

IBC DOSSIER

Bulletin on Landmark Judgments under IBC, 2016



Reserve Bank of India vs. Dewan Housing Finance Corporation Ltd.

Brief Facts

The RBI through notification issued authorisation for application to be moved against DHFL for default against many FCs. The Central government has included NBFCs like DHFL in the definition of Financial Service Provider in consultation with the RBI. With the powers given in the Rules the RBI superseded the board of the DHFL and appointed Administrator and an advisory committee subsequently via Press Note. Hence the present application in front of the NCLT.



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Decision

- a.** The Delhi High Court rejected the plaint and held that the High Court lacks jurisdiction in the present case. Further, the plaint has clearly arisen in relation to the insolvency resolution of Castex Ltd. and ARGL Ltd. being CDs, Hence, Section 60(5)(c) of the Code is applied which provides that, "Notwithstanding anything to the contrary contained in any other law for the time being in force, the NCLT shall have jurisdiction to entertain or dispose of any question of law or facts, arising out of or in relation to the insolvency resolution or liquidation proceedings of the CD or corporate person under the Code" **[Para 21 N]**.
- b.** Section 63 of the Code also clearly lays down that no civil court shall have jurisdiction to entertain any suit or proceedings in respect of any matter on which NCLT has jurisdiction under this Code. Hence the high court has no jurisdiction in the questions raised in these suits arising out of insolvency resolution. **[Para 21 G]**.
- c.** The court reiterated that the initiation of suit is also barred by Section 231 of the Code which provides that "No civil court shall have jurisdiction in respect of any matter in which the Adjudicating Authority is empowered, by or under, this Code to pass any order. **[Para 21 G, N]**.

Link of the Order

<https://ibbi.gov.in/uploads/order/4f24eab700353df359c931a283749127.pdf>



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