



W.P.No.4508 of 2023

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IN THE HIGH COURT OF JUDICATURE AT MADRAS

Orders reserved on : 30.04.2025

Orders pronounced on : **22.05.2025**

CORAM :

THE HON'BLE MR.JUSTICE D. BHARATHA CHAKRAVARTHY

W.P.No.4508 of 2023

S.Sankaran

.. Petitioner

Versus

Sub Post Master

RA Puram,

Chennai - 600 028.

.. Respondent

Prayer : Writ Petition filed under Article 226 of the Constitution of India praying for a Writ of Certiorarified Mandamus calling for the records impugned letter, dated 04.03.2021 bearing No./528/RAP/dlgs/20-21, dated @ Rap Chennai - 600 028 and the impugned letter, dated 20.03.2021 bearing No./572/RAP/dlgs/20-21 dated @ Rap Chennai - 600 028 issued by the respondent and quash the same and consequentially direct the respondent to pay the petitioner an amount equivalent to the interest for the period commencing from 21.02.2017 till the date of payment towards the



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petitioner's Public Provident Fund Account bearing No.1782471163.
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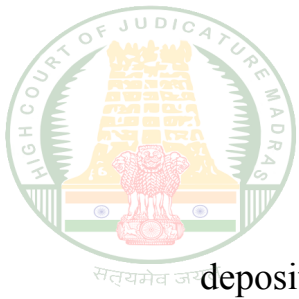
For Petitioner : Mrs.Ashwini Vaidialingam

For Respondent : Mr.AR.L.Sundaresan,
Additional Solicitor General of India,
Asstd. by Mr.K.Gangadaran,
Central Government Standing Counsel

ORDER

This Writ Petition is filed for the issuance of a Certiorarified Mandamus to call for the records relating to the impugned orders dated 04.03.2021 and 20.03.2021, to quash them, and consequently direct the respondent to pay the petitioner an amount equivalent to the interest for the period commencing from 21.02.2017 until the date of payment towards the petitioner's Public Provident Fund Account bearing No.1782471163.

2. The case of the petitioner is that he is a senior citizen, now aged 79 years. He is also the *Kartha* of a Hindu undivided family. He was originally residing in Ernakulam, and from the year 2000, he began making

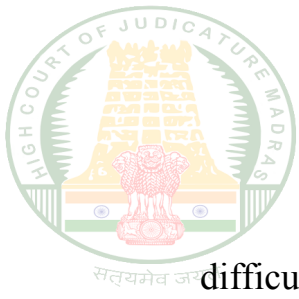


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deposits under various schemes, including the Public Provident Fund Scheme. On 02.05.2000, he opened an account for the HUF bearing No.1001 at the Ernakulam Girinagar Post Office. Until 19.01.2012, he continued making several deposits. In 2012, the petitioner relocated to Chennai, and the said accounts were transferred from the Ernakulam Girinagar Post Office to RA Puram Post Office, Chennai, in a new PPF Account No.1782471163. Thereafter, the petitioner continued to make deposits. The balance amount credited to the PPF account as of 31.03.2016 was Rs.4,84,119/-. This amount of deposit was renewed for a period of 5 years from 21.02.2017. The petitioner also made deposits on several dates up to 02.07.2020, totalling Rs.10,45,119/-. As of 31.03.2020, the interest that remained payable on these sums was Rs.2,33,781/-.

3. While so, on 07.12.2020, the petitioner received a telephone call to come to the Post Office. He was directed to close the account with immediate effect and was informed that if he did not close it, it would be

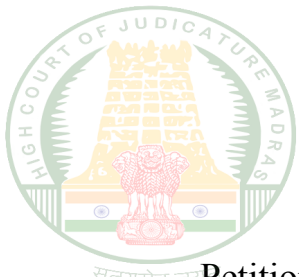


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difficult for him to subsequently obtain even the principal sum. Therefore, the said account was closed on 08.12.2020, and the petitioner was paid only the principal amount of Rs.10,45,119/- alone. The due interest amounts, namely the interest for the period between 21.02.2017 and 31.03.2020, totaling Rs.2,33,781/-, and the interest amount of Rs.59,658/- between 01.04.2020 and 08.12.2020, were never paid to the petitioner. The petitioner, therefore, made representations on 09.12.2020 and 10.02.2021.

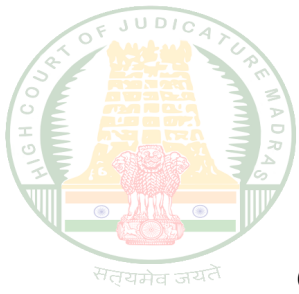
4. On 04.03.2021, the impugned order stated that the petitioner's grievance was rejected in accordance with the existing rules, as no SB rate of interest is applicable. Subsequently, the petitioner was informed that the PPF for HUF accounts had been stopped in the year 2005. When a legal notice was issued to the petitioner, the second impugned order, dated 10.02.2021, was passed, stating that according to Rule 112 of the POSB (CBS) Manual Volume, the SB rate of interest is not applicable in the case of the petitioner. Therefore, the petitioner has filed the present Writ



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Petition.
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5. This Writ Petition is opposed by the respondent through a detailed counter-affidavit. The details of the deposits are accepted. It is stated in paragraph No.5 that according to SB Order No.23/2010, dated 13.12.2010, PPF HUF accounts, opened prior to 13.05.2005, cannot be extended after maturity, and no further deposits can be accepted in such accounts after maturity. The irregularity was noted via the Savings Bank Control Organization Objection Memo, dated 14.09.2020, in which the respondent was requested to reconcile the extension of the PPF HUF account. To settle the objection, the irregular interest that accrued, amounting to Rs.2,33,782/-, was debited from the PPF HUF account, and the account was closed on 08.12.2020. The eligible balance deposits were paid to the petitioner. The interest, as claimed, is not payable, and the Writ Petition is liable to be dismissed.

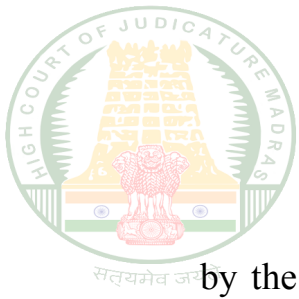


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6. *Ms.Ashwini Vaidialingam*, the learned Counsel for the petitioner, submits that the petitioner has been making continuous deposits between 2016 and 2020. Suddenly, when the irregularity above was reported and the deposits were closed, interest was not paid to the petitioner, now aged 79. According to her, Rule 112 of the POSB (CBS) Manual states that PPF accounts opened in the name of HUF prior to 13.05.2005 will be closed upon maturity on 31st March of the 16th financial year. Regarding the accounts not closed, it indicates that they would be closed by 31.03.2011, after which no interest is admissible. The same cannot be applied to the present case, where the renewal was accepted even in the year 2017.

7. Further, concerning the reliance placed on Rule 24(4) of the Government Savings Promotion General Rules, 2018, she would submit that the entire Rule 24(4) pertains to the inter *se* liability of the Accounts Office vis-à-vis the concerned Government Savings Bank. A reading of Rule 24(4) and 24(5) clearly indicates that, in such cases, the interest should be borne



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by the concerned Government Savings Bank. The learned Counsel would argue that the matter is no longer *res integra* and has been repeatedly considered by this Court and other High Courts in the following judgments, where it has been held that the interest is to be paid:-

(i) The judgment of this Court in ***R.Velayutham Vs. The Chief Postmaster General, Chennai - 2 and Ors.***, reported in ***2014 SCC OnLine Mad 6481***;

(ii) The judgment of the High Court of Delhi in ***Balkrishnan Malhotra Vs. Department of Post and Ors.***, reported in ***2019 SCC OnLine Del 9249***;

(iii) The judgment of the High Court of Calcutta in ***Murari Kedia Huf and Anr. Vs. Postmaster, Barabazar Post Office and Anr.***, reported in ***2023 SCC OnLine Cal 2103***;

(iv) The order of the High Court of Karnataka in ***K.Shankarlal Vs. The Postmaster***, in W.P.No.2042 of 2023.



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8. Per *contra*, Mr. AR.L. Sundaresan, the learned Additional Solicitor

General of India, would first rely upon the SB Order No. 23/2010, wherein it is stated as follows:

- PPF accounts opened in the name of HUF prior to 13.5.2005 will be closed on maturity i.e 31st March of the 16th Financial Year from the year in which account was opened. No further interest will be admissible.
- PPF accounts opened in the name of HUF prior to 13.5.2005 but have already been matured but not yet closed, shall be closed on 31st March 2011 after which no further interest shall be admissible.

9. He would thereafter rely on Rule 112 of the POSB (CBS) Manual,

which reads as follows:

"112. Withdrawal when account is extended with deposits:- When account is extended within 1 year of maturity by submitting Form-H, the depositor can make one withdrawal in a financial year limited to Max. 60% of the balance at credit at the time of extension of account. This limit of withdrawal will apply on commencement of every extension of block period of 5 years.

Note:- PPF accounts opened in the name of HUF prior to 13.5.2005 will be closed on maturity i.e 31st March of



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16th financial year from the year in which the account was opened. PPF (HUF) accounts opened prior to 13.5.2005 but have already matured but not yet closed shall be closed by 31.3.2011 after which no interest shall be admissible."

10. Further reliance was placed on Rule 24(4) of the Government Savings Promotion General Rules, and the entire Rule 24 is extracted hereunder for ready reference:

"24. Responsibility of Accounts Office.- (1) The Accounts Office shall be responsible for;

(a) opening of Accounts, accepting deposits, making payments, closing and transferring accounts under these rules and maintaining records thereof;

(b) providing services and facilities to the depositor as provided in these rules as well as in the provisions of the Savings Schemes.

(2) The Accounts Officer shall furnish such data, reports, information, documents and evidence as may be required, and facilitate inspection of records, as may be deemed necessary in relation to any account by the Central Government.

(3) The Accounts Officer shall create adequate technological infrastructure to carry out the provisions of these rules and those of various savings schemes, and to promote digital transactions by the depositors.

(4) If at any stage it is found that an account has been opened, or a deposit made, in contravention of the rules, the Accounts Office shall close the account forthwith and refund the amount deposited without any interest

(5) In case of any loss caused or liability incurred to the Government on account of non Implementation or wrong implementation of the provisions of the Act or any of the



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rules made thereunder, the Government Savings Bank concerned shall be liable to bear the entire liability which may so arise.

(6) The responsibility shall not vest with the Accounts Office under the following circumstances; namely:-

(a) for any fraudulent withdrawal by a person by obtaining possession of a passbook or savings certificate or the cheque book while in the custody of the depositor, and where the Accounts Office has applied all due diligence and caution while making such payment.

(b) for any act, whatsoever, committed by a person or agent duly authorised by the depositor to act on his behalf with respect to the operation of an account.

(c) for any action taken in good faith by the Authorised Officer of the Accounts Office."

11. The learned Additional Solicitor General of India would then rely

on the following judgments to contend that interest is not payable:

S.No.	Case	Citation	Proposition
1	<i>Suganmal Vs. State of Madhya Pradesh and Ors.</i>	<i>AIR 1965 SC 1740</i>	Supreme Court of India held that a writ of mandamus under Article 226 of the Constitution is not ordinarily maintainable solely for the purpose of seeking a refund of money illegally collected as tax. The proposition is that a



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			party seeking such a refund must typically pursue a civil suit, rather than a writ petition, for such relief.
2	<i>Union of India (UOI) and Ors. Vs. Orient Enterprises and Ors.</i>	<i>(1998) 3 SCC 501</i>	The Supreme Court addressed the issue of a company's right to claim interest on a redemption fine paid for imported goods that were later found to be permissible under international standards. The judgment, therefore, clarified that the state cannot be compelled to pay interest on a refund of redemption fine when the original adjudication order is overturned.
3	<i>Arulmighu Dhandayudhapaniswamy Thirukoil, Palani, Tamil Nadu through its Joint Commissioner Vs. Director General of Post Offices,</i>	<i>(2011) 13 SCC 220</i>	In essence, the proposition of the judgment is that Rule 17 of the relevant post office rules governs the payment of interest on deposits, and in this

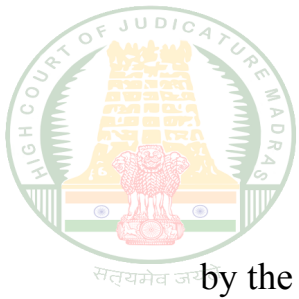


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	Department of Posts and Ors.		specific case, the respondents (including the postmaster) were not deficient in their service as they acted in accordance with the rules.
4	Commissioner of Income Tax, Gujarat Vs. Gujarat Fluoro Chemicals	(2014) 1 SCC 126	In the facts of that case, the Hon'ble Supreme Court of India had come to the conclusion that there was an inordinate delay on the part of the Revenue in refunding certain amount which included the statutory interest and therefore, directed the Revenue to pay compensation for the same not an interest on interest.

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

13. Firstly, it can be seen that SB Order No.23/2010 is an order passed



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by the Government of India, addressed to all heads of circles/regions and the
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Additional Director General, APS, New Delhi. It altered the scheme regarding PPF accounts opened in the name of HUF prior to 13.05.2005.

These accounts should be closed upon maturity on the 31st of March of the 16th Financial Year; in any event, those that remain open shall be closed by 31.03.2011, after which no further interest will be admissible. Thus, it follows that the rule is that after 15 years, the PPF HUF account cannot be further renewed and must be closed. In the case of the petitioner, the account was opened in 2002 and therefore should have been closed in 2017.

The No Interest clause contained in the aforementioned SB Order is applicable to the PPF account that has matured due to the order issued on 13.12.2010. Therefore, this clause cannot be invoked regarding the denial of interest to the petitioner. It is reproduced in Rule 112 of the Manual.

14. Regarding Rule 24(4), which is relied upon, as rightly stated by the learned Counsel for the petitioner, it mentions that the Accounts Office



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will close the account and refund the amount deposited without any interest.

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However, it specifies that any liability incurred to the Government due to the non-implementation or incorrect implementation of the provisions of the Act or the Rules shall be borne entirely by the concerned Government Savings Bank. In this case, since the Rule has already been established through SB Order No.23/2010, even in 2017, the renewal was incorrectly accepted by the relevant savings bank, namely the Post Office, Raja Annamalai Puram, Chennai. Therefore, the respondents must bear the liability.

15. As a matter of fact, the very question is no longer *res integra*, as this Court in ***R.Velayutham*** (cited *supra*) held, under identical facts and circumstances, in paragraph No. 8 as follows:-

"8. From the averments made in the counter affidavit, it is seen that the extension of the deposit has been admitted and the interest credited has also been admitted. Now, the respondents seek to deny payment of interest by referring to Rule 17 of the said rules. The respondents did not on their own volition take any action, but the action appears to have been taken pursuant to the audit inspection conducted in January-February 2012. Therefore, until such time, the account was in operation and deposits were



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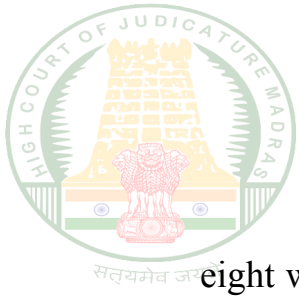


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accepted and interest was periodically credited. From the documents filed in the typed set of papers, more particularly the copy of the passbook, it is evidently clear that the respondents have credited interest. In such circumstances, to deny payment of interest to the petitioner on the deposits, which was in the hands of the respondents, by referring to a rule and an audit report is arbitrary."

16. As a matter of fact, all the other rulings referred to by the learned Counsel for the petitioner reiterate the same legal position. In view thereof, even if the respondent wrongfully resorted to renewing/extending the time of the PPF HUF, the resultant burden incurred by way of interest is to be borne solely by the respondent. Furthermore, as already held by this Court in **R.Velayutham** (cited *supra*), the amount was held by the respondent. Therefore, in any event, they are liable to pay the interest for the period claimed by the petitioner.

17. In view thereof, this Writ Petition stands allowed. The respondent is directed to pay a sum of Rs.2,93,439/-, which represents the interest on the deposits up to the date of closure, i.e., 08.12.2020, within a period of



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eight weeks from the date of receipt of a copy of this order. If the said sum is not paid within this period, it shall incur further interest at the rate of 6% per annum from 08.12.2020 until the date of disbursement. There shall be no order as to costs.

22.05.2025

Neutral Citation : yes
grs

To

The Sub Post Master,
RA Puram,
Chennai - 600 028.



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D.BHARATHA CHAKRAVARTHY, J.

grs

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