

IN THE HIGH COURT OF TELANGANA AT HYDERABAD

WRIT PETITION No.11616 OF 2014

Between:

B.N.Madhukar Rao

... Petitioner

And

Reserve Bank of India & others

... Respondents

JUDGMENT PRONOUNCED ON: 03.06.2024

THE HON'BLE MRS. JUSTICE SUREPALLI NANDA

1. Whether Reporters of Local newspapers : Yes
may be allowed to see the Judgment?
2. Whether the copies of judgment may be : Yes
marked to Law Reporters/Journals?
3. Whether Their Lordships wish to : Yes
see the fair copy of the Judgment?

MRS. JUSTICE SUREPALLI NANDA

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Between:

B.N.Madhukar Rao

... **Petitioner**

And

\$ Reserve Bank of India & others

... **Respondents**

< **Gist:**

> **Head Note:**

! Counsel for the Petitioner : Mr Ravi Kondaveeti

^ Counsel for the Respondent Nos.1 and 2: Mr Nalin Kumar

Senior Designate counsel

? **Cases Referred:**

(1997) 4 SCC 145

HON'BLE MRS JUSTICE SUREPALLI NANDA**WRIT PETITION No.11616 OF 2014****ORDER:**

Heard Mr. Ravi Kondaveeti, the learned counsel appearing on behalf of the Petitioner and learned Senior Designate Counsel Mr. Nalin Kumar appearing on behalf of the Respondents Nos.1 and 2

2. **The petitioner approached the court seeking prayer as under:**

"to declare the action of the Respondents in not paying interest of Rs. 24,97,659/- on the Government of India 7% Savings Bond 2002 and Government of India 6.5% Savings Bonds 2003 bearing Bond Ledger Account No. RBIHDBL 002317 to the petitioner from the date of maturity till the date of actual payment is made and also further interest on the above said amount of interest from 26.07.2012 to till the date of the actual payment or prevailing interest rate on Fixed Deposits of National Banks as wholly illegal arbitrary and violative of Article 14 of the Constitution of India and consequently declare that the petitioner is entitled to receive the interest of Rs. 24,97,659/- on the above said bonds for the period from the date of maturity to till the date of actual payment made with further interest on the above said amount".

3. PERUSED THE RECORD :

A) The counter affidavit filed on behalf of Respondent Nos.1 and 2 and in particular, Para Nos.22 and 23, read as under :

"22. With reference to the allegations contained in paragraph 10 of the affidavit I submit that the allegations made and the contentions raised therein are neither true nor correct. It is respectfully submitted that Reserve Bank of India could not release the amount under the Government of India Savings Bonds for want of probate and as in their understanding without probate it was not possible to pay the amount on the basis of a Will. The same issue was raised in Writ Appeal No. 425 of 2011. This Hon'ble Court after directing issuance of a public notice inviting objections from the general public and recording the statements of attesting witnesses directed this respondent to pay the amount to the petitioner if necessary after obtaining the indemnity bond from the legatee/executor. The allegation of the petitioner that the respondent kept amount with them even after the date of maturity period by insisting on probate of the registered Will, even though there is no necessity to get the Will probated in respect of the Wills executed in the State of Andhra Pradesh as per the law declared by the Hon'ble High Court of Andhra Pradesh is not correct. I submit that in accordance with the direction of this Hon'ble Court in the said Writ Appeal the maturity amount has been paid to the

petitioner after obtaining indemnity bond from him. I respectfully submit that there was no prayer by the petitioner for payment of any interest on the Savings Bonds much less for post maturity period. **I further submit that the petitioner is not entitled to payment of interest for post maturity period on the Saving bonds. I also submit that the amount of Saving Bonds does not include post maturity interest. I also submit that Reserve Bank of India being an apex Bank is under an obligation to protect public monies which are in their hands as Reserve Bank of India cannot pay interest contrary to the terms and conditions of savings bonds and relevant law.**

23. With reference to the averments made in para 11 of the affidavit, I submit that the directions issued by this Hon'ble Court in the said Writ Petition and Writ Appeal did not adjudicate upon the interest payable to the petitioner on the savings bonds and the petitioner is not entitled to payment of interest after the maturity date of the savings bond. **It is submitted that pursuant to the Notification No. F.4 (13)-W&M/2002 dated 5 September, 2002 of the Government of India relating to 7% Savings Bonds 2002 the Reserve Bank had issued Circular Ref.No.CO. Dt. 13-01-289/H-1028/2002-03 to Public Debit Offices of the various regional offices of the Reserve Bank mentioning the salient features of the Bond. It was specifically stated in paragraph 14 of the said circular that "No interest would accrue after the maturity of the Bonds".** A copy each of the

Notification and Circular are enclosed as Annexure A and B. It is further submitted that pursuant to the Notification No. F.4 (9)-W&M/2003 dated 13 March 2003 of the Government of India relating to 6.5% Savings Bond, 2003 (non-taxable) **the Reserve Bank had issued Circular Ref. No. CO. Dt. 13-01-298/H-3566/2002-03 dated 15th March 2003 to the various agency banks mentioning the salient features of the bond. It was specifically stated in paragraph 15 of the said circular that "No interest would accrue after the maturity of the Bond."** A copy each of the Notification and Circular are enclosed as Annexure C and D. The Reserve Bank of India acts only as an agent of the Central Government in terms of Section 21 (2) of the Reserve Bank of India Act, 1934 in the floatation, administration and management of Government loans. The Reserve Bank is required to mandatorily follow the regulations issued by the Government of India and cannot take a view except which is in accordance with the provisions of Government Securities Act, 2006 and Government Securities Regulations 2007, and the law applicable to Government Securities. The petitioner is running a frivolous litigation without any basis for the purpose of present Writ Petition without any merits. I submit that these respondents draw this Hon'ble Court's attention to **Section 21 of the Government Securities Act, 2006 which provides as follows:**

"Save as otherwise expressly provided in the terms of a Government Security, no person shall be

entitled to claim interest on such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the amount due on such security".

Therefore, the petitioner is not entitled to any post maturity interest. I submit that in respect of the savings bonds in question there is no provision for payment of any post maturity interest in terms of the Government of India Notifications, dated September 5, 2002 and 13th March 2003 respectively.

4. The case of the Petitioner in brief as per the averments made in the affidavit filed by the Petitioner in support of the present writ petition is as under :

a) The maternal aunt of the petitioner by name Smt.B.Samrajya Lakshmi, invested an amount of Rs.61 lakhs under Government of India 7% Savings Bonds 2002 bearing Bond Ledger Account No.RBIHDBL 002317 with Reserve Bank of India on 09.12.2002.

b) The due date of repayment of the amount covered under the said bond is 09-12-2008. She invested another sum of Rs.10 lakhs on 04-01-2003 in the above said bonds bearing Bond Ledger Account No.RBIHDBL 002317. The due date of repayment of the amount covered by the said bond is 4-1-2009. She also

invested an amount of Rs.29 lakhs under Government of India 6.5% Savings Bonds 2003 bearing Bond Ledger Account No.RBIHDBL 002317 and the due date of repayment of the said amount is 24-9-2008.

c) While some movable and immovable properties were bequeathed by Smt.B.Samrajya Lakshmi in favour of the petitioner and his wife, the savings bonds and other F.D.Rs. were exclusively bequeathed in favour of the petitioner and that the Will was registered as document No.62/2008 in the office of the District Registrar, Hyderabad.

d) The petitioner's maternal aunt died issueless on 3-6-2008. After obtaining death certificate from the Greater Hyderabad Municipal Corporation on 9-6-2008, the petitioner made an application for payment of F.D.R. amounts which were deposited by his maternal aunt in the Corporation Bank, Hyderguda and that the said amounts were paid to him by the said Bank.

e) The petitioner sent representation to the respondents for payment of the matured amount under the Savings Bonds and the respondents in turn issued letter No.PDO(Hyd) RFB/644/2,16,009.2008-2009, dated 24-9-2008 requiring the petitioner to obtain and produce probate of Will dated 21-5-2008 to enable them to process

his claim under the Government of India Savings Bonds. This communication was questioned by the Petitioner by filing WP No. 28925 of 2009 and the said Writ Petition was allowed vide order dated 18.04.2011 passed in WP No.28925 of 2009 observing as under :

“As regards the submission of the learned counsel for the respondents that the Government Securities Act 2006 envisages production of such a probate, having carefully considered the provisions of Section 7 of the said Act, I do not find any merit therein. Under the said provision, in the absence of a nomination in respect of a Government security, the executors or administrators of the deceased sole holder or all the deceased joint holders, as the case may be, or the holder of a succession certificate issued under Part X of the Indian Succession Act, 1925 shall be the only person who may be recognized by the Bank as having any title to the Government security. Under the said provision, the right of the executor is recognized. Section 2(c) of the Indian Succession Act, 1925 defines ‘executor’ as a person to whom the execution of the last will of a deceased person is, by the testator’s appointment, confided. This provision does not make any further requirement of obtaining a probate of the will for its execution. In the absence of any such statutory requirement and in the face of the law crystallized by the decisions referred to above, the insistence on production by the petitioner of the probate of will for payment of the

amounts due under the Government securities, cannot be sustained in law.

For the above mentioned reasons, the Writ Petition is allowed. A mandamus shall issue to the respondents to consider the claims of the petitioner for payment under the Government securities without insisting on furnishing of probate of the registered will executed in favour of the petitioner."

5. Aggrieved by the order dated 18.04.2011 passed in WP No.28925 of 2009, the Respondent Nos.1 and 2 herein had preferred W.A.No.425 of 2011 and the same was disposed of vide order of this Court dated 28.06.2012 observing as under :

"It appears that in this appeal an order was passed by the Division Bench directing the RBI to issue an advertisement in the newspapers at a reasonable cost inviting time-bound objections to the claim made by the respondent. Even after publication of such advertisement, no objection has yet been received.

In these circumstances, we find no reason to stand in the way of the respondent – writ petitioner to receive the said amount by the writ petitioner from the RBI. Accordingly, the RBI is directed to release the amount in favour of the legatee/executor of the Will within a period of four weeks from the date of communication of this order, if

necessary after obtaining an indemnity bond from the legatee/executor.

The writ appeal is accordingly disposed of."

6. It is the specific case of the Petitioner that in pursuance to the orders of the Division Bench of this Court dated 28.06.2012 passed in W.A.No.425 of 2011, the Respondent Nos.1 and 2 had deposited the amount by calculating the interest up to the date of maturity of the subject Savings Bonds up to 09.02.2008 and 04.01.2009 respectively on GOI 7% Savings Bond 2002 and up to 24.09.2008 on GOI 6.5% Savings Bond and the Respondent Nos.1 and 2 had kept the amounts with them even after the date of the maturity of the above mentioned bonds by insisting probate of the Registered Will executed in Petitioners favour even though there is no necessity to get the Will probated in respect of the Wills executed in the State of Andhra Pradesh as per the law declared by the Court.

7. It is further the case of the Petitioner that though the W.P.No.28925 of 2009 filed by the Petitioner had been allowed on 18.04.2011 directing the Respondent Nos.1 and 2 to make the payment to the Petitioner without insisting upon the Petitioner furnishing probate of the registered Will and in spite of the directions passed by the

Court in the said writ petition, the Respondent Nos.1 and 2 had preferred W.A.No.425 of 2011 against the said order dated 18.04.2011 passed in W.P.No.28925 of 2009, the same was disposed of vide Order dated 28.06.2012 directing the Respondent Nos.1 and 2 herein to release the amount in favour of the Petitioner and the same would include interest as well for the post maturity period, therefore, the Petitioner filed C.C.No.1108 of 2013 in W.A.No.425 of 2011 and also the Petitioner filed Review WAMP No.2857 of 2013 and the Division Bench of this Court disposed of the said WAMP No.2857 of 2013 vide its orders dated 11.02.2014 observing as under:

"We have heard the learned counsel of the Review Petitioner. We are of the view that there is no error apparent on the face of the record in terms of the Judgment and order. The amount has been released with interest accrued up to the date of maturity and this amount has been accepted. Whether the petitioner is entitled for interest for the post maturity period till the date of release with a separate cause of action. It appears that this money was lying with the bank from the date of maturity till the date of release is a long time and the bank must have enjoyed the benefit of the same by withholding it. According to us this is a separate cause of action. Therefore, we

clarify the Judgment and Order that this will not prevent the petitioner from seeking remedy in accordance with law."

8. It is the specific grievance of the Petitioner that the Respondents No.1 and 2 are denying payment of interest from the date of maturity till the date of actual payment. Aggrieved by the action of Respondents No.1 and 2 in not paying the interest from the date of maturity of the said Bonds till the date of actual payment, the Petitioners filed the present writ petition.

9. **The learned counsel appearing on behalf of the Petitioner mainly puts-forth the following submissions:**

i) Admittedly the money was lying with the Respondent Bank from the date of maturity till the date of release for a long time, therefore the Petitioner is entitled for payment of interest for the larger amounts kept with the Respondent Bank for long period.

ii) Interest should be paid to the depositors in respect of the amounts deposited in Savings Bank account for every day since amount includes interest.

iii) The petitioner is entitled to receive the interest of Rs.24,97,659/- on the Government of India 7% Savings Bond, 2002 and Government of India 6.5% Savings Bonds, 2003 bearing Bond Ledger Account No.RBIHDBL 002317 to

the Petitioner from the date of maturity till the date of actual payment is made and also further interest on the above said amount of interest from 26.07.2012 to till the date of actual payment.

10. The learned counsel appearing on behalf of the Petitioner places reliance on the judgments of the Apex Court in Bhupinder Singh Vs. Unitech Limited, reported in AIR 2023 SC 1626 and Alok Shanker Pandey Vs. Union of India & Others reported in ARI 2007 SC 1198 and Aditya Mass Communications Private Limited Vs. APSRTC reported in AIR 2003 SC 3411 and contends that the Petitioner is entitled for the relief as prayed for in the present writ petition and hence the writ petition has to be allowed as prayed for.

11. The learned Senior Designate Counsel Mr. Nalin Kumar, on the other hand, placing reliance on the averments made in the counter affidavit filed on behalf of the Respondent mainly puts-forth the following submissions:

(i) The Petitioner is not entitled for the relief as prayed for in the present writ petition as per restriction imposed U/s.21 of the Government Securities Act, 2006 (No.38 of 2006).

(ii) The Petitioner has a remedy available U/s.23 of the Government Securities Act, 2006 (No.38 of 2006) and accordingly the Petitioner has to approach the Government and not the Respondent Reserve Bank of India.

(iii) The Petitioner is not entitled to payment of interest after the maturity date of Savings Bond in terms of the Government of India Notifications dt. 05.09.2002 and 13.03.2003 respectively. It is specifically stated in para No.14 of the said circular dt. 05.09.2002 that no interest would accrue after the maturity of the bonds. The Reserve Bank had issued circular dt. 13.03.2003 to various banks mentioning the salient features of the bond and it was specifically stated at Para 15 of the said circular that no interest would accrue after the maturity of the bond.

(iv) The Respondent Reserve Bank is required to mandatorily follow the regulations issued by the Government of India and cannot take a view except which is in accordance with the provisions of Government Security Act, 2006 and Government Securities Regulations, 2007, and the law applicable to the Government Securities.

(v) There is no breach of any statutory duty in the present case by the Respondents No.1 and 2 and hence no mandamus lies.

Placing reliance on the aforesaid submissions the learned Senior Counsel contends that the writ petition needs to be dismissed.

12. DISCUSSION AND CONCLUSION:

a) Sections 21 to 23 of the Government Securities Act, 2006 (No.38 of 2006), read as under :

"21. Discharge in respect of interest on Government securities. - Save as otherwise expressly provided in the terms of a Government security, no person shall be entitled to claim interest on such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of the amount due on such security.

22. Discharge in respect of bearer bonds. - The Government shall be discharged from all liability on a bearer bond or on any interest coupon of such a bond on payment to the holder of such bond or coupon on presentation on or after the date when it becomes due of the amount expressed therein, unless before such payment, an order of a Court in India has been served on the Government restraining it from making payment.

23. Period of limitation of Government's liability in respect of interest. –

(1) Where no shorter period of limitation is fixed by any law for the time being in force, the liability of the Government in respect of any interest payment due on a Government security shall terminate on the expiry of six years from the date on which the amount due by way of

interest became payable: **Provided that the Government may allow a bona fide claim for payment of interest after the expiry of the period of six years in those cases where the holders of securities could not prefer their claims within the said period of six years.**

(2) Notwithstanding anything contained in sub-section (1), the Bank may specify the securities in respect of which, the circumstances under which, and the terms and conditions subject to which, interest may be paid even after the expiry of the period specified in the said sub-section.

b) **A bare perusal of the Section 21 of the Government Securities Act, 2006 (referred to and extracted above) clearly indicates that the Petitioner is not entitled to any post maturity interest. It is the specific case of the Respondent Reserve Bank of India that in respect of the Savings Bond in question there is no permission for payment of any post maturity interest in terms of the Government of India Notifications dated 05.09.2002 and 13.03.2003 respectively.**

c) **Admittedly the Petitioner herein has not challenged the legality of the notifications dated 05.09.2002 and 13.03.2003.**

d) A bare perusal of Section 23 of Government Securities Act, 2006 (No.38 of 2006) (referred to and extracted above) clearly indicates that the Government may allow a bonafide claim for payment of interest after the expiry of the period of six (06) years in those cases where the holders of securities could not prefer their claims within the said period of six (06) years. This Court opines that the remedy available to the Petitioner is to approach the Government and not the Respondent Reserve Bank of India.

e) The Apex Court in the judgement reported in (1977) 4 SCC 145 in "The Bihar Eastern Gangetic Fishermen Co-operative Society Ltd., Vs. Sipahi Singh & Others" very clearly observed that a writ of mandamus can be issued only when there is a statutory duty to do something and only when the Petitioner has an existing legal right. Paragraph 15 of the said judgement reads as under :

"Re : Contention No. 3 :-This contention is also well founded and must prevail. There, is abundant authority in favour of the proposition that a writ of mandamus can be granted only in a case where there is a statutory duty imposed upon the officer concerned and there

is a failure on the part of that officer to discharge the statutory obligation. The chief function of a writ is to compel performance of public duties prescribed by statute and to keep subordinate tribunals and officers exercising public functions within the limit of their jurisdiction. It follows, therefore, that in order that mandamus may issue to compel the authorities to do something, it must be shown that there is a statute which imposes a legal duty and the aggrieved party has a legal right under the statute to enforce its performance. (See Lekhraj Satramdas, Lalvani v. Deputy Custodian-cum-managing Officer & Ors.(1) Dr. Rai Shivendra Bahadur v. The Governing Body of the Nalanda College(2) and Dr. Umakant Saran v. State of Bihar & Ors.(3). **In the instant case, it has not been shown by respondent No. 1 that there is any statute or rule having the force of law which casts a duty on respondents 2 to 4 which they failed to perform.** All that is sought to be enforced is an obligation flowing from a contract which, as already indicated, is also, not binding and enforceable, Accordingly, we are clearly of the opinion that respondent No. 1 was not ,entitled to apply for grant of a writ of mandamus under Article 226 of the Constitution and the High Court was not competent to issue the same.

f) This Court opines that the judgments relied upon by the learned counsel appearing on behalf of the Petitioner have no application to the facts of the present case.

13. Taking into consideration

i) The aforesaid facts and circumstances of the case

ii) Taking into consideration the restriction imposed under Section 21 of the Government Securities Act, 2006 (No.38 of 2006) which clearly indicates that in terms of a Government Security, no person shall be entitled to claim interest on such security in respect of any period which has elapsed after the earliest date on which demand could have been made for the payment of amount due on such security.

iii) Taking into consideration the remedy available to the Petitioner under Section 23 of the Government Securities Act, 2006 (No.38 of 2006) to approach the Government to address the grievance of the Petitioner as put-forth in the present writ petition.

iv) Taking into consideration the subject issue before this Court relates to payment of post maturity interest in respect of Government Securities governed by a Special Law i.e., Government Securities Act, 2006, (No.38 of 2006) this Court opines that the Petitioner has no legal right to claim post maturity interest and is not entitled to any interest for post maturity period in respect

of the Savings Bonds in question, since there is no provision for payment of post maturity interest in terms of the Government of India Notifications dated 05.09.2002 and 13.03.2003 respectively and the petitioner admittedly had not challenged the legality of the said notifications.

(v) Taking into consideration the observations of the Apex court in the judgment reported in (1977) 4 SCC 145, dated 01.09.1977 in the Bihar Eastern Gangetic Fishermen Co-operative Society Limited Vs. Sipahi Singh & Others (referred to and extracted above), this Court opines that the Petitioner is not entitled for the relief as prayed for in the present writ petition as per Sections 21 and 23 of the Government Securities Act, 2006 (No.38 of 2006), it is however observed that it is open for the Petitioner to approach the Government under Section 23 of the Government Securities Act, 2006 (No. 38 of 2006) for grant of relief as prayed for in the present writ petition, since admittedly the money of the Petitioner was lying with the Respondent Bank from the date of maturity till the date of release for a long time.

14. With these observations, the Writ Petition is disposed of. However, there shall be no order as to costs.

Miscellaneous petitions, if any, pending in this Writ
Petition, shall stand closed.

MRS. JUSTICE SUREPALLI NANDA

Dated: 03.06.2024

**Note: L.R. copy to be marked
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