CASE ANALYSIS

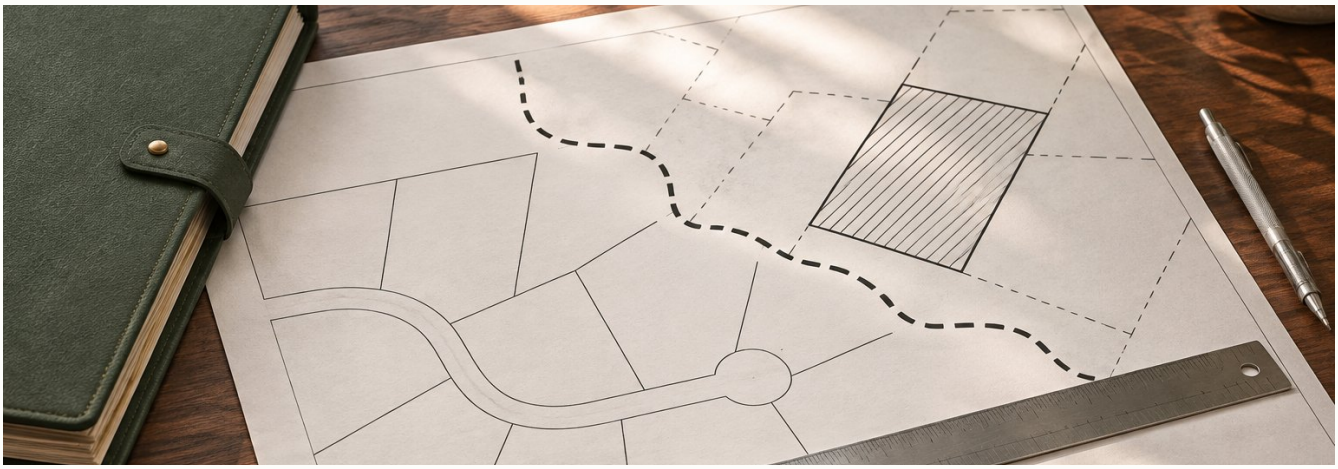
India’s Supreme Court Allows DRTs to Enforce Recovery Certificates Beyond Their Territory

Section 39(4) CPC does not govern DRT recovery. The issuing tribunal must decide whether to keep or transfer execution after notice and give reasons before any coercive step.

By Shahbaz Shah · 27 November 2026

State Bank of India v. S. Loganathan · 2026 INSC 1287

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A Debts Recovery Tribunal can enforce its recovery certificate against property outside its local limits, India’s Supreme Court has held. The tribunal itself must decide whether to keep the execution or send the certificate to the local tribunal. It must notify the certificate holder and debtors, give reasons and decide before taking any coercive step against the property. Judgment, paragraphs 50–51 and 55.

Why Section 39(4) CPC does not govern a DRT

State Bank of India had obtained a recovery certificate from DRT-III, Chennai for a debt secured on two properties in Tiruchirappalli, within the limits of DRT, Madurai. The Madras High Court held that Madurai alone could execute it and directed Chennai to send the certificate there. The bank appealed. Judgment, paragraphs 3–6 and 11–12.

Section 39(4) of the Code of Civil Procedure limits a civil court’s power to execute its own decree against a person or property beyond its jurisdiction. A DRT draws its execution powers from a different statute. Section 22 of the Recovery of Debts and Bankruptcy Act, 1993 gives tribunals procedural flexibility within the Act, subject to natural justice. They may draw on compatible CPC principles. Section 19(22A) treats a recovery certificate as a decree for specified winding-up and insolvency purposes. Judgment, paragraphs 22–26 and 39.

Under Section 19(23), a tribunal may send copies of a certificate to another tribunal. The Supreme Court read that power as a matter of judicial discretion, including where the properties are wholly outside the issuing tribunal's limits. The Court approved the approach of the Gujarat and Bombay High Courts, subject to the safeguards it laid down, and rejected the competing rule that required transfer in every such case. Judgment, paragraphs 33–41 and 55.

What the issuing tribunal must decide

The tribunal must identify the property, the owners and the steps required to enforce the certificate. Its decision should address local assistance, competing attachments, third-party interests, cost and delay. A vacant and undisputed plot may be handled with local help. A home with a contested share or a tenant in possession may call for local execution. The tribunal must also guard against collecting more than the certificate permits if several tribunals are involved. Judgment, paragraphs 43–51.

In this case, both properties were in the same district, Chennai had already attached them and its Recovery Officer had taken possession of one. The Court set aside the High Court judgment and restored the recovery proceedings, subject to the safeguards it had prescribed. It asked the officer to endeavour to complete the execution within six months of receiving the judgment. Judgment, paragraphs 52–57.

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Frequently asked questions

Can a DRT execute a recovery certificate outside its territory?

Yes. The issuing tribunal can retain execution or send the certificate to the appropriate tribunal after applying the Supreme Court's safeguards.

Who decides whether to send the certificate?

The issuing tribunal's Presiding Officer exercises the discretion under Section 19(23). The parties may apply for a decision, and the tribunal can also act on its own motion.

When must the tribunal decide?

Ordinarily at the issue of the certificate or as soon as possible thereafter. It must decide after notice and before coercive action against property outside its limits.

Does Section 39(4) CPC require a DRT to transfer execution?

A DRT applies Section 19(23) of the 1993 Act. The territorial restriction for ordinary civil decrees under Section 39(4) does not govern recovery under that Act.