IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

214

LPA No.2007 of 2017 (O&M)
Date of Decision: September 6th, 2022

Oriental Bank of Commerce, Tripari, Patiala

...Appellant

Versus

Smt. Meena Devi and others

...Respondents

CORAM: HON'BLE MR. JUSTICE AUGUSTINE GEORGE MASIH
HON'BLE MR. JUSTICE ALOK JAIN

Present: Mr. Anil Kumar Ahuja, Advocate
for the appellant.

Mr. Sikhar Sarin, Advocate
for respondents No.1 to 7.

Mr. S. S. Sidhu, Advocate
for respondent No.8.

AUGUSTINE GEORGE MASIH, J.

Challenge in this Letters Patent Appeal is to the order dated 07.04.2017 passed by the learned Single Judge, whereby the writ petition preferred by respondents No.1 to 7 stands allowed, granting interest on the Fixed Deposit Receipts at the rate of 11.5% compounding quarterly along with costs of ₹25,000/- payable by the appellant.

2. Briefly the facts are that respondents No.1 to 7 are the legal heirs of Shri Ravinder Kumar Gupta, who expired on 15.02.1994 having met with a fatal accident, wherein the above said respondents filed a claim petition which was allowed and an award dated 02.05.1996 amounting to ₹5,60,000/- along with 12% interest thereon was ordered to be payable by the Insurance Company-respondent No.8. This award was challenged by respondent No.8 as also the claimant/respondents No.1 to 7 by filing appeals in the High Court. An application was moved in the appeal which has been preferred by the

Insurance Company, where an *ex parte* order dated 05.11.1996 for stay had been granted, which came to be decided on 19.02.1998 vide which 50% of the amount as awarded by the Motor Accidents Claims Tribunal along with interest was ordered to be paid to the claimants proportionately and the remaining half amount with interest was ordered to be deposited with the Tribunal. Direction was also issued to the Tribunal to deposit the said amount in Fixed Deposit Receipts in a nationalized bank carrying maximum interest. Disbursement of the amount deposited in the FDRs was to be considered at the time of final decision of the appeal.

3. In pursuance thereto, five separate Fixed Deposit Receipts proportionate to the shares of the claimants were directed to be made on 16.05.1998 by the Additional District Judge as per the directions of the High Court carrying maximum interest at the rate of 11.5% compounded quarterly at Tripari, Patiala Branch of the Oriental Bank of Commerce for a period of five years. It was also mentioned that the payment of the FDRs would not be made without the order of the Court. The FDRs dated 28.05.1998 were to mature on 28.05.2003. It needs to be mentioned here that thereafter there was no further order for renewal of the FDRs or for continuing the FDRs as prepared.

4. Both the first appeals challenging the award of the Tribunal were decided vide a common order dated 13.10.2010, whereby the compensation amount stood enhanced to ₹9,71,230/- in favour of respondents No.1 to 7 with a right to the insurer to recover the same from the Insurance Company. An application dated 21.02.2011 was preferred by respondents No.1 to 7 before the Motor Accidents Claims Tribunal for release of the FDRs to them. It would not be out of way to mention here that during this interregnum, Seema Gupta,

one of the claimants expired and her husband Harish Kumar Mittal, who was also the natural guardian, apart from being a natural heir of Seema Gupta, put forth his claim on her behalf. The Tribunal passed an order dated 17.11.2011 for release of the amount in the FDRs against proper receipt.

5. On the basis of the said order, a representation was submitted by respondents No.1 to 7 claiming payment of the FDRs along with 11.5% interest compounded quarterly. Complaint was preferred to the Ombudsman-respondent No.9 when no response was received from the appellant-Bank. Reply dated 15.02.2012 was received by respondents No.1 to 7 from the appellant, wherein it was stated that the FDRs were for a specific period of five years with a direction to not make payment without the order of the Court and accordingly no payment was made and that there was no orders of the Court for renewal of the FDRs and thus as per the policy of the bank, in case of encashment of overdue term deposit, interest of the overdue period is to be paid at the rates as applicable to the saving bank deposit, which stand was accepted and order dated 01.06.2012 was passed by the Banking Ombudsman rejecting the claim of the respondent-claimants.

6. Faced with this position, respondents No.1 to 7 filed the writ petition seeking a writ of mandamus for directing the appellant-Oriental Bank of Commerce to pay the amount due under the five FDRs with interest at the rate of 11.5% compounded quarterly till the payment as per the order dated 02.05.1996 and 13.10.2010 passed by the Tribunal as well as the High Court and quash the order dated 01.06.2012 passed by the Bank Ombudsman-respondent No.9 rejecting their claim for interest at the rate of 11.5%. Learned Single Judge had proceeded to decide the writ petition in favour of private respondents No.1 to 7 on the basis of the Citizen's Charter which has been

issued by the Oriental Bank of Commerce as per the directions of the Reserve Bank of India which was circulated in January 2014, where in para 8.7 which deals with the term deposits and clause 'c' thereof provided for renewal of the deposit excluding deposits like tax savings deposits etc. for the same period of time as the matured deposit at the prevalent rate of interest of a term deposit, where no instructions are received from the depositor at maturity. It also contained a stipulation that in case of death of any depositor, premature payment would be made to the survivor and if no instructions are given, the deposit will be auto renewed for the same period at prevailing rate for which the term deposit has been made. The learned Single Judge had proceeded to grant interest at the rate of 11.5% compounding quarterly, which was the initial terms and conditions as per the order passed by this Court on 19.02.1998 which has been challenged in this appeal.

7. Learned counsel for the appellant contends that the interest as has been claimed by respondents No.1 to 7 is not payable to them as the Fixed Deposits which were made on 28.05.1998 for a period of five years as per the order dated 16.05.1998 passed by the Executing Court matured on 28.05.2003. The instructions/circulars as applicable at that relevant time would be applicable. According to the then prevalent circular, which had been taken into consideration by the Ombudsman as well, provide for calculation of interest in case of receipt of no instructions on expiry of the term deposit period was saving bank account rate then applicable. He on this basis contends that the instructions/circular on which reliance has been placed by the learned Single Judge would thus not be applicable. Reference has also been made to clause 12 of the Master Circular dated 14.08.2003 on interest rates. Further, the counsel for the appellant has also referred to clause 2.3 of the Master Circular dated

01.07.2009 issued by the Reserve Bank of India which is on same lines. The fresh separate FDRs dated 23.05.2014 stand issued in the names of respondents No.1 to 7 for a period of ten years maturing on 23.05.2024 carrying the then prevalent maximum compounding interest i.e. 8.5% for the benefit of the said respondents-claimants as per the prevalent policy of the bank as per the directions of the Reserve Bank of India. This was being done in pursuance to the Citizen's Charter issued by the appellant-Bank in January 2014. What has been contended by the counsel for the appellant is that the Citizen's Charter which has been issued by the Oriental Bank of Commerce is perspective in nature and does not cover the period from the year 2003 till 2014 and, therefore, interest as has been claimed and granted to respondents No.1 to 7 by the learned Single Judge is not sustainable. Prayer has thus been made for setting aside the order passed by the learned Single Judge by allowing the present appeal.

8. On the other hand, learned counsel for respondents No.1 to 7 has supported the order passed by the learned Single Judge by contending that the interest has been granted in pursuance to the accepted applicable policy of the appellant-Bank. The amount remained with the appellant all through and the same was not released to them. Having utilized the said amount, the appellant-Bank cannot shirk away from its responsibility of paying interest. The Policy/Citizen's Charter of January 2014 itself acknowledges the fact that in case of non-renewal of the term deposit or on non-receipt of any instructions, the term deposit is bound to be extended by the period for which it was initially made and that too, at the same rate of interest. The appellant-Bank was, therefore, bound to grant interest at the rate of 11.5%. Prayer has thus been made for dismissal of the appeal.

9. We have considered the submissions made by the counsel for the parties and with their assistance, have gone through the records of the case.

10. The determinative factor in the present appeal would be the effect of the Master Circulars, which are issued from time to time by the Reserve Bank of India in exercise of its statutory mandate which is binding upon all the scheduled banks including the appellant. There can be no dispute that the said Master Circular would be applicable and binding from the date of its issuance or from the date as specified in the master circular. These Master Circulars and the subsequent instructions/Citizen's Charter which have been issued by the appellant-Bank from time to time makes it apparent that the bank was mandated to follow the said circulars of the Reserve Bank of India as made applicable. The relevant date as far as renewal of the five Fixed Deposit Receipts is concerned would be 28.05.2003 as the said term deposits were according to the order dated 16.05.1998 passed by the Additional District Judge, Patiala. It is an admitted fact that subsequent to the said order, there is no order passed by the Court either renewing the Fixed Deposits or granting any interest thereon. Even at the stage of final disposal of the appeals on 13.10.2010, nothing has been said about the interest to be paid on the said amount. Except for the excess amount which has been granted over and above the amount granted by the Tribunal which would attract 6% interest from the date of filing of the petition till the date of payment. The appellant-Bank has been considerate enough to *suo moto* create fresh separate FDRs on 23.05.2014 for a period of ten years at the maximum prevalent compounding rate of interest of 8.5%. This has been done in the light of the master circular issued by the Reserve Bank of India which has been adopted by the appellant-Bank in January 2014. In the earlier circulars of Reserve Bank of India, the discretion

has either been given to the concerned bank or it has been specified that it could be granted in case of non-receipt of any instructions on maturity of the term deposit at saving bank account interest. Counsel for respondents No.1 to 7 has not been able to show anything either from the circulars which have been placed on record or from the pleadings which would entitle the said respondents for grant of interest which would be beyond the saving bank account prior to 2014.

11. In the light of the above, we are of the considered view that the learned Single Judge has erred in applying the Citizen's Charter which has been circulated by the appellant-Oriental Bank of Commerce in January 2014 for the period 2003 till the year 2014 and granting the benefit to the claimants-respondents No.1 to 7 for the said period at the rate of 11.5%. We, therefore, accept the present appeal and set aside the impugned order dated 07.04.2017 dated passed by the learned Single Judge.

12. Respondents No.1 to 7 in any case would be entitled to the benefit on the maturity amount at the rate of 11.5% till the date of maturity of the Fixed Deposit Receipts i.e. 28.05.2003 and thereafter at the prevalent saving bank account interest rates till 23.05.2014 when five fresh FDRs were made by the appellant in the names of respondents No.1 to 7 at the rate of 8.5% per annum till the date of disbursal of the amount calculated as above.

13. In the light of the decision of the appeal, CM No.4370-LPA of 2017 stands disposed of.

(AUGUSTINE GEORGE MASIH)
JUDGE

September 6th, 2022 **(ALOK JAIN)**
Puneet **JUDGE**

Whether speaking/reasoned: Yes
Whether Reportable: No