SMITA JOHNSON GONSALVES
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IN THE HIGH COURT OF JUDICATURE AT BOMBAY
ORDINARY ORIGINAL CIVIL JURISDICTION

WRIT PETITION NO. 5224 OF 2022

Bajaj Finance Ltd. … Petitioner

versus

Union of India And 9 Others … Respondents

Mr. Zal Andhyarujina, Senior Advocate, a/w. Mr. Ranjeev Carvalho, Mr. Jahaan Dastur, Mr. Sachin Chandarana and Mr. Jaiveer Dhakan, i/b. Manilal Kher Ambalal & Co. for the Petitioner.

Mr. Rui Rodrigues, i/b. Ms. Anusha Amin, for Respondent Nos.1 to 5 and 12.

Mr. Vijay Kumar Arora, Senior Advocate (through VC), a/w. Mr. J.A. Udaipuri (VC), Mr. Aditya Manubarwala, Mr. Sarvagnya Trivedi, Mr. Sandeep M. Hirvadekar and Mr. Paras Gada, i/b Lion Law, for Respondent No.6.

Mr. Vishal Kanade, a/w. Mr. Hormuz Mehta and Mr. Ahsan Allana, i/b. JSA, for Respondent No.7.

Mr. Shiraz Rustomjee, Senior Advocate, a/w. Ms. Prachi Pandya, Mr. Prateek Pai and Ms. Bhavya Ganatra, i/b, Corporate Attorneys, for Respondent No.9.

Mr. Milind Sathe, Senior Advocate, a/w. Ms. Aditi Phatak and Ms. Twinkle Kalla, i/b. BLAC Co., for Respondent No.11-RBI.

Mr. Milind More, Addl.G.P., for the Respondent/State.

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CORAM:BHARATI DANGRE &
ASHISH S. CHAVAN, JJ.
DATE: 2nd NOVEMBER, 2026

P.C.:

1. We have before us the affidavit filed on behalf of the Union of India in furtherance to our directions. The affidavit is taken on record, and we have perused the same.

2. The exhaustive affidavit makes reference to I4C, an organisation functioning under the Ministry of Home Affairs, which has been established to address cybercrime in a coordinated and comprehensive manner. Reference is also made to the National Cyber Crime Reporting Portal, which provide a centralised mechanism for reporting cybercrime complaints.

With reference to our directions, the Deponent of the affidavit has perceived that the High Court is concerned with certain entities allegedly operating under the guise of Debt Management Plan, loan settlement and legal services, and the need to address misleading and

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unethical campaigns promising borrowers that their loan liabilities can be extinguished through impermissible means.

3. The gist of our order dated 4th February, 2026, is set out in Paragraph 8 of the affidavit. However, we are not very sure whether the entire affidavit, which sets out the work undertaken by I4C and the proactive measures being taken concerning illegal loan applications operating in the digital environment, addresses what we intended to focus upon. Undisputedly, cybercrime and the illegal loan applications being operated through digital platforms deserve a consideration, and for that purpose, it is clear from the affidavit that I4C is playing a proactive role and has recommended the blocking of several applications/sites with the involvement of the Information Technology Rules, 2009.

Paragraph 17 of the affidavit also refers to the Advisory dated 28th September, 2022, issued to the Chief Secretaries/Administrators of all States/Union Territories, highlighting the serious concerns arising from digital lending applications, including exorbitant interest rates, hidden charges, misuse of borrowers' personal data, harassment,

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blackmail and coercive recovery practices. However, the focus of the entire affidavit is on illegal loan applications operated through fake Apps, which result in charging of excessive processing fees and extremely high interest rates, far beyond the legal limits. It has also been unearthed that the biggest warning signs in cases where such mechanisms are adopted are that the Apps do not provide any valid contact details, customer support number or official website, thereby making it impossible for the users to seek any assistance once they fall into the trap.

4. The affidavit has definitely highlighted a very important issue of concern for all. However, that is not the focus of the Petitioner, who approached us with the aim of addressing the propaganda by some of the Respondents, namely, Respondent Nos. 6 and 8. This propaganda, according to the Petitioner, was in the form of 'Debt Management Plans', which included offering legal services, settlements and foreclosures. It was urged before us that this would definitely erode the trust between banks and lenders, and that banks would always be apprehensive about the amounts to be recovered if such intermediaries are in the field. It is against this background that we

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expected the Reserve Bank of India, in collaboration with the Ministry of Home Affairs, Union of India, to examine the issue, particularly since we were informed that the concerned Ministry of Home Affairs should also be roped in, to ascertain whether any regulations/directives could be issued by the Reserve Bank of India to deal with the menace highlighted in the petition.

Though an affidavit has been received, we are of the view that it does not at all address the issue with which we are concerned and about which the Petitioner has expressed its concern. However, what is highlighted in the affidavit is also a very important aspect, which is of even greater relevance at the present time, namely, illegal loan applications. From a reading of the affidavit, the respective Counsel representing Respondent Nos. 6 to 10 apprehend that illegal loan applications are operating. Several affidavits are filed before us by Respondent Nos. 6 and 9, wherein they have explained the extent of their activities, with a clear understanding being conveyed to the customer/consumer that they will offer only assistance in securing a loan and in restructing/settling the loan, and that the ultimate decision lies with the bank. They are only offering some form of hand-holding, without any direct assurance. In the wake of this

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conundrum, it would be necessary to have a clear demarcation as to what is permissible and what is not. It is for this purpose that we have called upon the Reserve Bank of India and the Union of India to respond as to whether any regulatory framework can resolve this issue. Unfortunately, the affidavit is not indicative of any such suggestion or plan being in the pipeline.

5. In Paragraph 14 of the affidavit, with regard to the private entities, i.e. Respondent Nos. 6 to 10, it is stated that the nature of their online activities, based on the relevant material available in the petition concerning their operations, has been examined by I4C within its technological and coordination mandate, and that the factual report is under preparation. Once the report is submitted, the position would definitely become clear. However, we do not expect the enquiry to be restricted only to Respondent Nos. 6 to 10, as, according to the petition, several other entities are also involved. Respondent Nos. 6 to 10 have been specifically referred to, and some of these entities have placed their defence before us. However, according to the Petitioner, there are various entities which advertise and allure customers by claiming that they will help them get rid of

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their loans altogether or secure a reduced rate of interest. Some advertisements, copies of which form part of the petition, have gone to the extent of claiming that the consumer will not have to repay the loan at all and that all legal and other assistance shall be provided.

According us, the Petitioner, and indeed we ourselves, intend to target such operators. Therefore, upon the report being placed before us, as indicated by the Deponent of the affidavit in Paragraph 14, it will probably be necessary to segregate what is permissible under the Reserve Bank of India's regulations and to what extent advertisements or hand-holding assistance to a consumer/borrower can be allowed. As indicated in the affidavit, we expect the report to be placed before any criminal liability is fastened, as we intend to develop a mechanism that clearly demarcates two categories, namely, the permissible limits of advertising and assisting borrowers, and the activities that are prohibited. We, therefore, direct that, until the report is produced before us, no action shall be initiated against Respondent Nos. 6, 7 and 10. Upon receipt of the report, we expect to undertake a comprehensive examination of the entire scenario.

To be listed on 8th December, 2026. We expect the report to be

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filed on or before 5th December, 2026. Copies of the report be served in advance on all concerned.

(ASHISH S. CHAVAN, J.) (BHARATI DANGRE, J.)

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