# Legal Case Summary

Case Title: Gagan Banga vs The State Of West Bengal & Others

Citation: 2024 INSC 722

Date of Judgment: 23 September 2024

Bench: Justice Sanjay Kumar, Justice Aravind Kumar

Author of Judgment: Justice Sanjay Kumar

## Parties Involved

Petitioners: Gagan Banga and Indiabulls Housing Finance Ltd.

Respondents: State of West Bengal and Others

## Background / Facts of the Case

The writ petition was filed under Article 32 of the Constitution seeking directions to prevent misuse of criminal law against financial institutions. Petitioners sought quashing of multiple FIRs across three states—West Bengal, Uttar Pradesh, and Delhi—registered allegedly at the behest of defaulting borrowers. Additional FIRs and an ECIR by the Enforcement Directorate were also brought to the court's notice.

## Legal Issues Raised

1. Whether the FIRs were a misuse of process to criminalize civil disputes.

2. Whether the court could issue guidelines to prevent such abuse by defaulting borrowers.

3. Whether proceedings and coercive actions should be stayed.

4. Whether final orders could be recalled or modified post-disposal of writ.

## Judgment / Decision

The Court held that while finality of judgments is essential, errors or abuse of process may warrant recall/modification. It acknowledged that the ED was not heard before adverse orders, violating natural justice. The Court also corrected procedural oversights and allowed High Courts to handle the FIRs/ECIR independently.

## Final Order

• Interim protection against coercive steps limited to petitioners and their officers.

• High Courts directed to decide quashing petitions within 6 months on merits.

• Supreme Court modified/clarified its earlier order dated 04.07.2023.

• All contentions kept open; coercive action stayed till petitions are filed.

## Case Timeline

• 27 Jan 2021: FIR No. 25/2021 - Delhi EOW

• 26 Oct 2022: FIR No. 646/2022 - Titagarh, WB

• 09 Apr 2023: FIR No. 427/2023 - Ghaziabad, UP

• 15 Apr 2023: FIR No. 197/2023 - Bita-2, Greater Noida, UP

• ED ECIR filed based on above FIRs

• 04 Jul 2023: Supreme Court passed order directing approach to HCs

• 23 Sep 2024: Judgment passed modifying earlier orders

## Relevant Legal Principles & Precedents

• Article 32 – Constitutional Remedies

• Power of recall vs. power of review

• Rule 6 of Order LV, Supreme Court Rules – Inherent powers

• Neeharika Infrastructure v. State of Maharashtra – Guidelines on quashing FIRs

• Delhi Administration v. Gurdip Singh Uban – Misuse of modification applications

## Key Takeaways

- Protection from coercive action should not bypass due process or natural justice.

- Courts must be cautious in disposing writs without hearing all affected parties.

- High Courts retain jurisdiction to decide FIR quashing independently.

- Applications disguising as clarifications to reopen final orders are discouraged.