

D/L. 29.
October 17, 2023.
MNS.

WPA No. 21123 of 2023

Sanjay Sureka
Vs.
State Bank of India and others

Ms. Noelle Banerjee,
Mr. Ritoban Sarkar,
Mr. Dipak Dey

... for the petitioner.

Mr. Soumya Roy,
Ms. Benazir Kazi

...for the respondent no. 1.

Ms. Arti Bhattacharyya,
Ms. Devanshi Prasad

...for the respondent no. 3.

1. Affidavit-of-service filed in Court today be kept on record.
2. The petitioner has challenged the classification of the petitioner and his account as “fraud” under the Master Circular of the Reserve Bank of India on Frauds-Classification and Reporting dated July 1, 2016 (updated as on July 3, 2017).
3. It is argued that, as is well settled, the principle of *audi alteram partem* has to be necessarily read into the Master Directions on Frauds and prior hearing has to be given to

the accused person before such classification which has not been done in the case of the petitioner.

4. Learned counsel appearing for the respondent authorities submits that in terms of the observations of the Supreme Court, the petitioner is only entitled to prior notice of hearing.
5. Upon hearing learned counsel for the parties, it is evident that the petitioner was not given a prior notice of hearing before the classification under the Circular dated July 1, 2016 (updated as on July 3, 2017).
6. Accordingly, WPA No. 21123 of 2023 is allowed, thereby setting aside the classification of the petitioner and his account as "Fraud" under the RBI Circular dated July 1, 2016 (updated as on July 3, 2017) and setting aside all consequential actions on the basis of such classification issued by the respondent authorities.
7. The respondent authorities shall revisit the exercise of such classification upon giving a prior notice of hearing to the petitioner and only thereafter proceed with the same in accordance with law.

8. It is made clear that the merits of the contentions of the parties in that regard have not been gone into by this Court and it will be open to the authorities to decide the issues involved afresh.
9. Since no affidavits have been directed, it is deemed that none of the allegations made in the writ petition are admitted by the respondents.
10. There will be no order as to costs.
11. Urgent photostat certified copies of this order, if applied for, be made available to the parties upon compliance with the requisite formalities.

(Sabyasachi Bhattacharyya, J.)