttarakhand High Court in Writ Petition (MS) No. 2121 of 2025 seeking a writ of mandamus. On 17 July 2025 the High Court, while noticing the provision, declined to issue a positive command and merely granted liberty to the bank to bring the mandate to the tribunal's notice. Feeling aggrieved, the bank travelled to the Supreme Court by way of Special Leave Petition (C) No. 21255 of 2025.

Before the Supreme Court the bank's counsel argued that the DRT's inaction was not a mere procedural slip but a direct breach of a statutory command that Parliament had deliberately kept stringent. No extension order with recorded reasons had been placed on the file, and the High Court's hands-off approach, the bank submitted, had effectively left the borrower's application in limbo while the secured assets remained unreleased for monetisation. None of the respondents entered appearance or filed a counter.

The Statutory Spine

Section 17(5) of the SARFAESI Act is a non-negotiable timer: every application made by a borrower under sub-section (1) has to be "dealt with by the Debts Recovery Tribunal as expeditiously as possible and disposed of within sixty days." A solitary proviso softens the rigour only to the extent of a single four-month outer limit, that too only if the tribunal records cogent reasons in writing for each spell of extension. The Supreme Court reminded the DRT that this architecture is not a pious hope but a deliberate parliamentary choice to ensure that lenders recover dues quickly while borrowers obtain an equally speedy adjudication of their grievance. The Bench drew strength from its own earlier pronouncements in Indian Bank v. L. Kesavan, Mardia Chemicals v. Union of India and Canara Bank v. M. S. D. Prasad, all of which emphasise that tribunals must move with a sense of urgency and that failure to record reasons for extension vitiates the continuation of proceedings.

The High Court's reluctance to issue mandamus was criticised as an abdication of supervisory jurisdiction under Article 226. While acknowledging that the High Court had correctly identified the statutory provision, the Supreme Court held that merely granting liberty without ensuring compliance reduced the mandatory timeline to a dead letter. In the peculiar facts of the case the Bench dispensed with fresh notice to the respondents, observing that the issue was purely one of statutory compliance and that the bank had already lost precious months shuttling between fora.

The Mandate That Ends the Wait

The appeal was therefore disposed of with a crisp direction: the DRT, Dehradun, must "take note of the statutory mandate under Section 17(5) of the SARFAESI Act and act accordingly without further delay." Any pending interlocutory application was also declared disposed of, signalling that no procedural excuse would now be available to postpone the decision. No costs were imposed, but the tribunal was left in no doubt that the four-month outer limit, already breached, had to be respected with immediate effect.

The 7 October 2025 order is more than a private victory for Indian Overseas Bank; it is a clarion call to every debt-recovery tribunal that treats statutory calendars as decorative. By converting a routine foreclosure dispute into a lesson on institutional discipline, the Supreme Court has reaffirmed that in commercial adjudication time is not merely of the essence, it is the very life-blood of the remedy.

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