IN THE HIGH COURT OF JHARKHAND AT RANCHI

L.P.A. No. 376 of 2026

Chief Manager & Authorised Officer, Bank of Baroda, ROSARB, Ranchi, being Mr. Sanjeev Kumar Verma, S/o Late Saroj Verma, both having their office at Bank of Baroda, ROSARB Branch, Doranda, Ranchi ... … Appellant

Versus

Shipra Shikha, D/o Shailendra Kumar, R/o 95 KF-4, Flat, BH Area Kadma, Near BDMS School, PO & PS-Jamshedpur, East Singhbhum ... … Respondent

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CORAM: HON'BLE THE CHIEF JUSTICE
HON'BLE MR. JUSTICE RAJESH SHANKAR

For the Appellant : Mr. P.A.S. Pati, Advocate
For the Respondents :

Reserved on: 27.07.2026 **Pronounced on: 05.08.2026**

Per: Rajesh Shankar, J.

1. The present Letters Patent Appeal has been filed against the judgment/order dated 17.06.2026 passed in W.P.(C) No. 3247 of 2026, whereby the learned Single Judge has allowed the said writ petition filed by the writ petitioner/respondent directing the respondent/appellant to pay interest @ 6% per annum on the amount of Rs.30,90,000/- deposited by the writ petitioner, which remained with the appellant-Bank for more than one and half year.

2. The factual background of the case as stated in the writ petition is that an e-auction was held by Bank of Baroda on 14.09.2022 with respect to an immovable property being Flat No. E/2/10 on 5th Floor, Block No. E/2 of a building complex known as "Dalma Enclave" having super built-up area of 1462 sq.ft. together with undivided proportionate share of land measuring an area of 406 sq.ft. situated at Chandrawati Nagar, P.S.-MGM Mango, Thana No. 1643 standing over Khata No. 569, Plot No. 1495 (hereinafter referred to as "the said property") belonging to one Mr. Rajesh Prasad (hereinafter referred to as "the borrower"). The writ petitioner (the respondent herein) participated in the said e-auction. She offered Rs.30,90,000/- and the same was declared as the highest bid. Thereafter, the writ petitioner paid the entire bid amount of Rs.30,90,000/- to appellant-Bank between 15.09.2022 and 26.09.2022.

3. On depositing the entire bid amount, the writ petitioner requested the Bank through various e-mails sent between 26.09.2022 and 17.05.2023 for issuance of sale certificate in her favour, however, the same was not issued to her. She then demanded refund of Rs.30,90,000/- with interest through various e-mails sent to the bank between 20.06.2023 and 26.10.2023.

4. In response to the writ petitioner's e-mail dated 26.10.2023, the appellant-Bank informed her that it was trying to get physical possession of the said property by filing an application under Section 14 of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 (hereinafter referred to as "the SARFAESI Act, 2002") before the District Magistrate, East Singhbhum and expressed hope that the same would be handed over to it by the first week of November 2023. An antedated sale certificate dated 15.03.2023 signed by the authorized signatory, was also sent to the writ petitioner on 27.10.2023 attached with the said e-mail.

5. The writ petitioner registered her objection regarding the sale certificate dated 15.03.2023 which was actually sent to her on 27.10.2023 i.e., after 13 months from the e-auction dated 14.09.2022. She also reported the said non-cooperation of the local bank authorities to the senior officers of the Bank of Baroda through various e-mails.

6. Since the auctioned property was not being handed over to the writ petitioner and she was also in need of money due to health issues, she requested the appellant-Bank through e-mails sent between 20.06.2023 and 26.10.2023 to refund the bid amount.

7. The writ petitioner received an e-mail dated 22.11.2023, whereby she was informed that e-auction sale executed in her favour was cancelled. Accordingly, she was requested to collect demand draft of Rs.30,90,000/- from the Regional Office of Stressed Assets Recovery Branch, Ranchi with an undertaking that in future, she would not make any claim with respect to the cancelled auction of the said property. Subsequently, the bid amount of Rs.30,90,000/- was refunded to her on 06.04.2024.

8. After few months, the writ petitioner sent a legal notice dated 31.01.2025 to the appellant-Bank, claiming compound interest at the rate of 15% per annum on the amount of

Rs.30,90,000/- deposited by her with effect from 26.09.2022.

9. The appellant-Bank while replying to the writ petitioner's legal notice through its advocate on 09.06.2025, denied her claim stating that she herself had demanded refund of the bid amount and was, therefore, not entitled to get any interest over the same.

10. Thereafter, the writ petitioner filed a writ petition being W.P.(C) No. 3247 of 2026 before this Court. The learned Single Judge allowed the said writ petition vide impugned order dated 17.06.2026 directing the appellant-Bank to pay interest at the rate of 6% per annum on the amount deposited by the writ petitioner which remained with the appellant-Bank for more than one and half year.

11. The learned counsel for the appellant-Bank submits that there was no condition relating to payment of interest in the e-auction and the property was sold to the writ petitioner on "as is where is" basis which was duly accepted by her at the time of participation.

12. It is further submitted that since after cancellation of the e-auction, the writ petitioner herself requested for refund of the deposited bid amount of Rs.30,90,000/- vide letter dated 01.04.2024 and also made an undertaking that she would not raise any claim in future with respect to the said property, she cannot now claim interest on the said amount.

13. It is also submitted that on 14.03.2018, the appellant-Bank had initiated proceedings under Section 14 of the Act, 2002 to get the physical possession of the said property in the process of recovering the bank dues of the borrower and, therefore, it cannot be held responsible for the delay occurred handing over the possession of the property.

14. It is contended that in absence of any contractual stipulation or statutory provision for payment of interest, the learned Single Judge should not have awarded interest on the refunded bid amount.

15. It is also argued that the writ petitioner had repeatedly requested the appellant-Bank through various e-mails for refund of the bid amount deposited by her on the ground of medical exigency and the Bank had only acceded to the said request. As such, there is no question of payment of interest over the refunded bid amount.

16. Heard learned counsel for the petitioner and perused the materials available on record.

17. The thrust of argument of learned counsel for the appellant-Bank is that the writ petitioner had herself requested the Bank to refund of the bid amount of Rs.30,90,000/- deposited by her with an undertaking that she would not raise any claim relating to cancelled auction of the said property and as such, her claim for payment of interest should have been declined by the learned Single Judge.

18. It transpires from the record that the loan account of the borrower had become NPA due to default in payment of the loan amount and thereafter, the symbolic possession of the said property was taken by the Bank under Section 13(4) of the SARFAESI Act, 2002. Subsequently, the Bank filed a petition under Section 14 of the Act, 2002 before the District Magistrate, East Singhbhum, Jamshedpur seeking delivery of physical possession of the said property and during the pendency of the said proceeding, the property was put to auction on 14.09.2022.

19. The writ petitioner participated in the said auction and she was declared as highest bidder. Thereafter, the writ petitioner deposited the full and final bid amount of Rs.30,90,000/- between 15.09.2022 and 26.09.2022. However, despite repeated request, the physical possession of the said property was not delivered to her by the Bank. The writ petitioner, after waiting for a considerable period, demanded refund of the bid amount of Rs.30,90,000/- and the said amount was ultimately refunded to her on 06.04.2024 after taking an undertaking from her that she would not raise any claim relating to the cancelled auction of the said property.

20. The facts and circumstances of the present case clearly depict that in spite of payment of the entire auction sale amount of Rs.30,90,000/-, the physical possession of the property was not delivered to the writ petitioner for several months. The writ petitioner due to her ill health and medical exigency, was in urgent need of money. Thus, the said undertaking seems to have been taken from the writ petitioner under undue duress.

21. It is a well settled principle of law that an agreement entered under undue pressure, threats, or coercion lacks free consent and in view of Section 19 of the Indian Contract Act, 1872, such a contract is usually considered voidable at the option of the aggrieved party and the same can be cancelled or set aside by the Court of law. Thus, no reliance on the said undertaking of the petitioner can be placed by the appellant-Bank.

22. The learned counsel for the appellant-Bank cites a judgment rendered by the Hon'ble Supreme Court in the case of **Arce Polymers (P) Ltd. Vs. Alphine Pharmaceuticals (P) Ltd. & Ors.,** reported in **(2022) 2 SCC 221.** We have perused the said case wherein the borrower had challenged the auction sale held by the Bank on the premise of violation/non-compliance of Section 13(3-A) of the SARFAESI Act, 2002. Their Lordships, looking to the facts and circumstances of the said case, which reflected disingenuous conduct on the part of the borrowers to gain indulgence, unfulfilled assurances and promises as well as their unwillingness to pay, held that the borrowers had waived their right of challenging the violation of Section 13(3-A) of the SARFAESI Act, 2002. It was also observed that waiver applies when a party knows the material facts and is cognizant of the legal rights in that matter, and yet for some consideration, consciously abandons the existing legal right, advantage, benefit, claim or privilege. Waiver can be contractual or by express conduct in consideration of some compromise. However, a statutory right may also be waived by implied conduct, like, by intending to take a chance of a favourable decision.

23. The facts and circumstance of the aforesaid case was entirely different from the case in hand. In the present case, the writ petitioner was rather quite vigilant and after finalization of the e-auction on 14.09.2022, she deposited the entire auction amount of Rs.30,90,000/- between 15.09.2022 and 26.09.2002. Despite that, the physical possession of the said property was not handed over to her by the Bank.

24. The contention of the appellant-Bank is that it had taken recourse of the proceeding under Section 14 of the SARFAESI Act, 2002 as early as on 14.03.2018 to obtain assistance of the District Magistrate so as to take physical possession of the said property and was diligently pursuing the matter. As such, the delay in obtaining actual physical possession of the said property occasioned due to unreasonably long pendency of the said statutory proceeding. Therefore, the Bank cannot be said to be negligent or casual and the said delay cannot be attributed to it.

25. We do not find any substance in the aforesaid contention of the appellant-Bank. If the proceeding under Section 14 of the SARFAESI Act, 2002 was being unreasonably prolonged by the District Magistrate, East Singhbhum, Jamshedpur, the appellant-Bank had the remedy to invoke writ jurisdiction of this Court seeking appropriate direction for early disposal of the matter, however, it failed to take the said recourse. It was the responsibility of the appellant-Bank to ensure delivery of physical possession of the said property to the writ petitioner within a reasonable period and on failure, to return the auction amount deposited by the writ petitioner with suitable interest as the amount was kept by the Bank for several months.

26. Even otherwise, it transpires from the averments made in W.P.(C) No. 3247 of 2026 that in S.A No. 16 of 2021 filed before the Debts Recovery Tribunal, Ranchi, the Bank and the borrower were taking steps for settlement of the dispute and on their request, the matter was referred to the Lok Adalat for settlement. The said fact has not been controverted by the Bank. Thus, on the one hand, the Bank had proceeded to settle the dispute with the borrower, however, on the other hand, it was assuring the writ petitioner to provide the physical possession of the said property. The said fact also suggests that the action of the appellant-Bank was not bonafide.

27. In the case of **Union of India through Director of Income Tax Vs. Tata Chemicals Ltd.,** reported in **(2014) 6 SCC 335**, the Hon'ble Supreme Court has held that if the State or its instrumentality receives money without right and retains and uses the same, it is bound to make the party good, just as an individual would be under like circumstances. The obligation to refund money received and retained without right implies and carries with it the right to interest.

28. In the case of **Indian Council for Enviro-Legal Action Vs. Union of India,** reported in **(2011) 8 SCC 161**, the Hon'ble

Supreme Court has held that unjust enrichment is basic to the subject of restitution, and is indeed approached as a fundamental principle thereof. They are usually linked together and restitution is frequently based upon the theory of unjust enrichment. However, although unjust enrichment is often referred to or regarded as a ground for restitution, it is perhaps more accurate to regard it as a prerequisite, for usually there can be no restitution without unjust enrichment. It is defined as the unjust retention of a benefit to the loss of another or the retention of money or property of another against the fundamental principles of justice or equity and good conscience. A person is enriched if he has received a benefit, and he is unjustly enriched if retention of the benefit would be unjust. Unjust enrichment of a person occurs when he retains money or benefits which justifiably and equitably belongs to another. It has further been held that the terms "unjust enrichment" and "restitution" are like the two shades of green—one leaning towards yellow and the other towards blue. Once the doctrine of restitution is attracted, the interest is often a normal relief given in such situation.

29. Thus, unjust enrichment is a benefit obtained from another which is not legally justifiable, for which the beneficiary must make restitution or recompense and interest is often considered as a normal relief given in restitution. If money is retained by any person without lawful justification, then the same is bound to be refunded with interest.

30. In view of the aforesaid discussion, we do not find any infirmity in the impugned order dated 17.06.2026 passed in W.P.(C) No. 3247 of 2026.

31. The L.P.A being devoid of merit is accordingly dismissed.

32. Any other I.As, if pending, will not survive and are disposed of.

(M. S. Sonak, C.J.)

(Rajesh Shankar, J.)

August 05, 2026
Manish
A.F.R.