Form No. J (2)

IN THE HIGH COURT AT CALCUTTA
CIVIL APPELLATE JURISDICTION
APPELLATE SIDE

Present:

The Hon'ble Justice Debangsu Basak
And
The Hon'ble Justice Md. Shabbar Rashidi

M.A.T. 918 of 2025
IA NO: CAN/1/2025

Sri Swapan Kumar Chatterjee @ Swapan K. Chatterjee @ Kaloo Chatterjee
vs.
Punjab National Bank & ors.

For the Appellant	:	Mr. Chittapriya Ghosh, Advocate Ms. Aiswarjya Gupta, Advocate
For the Bank	:	Mr. Pankaj Kumar Mukherjee, Advocate
Heard on	:	25.07.2025
Judgment on	:	25.07.2025

<u>DEBANGSU BASAK, J.:-</u>

1. Appeal is at the behest of the writ petitioner and directed against an order dated May 19, 2025 passed in W.P.A. 3385 of 2025.

2. By the impugned order, learned Single Judge dismissed the writ petition. Learned Single found that, since, the two fixed deposits in question were not renewed bank was not liable to pay interest from the period of the date of maturity of the fixed deposit till its encashment.

3. Learned advocate appearing for the appellant submits that, appellant was not at fault in renewing the fixed deposit concerned prior to its maturity or subsequent thereto since, the two fixed deposits formed the subject-matter of a criminal case. In the criminal case, the appellant was entangled with Bank officials. The criminal case resulted in an order of acquittal only on March 14, 2024. Thereafter, the appellant requested the bank for encashment of the fixed deposit along with interest. Interest portion for the period subsequent to the date of maturity was denied and therefore, the writ petition was filed.

4. Learned advocate appearing for the Bank submits that, the Bank is not liable to pay interest for the period from the date of the maturity of the two fixed deposits till the date of its payment at any rate save and except the rate of interest for savings bank account. In support of such contention, learned advocate for the Bank, relies upon Clause 2.13 of Master Circular on Interest Rates on Rupee Deposits held in Domestic, Ordinary Non-Resident (NRO) and Non-Resident (External) (NRE) Accounts of the Reserve Bank of India. He submits that, the Board of Directors of Bank took a decision in terms of Clause 2.13 of such Circular on November 16, 2015 where, various scenarios with regard to non-renewal of fixed deposits were considered. Sum and substance of such decision, relevant to the facts and circumstances of the present case is that, when, the deposit holder does not renew the fixed deposit no interest is payable.

5. Learned advocate appearing for the Bank also relies upon a subsequent decision of the Bank dated March 30, 2020 which was issued in the name of Retail Banking

Division (Resources) Consolidated Circular No.15/2020. He submits that, in terms of such circular, interest would be paid at savings bank rate of interest as applicable from time to time in respect of Overdue Term Deposit.

6. Appellant made two fixed deposits with Punjab National Bank on September 14, 1982 and September 9, 1982.

7. Those fixed deposits were for a tenure of one year and therefore, became payable on September 13, 1983 and September 8, 1983 respectively.

8. Fixed deposits were not allowed to be encahsed as they formed subject-matter of criminal proceeding. Appellant was also involved in the criminal proceeding as also bank officials.

9. Criminal proceedings resulted in an order of acquittal on March 14, 2022.

10. Appellant, therefore, suffered legal impediment in not encashing and nor renewing the fixed deposits and at least not receiving the proceeds of the fixed deposits alongwith interest for all this period till the order of acquittal on March 14, 2024.

11. Thereafter, the appellant applied for encashment of fixed deposits. Principal alongwith interest accrued till the date of maturity was forwarded to the appellant. The claim of the appellant is for interest for the period from the date of maturity till the date of receipt of payment.

12. Reliance on the circular of Reserve Bank of India and two decisions of the Bank are placed, on behalf to deny interest at the fixed deposit rate for the period from the date of maturity of the two fixed deposit till the date of payment.

13. The first circular is of the Reserve Bank of India. It is dated July 1, 2009. Clause 2.13 thereof, requires individual banks to lay down a transparent policy with regard to overdue deposit.

14. Apparently, bank at its board level took a decision in terms of circular of Reserve Bank of India dated July 1, 2009 on November 16, 2015. This decision of the bank dated November 15, 2015 purports to state that where no mandate of auto renewal is given by the customer concerned then, the savings bank rate of interest on overdue term deposit will be applicable. The second decision of the bank is dated March 30, 2020 and it also purports to say in the same vein that savings bank rate of interest will be payable for overdue fixed deposits.

15. Nothing is placed before us to suggest that in 1983 bank extended auto renewal facility to any of its constituent including appellant, for fixed deposit. That apart, the decisions of the bank are of November 16, 2015 and March 30, 2020. It cannot be made applicable retrospectively.

16. Paramount consideration before us is that bank acted as a trustee of the appellant of the two fixed deposits. Amount was entrusted with the bank as fixed deposits by the appellant. Appellant suffered legal inability to encash the fixed deposits on the dates of maturity due to the pending proceedings. Appellant cannot be faulted for such purpose.

17. In such circumstances, we set aside the order impugned.

18. We direct the bank to pay interest at the fixed deposits rate prevailing in respect of such fixed deposits on the date of maturity of the fixed deposits till the date of actual payment to the appellant, within seven days from date. In the event of default of such payment, the interest component will carry further interest at 18% per annum since, thereafter, the bank will be withholding the money belonging to a constituent without any legal cause. Such withholding will be construed as commercial in nature and bank charge interest at such rate.

19. **MAT 918 of 2025** alongwith connected applications are **disposed of** without any order as to costs.

20. At this stage, learned advocate appearing for bank seeks a fortnight time to comply with the order. On such prayer time to pay is extended to a fortnight from date.

(Debangsu Basak, J.)

21. I agree.

(Md. Shabbar Rashidi, J.)