IN THE HIGH COURT OF JUDICATURE AT MADRAS

DATED: 11-06-2025

CORAM

THE HONOURABLE MR JUSTICE N. ANAND VENKATESH

WP No. 1233 of 2023

Ratan Lal Asawa

Petitioner(s)

Vs

1.Department of Posts India
O/o.The Postmaster, R.S.Puram HPO,
Coimbatore- 641 002.

2.Department of Posts, India
Office of the Sr.Superintendent of Post
Offices, Coimbatore Division,
Coimbatore- 641 001.

3.Department of Posts, India
Office of the Chief Postmaster General,
Tamil Nadu Circle, Chennai- 600 002.

4.Union of India
Through its Secretary, Department of
posts, Ministry of Communications,
Government of India, Dak Bhawan,
New Delhi- 110 001.

Respondent(s)

PRAYER

directing the Respondent to release a sum of Rs.41,09,797 as per the passbook provided by the 1st respondent in the petitioner's PPF (HUF) Accounts with Account Number: 0446846587 along with further interest calculated at the rate of 18% per annum with effect from 01.04.2021 till the date of payment.

For Petitioner(s): Mr.G.Sudhakar

For Respondent(s): Mr. C.Samivel SCGSC

ORDER

This writ petition has been filed for issuance of writ of mandamus directing the respondents to release a sum of Rs.41,09,797/- available in the petitioner's PPF (HUF) Account No.0446846587 along with further interest calculated at the rate of 18% per annum from 01.04.2021, till the date of actual payment.

2. The case of the petitioner is that the petitioner is the Karta of Ratan Lal Asasa (HUF). This HUF opened a Public Provident Fund (PPF) account with the 1st respondent in the year 1999, which had a maturity period of 15 years. An

initial deposit of Rs.60,000 was made in this account and the interest earned was reflected in Income Tax returns, with exemptions claimed under Section 80(c) of the Income Tax Act, 1961.

3. Subsequently, upon the expiry of the term of maturity during the year 2014, the PPF account was extended for a period of five years by the 1st respondent up to the year ending on 31.03.2019. Once again, it was extended up to 31.03.2021. The petitioner then submitted a representation dated 28.02.2022 seeking for further extension by paying the necessary charges.

4. The petitioner received a communication dated 01.03.2022 from the 1st respondent stating that the PPF account opened in the name of HUF prior to 13.05.2005 will be closed upon maturity and that the extension sought for by the petitioner could not be accepted. Accordingly, the cheque was returned.

5. It is under these circumstances that the petitioner has approached this Court and sought for a direction to the respondents to release the sum of

Rs.41,09,797/-, which has accumulated in the PPF(HUF) account.

6. The 2nd respondent filed a counter affidavit. The relevant portions are extracted hereunder:

> *"6. I further repetitively submit that as per the GSR 291(E) dated 13.05.2005 and circulated vide SB order 10/2004 dated 23.06.2005 only individuals can open PPF account from 13.05.2005. Hence the PPF accounts opened in the name of HUF prior to 13.05.2005 cannot be further extended after maturity and the further deposits cannot be accepted in such accounts after maturity. A further clarification was also issued wherein it was conveyed that the existing PPF account in the name of HUF would continue till maturity and enjoy all facilities available under earlier rules but their maturity period cannot be extended after 13.05.2005.*
>
> *7. It is further respectively submit that the again a MOF DEA vide GSR 956(E) dated 07.12.2010 and circulated vide SB order 23/2010 dated 13.12.2010 according to which, from 07.12.2010, the position of PPF accounts opened in the name of HUF prior to 13.05.2005 will be closed on maturity i.e 31st March of the 16th*

financial year from the year in which the account was opened and no further interest will be admissible. Thus the PPF accounts opened in the name of HUF prior to 13.05.2005 but have already been matured but not yet closed shall be closed on 31.03.2011 after which no interest shall be admissible.

8. I further submit that the erroneous interest addition to the PPF account was noticed by the 1st respondent when the petitioner sent a registered letter dated 28.02.2022 containing a cheque for the payment of subscription in his HUF account. The 1st respondent had returned the cheque to the petitioner stating that the SB orders that PPF HUF account cannot be extended after the maturity period i.e 31.03.2014 and no subscriptions can be made and no interest is admissible. Further the 1st respondent had informed it to the divisional office and requested for the reversal of the interest credited in the petitioner's HUF account. Thus the excesses interest credited in the petitioner's account amounting to Rs. 18,42,438/- was adjusted using HIARM menu in FINACLE software by SBCO, RS Puram HO on 30.03.2022.

9. I further submit that later it was found that while opening the account,in the opening form the petitioner has *mentioned his name in the 'NAME AND ADDRESS PORTION' as R.L.ASAWA(HUF) on 13.03.1999. The same while he extended on 06.04.2019 he had mentioned as R.L.ASAWA HUF in signature portion. The petitioner hasn't mention the HUF in braces as he did while the account opening which implies that he intentionally tried to suppress the fact that the account is in the name of HUF. All the rules and amendments of the Government of India of various schemes are made aware to the general public. Moreover the same was said to be displayed in the notice board of the post office. The petitioner has willfully suppressed the fact it was a HUF account. The respondent staff in confusion had considered the account as of individual capacity presuming HUF as part of the petitioner's name and had extended the account for 5 years.*

10. I further respectively submit that thus the petitioner's account status in FINACLE software which is used for savings bank transactions shows this PPF account as individual capacity and the interest accrued on the deposits made in this PPF HUF account were calculated automatically and credited in the account at the end of each financial year by the above said software. The petitioner did not claim for closure during 2014 *which means that he is not dependant on the interest earned on the deposit made by the petitioner. As such the petitioner is not deprived of rightful use of money to which he is claiming as entitled amount. Instead he claimed income tax exemption under section 80C of income tax every year as admitted by him and possibly the interest earned every year was shown as interest free and claimed double benefit."*

7. When the above writ petition was pending, this Court directed the respondents to pay the undisputed amount to the petitioner. Accordingly, a sum of Rs.25,59,155/- was paid to the petitioner through a cheque dated 03.02.2023.

8. Hence, the dispute is now confined to the remaining amount that is claimed by the petitioner.

9. Heard Mr.G.Sudhakar, the learned counsel for the petitioner and Mr.C.Samivel, the learned Senior Central Government Standing Counsel appearing on behalf of the respondents.

10. The main ground that has been raised on the side of the respondents is that through a notification dated 13.12.2010, it was made clear that the existing PPF accounts opened in the name of HUF would continue till maturity and enjoy all facilities available under the earlier rules. However, their maturity period cannot be extended any further after 13.05.2005. Hence, the PPF account opened in the name of the HUF prior to 13.05.2005 will be closed on maturity.

12. Despite availability of such notification, it is not known as to why the 2nd respondent had extended the maturity period on the first occasion in the year 2014 and thereafter in the year 2019 and continued the same till the year 2021.

13. A stand has been taken by the respondents that as if the petitioner concealed the fact that it was a HUF account and gave an impression that it was an account standing in the name of an individual. The above stand taken by the respondent is unsustaninable for the simple reason that even as per the passbook issued in the year 1989, it is made very clear that the account was in the name of

R.L.Asawa (HUF). Hence, the respondents are very well aware of the fact that the account was operated by a HUF and not by an individual. It is also not in dispute that the renewal had taken place from time to time and as on 31.03.2021, a total sum of Rs.41,09,797/- was available as the balance amount in the account and the same is reflected in the passbook.

14. The learned Senior Central Government Standing Counsel appearing on behalf of the respondents submitted that such renewal had taken place by mistake and that HUF accounts are not entitled for such a renewal. Therefore, to whatever amount the petitioner was entitled, it has already been repaid.

15. A similar issue came up before the Karnataka High Court in the case of ***Sankar Lal vs. Post Master and Others*** in ***W.P.No.2042 of 2023*** dated 31.03.2023. Even in that case, the account holder was informed in the year 2021 that the amount would not be settled with interest, in view of the policy decision taken by the Government. While dealing with this issue, it was held as follows:

*"**11.** The respondents/authorities have filed detailed*

statement of objections justifying the action of treating the account as irregular and closing the account without interest. If the dates and link in the chain of events are noticed what would unmistakably emerge is that the petitioner is no way responsible for the fault of the respondents/authorities. At the outset it was an agent who facilitated opening of the account; the account was opened. For 12 long years, the petitioner had deposited money into the account under the Scheme as HUF. After receiving the amounts for 12 years into the said account with eyes wide open, knowing full well that the Scheme has been amended and opening of the account itself was irregular,no fault can be laid at the doors of the petitioner.

12. *If the authorities, who are to be aware of amendment of the Scheme, as also the fact that no HUF account could be opened under the Scheme, if have permitted to open and operate the account for 12 years, the petitioner, a common man cannot be blamed that too after 12 years of opening of the account. The 1st and 2nd respondents could not have permitted opening of the account and further could not have permitted deposits into the account for 12 long years. Having kept quiet, all along cannot pass the buck upon the petitioner and make* *the account irregular and deny interest for the investment. The petitioner desirous of accumulating money for his daughter's marriage opened the account and continues investment into the account. The action of the respondents in denying interest on the said investment comes as a rude shock to the petitioner. The action of the respondents in denying interest and directing closure of the account holding it to be irregular does not behoove its status being a State under Article 12 of the Constitution of India, as the impugned action is far from fairness.*

13. The Apex Court in somewhat similar circumstances in the case of BHAGWATI VANASPATI TRADERS v. SENIOR SUPERINTENDENT OF POST OFFICES1 has held as follows:

> *"11. We find merit in the second contention advanced at the hands of the learned counsel for the appellant. It is indeed true, that the NSC was purchased in the name of M/s Bhagwati Vanaspati Traders. It is also equally true, that M/s Bhagwati Vanaspati Traders is a sole proprietorship concern of B.K. Garg, and as such, the irregularity committed while issuing the NSC in the name of M/s Bhagwati Vanaspati Traders, could have easily been corrected by substituting the name of M/s Bhagwati Vanaspati Traders with that of B.K. Garg. For, in a sole proprietorship concern an individual uses a fictional trade name, in place of his own name. The rigidity adopted by the authorities is clearly ununderstandable. The postal authorities having permitted M/s Bhagwati Vanaspati*

Traders to purchase the NSC in the year 1995, could not have legitimately raised a challenge of irregularity after the maturity thereof in the year 2001, especially when the irregularity was curable. Legally, Rule 17 of the Post Office Savings Bank General Rules, 1981, would apply only when an applicant is irregularly allowed something more than what is contemplated under a scheme. As for instance, if the scheme contemplates an interest of Y% and the certificate issued records the interest of Y+2% as payable on maturity, the certificate-holder cannot be deprived of the interest as a whole, on account of the above irregularity. He can only be deprived of 2% i.e. The excess amount, beyond the permissible interest, contemplated under the scheme. A certificate-holder, would have an absolute right, in the above illustration, to claim interest at Y% i.e. in consonance with the scheme, despite Rule 17. Ordinarily, when the authorities have issued a certificate which they could not have issued, they cannot be allowed to enrich themselves, by retaining the deposit made. This may well be possible if the transaction is a sham or wholly illegal. Not so, if the irregularity is curable. In such circumstances, the postal authorities should devise means to regularise the irregularity, if possible.

12. It is not possible for us to deny relief to the appellant, based on the judgments rendered by this Court in Prameeelamma case [Deptt. of Posts v. Prameeelamma, (1998) 9 SCC 706] and Arulmighu Dhandayudhapani swamy Thirukoil case [Arulmighu Dhandayudhapaniswamy Thirukoil v. Deptt. of Posts, (2011) 13 SCC 220: (2012) 3 SCC (Civ) 435] in view of the fact that the matter was never examined in the perspective determined by us hereinabove. In neither of the two judgments, the amendment of the NSC was sought. The instant proposition of law, was also not projected on *behalf of the certificate-holders, in the manner expressed above.*

13. There was seriously no difficulty at all in the facts and circumstances of the present case, to regularise the defect pointed out because M/s Bhagwati Vanaspati Traders is admittedly the sole proprietorship concern of B.K. Garg. The postal authorities should have solicited the change of the name in the NSC, through a representation by B.K. Garg himself. On receipt of such a representation, the alleged irregularity would have been cured, and the beneficiary of the deposit, would have legitimately reaped the fruits thereof. Rather than adopting the above simple course, the postal authorities chose to strictly and rigidly interpret the terms of the scheme. This resulted in the denial of the legitimate claims of the sole proprietor of the appellant concern i.e. B.K. Garg, of the investment made by him. In the above view of the matter, we consider it just and appropriate, in exercise of our jurisdiction under Article 142 of the Constitution of India, to direct the Senior Superintendent of Post Offices, Meerut, to correct the NSC issued in the name of M/s Bhagwati Vanaspati Traders, by substituting the appellant's name, with that of B.K. Garg."

The case before the Apex Court was also opening of an account in the name of a partnership firm in the Post Office. It was held to be irregular. The Apex Court holds that unless opening of account was wholly illegal, the irregularity cannot lead to denial of interest to the investor, particularly, when the defect was curable. The *judgment of the Apex Court would become applicable to the facts obtaining in the case at hand as they are some what identical."*

14. *In the light of unequivocal facts as narrated hereinabove and the judgment of the Apex Court in the case of BHAGWATI VANASPATHI TRADERS (supra), the petition deserves to succeed, albeit, in part. The petitioner would be entitled to interest under the Scheme, only up to the date on which the communication comes to the petitioner i.e., 23-09-2021. On and from 23-09-2021 the account of the petitioner till its maturity shall carry interest at the scheduled Banks lending rate and not the rate of interest under the Scheme.*

15. *Parting observation in the facts and circumstances of the case would not be inapt. The 1st and 2nd respondents should set their house in order. In this digital age it is necessary that 1st and 2nd respondents update themselves with regard to such accounts and not wake up from slumber after several years and penalize the investors. The investor, as in the case at hand, is a common man and would not know the prevailing law. He was only interested in investment and in return wants to have interest on such investment. It is for the Authorities to detect such accounts which are opened irregularly as* *soon as they are opened, on intermittent scrutiny of the accounts and inform such investors immediately, failing which, the Officers who manage such accounts should be held responsible and accountable for such dereliction of duty. It is necessary for the respondents to issue these instructions to all the Post Offices who handle such accounts, so that the common man does not bear the brunt of unnecessary litigation."*

16. I am in complete agreement with the judgment of the Karnataka High Court. As rightly held by the Karnataka High Court, the amount was received with eyes wide open, knowing fully well that the scheme had been amended. Having kept quiet all along, the petitioner cannot now be informed that he will not be entitled to interest, due to an irregularity committed by the Department.

17. This information that was provided to the petitioner comes by way of rude shock and the respondents cannot be permitted to pass the buck to the petitioner and justify denying payment of interest to the petitioner. The Karnataka High Court has already issued directions to the respondents to give

necessary instructions to all Post Offices handling such accounts to inform the account holders, rather than making the common man bear the brunt by knocking on the doors of the Court.

18. In light of the above discussion, this Court holds that the petitioner is entitled to the interest under the scheme up to 31.03.2021 and balance amount thereafter shall be paid to the petitioner with interest at the rate of 6% per annum from 31.03.2021, till the date of actual payment. This process shall be completed within a period of four (4) weeks from the dated of receipt of a copy of this order.

19. In result, this Writ Petition is allowed in the above terms. No costs.

11-06-2025

Index:Yes/No
Speaking/Non-speaking order
Internet:Yes
Neutral Citation:Yes/No

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To

1.Department of Posts India
O/o.the Postmaster, R.S.Puram HPO,
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N.ANAND VENKATESH J.

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