IN THE HIGH COURT OF JUDICATURE AT BOMBAY
NAGPUR BENCH, NAGPUR

P.I.L. No.23 of 2018

Dr. Anjan Kumar Chatterjee
Versus
The Union of India,
through the Secretary to Government,
Ministry of Finance, New Delhi, and others.

Office Notes, Memoranda of Coram, appearances, Court's orders or directions and Registrar's order	Court's or Judge's orders

Petitioner in person.
Shri S.V. Manohar, Senior Advocate, assisted by Shri S.N. Kumar, Advocate for Respondent No.2.
Shri M. Anilkumar, Advocate for Respondent Nos.3 and 4.

Coram : R.K. Deshpande & Vinay Joshi, JJ.
Dated : 28th August, 2019

This Public Interest Litigation claims the reliefs as under :

*"14. **Reliefs humbly prayed for:-***

***PRAYER** : It is hence humbly prayed before this Hon'ble Court to :-*

(i) Direct the Respondent No.1 to exercise superintendence over the Respondents 2, 3 and 4 with the powers vested upon him by the Constitution of India under Article 246, Seventh Schedule, List I- Union List, sl. Nos.38: Reserve Bank of India and sl.No.96: "Fees in respect of any of the matters in this list, but not including fees taken in any

Court."

(ii) Quash the Respondent no.1's circular para No.6 (Annexure I) entitled "Levy of Service Charges" sub para 6.1, "Fixing service charges by banks,"which is the annexure of the Master Circular No.RBI/2015-16/59 DBR No.Leg. BC. 21/09.07.006/2015-16 dated 01/07/2015. This sub para 6.1 is the root cause of all the grievances, as described in this petition. It needs to be evident that what is good for the SBI and its customers is good for India and vice-versa.

(iii) Direct Respondents Nos.1 and 2 to strictly abide by the provisions of Section 35A of the Banking Regulation Act, 1949, and issue fresh guidelines to the banks under its control.

(iv) Quash the new Service Charges wef 01.04.2017 vide the notification of the Respondent Nos.3 and 4 (Annexure II) and direct them to redraft the service charges adhering to the new norms, to be issued by Respondents 1 and 2, as humbly requested by the Prayers (i),(ii) and (iii) above."

After hearing the petitioner appearing in person, we passed an order on 30-1-2019 as under :

" Heard.

2. Inspite of service of notice, no one appears for respondent No.2 – Reserve Bank of India. Complaint in the present Public Interest Litigation is in respect of excessive service charges imposed by the State Bank of India, as *compared to such charges imposed by other Nationalized Banks. Our attention is invited to Master Circular dated 01.07.2015, containing Clause 6.1 regarding fixing of service charges by the Banks. The said clause is reproduced below :*

> *"**6.1. Fixing Service charges by banks.***
> *The practice of IBA fixing the benchmark service charges on behalf of members banks has been done away with and the decision to prescribe service charges has been left to individual banks. While fixing service charges for various types of services like charges for cheque collection etc., banks should ensure that the charges are reasonable and are not out of line with the average cost of providing these services. Banks should also take care to ensure that customers with low volume of activities are not penalized.*
>
> *Banks should make arrangements of working out charges with prior approval of their Board of Directors as recommended above and operationalize them in their branches as early as possible."*

3. Our attention is also invited to comparative statement showing service charges by other Nationalized Banks, to point out that the service charges levied by the State Bank of India are higher than those levied by all other Banks.

4. Though it is left to the discretion of the concerned Bank to decide the service charges to be levied, we find that the Reserve Bank of India cannot shirk its responsibility of supervising that such service charges levied by all Banks are reasonable and at any rate by and large below the maximum level. The maximum limit can be fixed by the Reserve Bank of India keeping in view such charges levied by the Banks under its control. We therefore, direct respondent no.2 Reserve Bank of India, to call for such services charges under different heads and to consider the question of imposing the maximum upper limit for recovery of such charges. The said exercise be carried out within a period of 12 weeks, and report of the same be submitted to this Court accordingly.

5. We also expect that the Reserve Bank of India to see that the Banks communicate levy of such service charges to all the customers opening accounts in various Banks.

6. List the matter for further consideration on 24.04.2019."

The question of reasonableness of the charges to be imposed for various services rendered by the different Banks under the control of Reserve Bank of India, needs to be determined by some authority, as it depends upon several factors, viz. nature of account, nature of service rendered, infrastructure facility, etc. The Reserve Bank of India has filed an affidavit dated 22-4-2019. Clauses (a) and (b) of Para 21(v) of the said affidavit being relevant, are reproduced below :

"21. The safeguards as mentioned below are also available to ensure that banks customer's interests are protected.

(v) Remedies available for redressal of grievances

a) Internal Ombudsman (IO) Scheme of banks

To ensure in-house redressal of the customer complaints regarding various services, Reserve Bank, had, in May 2015, advised all public-sector and select private and foreign banks to appoint Internal Ombudsman (IO) as an independent authority to review complaints that were partially or wholly rejected by the respective banks. The IO mechanism was set up with a view to strengthen the internal grievance redressal system of banks and to ensure that the complaints of the customers are redressed at the level of the bank itself by an authority placed at the highest level of bank's grievance redressal mechanism so as to minimize the need for the customers to approach other for a for redressal. Further, to *enhance the independence of the IO while simultaneously strengthening the monitoring system over functioning of the IO mechanism, revised directions under Section 35A of the BR Act in the form of 'Internal Ombudsman Scheme, 2018' were issued. The customers have the option of using the internal grievance redressal mechanism for redressal of their grievances/complaints in general and service charges in particular.*

b) Banking Ombudsman Scheme, 2006

As per the Banking Ombudsman Scheme, any aggrieved customer can file a complaint before the Banking Ombudsman if the reply is not received from the bank within a period of one month after the bank concerned has received one's complaint, or the bank rejects the complaint, or if the complainant is not satisfied with the reply given by the bank. The Banking Ombudsman is a senior official appointed by the Reserve Bank of India to redress customer complaints against deficiency in certain banking services covered under the grounds of complaint specified under Clause 8 of the Banking Ombudsman Scheme 2006. The Banking Ombudsman can receive and consider any complaint relating to the deficiency in banking services as specified in Banking Ombudsman Scheme, which includes any matter relating to the violation of the directives issued by the Reserve Bank in relation to banking or other services. Any person aggrieved by an Award issued under Clause 12 or the decision of the Banking Ombudsman rejecting the complaint for the reasons specified in sub-clause (d) to (g) of Clause 13 of the Banking Ombudsman Scheme 2006 can approach the Appellate Authority. The Appellate Authority is a Deputy Governor of the RBI."

Whosoever is aggrieved by imposition of such charges by the Bank can at the first instance approach the Ombudsman of that Bank itself, and if the grievance is not redressed, then to the Ombudsman under the Banking Ombudsman Scheme, 2006.

In view of the aforesaid provisions, we do not find that any further order is required to be passed in this petition. If the petitioner is aggrieved, he can approach the authorities, as are stated above.

The Public Interest Litigation stands dismissed.

(Vinay Joshi, J.) (R.K. Deshpande, J.)

Lanjewar, PS