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ORDER SHEET
WPO No.255 of 2025
IN THE HIGH COURT AT CALCUTTA
CONSTITUTIONAL WRIT JURISDICTION
ORIGINAL SIDE

BIPIN KUMAR VOHRA & ORS.
VS
INDIAN OVERSEAS BANK

BEFORE:
The Hon'ble JUSTICE AMRITA SINHA
Date: 17th April, 2025.

Appearance:

Mr. Chayan Gupta, Adv.
Ms. Brinda Sengupta, Adv.
Mr. Sayantan Chatterjee, Adv.
...for the Petitioners.

Ms. Aparajita Ghosh, Adv.
Mr. Souvik Ghosh, Adv.
...for the Respondent Bank.

1. The petitioners are aggrieved by the show cause notice dated 27th February, 2025 issued by the bank requesting the petitioners to submit reply to the same. The show cause notice specifies that the loan account has been marked as 'fraud' for the reasons mentioned therein.

2. The petitioners refer to the Master Direction of the Reserve Bank of India on Fraud Risk Management in Commercial Banks, 2024 wherein there is a requirement of issuing a detailed show cause notice to the persons, entities, directors against whom allegation of fraud is being examined. The show cause notice is to provide complete details of transactions/actions/events based on which declaration and reporting of a fraud is contemplated.

3. It has been submitted that the show cause notice has been issued with a closed predetermined mindset. The details of the purported irregularities which the petitioners are to respond are not disclosed in the show cause notice.

4. On a perusal of the show cause notice it appears that the same does not disclose the details of the transactions. The show cause notice mentions about diversion of funds. The figures of the said diverted amount are not disclosed in the show cause notice. The show cause notice mentions about the forensic audit report. The said forensic audit report has not been served upon the petitioners.

5. In the absence of the necessary details, it may not be possible for the petitioners to give a meaningful reply to the show cause notice that has been issued. The principles of natural justice and the Master Directions are required to be complied with prior to declaration of the petitioners as fraud.

6. In view of the above, the impugned show cause notice dated 27th February, 2025 stands set aside. The bank is directed to immediately de-list the name of the petitioner from the list of fraud.

7. It will be open for the bank to take steps strictly in terms of the Master Direction published by the Reserve Bank of India, 2024 relating to Fraud Risk Management.

8. The writ petition stands disposed of.

9. Urgent photostat certified copy of this order, if applied for, be supplied to the parties upon compliance of all legal formalities.

(AMRITA SINHA, J.)

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