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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% ***Date of Decision: 20th February, 2025***

+ **W.P.(C) 17905/2024 & CM APPL. 2640/2025**

NEELKANTH PHARMA LOGISTICS PVT. LTD.Petitioner

Through: Mr. Preetam Singh, Advocate.

versus

UNION OF INDIA & ANR.

.....Respondent

**Through: Mr. Premtosh K. Mishra, CGSC for
UOI with Mr. Manish Vashist, Ms.
Ms. Sanya Kalsi, Advocates and
Gokul Sharma, G.P.**

**Ms. Ritika Sisodiya, Advocate for
respondent No.2/HDFC.**

**Mr. Ramesh Babu with Ms. Tanya
Choudhary and Mr. Rohan Srivastava,
Advocates for RBI.**

CORAM:

HON'BLE MR. JUSTICE MANOJ JAIN

J U D G M E N T (oral)

1. Petitioner Company is aggrieved by the manner in which its account has been frozen by respondent No.2 Bank (HDFC Bank).
2. The Bank seems to have acted upon communication dated 29.11.2024 which it received from *Vartaknagar Police Station, Thane, Maharashtra* whereby they were, *inter alia*, asked to debit-freeze said account of petitioner.



3. Notice was issued to respondents. State of Maharashtra was also impleaded as party and was asked to submit report.
4. However, subsequent to filing of the present writ petition, there is a significant development in the matter.
5. As admitted by both the sides, in terms of later communication dated 29.01.2025 received from the said investigating agency, the Bank has now been asked to remove the Debit-freeze, while directing marking *lien* of Rs. 200/-.
6. In view of the aforesaid development, learned counsel for petitioner submits that the petitioner is left with not much of the grievance and is no longer interested in pursuing with the present petition. Though, liberty has been sought to take appropriate action as permissible under law *qua* prayer (iii) in the present petition.
7. *The petition stands disposed of as not pressed. Liberty as prayed, is granted.*
8. Though, the prime grouse of petitioner seems to have been taken care of, this Court feels persuaded to make certain observations.
9. The issue raised in the present petition has been a matter of recurring concern as many such like petitions are flooding the Courts. It is, therefore, high time that the investigating/law enforcement agencies, in context of freezing bank accounts, act with requisite care, caution and yes, compassion as well.
10. Undeniably, there is no qualm about competence of any such investigating agency to issue such direction to the bank. But, what this Court finds, is lack of exhibiting any reason while exercising the same.



11. In the present case, it is noteworthy that the petitioner's bank account, which had a withdrawable balance of Rs. 93,50,05,208/-, was frozen due to innocuous entry of Rs. 200/- being credited therein. There is nothing to suggest that petitioner is suspect or accused of any cyber-crime. The petitioner, quite possibly, may not even be connected with the offence under investigation and might be unintended beneficiary. In such types of cyber-crimes, if any fraudster cheats a complainant and with the help of cheated money, when such fraudster buys something using such money, the police, chasing such money-trail, directs freezing the bank accounts of all concerned and in the process, many innocent recipients have to bear the brunt, for no fault of theirs.

12. Here, instead of directing preservation of disputed amount, which was mere Rs. 200/-, the bank was directed to freeze the entire account. Such action of freezing the account, in its entirety, has, reportedly, left the petitioner high and dry. It has led to significant adverse financial consequences, including dishonouring of several cheques issued by the petitioner and the complete disruption of its business operations.

13. While dealing with a petition involving a similar issue which happened with a street-vendor, this Court had made following observation in *Pawan Kumar Rai vs. Union of India & Anr.*, 2024 SCC OnLine Del 8936.

“25. Indubitably, passing of an order of freezing the entire bank account of the petitioner has a serious and adverse implication and invades and encroaches upon his invaluable right to earn and live



with dignity. The impugned action, in essence, amounts to a violation of fundamental right of the petitioner, as it directly undermines his right to livelihood, which is integral part of the Right to Life guaranteed under Article 21 of the Constitution.

26. Furthermore, when the Investigating Agency has identified a specific sum credited to the bank account of the petitioner, it is difficult to comprehend as to why the entire bank account of petitioner has been frozen.

27. Thus, the continued freezing of the entire bank account of the petitioner, without even hinting that the petitioner was either mastermind or accomplice in the cybercrime or knowingly received the funds as part of any illegal activity will not be justifiable and sustainable, at the moment.”

14. Investigating Agency is fully empowered to conduct investigation, and can also, under appropriate circumstances, send request to the concerned bank, directing freezing of the entire account.

15. However, when it resorts to above, it must assign reasons.

16. Such discretion vests with investigating agency, its better left to them to decide as to when such blanket freezing needs to be ordered. However, once it chooses to do so, it must offer some justification. Such blanket measure, if taken recourse to, without offering any reason, can certainly play havoc with the financial concerns of such account holders. In relation to small-time vendors, it can disrupt prospects of their mere existence, even. It is not difficult to imagine that any such action can put their lives in a complete disarray.



17. Therefore, possibility of marking a *lien* on disputed amount, whenever it is identifiable, should be explored as a more appropriate interim measure. Ideally, it should be the first and foremost option. This would, naturally, mitigate the undue hardship being caused on account of blanket freezing of account and would also ensure that the *alleged cheated money* remains secured and intact.

18. It is pertinent to highlight that while dealing with a batch of petitions involving a similar issue, Kerala High Court in *Dr. Sajir Vs. Reserve Bank of India and others: 2023 SCC Online Ker 9087* also made observation which reads as under: -

“11. In the afore perspective, when the requisitions in these cases- by various Police Authorities in several States of India mention the exact amount suspected to have been credited to the accounts of the petitioners herein, one fails to fathom why their bank accounts in full, should remain frozen. This is more so because, even when the sums in question may have found credit in the accounts of the petitioners, unless the investigation eventually reveals that they were complicit in the Cyber Crime, or had received the same being aware of it, they could never be construed to be accused.”

12. In fact, should the criminal enquiry found otherwise, it will be doubtful if the amounts in question could be even recovered from the petitioners, if they have received it as part of bonafide or other valid transactions, unaware of it being proceeds of crime.”

19. Learned counsel for the petitioner highlights the role of the *Indian Cybercrime Coordination Centre (I4C)*, Nodal Agency



working under the aegis of Ministry of Home Affairs. He suggests that such centre can, *inter alia*, provide a framework and eco-system for *Law Enforcement Agencies* for dealing with Cybercrime in a coordinated and comprehensive manner, including a graded response criterion for fraud cases based on factors like transaction amount and account nature, periodical review of lien, creating a nodal agency etc. It has also been suggested that *unrelated individuals* should rather be notified, before account is directed to be freezed or before marking *lien*.

20. Learned counsel for *Union of India* states that while dealing with a similar kind of issue, Jharkhand High Court has on 18.12.2023 in *Court on its own motion Vs. The State of Jharkhand and ors. W.P. (PIL) 6086/2023* given directions to prepare SOP to deal with issues pertaining to such cyber-frauds and such matter is under consideration. He also states that as per constitutional mandate, police, crime-prevention and prosecution fall under the jurisdiction of State/UT police. Hence, they are to be dealt with by respective State/UT police only.

21. Mr. Ramesh Babu M.R, learned Standing Counsel for RBI also highlights that similar issue cropped up before various other High Courts. Reference be made to *Abdul Basith vs Cyber, Economic & Narcotic Crime, rep by Station House Officer and Another; 2025 SCC OnLine Ker 83* and *Mohammed Saifullah vs Reserve Bank of India, Rep. by its Governor and Others 2024 SCC OnLine Mad 5604*. Considering the same, he suggests preparation of a *uniform advisory*



to deal with those. He, however, submits that such advisory can only come from the Ministry of Home Affairs, Government of India.

22. In light of the frequent filing of such matters concerning blanket freezing of the accounts, this Court feels that *Ministry of Home Affairs, Government of India* should take proactive steps to address the same. It may consider consulting all concerned stakeholders, including respective States/UTs and then, with consensus of everyone, to chalk-out a uniform policy, standard operating procedures and guidelines to ensure that such matters are handled with requisite consideration and compassion. The aim should be to balance the rights of a complainant in any such criminal investigation *vis-a-vis* the right of innocent and unwary account-holder, made to face unwarranted hardship on account of blanket freezing of account, despite being completely innocent and unaware of commission of any crime.

23. A copy of this order be sent for information to respondent No.1 i.e. Secretary, Ministry of Home Affairs, Government of India.

(MANOJ JAIN)
JUDGE

FEBRUARY 20, 2025/sw