IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 11.07.2025

CORAM:

THE HONOURABLE MR. JUSTICE N.ANAND VENKATESH

Writ Petition No.19234 of 2025

P.Veerarajan
S/o.Poosai ... Petitioner

Vs

1.Indian Bank
Kollidam Branch,
represented by Branch Manager,
Main Road,
Kollidam, Mayiladuthurai District.

2.Indian Bank
represented by Manager
Head Office, North Beach Road,
Chennai - 600 001. ... Respondents

Prayer: Writ Petition filed under Article 226 of Constitution of India for the issuance of Writ of Certiorarfied Mandamus calling for the records relating to the impugned letter dated 25.02.2025 on the file of the first respondent and quash the same and direct the first respondent to pay the overdue term deposit amount due under the deposit receipt of the re-investment plan with interest at the rate of 9.5% per annum compounded quarterly right from 07.05.2021 to till date of payment to the petitioner.

For Petitioner : Mr.S.Sadasharam

For Respondents : Mr.Rajendran Raghavan
Standing Counsel

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ORDER

This writ petition has been filed challenging the impugned letter dated 25.02.2025 issued by the first respondent and for a direction to the first respondent to pay the overdue term deposit amount with interest at the rate of 9.5% p.a. compounding quarterly right from 07.05.2001 to till date.

2. Heard Mr.S.Sadasharam, learned counsel for petitioner and Mr.Rajendran Raghavan, learned Standing Counsel appearing for respondents.

3. The case of the petitioner is that he had deposited a sum of Rs.50,000/- in the name of his daughter before the respondent bank under a re-investment plan. The deposit receipt shows that the investment was made for the period from 07.05.2001 to 07.05.2004 and it carries 9.5% interest p.a. compounding quarterly. According to the petitioner, there was an automatic renewal from time to time and ultimately, when the petitioner wanted to close this fixed deposit in the year 2023, the petitioner was informed that he will be paid only a sum of Rs.1,33,499.90/-. Aggrieved by the same, the present writ petition has been filed before this Court.

4. Learned Standing Counsel appearing on behalf of the

respondent bank brought to the notice of this Court the circular issued by Reserve Bank of India. In the circular dated 01.07.2009, at clause 2.3, it is made clear that where the fixed deposit matures and the proceeds are unpaid, the amount left unclaimed with the bank will attract savings bank rate of interest. There is a subsequent circular issued by the Reserve Bank of India on 01.04.2025 and at Clause 10.2 it is stated that if a term deposit matures and proceeds are unpaid, the amount left unclaimed with the bank, shall attract rate of interest as applicable to saving account or the contracted rate of interest on the matured term deposit, whichever is lower.

5. Learned counsel for the petitioner submitted that in the very same circular it has also been made clear in Clause 5.6 that the interest rates offered shall be reasonable, consistent, transparent and available for supervisory review/scrutiny as and when required. Therefore, it was contended that the rate of interest that is now being offered by the respondent bank is unreasonable. Learned counsel further submitted that the petitioner had deposited the money in the re-investment plan only to utilize the same for conducting the marriage of his daughter.

6. This Court carefully considered the submissions made on

either side and the materials available on record and also the circulars issued by the Reserve Bank of India.

7. The term deposit was for a period of three years from 07.05.2001 to 07.05.2004 and it carried interest at 9.5% p.a. compounded quarterly. The petitioner cannot expect for the very same payment of interest and both the parties are bound by the RBI guidelines. Admittedly, the amount lies with the respondent bank unclaimed. Therefore, a reasonable interest has to be paid to the petitioner. For the period spanning from the year 2001 to till date, the rate of interest varied considerably starting from 9.5% it came down to 7.5% and later, became 6% and presently, it is 4.5%. Hence, considering the same, this Court deems it fit to fix 6% interest p.a. This will sufficiently take care of the grievance expressed by the petitioner.

8. In the light of the above discussion, there shall be a direction to the respondent bank to calculate the interest at the rate of 9.5% p.a. compounded quarterely for the period from 07.05.2001 to 07.05.2004. On this amount; it shall carry interest at the rate of 6% p.a. starting from 08.05.2004 till the date of actual payment. The amount shall be settled to the petitioner within a period of four (4) weeks from the date of receipt of a copy of this

order.

9. It is made clear that this case cannot be cited as a precedent in any other case since the peculiar facts of this case were considered for fixing the interest percentage.

This writ petition is disposed of with the above direction. No costs.

11.07.2025

Neutral Citation: Yes/No
Index: yes/no
Speaking Order/Non-Speaking Order
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To
1.The Branch Manager,
Indian Bank
Kollidam Branch,
Main Road,
Kollidam, Mayiladuthurai District.

2.The Manager,
Indian Bank,
Head Office, North Beach Road,
Chennai - 600 001.

N.ANAND VENKATESH, J.

gm

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