



IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 13-08-2026

CORAM

THE HON'BLE MR.JUSTICE D.BHARATHA CHAKRAVARTHY

WP No. 19241 of 2026

P.R.Venugopal
ATRIUM D 404
No.22 Kalakshetra Colony
Thiruvanmiyur
Chennai Tamil Nadu 600041.

..Petitioner(s)

Vs

1. The Chief Manager
Canara Bank
Thiruvaniyur Branch, Chennai 600041.
2. The Chairman And Managing Director
Canara Bank
Head Office
112, J.C. Road, Bangalore, Karnataka 560002.

..Respondent(s)

PRAYER: Writ Petition filed under Article 226 of the Constitution of India, praying to issue a Writ of Certiorarified Mandamus calling for the records relating to the impugned order of the 1st respondent dated 17.01.2025 and to quash the same as illegal and arbitrary and to consequently direct the 2nd respondent to take appropriate decision with regard to payment of the differential interest amounts in accordance with the terms of the Fixed Deposit Receipts with No. 131001732309/1 and 141015576008/1 respectively together with applicable interest based on the representation dated 03.01.2026 and 26.02.2026 and to pass any further order.

For Petitioner(s):	Mr.L.Balasubramanian for Ms.T.Kiran Rani
For Respondent(s):	Mr.R.Sreedhar, Standing Counsel



ORDER

This Writ Petition challenges the impugned order dated 17.01.2025 and to consequently direct the respondents to pay the differential interest amounts in accordance with the terms of Fixed Deposit Receipts No.131001732309/1 and 141015576008/1 respectively together with applicable interest.

2. The grievance of the petitioner is that the petitioner is a retired employee of the respondent bank. There is a scheme under which the retired employees are paid with the preferential rate of interest viz., 1% over and above the rate of interest payable to the other term deposits. Considering the same the petitioner has made deposits with the bank on 12.10.2022 and the quarterly interest at the preferential rate of basis – Rs.1,00,850/- was paid, as per the agreed terms that are mentioned in the term deposit receipt up to 12.10.2024. However, for the quarter ending from 12.01.2025 without any reason whatsoever the respondent bank unilaterally reduced the quarterly interest of Rs.91,490/- resulting in a shortfall of Rs.9,360/- per quarter.

3. The petitioner therefore made a representation and the same was rejected on the ground that only the employees who have completed not less than 25 years of active service with blemish less record but resigned from the services of the bank prior to the introduction of “scheme of voluntary retirement” will be eligible for the preferential rate of 1%. Since the petitioner



had put in only 24 years and 11 months of service in the respondent bank, the same was reduced.

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4. The learned counsel for the petitioner would submit that when the petitioner went with the money to the respondent bank, after due consideration of the circular and other particulars he was offered the particular rate of interest and the petitioner also accepted the same and deposited the money and accordingly the interest was being credited into his account. Suddenly and unilaterally the same cannot be reduced. The petitioner has a legitimate expectation that the original rate of interest that was undertaken will be honoured. If the rate of interest offered was lesser, the petitioner might not have chosen to invest the money in the respondent bank and after the fixed deposits have been made and having been credited the interest amount for a period of over two years, suddenly, it cannot be reduced.

5. *Per contra*, the learned counsel appearing for the respondent bank would submit that Circular No.92/2024, dated 15.02.2024, governs the issue. Even under the earlier circular, the same clause was applicable to the employees who had retired prior to the introduction of the Voluntary Retirement Scheme. In the case of an employee such as the petitioner, he ought to have completed 25 years of service with an unblemished record. The preceding circular dated 08.06.2022 also contained the very same clause, which was at force at the time



of issuance of the Fixed Deposit Receipts. If any error has been committed by the concerned official in the counter, the bank is entitled to rectify the same.

Further, when the rate of interest is prescribed in accordance with the various directions and circulars issued by the Reserve Bank of India and the respondent bank, the petitioner would be entitled only to such interest as is permissible under the applicable circulars.

6. I have considered the rival submissions made on either side and perused the material records of the case.

7. Firstly, as rightly contended by the learned counsel for the petitioner, whether or not the petitioner is entitled to the additional 1% interest ought to have been made clear by the respondent-Bank at the time of accepting the FDRs. With the condition of payment of additional interest at 1%, once the FDRs had been accepted and the petitioner had, pursuant thereto, deposited the amount, the respondent-Bank cannot subsequently turn around and contend that the petitioner is not entitled to the additional 1% interest.

8. In this regard, as rightly brought to the notice of this Court by the learned counsel for the petitioner, the Hon'ble Division Bench of the Allahabad High Court, in *Nem Kumar Jain and Another Vs. Union of India and Others*¹

¹ (2025) SCC OnLine All 8547



considered the very same issue and held that, by applying the principle of legitimate expectation, the Bank would be estopped from reducing the rate of interest. Accordingly, the claim of the petitioner is liable to be allowed.

9. This apart, I take into consideration yet another aspect, namely, the very clause contained in the circular which is extracted hereunder:—

“I. Officer employees who have served the Bank for a period not less than 25 years [active service] and with a blemishless record, but resigned from the services of the Bank prior to introduction of “Scheme of Voluntary Retirement” mentioned in Circular No.160/86 dated 24.04.1986.”

The clause does not stipulate that, in order to be eligible, the incumbent should have ‘completed’ 25 years of service. On the contrary, the expression used therein is “25 years of active service”. Since the said expression has not been specifically defined in the circular, it has to be understood in its ordinary sense. Therefore, when the petitioner has completed 24 years and 11 months of service, the same can be treated as 25 years of service for the purpose of the said circular. Consequently, the petitioner is clearly eligible to receive the additional 1% interest as provided under the circular.

10. The respondent authorities, having rightly considered the petitioner to be eligible for the additional interest at the time of accepting the FDRs, cannot now resile from the said position. Therefore, there is no justification for the



respondent-Bank to subsequently withdraw or deny the additional interest.

11. In view thereof, this Writ Petition is allowed on the following terms:-

(i) the impugned order dated 17.01.2025 shall stand set aside;

(ii) the respondent-Bank is directed to pay the differential amount of interest payable to the petitioner, being the additional 1% interest, from the date of deposit till the date of closure of the respective FDRs, together with interest thereon at the rate of 6% per annum from the date on which such amount became due until the date of actual payment.

12. The petitioner had approached the Banking Ombudsman; however, the grievance was rejected on the ground that the dispute was between the employer and the employee. Obviously, the dispute in the present case cannot be construed as a dispute between the employer and the employee, as the grievance relates to the payment of the differential interest on the FDRs. When the Ombudsman is constituted to examine such grievances, the grievance ought not to have been closed merely on the ground of lack of jurisdiction, particularly when the dispute does not pertain to any service-related issue between the employer and the employee.

13-08-2026

Neutral Citation: Yes/No

JER



To

1. The Chief Manager
Canara Bank
Thiruvaniyur Branch
Chennai 600041.
2. The Chairman And Managing Director
Canara Bank
Head Office
112, J.C. Road
Bangalore, Karnataka 560002.
3. The Reserve Bank of India
Fort Glacis, 16, Rajaji Salai,
Chennai – 600001.



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D.BHARATHA CHAKRAVARTHY, J.

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