A.F.R

ORISSA HIGH COURT : C U T T A C K

W.P.(C) No.5148 of 2004

An application under Article 226 & 227 of the Constitution of India, 1950

State Bank of India ***: Petitioner***

-Versus-

Banking Ombudsman & Anr. ***: Opposite Parties***

For Petitioner	: M/s. P.V. Ramdas, Mr. P.V. Balakrishna
For Opposite Party No.1	: None
For Opposite Party No.2	: M/s. S. Udgata, P.K. Nayak

J U D G M E N T

CORAM :
JUSTICE BISWANATH RATH

Date of hearing & judgment : 17.10.2022

1. This writ petition involves a challenge to the order at Annexure-4 passed by the Banking Ombudsman in disposal of a Complaint No.638/01-02.

2. Short background involved in this case is that the PPF account involving the private Opposite Party was opened in the State Bank of India, Cuttack City Branch. It is taking this Court to the maximum deposit condition in the scheme a submission is advanced by the learned counsel for the Petitioner that undisputedly maximum deposit in such account remains to be Rs.60,000/- per year. Undisputedly there has been deposit in excess to the limit for several years and consequential fixed deposits were also maintained for quite a long period. It is only after ascertaining that there has been additional amount in deposit in the P.P.F account opened for the purpose aggregating the total amount to Rs.8,36,100/-, the Bank appears to have kept the valid deposit along with interest for the financial year 1994-95, 1996-97 and 1998-1999 thereby retaining a sum of Rs.2,97,997/- and the balance sum of Rs.5,20,000/- is claimed to be inclusive of excess deposit and normal interest was returned to the depositor. Based on a complaint on less payment of interest to the Banking Ombudsman, the complaint was registered and this complaint appears to have been disposed of vide Annexure-4 simply with a direction to the Bank to pay at least simple interest prevailing at that point of time on the fixed deposit applicable to the deposits over and above Rs.60,000/- per year from the date of such deposit till release date 20.11.2001.

3. In challenging the order at Annexure-4, Sri Balakrishna, learned counsel for the Petitioner taking this Court to the plea of the Petitioner while not disputing that the Bank inadvertently went on receiving amount in excess over Rs.60,000/- per annum from the account holders towards P.P.F Account bearing No.64 in the Petitioner-Bank at Cuttack City Branch, however taking this Court to the stand of the Bank before the Banking Ombudsman and reading through the response of the Bank at page 32 & 33 of the brief, attempted to justify that the Bank has no liability to pay fixed deposit interest over and above the deposit exceeding Rs.60,000/- per annum for the years 1994-95, 1996-97 &

1998-1999. It is in the premises and reading some of the provision in the scheme, learned counsel for the Petitioner attempted to justify the Bank's action and sought for interference in the impugned order.

4. Even though there is sufficiency of notice and a set of counsel is already there for the Opposite Party No.2, nobody is there to make submission. Matter is thus heard on the involvement of the counsel for the Petitioner and on materials available on record.

5. Keeping in view the submission of the Bank, this Court on perusal of the provision in the scheme as well as response of the Bank involved herein finds, there is in fact no dispute that based on the scheme floated by the Union of India permitting the People to open P.P.F. account in Bank to get the benefit through such scheme on proper application and based on due recommendation a P.P.F account bearing No.64 involving the private Opposite Party No.2 was opened in the State Bank of India, Cuttack City Branch on the S.B.I on 18.11.1991. There is no denial to such aspect. This Court finds, undisputedly during the Financial Year 1991-92 to 2000-01 Smt. Rukmini Rathore the depositor / P.P.F account holder deposited as follows:-

Financial Year	**Amount of deposit (Rs.)**	**Amount of interest paid (Rs.)**
1991-92	15,000	450
1992-93	500	1,854
1993-94	-	2,136,
1994-95	2,00,000	14,393
1995-96	200	28,132
1996-97	1,00,000	38,020
1997-98	400	48,082
1998-99	4,00,000	93,900
1999-2000	60,000	1,10,810
2000-01	60,000	1,27,109
Total	8,36,100	4,64,886

6. There is of course no denial to this deposit statement. It is after intimation to the P.P.F account holder about return of Rs.5,20,000/- towards balance principal over and above minimum deposit along with normal interest, claim has been made by the account holder for refund of interest at least at the rate applicable to the fixed deposit in that particular time. Whole Reading of the response and also taking into consideration the stand of the Petitioner, this Court nowhere finds, there is at least no denial in keeping the entire deposit over the period 1991-92 till 2000-01 in fixed deposit. From the statement appended hereinabove this Court finds, the whole deposit during this period remains to be Rs.8,36,100/- and the consequential release of interest appears to be Rs.4,64,886/-. Therefore the total amount comes to Rs.13,00,986/-. This Court finds, the Bank while retaining a sum of Rs.2,97,997/- refunded the account holder a sum of Rs.5,20,000/- which comes to a total sum of Rs.8,17,997/- For the material disclosure this Court finds, when the Bank has earned the amount of Rs.13,00,986/- inclusive of F.D. interest for the period of deposit, there is adjustment of hardly Rs.8,17,997/-. For there is no production of material by the Bank Authority either before the Banking Ombudsman or herein indicating the manner of keeping the amount deposit in the P.P.F account, undisputedly there is earning of more interest undisputed as the amount was kept in fixed deposit for all these years, this Court, however, finds, there is some material available to at least establish that the whole amount is kept under fixed deposit scheme until unless the excess deposit was detected.

In the circumstance, this Court finds, since the P.P.F. account has earned more interest by keeping such amount under fixed deposit scheme, the entire benefit through the fixed deposit is a property of the account holder. It is, in the circumstance, this Court finds, there has been unjustified release of amount and justified consideration by the Banking Ombudsman in asking refund of the balance interest on the excess amount at the rate of fixed deposit interest. Keeping in view that the excess deposit was also kept in fixed deposit this Court finds, there is justified order of the Banking Ombudsman. This Court finds, there is no merit in the writ petition.

7. Looking to the interim protection granted in the entertainment of the Writ Petition and considering that the Petitioner was entitled to balance interest in 2001 and excess earned amount was retained with the S.B.I, this Court observes, there cannot be suffering on account of such illegal retention of the entitlement belonging to the accountholder. Accordingly, this Court while maintaining the direction of the Banking Ombudsman and since the refunded amount is yet to be remitted to the Petitioner, directs, the Petitioner will be entitled to interest at least 5% per annum beyond the period of entitlement at least. The balance interest earned at the time of detection along with 5% interest all through be released in favour of the Petitioner within a period of fifteen days of this direction. Failure of which the Petitioner will be entitled to get interest @12% per annum all through till payment or realization of whole interest.

8. The Writ Petition stands disposed of, but however, no order as to the costs.

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(Biswanath Rath)
Judge

Orissa High Court, Cuttack.
The 17th day of October, 2022//
Ayaskanta Jena, Senior Stenographer