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IN THE HIGH COURT AT CALCUTTA
CONSTITUTIONAL WRIT JURISDICTION
ORIGINAL SIDE

WPO/342/2025

GITA GLASS WORKS PRIVATE LIMITED & ORS.
VS.
INDIAN BANK & ANR.

BEFORE :
HON'BLE JUSTICE AMRITA SINHA
DATE : 20th May, 2025.

Appearance :
Mr. Ritoban Sarkar, Adv.
Mr. Dipak Dey, Adv.
...for Petitioners.

1. The petitioner no.1 is the company and the petitioner nos.2 and 3 are its Directors and shareholders.

2. The petitioners allege that the bank has debit freezed the account of the company without any prior notice in violation of the RBI guidelines.

3. The Master Circular of the Reserve Bank of India being RBI/2015-16/42, DBR.AML.BC.No.15/14.01.001/2015-16 dated 1st July, 2015 relating to Know Your Customer (KYC) norms has been placed before this Court.

4. It has been submitted that for freezing and closure of accounts in case of non-compliance of KYC requirements by the customers despite repeated reminders by the banks, the bank may impose 'partial freezing' on such KYC non-compliant account in a phased manner. During the course of

such ‘partial freezing’, the account holder can revive the account by submitting the KYC documents as per instructions in force.

5. While imposing ‘partial freezing’, the bank has to ensure that the option of ‘partial freezing’ is exercised after giving due notice of three months initially to the customer to comply with KYC requirements to be followed by a reminder giving a further period of three months. If the account remains KYC non-compliant after six months of imposing partial freezing, the bank should allow all credits and disallow all debits with the freedom to close the account.

6. If the account still remains KYC non-compliance after six months of imposing initial partial freezing, bank should disallow all debits and credits from/to the account thereby rendering it inoperative. It is open for the bank to close the account of such customer after issuing due notice to the customer explaining the reason for taking such a decision.

7. It is the specific case of the petitioner that no notice whatsoever was ever served upon the company prior to debit freezing the bank account.

8. None appears on behalf of the bank, despite service of notice. In the absence of the bank, it is not possible for the Court to decide the issue conclusively.

9. It appears that a representation has been made before the Reserve Bank of India but there is nothing on record to suggest that any written representation was made before the Indian Bank.

10. In view of the above, leave is granted to the petitioners to file a comprehensive representation highlighting all illegalities before the Indian Bank.

11. In the event such representation is made, the same shall be considered by the Indian Bank strictly in accordance with the prevailing rules/Master Circular of the Reserve Bank of India after giving reasonable opportunity of hearing to the company through its authorized representative, at the earliest but positively within a period of three weeks from the date of submitting the representation.

12. If it appears that there is any formality to be complied with by the petitioner, the same shall be communicated to the petitioner for necessary compliance.

13. Writ petition stands disposed of.

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

(AMRITA SINHA, J.)

nm.