(2026) 08 PAT CK 2546

In the Patna High Court

Case No : Civil Writ Jurisdiction Case No.20653 of 2018

Binod Kumar Jain (HUF) APPELLANT

Vs

The Union Of India & Ors. RESPONDENT

Date of Decision : 04-08-2026

Acts Referred:
Public Provident Fund Act, 1968
Public Provident Fund Scheme, 1968

Citation : (2026) 08 PAT CK 2546

Hon'ble Judges : G. Anupama Chakravarthy, J

Bench : Single Bench

Advocate : M/s Ramesh Kumar Agrawal, Sanjeev Kumar, M/s Amrendra Nath Verma, Rakesh Kumar Sinha

Final Decision : Allowed

Judgement

Date : 04-08-2026

1. The petitioner has filed the Writ petition for the following reliefs:

> "(i) *For issuance of appropriate Writ(s), order(s) or direction(s) directing the respondents to return Rs. 22,21,864/- which has been withheld by them since 30.08.2017, alongwith reasonable rate of interest.*
>
> (ii) *For any other relief[s] for which the petitioner may be found entitled to in the facts and circumstances of the present case."*

2. The brief facts culled out of the Writ petition are that a Public Provident Fund (PPF) Account bearing No. 1300898601 was opened in the name of petitioner on 27.03.1992 at Patna G.P.O. under the provisions of the Public Provident Fund Act, 1968 and the Public Provident Fund Scheme, 1968. The petitioner regularly deposited the prescribed amount in the said PPF account and the interest amount was credited annually by the Postal Department.

3. According to the petitioner, on the date of maturity i.e. 31.03.2017, and after further deposit and interest credited up to 30.08.2017, the total balance in the

account stood at Rs.60,38,612/-. However, while closing the account, the respondents released only Rs.38,16,748/- and deducted a sum of Rs.22,21,864/- under the head "UCR" without assigning any reason. Despite of repeated representations and protests made by the petitioner, the deducted amount has not been refunded, compelling him to approach this Court.

4. The Learned counsel for the petitioner submits that the action of the respondents in withholding a sum of Rs.22,21,864/-from the petitioner's PPF account is wholly arbitrary, illegal and without any authority of law. It is submitted that the petitioner had regularly operated the PPF account, in accordance with the provisions of the PPF Act and the Scheme, and the interest credited from time to time by the respondents themselves formed part of the lawful balance standing in the account.

5. The Learned counsel for the petitioner further submits that the respondents, after crediting interest and closing the account, should not have unilaterally deducted the said amount without issuing any notice, assigning any reason or passing any order. It is further contended that despite repeated representations, the respondents neither refunded the deducted amount nor furnished any justification for such deduction and prayed to allow the Writ petition.

6. A counter affidavit was filed on behalf of the respondents. The Learned counsel for the respondents submits that the PPF (HUF) Account in question was opened on 27.03.1992 and had matured long before the petitioner sought for withdrawal. It is submitted that as per the Government of India Circular dated 12.03.2013, PPF (HUF) Accounts opened prior to 13.05.2005, if not closed after maturity, were not entitled to earn any interest beyond 31.03.2011. According to the respondents, the petitioner neither closed the account on maturity nor applied for its extension in accordance with the applicable rules.

7. The Learned counsel for the respondents further submits that although the petitioner continued to deposit amounts in the PPF account after 31.03.2011, such deposits could not earn any interest under the Government of India guidelines. Accordingly, when the petitioner applied for withdrawal on 17.08.2017, the account was processed and closed in terms of the Directorate Circular dated 12.03.2013. The respondents calculated the amount payable by taking the closing balance as on 31.03.2011 and adding the subsequent deposits made by the petitioner, and consequently paid a sum of Rs.38,16,748/-. It is contended that the interest credited after 31.03.2011 was not legally admissible and, therefore, the same was rightly excluded.

8. It is further submitted by the Learned counsel for the respondents that the action of the Postal Department is strictly in accordance with the provisions of the applicable Government circulars and no illegality or arbitrariness has been committed by the respondents. Since the petitioner has already been paid the amount legally due to him, no further amount is payable and the Writ petition, being devoid of merit, is liable to be dismissed.

9. Heard the Learned counsel for the parties and perused the materials available on record. It is an admitted position that the petitioner had opened the PPF (HUF) Account in the year 1992 and had been regularly depositing amounts therein. It is also not in dispute that the respondents themselves continued to accept the deposits made by the petitioner even after the alleged date of maturity and, from time to time, credited interest in the said account. The passbook maintained by the respondents clearly reflects that interest was regularly credited up to 30.08.2017 and the account was closed only thereafter.

10. The principal stand of the respondents is that, in view of the Government of India Circular dated 12.03.2013, the petitioner was not entitled to interest beyond 31.03.2011. However, this Court finds that despite the said circular, the respondents neither refused to accept the deposits made by the petitioner nor informed him that his account had ceased to earn interest. On the contrary, the respondents continued to operate the account in the ordinary course and themselves credited interest every year. Having permitted the account to be operated in such manner, the respondents could not, at the stage of closure of the account, unilaterally deduct the entire interest already credited without issuing any notice or affording any opportunity to the petitioner.

11. It is well settled that a depositor cannot be made to suffer for the administrative lapses or negligence of the authorities. If there was any irregularity in continuing the account after maturity, the responsibility was equally upon the Postal Department, which was under a statutory obligation to act in accordance with the applicable rules. The respondents, having accepted the deposits and credited interest over a long period, cannot subsequently resile from their own acts to the prejudice of the petitioner.

12. This Court is, therefore, of the considered opinion that the deduction of Rs.22,21,864/- from the petitioner's PPF account at the time of closure, without any prior notice or reasoned order, is arbitrary, unreasonable and unsustainable in law. The petitioner cannot be deprived of the amount which stood credited in his account, solely because of the internal lapses or omission on the part of the respondents.

13. Accordingly, the Writ petition is allowed. The respondents are directed to release the deducted amount of Rs.22,21,864/-, along with admissible interest, if any, in accordance with law, within a period of three months from the date of receipt/production of a copy of this order.

14. Interlocutory Application(s), if any, shall stand disposed of

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FOOTNOTES

1. **AFR/NAFR** NAFR
2. **CAV DATE** NA
3. **Uploading Date** 06.08.2026
4. **Transmission Date**

