IN THE HIGH COURT FOR THE STATE OF TELANGANA AT HYDERABAD

TUESDAY,THE FIFTH DAY OF AUGUST
TWO THOUSAND AND TWENTY FIVE

PRESENT

THE HONOURABLE THE CHIEF JUSTICE APARESH KUMAR SINGH
AND
THE HONOURABLE SRI JUSTICE G.M. MOHIUDDIN

WRIT APPEAL NO: 1044 OF 2024

Writ Appeal under clause 15 of the Letters Patent preferred against the order dt 03/06/2024 passed in WP.No.11616 of 2014 on the file of the High Court.

Between:

B.N. Madhukar Rao, S/o Late B.R. Narasimha Rao, Aged about 61 years, Occ Advocate R/o H.No.3-6-69/3, Basheer Bagh, Hyderabad.

...APPELLANT

AND

1. Reserve Bank of India, represented by Its Executive Director, 6-1-56, Secretariat Road, Saifabad, Hyderabad - 500 004
2. Asst. General Manager, Public Debt Office, Reserve Bank of India, 6-1-56, Secretariat Road, Saifabad, Hyderabad - 500 004
3. Government of India, represented by its Secretary, Finance, Ministry of Finance, New Delhi.

...RESPONDENTS

IA NO: 1 OF 2024

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to direct the Respondents to consider pay 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 26.7.2012 till the date of actual payment, pending disposal of the W.A.

Counsel for the Appellant: SRI HEMANTH KUMAR REPRESENTING FOR Ms. KIRTHI TEJA KONDAVEETI

Counsel for the Respondent Nos.1&2: SRI B. NALIN KUMAR REPRESENTING M/S. N LEGAL HYDERABAD

Counsel for the Respondent NO.3: SC FOR CENTRAL GOVERNMENT

The Court made the following: ORDER

THE HON'BLE THE CHIEF JUSTICE SRI APARESH KUMAR SINGH

AND

THE HON'BLE SRI JUSTICE G.M.MOHIUDDIN

WRIT APPEAL No.1044 of 2024

JUDGMENT:

Mr. Hemanth Kumar, learned counsel representing Ms. Kirthi Teja Kondaveeti, learned counsel for the appellant.

Mr. B.Nalin Kumar, learned Senior Counsel representing M/s. N Legal Hyderabad, appearing for respondent Nos.1 and 2.

2. Heard learned counsel for the parties.

3. Bereft of unnecessary details, the issue raised before this Court in appeal by the aggrieved writ petitioner is on the question of interest claimed beyond the maturity date of the three Savings Bonds invested by his maternal aunt in respect of which a Will was made in his favour by her before death. After successfully fighting litigation, by virtue of the order dated 28.06.2012 passed in W.A.No.425 of 2011, the respondent-Reserve Bank of India (RBI) released the bond

amount in his favour. The three Bonds were to attain maturity as on 09.12.2008, 04.01.2009 and 24.09.2008. Undisputably, writ petitioner has lodged a claim for release of the maturity amount in his favour before the maturity date. The ensuing litigation led to some delay in release of the maturity amount, which was finally released on 26.07.2012 with interest up to the date of maturity i.e., 09.12.2008 and 04.01.2009 for 7% Bonds and 24.09.2008 for 6.5% Bond. Writ petitioner pursued the W.P.No.11616 of 2014 for payment of interest for the delayed period i.e., from the date of maturity till the date of actual payment and claimed a sum of Rs.24,97,659/- interest on delayed payment as on the date of the filing of the writ petition. The learned writ Court on this aspect held in the following manner:

"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** [(1977) 4 SCCC 145], 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."

4. It is not in dispute that the deposit and release of investment bonds like the Savings Bonds in question with the Government of India are governed by the Government Securities Act, 2006 (hereinafter referred to as 'the Act of 2006'). The learned writ Court took into note the provisions of the Act of 2006 in particular, Sections 21 and 23 thereof and gave liberty to the writ petitioner to approach the Government under Section 23 of the Act of 2006 for relief while observing that admittedly, the money of the writ petitioner was lying with the respondent-RBI from the date of maturity till the date of release for a long time.

5. We have considered the submissions of learned counsel for the appellant and learned Senior Counsel appearing for the respondent-RBI.

6. On a careful scrutiny of the chronology of facts, as has also been taken note of by the learned writ Court, and

the applicable statutory provisions, we are also in agreement with the view expressed by the learned writ Court that Section 21 of the Act of 2006 does not permit claim for interest in respect of any period which has elapsed after the earliest date i.e., the maturity date on which demand could have been made for the payment of the amount due on such security. Section 23 of the Act of 2006 is the only provision which provides for exception for the Government to allow a *bona fide* claim for payment of interest after the expiry of the period of six years in cases where the holders of security could not prefer their claims within the said period of six years. Though the writ petitioner had made a claim before the maturity date, but in his case, the amount could not be released on account of the pending litigation. However, the learned writ Court has granted liberty to the writ petitioner to approach the Central Government for payment of interest after the period of six years taking into note that admittedly, the maturity amount could be released only after some delay due to the pendency of the litigation. We, therefore, do not find any reason to take a different view in the matter.

7. The Writ Appeal is, accordingly, disposed of. However, there shall be no order as to costs.

Miscellaneous applications pending, if any, shall stand closed.

SD-K.SREERAMA MURTHY
DEPUTY REGISTRAR

//TRUE COPY//

SECTION OFFICER

To,

1. The Reserve Bank of India, Executive Director, 6-1-56, Secretariat Road, Saifabad, Hyderabad - 500 004
2. Asst. General Manager, Public Debt Office, Reserve Bank of India, 6-1-56, Secretariat Road, Saifabad, Hyderabad - 500 004
3. The Secretary, Government of India, Finance, Ministry of Finance, New Delhi.
4. One CC to Ms. KIRTHI TEJA KONDAVEETI Advocate [OPUC]
5. One CC to SC FOR CENTRAL GOVERNMENT [OPUC]
6. One CC to M/S. N LEGAL HYDERABAD Advocate [OPUC]
7. Two CD Copies

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HIGH COURT

DATED:05/08/2025

JUDGMENT

WA.No.1044 of 2024



DISPOSING THE WRIT APPEAL0 WITHOUT COSTS

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