

**(1991) 12 NCDRC CK 0005**

**NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION**

**Case No:** None

MYOLA MASCARNAS

APPELLANT

Vs

BRANCH MANAGER, STATE BANK  
OF MYSORE

RESPONDENT

---

**Date of Decision:** Dec. 3, 1991

**Citation:** 1992 1 CPJ 305 : 1992 1 CPR 407

**Hon'ble Judges:** R.G.Desai , K.R.Ramaswamy Iyengar , Susheela Cheluvaraju J.

**Final Decision:** Appeal Dismissed

---

**Judgement**

1. THIS appeal is directed against the order passed by the District Forum, Bangalore, in Complaint No. 653/90 on its file. It arises in this way: 1. In 1980, when the husband of the Appellant was working in the State Bank of Mysore, Langford Town Branch, Bangalore, she had de- posited certain amount in the said Bank. In 1984, the then Manager of the said Bank, informed the Appellant that she being wife of the employee of the Bank she is entitled to interest of 1% p.a. extra on her deposits and believing the same she renewed the deposits. The said Manager altered the interest payable on the said fixed deposits and issued deposit receipts. When two of her deposits matured for payment, the new Manager of the said Bank gave her only Rs. 33,060/- as against Rs. 35,737.50p. and she accepted it under protest. She refused to receive the amounts in respect of the remaining deposits as by accepting the same she would be losing about Rs. 15,000/-. Alleging that she was duped by the Manager, she filed the complaint before the District Forum for issue of direction to repay the interest with penal interest at 18% p.a.

2. THE respondent resisted the complaint by contending inter-alia that the additional 1% interest on deposits is the special benefit extended only to the deposits from the employees of the Bank for their genuine savings and the said benefit is not extended to the spouses or dependants of an employee of the Bank, the Complainant is not entitled to the enhanced interest claimed; that this Manager has acted illegally in quoting the rate of interest in the Fixed Deposits and that the Complainant is not entitled to any reliefs claimed.

The District Forum held that as the husband of the complainant was an officer of the same Bank had not extended this benefit of extra 1% interest to the deposits of the complainant, she was not justified in claiming this extra interest for her deposits only on her ground that the then Manager of the Bank has, contrary to the directions of the Reserve Bank of India, extended this benefit, and dismissed the complaint. Hence, this appeal by the complainant

So the only point to be decided in this Appeal is whether the rate of interest quoted by the Manager of the respondent Bank in the receipts to the complainant is legal? From the decision of the Karnataka High Court reported in Indian Law Reports 1985 Karnataka, at page 1277 in Krishna Reddy v. Canara Bank, it is clear that the interest charged beyond the rate of interest prescribed by the Reserve Bank would be illegal and void. The Reserve Bank in exercise of its powers conferred under Sections 21 and 25 A of the Banking Regulation Act, 1949, issued direction permitting the Banks to pay interest at the rate of 1% p.a. more in excess of limit prescribed in respect of savings or deposits made by a Member or Ex. Member of the Bank Staff either singly or jointly with any other person or the widow of a person, who was formerly a member of the Bank's Staff. The said directive came into effect from 25.5.1976. The said directive was again issued on 27.12.1985. In this case, it is admitted that the complainant's husband was an employee of the Bank and is alive. It is also admitted that the deposits are all in the name of the complainant and her minor children. So the said directions do not apply to the complainant Hence, the Manager of the Bank acted illegally in entering into contract with the complainant to pay 1 % more interest. In view of the said directions of the Reserve Bank, the said contract is illegal and cannot be enforced against the Bank.

3. UNDER the circumstances, the District Forum was justified in dismissing the complaint.

In the result, the appeal is dismissed. Under the circumstances, we direct the parties to bear their own costs. Appeal dismissed.