(2015) 12 NCDRC CK 0050

In the National Consumer Disputes Redressal Commission

Case No : 2155 of 2012

STATE BANK OF INDIA — APPELLANT

Vs

YASH PALL GUPTA — RESPONDENT

Date of Decision : 15-12-2015

Acts Referred:

Consumer Protection Act, 1986, Section 21(b) - Jurisdiction of the National Commission

Citation : 2016 1 CPR 169

Hon'ble Judges : B.C. Gupta

Advocate : K.S. Arya, Hitesh Sood

Judgement

1. This revision petition has been filed under section 21(b) of the Consumer Protection Act, 1986 against the impugned order dated 14.03.2012, passed by the Punjab State Consumer Disputes Redressal Commission (hereinafter referred to as the State Commission) in First Appeal No. 819/2008, "State Bank of India & Anr. Vs. Yash Pall Gupta" and First Appeal No. 1099/2008, "Yash Pall Gupta vs. State Bank of India & Anr.", vide which, both these appeals were ordered to be dismissed and the order dated 13.06.2008, passed by the District Forum, Ludhiana in Consumer Complaint No. 388/2007, allowing the said complaint, was upheld.

2. Briefly stated, the facts of the case are that the complainant/respondent Yash Pall Gupta who is stated to have retired as Managing Director from the Life Insurance Corporation of India (hereinafter referred to as "LIC") deposited some money out of his service retirement benefits in a Scheme promulgated by the Government of India, known as ''Deposit Scheme for Retiring Government Employees, 1989''. The Scheme was being operated by the petitioner State Bank of India. Under the said scheme, any Government employee could have invested his retirement benefits within three months, with lock-in period of three years, after which the depositor was entitled to tax-free interest @8.5%. The complainant deposited a total sum of 8,80,000/- at various times during the year 2001 under the said Scheme and opted for cumulative deposit option. After

completion of three years on 21.05.2004, the complainant consented to continue his account with the petitioner Bank for another three years, i.e., 21.05.2007. The interest on the amount deposited continued to be regularly credited to his account on 30 th June and 31 st December every year. The complainant also made withdrawals from his account and entries to this effect were made in the ledger etc. Further, following the death of his wife in April 2005, who was a joint account holder, he got the nomination done in favour of his son and the said change was registered in the account books of the petitioner Bank.

3. It has been alleged that as the account was to mature on 21.05.2007, the complainant approached the petitioner Bank on 09.05.2007 for calculation of principal and interest amount. However, he was astonished to find that the Bank refused to pay interest for the period 21.05.2004 to 20.05.2007, taking the plea that the said Scheme had been amended vide notification dated 13.08.2004 and hence, no interest was payable after 21.05.2004. The complainant filed the consumer complaint in question, alleging deficiency in service on the part of the Bank, stating that the Bank never informed him about any change in the terms and conditions governing the scheme. He stated that he was entitled to be paid a sum of 12,06,991/- + interest from 01.01.2007 to 24.05.2007 as per entries made in the pass-book of his account, whereas he was paid only 10,42,677/- on 24.05.2007. He was, therefore, entitled to get 1,64,314/- + interest on 12,06,991/- from 01.01.2007 to 24.05.2007 and to get further interest @20% p.a. compounded six monthly from 24.05.2007 till realisation. In addition, he demanded a sum of 1 lakh as compensation for mental agony and 25,000/- as litigation expenses. The complaint was resisted by the petitioner/OP by filing a written statement before the District Forum, in which they stated that the Government of India had issued a notification dated 13.08.2004 in which it had been stated that interest could not be paid on the deposits beyond 13.09.2004. There was no deficiency on the part of the Bank, therefore as they had acted in accordance with the instructions of the Government of India.

4. The District Forum vide there order dated 13.06.2008 allowed the complaint and directed the petitioner to pay contractual interest @8.5% p.a. on his entire deposit up to its withdrawal on 11.05.2007. The District Forum also allowed a compensation of 15,000/- for mental agony alongwith 2,000/- as litigation expenses. Against this order, both the parties went in appeal before the State Commission, but the two appeals were dismissed vide impugned order dated 14.03.2012 and the order of the District Forum was upheld. It is against this order that the present revision petition has been made by the OP Bank.

5. During hearing, it was contended by the learned counsel for the petitioner Bank that the money had been deposited in the Bank in the Deposit Scheme floated by the Government of India and the Bank was bound to follow the terms and conditions as stated by the Government of India. He stated that the Bank was just operating the said Scheme and the money received by them went to the Government of India treasury. The interest was also paid by the Government of

India. He referred to the notification dated 07.06.89 issued by the Ministry of Finance, Government of India as duly published in the Gazette of India (extra ordinary). The learned counsel referred to another notification issued by the Ministry of Finance, Government of India dated 13.08.2004 vide F. No. 15-01-2004.NS-II, saying that the scheme had been amended and it was directed that interest was not payable after 13.09.2004. He also referred to a circular issued by the Reserve Bank of India on 17.10.2005 in this regard vide Reference No. DGBA.CDD.15.03.001/H-3990/2005-06. The learned counsel maintained that the Bank had strictly followed the instructions of the Government of India and the Reserve Bank of India and paid the amount due to the complainant already.

6. The learned counsel for the respondent, however, stated that after the expiry of 3 years of the deposit of funds, the complainants had consented to continue their deposit for a further period of 3 years. The Bank had been regularly depositing interest in his account and entries were being made in the ledger as well as passbook of the complainant even after 21.05.2004. The notification dated 13.08.2004 had never been brought to the notice of the complainant by the petitioner Bank, otherwise he could have withdrawn the said money and invested it somewhere else. The learned counsel also stated that even under the notification dated 13.08.2004, the Bank was required to pay them interest till May 2007, because they had got their deposit revalidated till that period. The learned counsel has drawn attention to an order passed by the Hon''ble Supreme Court of India in " M/s. Bhagwati Vanaspati Traders vs. Senior Superintendent Post Offices, Meerut " as reported in [2014 (4) RCR (Civil)], in this regard.

7. The learned counsel for both the parties stated that in pursuance of the order passed by the State Commission, the petitioner Bank had paid the additional amount of 3,53,765/- to the complainant as interest vide letter dated 21.05.2012.

8. I have examined the entire material on record and given a thoughtful consideration to the arguments advanced by the parties.

9. The main ground taken on behalf of petitioner Bank says that in accordance with notification dated 13.08.2004, issued by the Government of India, they were not required to pay interest on the deposit made by the complainant beyond 21.05.2004. In this regard, it is worthwhile to reproduce the said notification as below:- " Notification

New Delhi, the 13 th August, 2004

F. No. 15-01/2004, NS II- The Govt. of India hereby makes the following further amendment in the Deposit Scheme for Retiring Government Employees, 1989 as notified in the Ministry of Finance (Department of Economic Affairs) Notification No.

2/14/89, NSII, dated 07.06.1989 namely:

1. In the said notification, in paragraph 6 relating to Interest on Deposits, after the sub paragraph (d) the following sub paragraph shall be inserted, namely:

"(e) Notwithstanding anything contained in the sub paragraph(a) to (d) above, deposits in account which have matured on or before 13.09.2004 shall cease to earn any interest after the 13.09.2004. Similarly, deposits in accounts maturing after the 13.09.2004, shall also not earn any interest for the period after the date of maturity."

10. A plain reading of the above notification makes it clear that deposits in account which matured on or before 13.09.2004, ceased to earn any interest after 13.09.2004. However, the deposits in accounts which were maturing after 13.09.2004 shall not earn any interest after the date of maturity. Interpreted in the strict sense of word, it may be stated that in the present case, the deposits got renewed on 21.05.2004 and hence, the date of maturity becomes 21.05.2007. Based on the above notification, further interest was not to accrue from the fresh date of maturity, i.e., 21.05.2007, meaning thereby that the Bank was supposed to pay interest upto 21.05.2007, since it is a continuation of deposit. The petitioner Bank has, therefore, taken an erroneous view that the interest is not to be given after 13.09.2004, although they had credited the interest for the later period to the account of the depositor. In any case, the depositor is not at fault at all, because he was never informed about the change in the terms and conditions of the Scheme. He was always under the impression that it is a continuing Scheme, as the Bank continued to credit interest to his account. It is held, therefore, that the depositor is entitled to interest till the new date of maturity, i.e., 21.05.2007, based on the principles of fair play, justice and equity.

11. Based on the discussion above, it becomes evident that the order passed by the District Forum, duly affirmed by the State Commission does not suffer from any illegality, irregularity or jurisdictional error. The present revision petition is, therefore, without any merit and the same deserves to be dismissed and I order accordingly. There shall be no order as to costs.

