

The Hon'ble Bombay High Court in the matter of *Bafna Motors Private Limited vs. Amanulla Khan* has reaffirmed its position that the claim for refund of security deposit would not fall within the exclusive jurisdiction of the Court of Small Causes, and such claim is arbitrable in nature.

The Hon'ble Bombay High Court relied upon the judgment in the matter of *RMC Readymix (I) P. Ltd. vs. Kanayo Khubchand Motwani* (Summons for Judgment No. 602 of 2005 dated 21-03-2006) amongst few others, and held as under :

- ❖ Section 41 of the Small Causes Act confers exclusive jurisdiction on the Court of Small Causes to entertain and try all suits in relation to the recovery of possession of any immovable property, or relating to the recovery of the licence fee, charges, or rent thereof.
- ❖ The term 'charges' appearing in Section 41 of the Small Causes Act must be construed and given meaning in the context in which it appears. Licence fees, charges and rent are all periodic payments for usage and occupation however, a security deposit is a type of security which the landlord/licensor collects from the licensee at the time of giving the premises on license.
- ❖ A claim for recovery of security deposit is different from a suit for recovery of license fee or charges or rent and therefore would not fall within the exclusive jurisdiction of the Court of Small Causes and bar under Section 41 of Small Causes Act would not apply to such claim.

The judgment of the Bombay High Court dated May 5, 2022, can be accessed [here](#).

Is a claim for refund of security deposit arbitrable?

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