



\$~5 TO 80, 1 TO 4.

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

+ W.P.(C) 306/2019, W.P.(C) 8025/2022, W.P.(C) 8184/2022, W.P.(C) 8964/2022, W.P.(C) 10256/2022, W.P.(C) 16053/2022, W.P.(C) 16626/2022, W.P.(C) 12460/2019, W.P.(C) 12475/2019, W.P.(C) 12841/2019, W.P.(C) 5729/2020, W.P.(C) 10968/2019, W.P.(C) 12858/2019, W.P.(C) 656/2020, W.P.(C) 788/2020, W.P.(C) 2424/2020, W.P.(C) 2485/2020, W.P.(C) 3183/2020, W.P.(C) 3924/2020, W.P.(C) 3991/2020, W.P.(C) 3997/2020, W.P.(C) 4249/2020, W.P.(C) 4317/2020, W.P.(C) 4382/2020, W.P.(C) 4938/2020, W.P.(C) 4940/2020, W.P.(C) 4941/2020, W.P.(C) 5087/2020, W.P.(C) 5178/2020, W.P.(C) 5185/2020, W.P.(C) 5280/2020, W.P.(C) 5281/2020, W.P.(C) 5555/2020, W.P.(C) 5749/2020, W.P.(C) 5849/2020, W.P.(C) 6304/2020, W.P.(C) 6763/2020, W.P.(C) 7233/2020, W.P.(C) 7454/2020, W.P.(C) 7742/2020, W.P.(C) 8628/2020, W.P.(C) 8890/2020, W.P.(C) 8906/2020, W.P.(C) 8907/2020, W.P.(C) 8935/2020, W.P.(C) 10064/2020, W.P.(C) 10138/2020, W.P.(C) 10522/2020, W.P.(C) 10550/2020, W.P.(C) 10796/2020, W.P.(C) 11179/2020, W.P.(C) 11216/2020, W.P.(C) 275/2021, W.P.(C) 300/2021, W.P.(C) 338/2021, W.P.(C) 372/2021, W.P.(C) 752/2021, W.P.(C) 754/2021, W.P.(C) 925/2021, W.P.(C) 1830/2021, W.P.(C) 2237/2021, W.P.(C) 3367/2021, W.P.(C) 3457/2021, W.P.(C) 3545/2021, W.P.(C) 3760/2021, W.P.(C) 4193/2021, W.P.(C) 4458/2021, W.P.(C) 5068/2021, W.P.(C) 6118/2021, W.P.(C) 6485/2021, W.P.(C) 7160/2021, W.P.(C) 7209/2021, W.P.(C) 10330/2021, W.P.(C) 10354/2021, W.P.(C) 11799/2021, W.P.(C) 11886/2021, CONT.CAS(C) 953/2016, W.P.(C) 590/2016, CONT.CAS(C) 269/2017, W.P.(C) 5317/2021.

APPEARANCES:

For petitioners

Ms. Ankita Bajpai, Mr. Sumesh Dhawan and Ms. Vatsala Kak, Advocates.

Mr. Anand Kumar Shrivastava, Ms. Shruti Kanodia and Ms. Ishita Jain, Advocates in item No. 76.

Mr. Karan Nagrath, Ms. Nupur Kumar, Mr. Ambuj Tiwari, Ms. Muskan Nagpal, Advocates (Enrolment No. D/3707/2009, Mobile No. 9810552424).

Mr. Mahesh Agarwal, Mr. Rishi Agrawala, Mr. Pranjit Bhattacharya and



Ms. Niyati Kohli, Advocates in item Nos. 6, 33, 34, 41, 45, 52, 55, 57, 61, 62 and 69 (Enrolment No. MAH/80/2016, Mobile No. 7045589826).
Mr. Susmit Pushkar, Mr. Gaurav Sharma, Ms. Bhavna Mishra, Advocates in item No. 71.
Ms. Geeta Luthra, Senior Advocate with Ms. Reena Jain Malhotra, Ms. Asmita Narula and Mr. Manas Agrawal, Advocates in item No. 17.
Mr. Sameer Rohtagi, Mr. Manohar Malik, Mr. Karikey Singh, Mr. Prateek Chauhan, Advocates in item Nos. 1, 2, 3, 4, 5 and 16.
Mr. Apoorv Agarwal, Ms. Riya Thomas, Advocates in item Nos. 43, 58.
Mr. Avishkar Singhvi, Ms. Nattasha Garg, Mr. Vivek Kumar, Advocates in item Nos. 7 and 8.
Mr. Rajiv Singh, Mr. Rishi Raj Sharma, Mr. Mehul Yadav, Advocates in item No. 41.
Mr. Manohar Malik, Mr. Prateek Chauhan, Advocates in item Nos. 3 and 4.
Ms. Neeha Nagpal, Mr. Malak M. Bhatt, Mr. Vishvendra Tomar, Advocates in item Nos. 12, 13, 14, 15, 19, 20, 24, 25, 45 and 68.
Ms. Shruti Kanodia, Mr. Anand Shrivastava, Ms. Ishita Jain, Ms. Rishika Garg, Advocates in item No. 76.
Mr. Dhananjay Kumar Singh, Mr. Gaurav Kumar, Mr. Nalin Hingorani, Advocates in item No. 66.
Ms. Kinnori Ghosh, Advocate in item No. 37.
Mr. Aditya Dewan, Advocate in item Nos. 12 and 21.
Mr. Manik Dogra, Ms. Priyadarshini Dewan, Ms. Shankari Mishra, Ms. Mr. Karan Batura, Mr. Jayant Chawla, Advocates in item No. 10.
Mr. Dhananjay Kumar Singh, Mr. Gaurav Kumar, Advocates in item No. 66.
Mr. Vijay K. Singh, Mr. Himanshu Dubey, Advocates in item No. 59.
Mr. Kapil Mittal, petitioner in person in item No. 27 and 38.
Mr. Susmit Pushkar, Mr. Gaurav Sharma, Ms. Bhavna Mishra, Advocates in item No. 71.
Ms. Jayashree Shukla Dasgupta, Mr. Abhijeet Nandi, Advocates for petitioners in item Nos. 40, 64 and 80.
Mr. Karan Batura, Advocate for petitioner in item No. 10.
Mr. Suraj Prakash, Mr. Mrinal Litoria, Ms. Priyanka Solanki, Advocates for petitioner in item No. 75.
Mr. Vijay K. Singh, Mr. Himanshu Dubey, Advocates in item No. 59.
Ms. Neeha Nagpal, Mr. Malak Bhatt, Advocates in item Nos. 12, 13, 14,



24 and 25, 15, 19, 45, 68, 20.

Mr. Pratiti Rungta, Mr. Sumit Pargal, Advocates in item Nos. 9, 46, 78 and 79.

Mr. Karan Nagrath, Ms. Nupur Kumar, Mr. Ambuj Tiwari, Ms. Muskan Nagpal, Advocates in item No. 28.

Ms. Asiya Khan, Mr. Shubhankar, Advocates in item Nos. 42, 49.

Ms. Geeta Luthra, Sr. Adv. with Ms. Reena Jain Malhotra, Ms. Asmita Narula, Mr. Manas Agarwal, Advocates in item No. 17.

Mr. Vishar Kapoor, Advocate for petitioners in item Nos. 63, 65.

Mr. Manik Dogra, Ms. Niharika Tanwar, Mr. Dhruv Pande, Advocates in item Nos. 23, 50 and 51.

Ms. Purti Gupta and Ms. Heena George, Advocates in item No. 22.

Ms. Niyati Kohli, Advocates in item Nos. 35, 36. (Enrolment No. MAH/80/2016, Mobile No. 7045589826).

Ms. Jayashree Shukla Dasgupta, Mr. Abhijeet Nandi, Advocates for petitioners in item Nos. 39.

Ms. Shannu Baghel, Advocate in item No. 11.

Mr. Vishar Kapoor, Advocate for petitioners in item No. 67.

For Respondents

Ms. Nisha Sharma, Ms. Manisha Singh, Ms. Tanya Chowdhary, Ms. Jagriti Bharti, Advocates for RBI in item Nos. 4 to 80 and 1 to 4.

Mr. Rajiv Kapur, Mr. Akshit Kapur, Mr. Tushar Bagga, Advocates for SBI in item Nos. 5, 16, 20, 21, 47, 48, 54, 55, 58, 63 and 65.

Mr. Nikhil Goel, SPP with Mr. Kartik Kaushal, Advocate for CBI in item Nos. 5, 16.

Mr. Santosh Kumar Rout and Mr. Abhishek Chakraborty, Advocates for Central Bank of India in item No. 51, for PNB in item Nos. 71, 73, for Bank of Maharashtra in item No. 72, for Axis Bank in item Nos. 20, 21, for respondent Nos. 3, 5, 6, 7, 8 and 9 in item No. 19.

Mr. Sanjay Bajaj, Mr. Ankur Malik, Advocates for R-2 in item No. 9, for PNB in item Nos. 53, 65.

Mr. Bhagwan Swarup Shukla, CGSC with Mr. Sarvan Kumar and Ms. Sunita Shukla, Advocates for UOI in item No. 43.

Mr. Arjun Krishnan and Mr. Ashwini Chawla, Advocates for R-2 in item No. 76.

Mr. Ashwini Chawla, Advocate for Yes Bank in item Nos. 65, 20 and 21.



Mr. Siddharth Barua, Mr. Praful Jindal, Mr. Akash Mohan Srivastav, Advocates for IDBI in item Nos. 5, 15, 18, 20, 49, 54, 69 and 70.
Mr. Lakshya Purohit, Advocate for R-18 in item No. 54.
Mr. Yashu Rustagi, Advocate for R-3 in item No. 27, for R-2 in item No. 32, for R-1 in item No. 47.
Mr. Rohil Pandit, Advocate for R-9 in item No. 27.
Mr. Anand Shankar Jha, Mr. Mohammad Ali, Advocate for ICICI Bank in item No.7.
Ms. Seema Gupta, Advocate for Punjab and Sind Bank in item Nos. 15, 26, 64, 75.
Mr. Nishant Awana, Advocate for Bank of Maharashtra (Mobile No. 7838760760).
Ms. Ekta Choudhary, Ms. Anisha and Mr. Divyank Dutt Dwivedi, Advocate for Central Bank in item No. 18.
Mr. H.S. Parihar, Mr. Kuldeep Singh Parihar, Ms. Ikshita Parihar, Advocates for RBI in item No.1 (Mobile No. 9810510162).
Ms. Nishi Chaudhary, Mr. Yasharth Gupta and Mr. Mayuresh Rishabh, Advocates for Punjab and National Bank in item Nos. 26, 37 and 75.
Mr. Amrendra Kumar Singh, Advocate for SBI in item Nos. 17, 27.
Ms. Reema Khorana, Mr. Vikash Kumar, Advocates for Central Bank of India in item No. 54.
Mr. GPS Verma and Mr. S.B. Singh, Advocates for R-1, 6, 10 and 11 in item No.1 and for R-3 in item No.2.
Mr. Vikram Jetly, CGSC with Ms. Shreya Jetly, Advocate for R-1 (Mobile No. 9811157321) in item no 76.
Mr. Dhruv Dewan, Ms. Smarika Singh and Ms. Yashna Mehta, Advocates in item No.6.
Mr. Sushil Kumar Pandey, Senior Panel Counsel with Mr. Kuldeep Singh, Advocates for Union of India in item No. 20.
Mr. O.P. Gaggar, Mr. Sachindra Karn, Advocates for Union of India in item Nos. 56, 61, 43, 27, 38, 40, 53, 54, 62.
Mr. Anil Soni, CGSC with Mr. Prateek Rama, Mr. Devrat Yadav, Advocates for UOI in item Nos. 19 and 20.
Mr. Sanjay Kumar Pathak, Ms. K.K. Kiran Pathak, Mr. Sunil Kumar Jha, Mr. M.S. Akhtar, Ms. Rini Violet Tigga, Ms. Nidhi Thakur, Mr. Piyush Pathak, Advocates for R-22 in item No. 54.
Mr. Rajesh Kumar Gautam, Mr. Anant Gautam, Mr. Sumit Sharma, Mr. Anant Achumi, Ms. Madhumita Bagchi and Mr. Dinesh Sharma,



Advocates for R-2 in item Nos. 26, 49, for R-1 in item Nos. 42, 34, 33, 31, 29, 30.

Mr. Naginder Benipal, Senior Panel Counsel for UOI in item No. 68.

Mr. Hrishikesh Barua, Mr. Saumitra Shrivastava, Advocates in item No. 77.

Mr. Sarfaraz Khan, Advocate for UCO Bank in item Nos. 26 and 69.

Mr. Ravi Prakash CGSC with Mr. Farman Ali, Mr. Varun Aggarwal, Mr. Aman Rewaria, Mr. Yasharth Shukla, Advocates for UOI in item Nos. 12, 13, 45.

Ms. Prashasthi Bhat, Advocate in item No.3 (Enrolment No. D/4518/2020, Mobile No. 8610325269).

Ms. Savita Prabhakar, Advocate for R-5 in item No.2 (Enrolment No. D/662/1991).

Mr. Ankur Mittal, Mr. Ankur Saboo, Mr. Rashal Kumar, Advocates for SBI in item No. 18.

Ms. Jatinder Kaur, SPC for UOI in item No. 59.

Mr. H.S. Parihar, Mr. Kuldeep S. Parihar, Ms. Ikshita Parihar and Mr. Satish Singh, Advocates for RBI in item No. 2.

Mr. Rajinder Wali, Advocate for R-2 in item No. 78.

Mr. Aayush Agarwala, Mr. Auritro Mukherjee, Ms. Bhumika Sharma, Advocates for Axis Bank in item No. 54.

Mr. Aditya Kumar, Advocate for Bank of India in item No. 7.

Mr. Vipin Rai, Mr. Ujjwal Goel, Advocates for BOI in item Nos. 27, for BOB in item No.2, for R-2 in item No.1

Ms. Seema Gupta, Advocate for Punjab and Sind Bank in item Nos.1, 2.

Mr. Sarfaraz Khan, Advocate for UCO Bank in item Nos. 26 and 69.

Mr. Manish Mohan, CGSC for UOI in item No. 16.

Mr. Kuber Dewan, Ms. Neeharika Aggarwal, Mr. Kautubh Srivastava, Advocates for R-2.

Mr. Surendra Kumar, Advocate for IOB in item Nos. 12, 13, 14 and 54.

Mr. Lakshya Purohit, Advocate for J & K Bank in item No. 15.

Mr. Sanjay Kapur, Ms. Megha and Mr. Arjun Bhatia, Advocates for SBI in item Nos. 20, 21.

Mr. Mukul Singh, CGSC with Ms. Ira Singh, Advocate for UOI in item No. 14.

Mr. V.K. Gupta, Mr. Sunil Shukla, Advocates for Bank of Maharashtra in item Nos. 4, 39, 47, 48, 50, 51, 57, 58 and 23.

Ms. Barkha Sharma, Advocate for ICICI Bank Limited in item Nos. 80,



7, 17, 20, 42, 15 and 58.

Mr. Hashmat Nabi, Ms. Divya Kaur, Advocates for R-2 in item No. 66, for R-6 in item no. 21, for R-3 in item No. 63.

Mr. Tavish Bhushan Prasad, Advocate for R-2 in item No. 8

Mr. Sarfaraz Khan, Advocate for UCO Bank in item Nos. 26 and 29.

Mr. Aamir Shaikh, Mr. Arun Kumar Shukla, Advocate for R-1 in item No. 70.

Mr. O.P. Gaggar, Mr. Sachindra Karn, Advocates for Union Bank of India, in item Nos. 56, and for R-2 in item Nos. 27, 38, 40, 53, 54, 62 and R-3 in item Nos. 61 and 43.

Mr. V.K. Gupta, Advocate for R-2 in item No. 4.

Mr. P.B.A. Srinivasan, Ms. Prerana Sabharwal, Ms. Pooja Kumar, Advocates for UBI and SBI in item Nos. 24, 25 and 45.

Mr. Lalit Kumar Maheshwari, Mr. Ashsih Mahajan, Advocates for R-3 in item No. 10.

Mr. Khalid Abdullah, Advocate for R-2 in item No. 78.

Mr. Shubham Shivansh, Advocate for IDBI bank in item No. 54.

Mr. Bheem Sain Jain, Ms. Shweta Saini, Advocates in item Nos. 10, 54 (SBI).

Mr. Tushar Singh, Mr. Akhilesh Yadav, Mr. Nikhil Sabri, Ms. Akshara Arshi, Advocates for R-3 in item No. 53.

Mr. Aamir Shaikh, Mr. Arun Kumar Shukla, Mr. Naman Shukla, Mr. Manas Shukla, Advocates for IDBI Bank in item No. 70.

Mr. Saju Jakob, Mr. Aarush Gangal, Advocates in item No. 18 for RBI.

Mr. Sanjay Bajaj, Mr. Ankur Malik, Mr. Shivam Takkar, Advocates for IDBI Bank in item No. 9 (R-2) and for R-1 in item Nos. 53 and 65.

Ms. Nishi Chaudhary, Mr. Yashartha Gupta, Mr. Mrinal Kishore Jha, Mr. Mayuresh Rishabh, Advocates for PNB in item Nos. 26, 37 and 75.

Mr. Rajive R. Raj, Advocate for R-4 in item No. 19.

Mr. Amrendra Kumar Singh, Ms. Vidhi Nigam Singh, Advocates for SBI in item Nos. 17, 27.

Mr. Abhirup Dasgupta, Mr. Ishaan Duggal, Ms. Mukta Halbe, Advocates for ICICI Bank and Axis Bank in item Nos. 54, 58, 61 and 62.

Mr. Rajesh Sharma, Advocate for R-2 in item No. 2.

Mr. Sarfaraz Khan, Advocate for UCO Bank in item No. 69.

Mr. Kush Sharma, Mr. Shubhankar, Advocates for R-2 in BoB in item No. 58, 18.

Mr. Amit Kumar Singh, Ms. K. Enatoli Seema, Ms. Chubalemala Chang,



Mr. Prang Newmai, Advocates for R-4 in item No. 28.
Mr. Dhruv Dewan, Ms. Smarika Singh, Ms. Yashna Mehta, Mr. Arjun Rana, Advocates in W.P.(C) 8025/2022.
Ms. Smarika Singh, Ms. Yashna Mehta, Advocates in W.P.(C) 5729/2020.
Mr. Aman Raj Gandhi, Mr. Dharav Shah, Mr. Dhawal Desai, Advocates for R-1 in item No. 52.
Mr. Aakashdeep Singh Roda, Advocate for PNB in item No. 8.
Mr. Anupam S. Sharma, Advocate for CBI in item No. 63.
Mr. P. Roychaudhury, Advocate for R-2 in item No. 20.
Mr. Vishnu Jaysaval, Advocate for Mr. Samarendra Kumar, Advocate for R-4 in item No. 2, for R-9 in item No. 19, for R-4 in item No. 21, for R-3 in W.P.(C) 300/2021.
Mr. Vivek Jain, Ms. Aastha Tiwari, Advocates for R-6 in item No. 54, for R-10 in item No. 5.
Ms. Divya Rana, Advocate for R-4 in item No. 58, for R-2 in item No. 79, for R-6 in item No. 27, for R-14 in item No. 54.
Mr. V.K. Gupta, Mr. Sunil Shukla, Advocates for Bank of Maharashtra in item Nos. 39, 50, 51, 57, 58 and 23.
Mr. Siddharth Barua, Mr. Praful Jindal, Mr. Akash Mohan Srivastav, Advocates for IDBI in item Nos. 23.
Mr. Kunal Sharma, Mr. Ankit Chaudhary, Advocates in item No. 23.
Mr. Vipin Rai, Mr. Ujjwal Goel, Advocates for BOI in item No. 23.
Mr. Santosh Kumar Rout and Mr. Abhishek Chakraborty, Advocates for Central Bank of India in item No. 51.
Ms. Shiva Lakshmi, CGSC in item No. 22.
Mr. Rajeev Agarwal, Advocate for R-1 in item No. 22.
Ms. Avni Sharma, Advocate for Bank of Baroda in item No. 35 and 36.
Mr. GPS Verma and Mr. S.B. Singh, Advocates for R-1 in 11.
Mr. V. Seshagiri, Mr. Adhish Rajvanshi, Ms. Rasveen Kaur Kapoor, Advocates in item No.11.
Mr. Syed Abdul Haseeb, SPC for UoI in item No. 11.
Mr. S.K. Sharma, Advocate for R-2 in item No. 44.
Mr. Niraj Kumar, Advocate for R-1 in item No. 67.

CORAM:
HON'BLE MR. JUSTICE PRATEEK JALAN



ORDER

%

12.05.2023

W.P.(C) 306/2019, W.P.(C) 8025/2022, W.P.(C) 8184/2022, W.P.(C) 8964/2022, W.P.(C) 10256/2022, W.P.(C) 16053/2022, W.P.(C) 12460/2019, W.P.(C) 12475/2019, W.P.(C) 12841/2019, W.P.(C) 5729/2020, W.P.(C) 10968/2019, W.P.(C) 12858/2019, W.P.(C) 656/2020, W.P.(C) 788/2020, W.P.(C) 2424/2020, W.P.(C) 2485/2020, W.P.(C) 3991/2020, W.P.(C) 3997/2020, W.P.(C) 4249/2020, W.P.(C) 4317/2020, W.P.(C) 4382/2020, W.P.(C) 4938/2020, W.P.(C) 4940/2020, W.P.(C) 4941/2020, W.P.(C) 5087/2020, W.P.(C) 5178/2020, W.P.(C) 5185/2020, W.P.(C) 5555/2020, W.P.(C) 5749/2020, W.P.(C) 6304/2020, W.P.(C) 6763/2020, W.P.(C) 7233/2020, W.P.(C) 7454/2020, W.P.(C) 8628/2020, W.P.(C) 8890/2020, W.P.(C) 8906/2020, W.P.(C) 8907/2020, W.P.(C) 8935/2020, W.P.(C) 10522/2020, W.P.(C) 10550/2020, W.P.(C) 10796/2020, W.P.(C) 11179/2020, W.P.(C) 11216/2020, W.P.(C) 275/2021, W.P.(C) 300/2021, W.P.(C) 338/2021, W.P.(C) 372/2021, W.P.(C) 752/2021, W.P.(C) 754/2021, W.P.(C) 925/2021, W.P.(C) 1830/2021, W.P.(C) 2237/2021, W.P.(C) 3367/2021, W.P.(C) 3545/2021, W.P.(C) 3760/2021, W.P.(C) 4193/2021, W.P.(C) 4458/2021, W.P.(C) 5068/2021, W.P.(C) 6118/2021, W.P.(C) 6485/2021, W.P.(C) 7160/2021, W.P.(C) 7209/2021, W.P.(C) 10330/2021, W.P.(C) 10354/2021, W.P.(C) 11799/2021, W.P.(C) 11886/2021, W.P.(C) 590/2016, W.P.(C) 5317/2021.

1. These writ petitions were being heard together as they all involve a challenge to the Master Directions on Frauds dated 01.07.2016 [“the Master Directions”], issued by the Reserve Bank of India, and actions taken by various banks against the petitioners thereunder, classifying their accounts as “Red Flag Accounts” or “Fraud Accounts”.
2. While the petitions were heard in part before this Court, the Supreme Court has dealt with a similar challenge in a judgment dated 27.03.2023, passed in Civil Appeal No 7300/2022 [*State Bank of India & Others vs. Rajesh Aggarwal & Others*]. The Court has recorded the



following conclusions: -

“81. The conclusions are summarized below:

- i. No opportunity of being heard is required before an FIR is lodged and registered;*
- ii. Classification of an account as fraud not only results in reporting the crime to investigating agencies, but also has other penal and civil consequences against the borrowers;*
- iii. Debarring the borrowers from accessing institutional finance under Clause 8.12.1 of the Master Directions on Frauds results in serious civil consequences for the borrower;*
- iv. Such a debarment under Clause 8.12.1 of the Master Directions on Frauds is akin to blacklisting the borrowers for being untrustworthy and unworthy of credit by banks. This Court has consistently held that an opportunity of hearing ought to be provided before a person is blacklisted;*
- v. The application of audi alteram partem cannot be impliedly excluded under the Master Directions on Frauds. In view of the time frame contemplated under the Master Directions on Frauds as well as the nature of the procedure adopted, it is reasonably practicable for the lender banks to provide an opportunity of a hearing to the borrowers before classifying their account as fraud;*
- vi. The principles of natural justice demand that the borrowers must be served a notice, given an opportunity to explain the conclusions of the forensic audit report, and be allowed to represent by the banks/ JLF before their account is classified as fraud under the Master Directions on Frauds. In addition, the decision classifying the borrower's account as fraudulent must be made by a reasoned order; and*
- vii. Since the Master Directions on Frauds do not expressly provide an opportunity of hearing to the borrowers before classifying their account as fraud, audi alteram partem has to be read into the provisions of the directions to save them from the vice of arbitrariness.”*

3. Two orders of Division Benches of this Court, following the judgment of the Supreme Court in *Rajesh Agarwal* (supra), have been placed before me. By an order dated 06.04.2023 in W.P.(C) 1354/2023 [*Chandra Kant Khemka vs. Reserve Bank of India & Ors.*], the Division Bench set aside the declaration as a fraud account, and granted liberty to



the concerned bank to proceed in accordance with the law in the light of the judgment of the Supreme Court. To similar effect is the judgment of the Division Bench dated 25.04.2023, in W.P.(C) 9446/2019 [*J.K. Arora & Anr. Vs. Reserve Bank of India & Ors.*].

4. I am informed that State Bank of India filed an application for clarification of the aforesaid judgment before the Supreme Court (M.A. No. 810/2023), which has been disposed of by an order passed today, reiterating the aforesaid directions in paragraph 81 of the judgment, and noting the submissions of the learned Solicitor General that the Union of India may be advised to file a review petition in respect of its submissions that the judgment be granted only prospective effect.

5. In this batch of writ petitions, there is no suggestion that the judgment of the Supreme Court in *Rajesh Aggarwal* (supra) is inapplicable for any reason.

6. As a result, following the judgment of the Supreme Court, these petitions are disposed of by setting aside the actions taken against the petitioners under the Master Directions. It will be open to the concerned banks to proceed in accordance with law, in light of the judgment of the Supreme Court in *Rajesh Aggarwal* (supra). It is made clear that any First Information Report which has been lodged, and proceedings pursuant thereto, remain unaffected by this order. Needless to say, parties will be bound by any clarification of the judgment rendered by the Supreme Court.

7. In some of the writ petitions, the banks had raised an issue as to territorial jurisdiction of this Court to entertain the petitions. Similarly, learned counsel for some of the petitioners state that the grounds taken by



them in the petitions filed in this Court go beyond the grounds which have been considered by the Supreme Court in the judgment of *Rajesh Aggarwal* (supra). As these writ petitions are being disposed of on the basis of the judgment of the Supreme Court, and the actions taken against the petitioners under the Master Directions are being set aside, all other questions are left open to be agitated by the parties in appropriate proceedings, if the occasion arises.

8. The writ petitions, alongwith all the pending applications, are disposed of in these terms.

9. A copy of this order be kept in the file of each of the petitions.

CONT.CAS(C) 953/2016, CONT.CAS(C) 269/2017

In view of the aforesaid order, Mr. Sameer Rohatgi, learned counsel for the contempt petitioners, does not press these contempt petitions, which accordingly stand disposed of.

W.P.(C) 3183/2020 & CM APPL. 11064/2020

1. Although I am inclined to allow the writ petition in the light of the judgment of the Supreme Court in dated 27.03.2023, in Civil Appeal No. 7300/2022 [*State Bank of India vs. Rajesh Aggarwal*], Ms. Purti Gupta, learned counsel for the petitioner, submits that she wishes to address certain larger issues, and that she would like to await the decision of the Supreme Court in the review petition, if any, to be filed before the Supreme Court.

2. At Ms. Gupta's request, list for directions before the Roster Bench on 05.10.2023.

3. The writ petition is released from part heard.

4. Interim orders to continue until the next date of hearing.



W.P.(C) 16626/2022 & CM APPL. 52341/2022, W.P.(C) 5280/2020 & CM APPL. 19027/2020, W.P.(C) 5281/2020 & CM APPL. 19037/2020, W.P.(C) 7742/2020 & CM. APPLs. 25533/2020, 42466/2022

1. In these four cases, the concerned banks contend that they have, in fact, complied with the requirements of natural justice prior to action taken against the writ petitioners under the Master Directions on Frauds dated 01.07.2016, issued by the Reserve Bank of India [“the Master Directions”]. They, therefore, submit that the action taken by them is in compliance with the judgment of the Supreme Court in dated 27.03.2022 in Civil Appeal No. 7300/2022 [*State Bank of India vs. Rajesh Aggarwal*].

2. As this contention does not concern the validity of the Master Directions, the writ petitions are released from part-heard.

3. List these petitions before the Roster Bench for directions on 14.07.2023.

4. Interim orders to continue until the next date of hearing.

5. A copy of this order be kept in the file of each of the petitions.

W.P.(C) 3924/2020 & CM APPL. 14037/2020, W.P.(C) 10064/2020 & CM APPL. 32038/2020, W.P.(C) 10138/2020 & CM APPL. 32290/2020

1. Mr. Manik Dogra, learned counsel for the petitioners, states that the reliefs sought in these petitions are not concerned only with the classification of the petitioners’ accounts as fraud accounts, but the petitions are also directed against the forensic audit reports.

2. These writ petitions are released from part heard.



3. List before the Roster Bench for directions on 14.07.2023.
4. Interim orders to continue until the next date of hearing.
5. A copy of this order be kept in the file of each of the petitions.

W.P.(C) 3457/2021 & CM APPL. 10486/2021

1. Mr. Niraj Kumar, learned counsel for the respondent No. 1- IFCI Limited [“the Bank”], draws my attention to the counter affidavit filed by the Bank wherein it is stated that action has been taken against the petitioner under an earlier circular of the Reserve Bank of India dated 01.07.2014, entitled “*Frauds- Classification and Reporting*”. It is submitted that, as far as the Master Directions on Frauds dated 01.07.2016 [“the Master Directions”] are concerned, the Bank has not taken any action against the petitioner thereunder.
2. I find from a reference to the prayers in this petition that the prayers are all directed against the Master Directions, and actions taken thereunder.
3. In these circumstances, Mr. Vishal Kapoor, learned counsel for the petitioner, is directed to take instructions.
4. The writ petition is released from part-heard.
5. List before the Roster Bench for directions on 14.07.2023.
6. Interim orders to continue until the next date of hearing.

W.P.(C) 5849/2020 & CM. APPL. 21141/2020

7. It is stated by learned counsel for the parties that this writ petition concerns a declaration of the petitioner’s account under the Master Circular on Wilful Defaulters dated 01.07.2015, in addition to the challenge to classification as a fraud account.
8. As this issue is not covered by the judgment of the Supreme Court



dated 27.03.2022 in Civil Appeal No. 7300/2022 [*State Bank of India vs. Rajesh Aggarwal*], the writ petition is released from part-heard.

9. List before the Roster Bench for directions on 14.07.2023.
10. Interim orders to continue until the next date of hearing.

PRATEEK JALAN, J

MAY 12, 2023
“*Bhupi/pv/vp*”/