THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

(1) CR No. 2832 of 2015 (O&M)
Date of decision: April 6, 2016

Oriental Bank of Commerce
...Petitioner

Versus

State of Haryana and others
...Respondents

(2) CR No. 3891 of 2015 (O&M)

Bank of Baroda
...Petitioner

Versus

State of Haryana and others
...Respondents

CORAM:- HON'BLE MR. JUSTICE K. KANNAN

1. **Whether Reporters of local papers may be allowed to see the judgment ?**
2. **To be referred to the Reporters or not ?**
3. **Whether the judgment should be reported in the Digest?**

Present: Mr. Jatinder Sharma, Advocate,
for the petitioner in CR No. 2832 of 2015.

Mr. CS Pasricha, Advocate,
for the petitioner in CR No. 3891 of 2015.

Mr. Sidharath Sanwaria, DAG, Haryana.

Ms. Sagina, Advocate, for
Mr. Sandeep Khunger, Advocate,
for respondents No. 3 to 7 in CR No. 3891 of 2015.

K. KANNAN, J. (Oral)

1. Both the revision petitions are at the instance of the Banks with which compensation amounts have been deposited by the State for the land acquired. The deposits were made prior to 1.8.1998 for a period of one year.

There had been no direction for renewal of the deposits and consequently, when the deposits were recalled after maturity, the banks relied on the circular issued, which is statutory in character, for a procedure for automatic renewal of FDRs for categorization of chronic long outstanding over due deposits. As per the said Circular, chronic cases of over due deposits would includes deposits in court cases and the amount matured prior to 1.8.1998 and continue to be outstanding would be transferred from terms deposit portfolios to over due deposits portfolio. The contention of the bank was that the rate of interest as per the stipulation of the term deposits for the particular terms for which the deposit was held, together with interest as per the saving bank deposits rate of interest could alone be given. The instructions in para 11.4.2 issued on 31.3.2010 enjoins that branches would send an intimation of maturity to all the depositors for over due deposits in the bank and the State would contend that no notice had been sent about the maturity of the deposits and hence the bank would be liable for the same rate of interest as maintained in the terms deposit. The court below has accepted the same. The grievance of the petitioner is that the court below failed to notice that the operational manual which contained the direction as in Clause 11.4.2 was issued only on 31.3.2010, but this was not applicable to the deposits held before 1.8.1998 and which was specifically covered by the circular issued on 21.5.2003.

2. I accept the contention of the petitioner and hold that the reliance on 2010 circular was not appropriate. The bank cannot be made liable at the rate specified in the term deposits beyond the period stipulated in the deposit and there was no obligation for the bank to pay more than the

rate which they have provided for, namely, the saving bank deposit rate. I modify the order passed by the court below and allow the revisions.

3. At this stage, learned counsel for the petitioner in CR No. 3891 of 2015 says that the deposit has already been made in the manner that this Court has now directed. The said statement is recorded.

April 6, 2016 **(K.KANNAN)**
prem **JUDGE**