

28.01.2026

**Shri Govind Mohan
Honorable Secretary,
Ministry of Home Affairs
Government of India**

Subject: Representation on hardship faced by retailers due to freezing of bank accounts by banks on instructions of National Cyber Crime authorities

**Honorable Secretary,
Greetings from Retailers Association of India (RAI)!**

It is my pleasure to write to you on behalf of RAI.

RAI is the unified voice of Indian retailers working with all the stakeholders for creating the right environment for the growth of the modern retail industry in India. It encourages, develops, facilitates and supports retailers to modernise and adopt best practices that will delight customers. RAI is the premier body of Retailers in India, having around 14000-member establishments, including large and small retailers in the country, representing approximately 700,000 retail stores.

We are writing to bring to your kind attention a matter of serious concern affecting retailers across the country with respect to marking of lien in their bank accounts, , debit of the said lien amount, **freezing of the bank accounts by banks, particularly HDFC Bank, on the basis of instructions received from National Cyber Crime Police authorities**, often without due process or proportionality.

Sir, the whole activity of marking lien/freezing/ debiting the lien amount from the Bank account of the Retailers, takes place without giving Retailers an opportunity to represent their side and place on record the evidences to show that the whole transaction that occasioned at the store or otherwise was a genuine sale transaction. You would appreciate that marking of liens/freezing of accounts/ refund of amount hampers the operations and leads to losses. Kindly consider the fact, that under good faith noting the authentication PIN/Code entered by the customer confirming the payment, the purchased goods are handed over to the customer, without further demur. Thus the Retailers are put to a great loss as not only they lose the amount but also lose the products which were sold from the store

RAI and its members fully support the Government of India's efforts to combat cybercrime and financial fraud. However, we are constrained to highlight that the **current manner in which lien is being marked, debit of lien amount and account freezing is being implemented is causing severe and unintended hardship to bona fide retail businesses**, many of which are victims rather than perpetrators of cyber fraud.

Key Issues Being Faced by Retailers

1. **Blanket Freezing of Entire Accounts:** In several instances, banks have frozen entire current or collection accounts of retailers—even where the alleged disputed amount is minimal—thereby completely paralysing day-to-day business operations.
2. **Lack of Prior Notice or Opportunity to Respond:** Retailers often receive no prior intimation, explanation, or opportunity to clarify facts before a lien is being marked on amount, debit of lien amount and their accounts are frozen.
3. **Disproportionate Impact on Operations:** Frozen accounts prevent payment of salaries, statutory dues (GST, PF, ESI), vendor payments, rentals, and customer refunds, leading to reputational damage and operational disruption.
4. **Retailers as Collection Intermediaries:** Most large retailers operate high-volume collection accounts where customer payments are routed through payment gateways. A single disputed transaction—often arising from fraud at the customer end—results in marking of lien or prior to release of the amount to the complainant's account, freezing of the entire account balance, despite no wrongdoing by the retailer.
5. **Inconsistent Practices Across Banks:** Banks appear to be acting mechanically on cybercrime instructions without applying independent judgment, risk assessment, or proportional safeguards.
6. **Denial of Natural Justice:** The Retailers are not been provided an opportunity of representing to clarify facts before any lien is marked, release of lien amount into the complainant's account and freezing of their accounts which is denial of principle of equity and natural justice.

Judicial Guidance

We wish to draw attention to the recent judgment of the **Madras High Court in the case of V-Mart Retail Limited**, wherein the Hon'ble Court observed that:

- Blanket freezing of bank accounts without quantifying the amount linked to alleged fraud is disproportionate
- Bank accounts constitute property and cannot be restricted without adherence to due process and proportionality
- Only the disputed amount, if any, may be lien-marked, and complete account freezing is not justified

This judgment provides important guidance on balancing investigative needs with fundamental business rights.

Our Humble Requests

In light of the above, RAI respectfully requests the Ministry of Home Affairs to consider issuing appropriate guidelines / standard operating procedures to cybercrime/Police authorities /banks/ Courts, including:

1. To give fair hearing to the account holder, before marking lien/ freezing of account / debiting Bank Account of the Retailers, in the interest of natural justice.
2. Mandating quantification of the disputed amount before issuing account-freeze instructions
3. Restricting freezes to the specific disputed amount, instead of the entire account balance
4. Ensuring prior intimation and post-freeze communication to affected account holders
5. Providing a time-bound review and grievance redressal mechanism
6. Issuing clear guidance to banks to avoid mechanical, blanket freezes that disrupt legitimate businesses

Such measures would significantly reduce collateral damage to compliant businesses while continuing to support effective cybercrime investigations.

RAI and its members would be grateful for an opportunity to engage with the Ministry and relevant stakeholders to share industry perspectives and assist in developing a balanced and pragmatic framework.

We thank you for your time and consideration.

Warm Regards,
For and on Behalf of Retailers Association of India,



Gautam Jain, Director – Advocacy, RAI

CC:

Shri Amardeep Singh Bhatia (IAS), Secretary, Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry, Government of India

Shri Sanjay Malhotra, Governor, Reserve Bank of India (RBI)