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W.P.(MD)NO.22327 OF 2015

BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

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DATED: 21.08.2023

CORAM

THE HONOURABLE MR.JUSTICE G.R.SWAMINATHAN

W.P.(MD)No.22327 of 2015

Shahaldeen

... Petitioner

Vs.

1. The Deputy General Manager,
Reserve Bank of India,
Sport Clagsis,
No.16, Rajaji Salai,
Chennai.

2. The Branch Manager,
Sundaram BNP Parbas Home Finance Ltd.,
No.498A, Nethaji Road,
Theni.

... Respondents

Prayer: Writ petition filed under Article 226 of the Constitution of India, to issue a Writ of Mandamus, to direct the first respondent to ensure that the second respondent should not insist for the payment of pre-closure charges and other penalties as against the Reserve Bank of India Master circular dated 14.07.2014 in DNBS(PD)CC No.399/03.10.42/2014-2015 with regard to the petitioner's loan account No.44100018 and 4100022.

For Petitioner : Mr.P.Ganapathi Subramanian

For R-1 : Mr.K.R.Laxman

For R-2 : Mr.K.Semaraj

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ORDER

Heard both sides.

2. The issue raised in the writ petition is whether the second respondent can insist on payment of pre-closure charges and other penalties.

3. I wanted the first respondent to make clear their stand in the matter. The learned Standing counsel made available the communication bearing DNBS(PD).CC.No. 399/03.10.42/2014-15 dated 14.07.2014 in this regard issued to all NBFCs. It reads as follows:-

“ 2. As a measure of customer protection and also in order to bring in uniformity with regard to prepayment of various loans by borrowers of banks and NBFCs, it is advised that NBFCs shall not charge foreclosure charges / pre-payment penalties on all floating rate term loans sanctioned to individual borrowers, with immediate effect.”



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4. The stand of the petitioner is sustained. However, no relief can be granted against the second respondent. It is nor state or state instrumentality within the meaning of Article 12 of the Constitution of India.

5. The petitioner is at liberty to move the jurisdictional Consumer Forum in this regard. This writ petition stands disposed of. No costs.

21.08.2023

NCC : Yes / No
Index : Yes / No
Internet : Yes/ No

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G.R.SWAMINATHAN,J.

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