

Saleem Kazi Vs Union Of India And Ors

Court: Chhattisgarh High Court

Date of Decision: July 25, 2018

Hon'ble Judges: Ajay Kumar Tripathi, CJ; Prashant Kumar Mishra, J

Bench: Division Bench

Advocate: Ashish Shrivastava, B. Gopa Kumar, B. P. Sharma, P. N. Bharat, P. R. Patankar, Fouzia Mirza, A. K. Verma, Ravish Verma

Final Decision: Disposed Of

Judgement

Prashant Kumar Mishra, J

1. From the return filed on behalf of the Reserve Bank of India, what emerges is that the Banks do not have unbridled discretion in imposition of

service charges upon its customers. The RBI being the authority has laid down certain guidelines on the basis of recommendations made by a working

group to bring about reasonableness in bank charges so as to incorporate the same in Fair Practices Code. A copy of the master circular, which is

dated 01.07.2015, has been annexed as Annexure-1 to the return filed on behalf of respondent No.2 RBI.

2. Attention has been brought to paragraph 6.1 and 6.2 of the said master circular, which reads as under:-

6.1 Fixing Service charges by banks The practice of IBA fixing the benchmark service charges on behalf of member banks has been done away with

and the decision to prescribe service charges has been left to individual banks. While fixing service charges for various types of services like charges

for cheque collection, etc., banks should ensure that the charges are reasonable and are not out of line with the average cost of providing these

services. Banks should also take care to ensure that customers with low volume of activities are not penalised.

Banks should make arrangements for working out charges with prior approval of their Boards of Directors as recommended above and operationalize

them in their branches as early as possible.

6.2 Ensuring reasonableness of bank charges In order to ensure fair practices in banking services, Reserve Bank of India had constituted a working

group to formulate a scheme for ensuring reasonableness of bank charges and to incorporate the same in the Fair Practices Code, the compliance of

which would be monitored by the Banking Codes and Standards Board of India (BCSBI). Based on the recommendations of the Group, action

required to be taken by banks is indicated under the column 'action points for banks' in the Annex I to this circular.

3. On the recommendation of the working group, the action which is required to be taken by the Banks is also indicated in Annexure-1 to the circular,

which does indicate broad parameters under which the Banks are supposed to operate and provide service. It is also evident from para 6.2,

reproduced above, that there is a body which functions as a banking industry ombudsman known as Banking Codes and Standards Board of India

(BCSBI), which can always be approached if any of the banks are deviating from the master circular and the parameters which have been annexed

as Annexure-1 on the recommendation of the working group constituted by the RBI.

4. The respondent Banks take a unified stand that all their charges levied on services provided by them are commensurate with the master circular

and no individual instances as such have been pointed out of any default on their part.

5. Be that as it may, this writ petition stands disposed off with liberty to the petitioner or any other aggrieved person to approach the Banking Codes

and Standards Board of India if any breach of the standard circular is perceived or can be established.