



W.A.No.1421 of 2026

1

2026:KER:78231

IN THE HIGH COURT OF KERALA AT ERNAKULAM

PRESENT

THE HONOURABLE MR. JUSTICE ANIL K. NARENDRAN

&

THE HONOURABLE MR. JUSTICE MURALEE KRISHNA S.

TUESDAY, THE 13TH DAY OF OCTOBER 2026 / 21ST ASWINA, 1948WA NO. 1421 OF 2026

AGAINST THE JUDGMENT DATED 16.07.2026 IN WP(C) NO.13996 OF
2026 OF HIGH COURT OF KERALA

APPELLANTS/RESPONDENTS 1 TO 3:

- 1 THE BANK OF INDIA
REPRESENTED BY MANAGING DIRECTOR AND CEO, STAR HOUSE,
C-5, 'G' BLOCK, BANDRA KURLA COMPLEX,
BANDRA (EAST), MUMBAI, PIN - 400051
- 2 THE ZONAL MANAGER
BANK OF INDIA (THIRUVANANTHAPURAM ZONE),
PANKAJ TOWER, 56, MAHATMA GANDHI ROAD,
OPPOSITE TO AG'S OFFICE COMPLEX,
STATUE, PALAYAM,
THIRUVANANTHAPURAM, PIN - 695001
- 3 THE BRANCH MANAGER
BANK OF INDIA, PTP NAGAR BRANCH,
RANGAM, 6/1654, VETTAMUKKU, PTP NAGAR,
THIRUMALA (P.O),
THIRUVANANTHAPURAM, PIN - 695006

BY ADV. SHRI. JAWAHAR JOSE

RESPONDENTS/WRIT PETITIONER & 4TH RESPONDENT:

- 1 THE KERALA STATE NIRMITHI KENDRA
REPRESENTED BY ACCOUNTS MANAGER,
ANITHA I, AGED 33 YEARS,
D/O. SASIDHARAN NAIR V,
KERALA STATE NIRMITHI KENDRA, PTP NAGAR,



W.A.No.1421 of 2026

2

2026:KER:78231

THIRUVANANTHAPURAM, PIN - 695038

2 COMPETENT AUTHORITY, BANK OF INDIA
STAR HOUSE, C-5, 'G' BLOCK, BANDRA KURLA COMPLEX,
BANDRA (EAST), MUMBAI, PIN - 400051

BY ADVS.
SRI.G.RANJU MOHAN
SRI.K.K.CHANDRAN PILLAI (SR.)

THIS WRIT APPEAL HAVING BEEN FINALLY HEARD ON 04.08.2026,
THE COURT ON 13.10.2026 DELIVERED THE FOLLOWING:

**JUDGMENT****Muralee Krishna S., J.****“C.R.”**

Respondents 1 to 3 in W.P.(C) No.13996 of 2026 filed this writ appeal under Section 5(i) of the Kerala High Court Act, 1958, challenging the judgment dated 16.07.2026 passed by the learned Single Judge in that writ petition.

2. Going by the averments in the writ petition, the 1st respondent is a Government of Kerala undertaking engaged in construction and infrastructure development activities across the State and maintains banking relationships with the 1st appellant bank for managing its funds. In the course of its financial operations, the 1st respondent had deposited an aggregate amount of ₹17 crores with the 1st appellant bank in the form of multiple Fixed Deposit Receipts (FDRs), classified as “non-callable deposits.” At the time of accepting the deposits, the Branch Manager had assured the 1st respondent that premature closure would be permitted upon payment of applicable penalty, notwithstanding the classification as non-callable deposits. The terms of the Fixed Deposit Receipts also indicate that penalty is applicable for premature withdrawal, thereby creating a



legitimate understanding that premature closure is permissible. Due to acute financial stringency from February 2026 onwards, the 1st respondent required urgent funds for disbursement of employee salaries and statutory dues, including EPF contributions. Accordingly, the 1st respondent submitted a request dated 27.02.2026, seeking premature closure of one fixed deposit amounting to ₹1,00,00,100/-. Despite submission of a reminder dated 23.03.2026, the 1st appellant bank failed to act on the request. Subsequently, by the letter dated 24.03.2026, the 1st appellant bank rejected the request, citing RBI guidelines applicable to non-callable deposits, while also stating that the matter could be considered by higher authorities. The 1st respondent immediately submitted a detailed reply dated 25.03.2026 reiterating its request and also sought premature closure of another fixed deposit amounting to ₹2,00,00,000/-. Despite repeated representations and the urgency involved, the appellants have neither permitted premature closure nor taken a final decision through the competent authority. The 1st respondent submits that the continued denial of access to its own funds is arbitrary, unreasonable, and violative of its



constitutional and contractual rights, causing severe financial hardship to it. With these pleadings, the 1st respondent- writ petitioner approached this Court by filing W.P.(C) No.13996 of 2026, under Article 226 of the Constitution of India, originally seeking the following reliefs;

- "1. Issue a writ of mandamus directing the respondents to permit premature closure of Fixed Deposits of ₹1,00,00,100/-(One Crore and One Hundred Only) and ₹2,00,00,000/- (Two Crore Only) deposited vide Ext.P2 and Ext.P6 FD receipts respectively and to credit the proceeds to the petitioner's account forthwith, after deducting applicable penalty, if any.
2. Issue a writ of certiorari or any other appropriate writ setting aside Ext. P4 as it is illegal and arbitrary.
3. Declare that the petitioner is entitled to premature closure of the said fixed deposits on payment of applicable penalty in terms of the conditions mentioned in Fixed Deposit Receipts."
3. In the writ petition, appellants-respondents 1 to 3 filed a counter affidavit dated 27.04.2026, opposing the reliefs sought for and producing therewith Exts.R3(a) to R3(c) documents. Paragraphs 3 to 9 of that counter affidavit read thus;

"3. At the outset, it is submitted that the writ



petition is not maintainable, as the reliefs sought by the petitioner, tantamount to the infraction of the terms of the contract, where the petitioner institution has deposited the amounts of Rs.1 crore and Rs.2 crores respectively, for a definite term of 450 days, which is unchangeable.

4. It is submitted that the petitioner initially deposited an amount of Rs.2 crores on 10.06.2025, for 450 days, under a special scheme named 'Non-Callable Deposit Scheme', Ext.P6 is the receipt evidencing deposit on 10.06.2025. On 24.06.2025, the petitioner has again deposited an amount of Rs.1 crore, for 450 days, under the aforesaid special scheme. Ext.P2 is the receipt evidencing deposit on 24.06.2025. As per the terms of the aforesaid special scheme, the amounts deposited cannot be withdrawn before the maturity period. The circular issued by the bank detailing the terms of the aforesaid special scheme is produced and marked as Ext.R3(a).

5. As is evident from Ext.R3(a), the amounts in the fixed deposit can be prematurely withdrawn, only on three circumstances, and the details of the same are as follows:

- i. If the depositor becomes bankrupt;
- ii. If the depositor is a company and it is ordered by a court of law for winding-up (i.e. Closing of business) and assets are liquidated (i.e. Sold).
- iii. If the depositor passed away.



6. It is submitted that the petitioner could not substantiate before the respondents 1 to 3, that the fixed deposit accounts should be liable to be prematurely closed, on account of the above stated scenarios. As such, the petitioner cannot, as a matter right, seek for the premature closure of the accounts. Further, if the petitioner could substantiate that the account is liable to be closed down, on account of the above stated scenarios, then alone, the question of imposition of penalty arises.

7. As per the non-callable deposit scheme, the depositors are eligible for higher rate of interest, in comparable with the normal fixed term deposit scheme. As per the normal scheme, the depositor has a right to withdraw the amounts, at any time the depositor wishes. However, the owner of a non-callable deposit can also withdraw the deposit, only if the scenarios detailed above in the 5th paragraph occurred. In such a circumstance, the 'non-callable deposit' will be treated as a 'normal fixed term deposit' and the amount will be paid to the depositor by imposing a penalty (i.e. liquidated damages) which is determined as 1% of the interest of the 'normal fixed term deposit'.

8. It is submitted that the petitioner is aware, as regards differentiation between the non-callable deposit scheme and callable deposit scheme i.e. 'normal fixed term deposit'. To substantiate the said fact, the communications dated 24.06.2025 and



28.07.2025 which were issued by the Director of the petitioner institution to the bank are produced and marked as Ext.R3(b) and Ext.R3(c). As is evident from the said communications, the petitioner specifically requested the bank to deposit the amounts in the non-callable deposit scheme, thereby the petitioner has a conscious knowledge as regards the differentiation between the callable deposit and non-callable deposit.

9. Be that as it may, as submitted above in the 3rd paragraph, the writ petition is not maintainable. By filing this writ petition, the petitioner is seeking to substitute the terms of the non-callable deposit to a callable deposit. The terms and conditions of the fixed deposits, either callable or non-callable, are contracts, between the depositor and the bank, whereby the bank agrees to pay a "fixed amount" for the deposits, for a tenure. The terms and conditions of the said deposit, are matters in the realm of contract, and the High Court in exercise of the jurisdiction under Article 226 of the Constitution, cannot adjudicate upon the correctness of the terms and conditions".

4. Along with I.A.No.2 of 2026, the 1st respondent has then produced Ext.P7 document. Thereafter, the 1st respondent filed I.A.No.6 of 2026 in the writ petition to incorporate some additional pleadings and also the undermentioned additional



reliefs;

"6. Issue a writ of mandamus or any other appropriate writ, order or direction directing the respondents to consider Ext.P7 representation submitted by the petitioner and to release the entire interest accrued on the fixed deposits of the petitioner till date, as expeditiously as possible, at any rate within such time frame as may be fixed by this Hon'ble Court.

7. Declare that the respondents are not entitled to rely upon Ext.R3(a) circular for denying premature closure of the petitioner's fixed deposits, in view of the failure of the respondent bank officials to comply with the mandatory requirement therein to clearly explain the restriction regarding premature withdrawal to the petitioner at the time of accepting the deposits".

5. After the amendment of the writ petition, the appellants-respondents 1 to 3 filed an additional counter affidavit dated 12.06.2026 in the writ petition. Paragraphs 3 to 6 of that counter affidavit read thus:

"3. The Reserve Bank of India has issued Master Circular in exercise of the power under sections 21 and 35A of the Banking Regulation Act, 1949, as regards interest rate on deposits. By the circular which was issued on 03.03.2016, the banks were given the option to offer "Term Deposits" without premature withdrawal option. The said circular dated 03.03.2016 was later modified by the circular dated



26.10.2023, where "non premature closure term deposit" is named therein as "non-callable deposit", with a rider that the minimum deposit required for such deposit should be above Rs.1 Crore., The said circular dated 26.10.2023 was modified by the circular dated 01.04.2025, where also the banks are given the option to offer "Term Deposits" without premature withdrawal option.

4. As submitted in the counter affidavit dated 27.04.2026, the deposit availed by the petitioner is a "non-callable deposit". The said deposit is different from the normal Term Deposit, where the depositor is having the option for the premature withdrawal of the "Principal Amount" as well as the "interest". However, in a "non-callable deposit", premature withdrawal of the "principle amount" is impermissible. With respect to the "interest", there is an option to the depositor either to withdraw the interest or to club the "interest" with the "principle amount" till its maturity. The different categories of "non-callable deposit" are detailed in Ext.R(3)(a) circular, where the option is to withdraw the interest either monthly, quarterly or along with the "principle amount" on maturity. The petitioner has opted the withdrawal of "principle amount" and "interest" on maturity, whereby the petitioner gets the cumulative interest (i.e. calculations made not just on the principal amount alone, but also on the accumulated interest). The fact that the petitioner has opted the withdrawal of "principle amount" along with the "interest" on maturity, is evident from Exts.P2 and P6 deposit receipts. In such a scenario, the request made by the petitioner in Ext.P7, to



transfer the interest from their "non-callable deposit account" to their "savings account", is not permissible, as per the terms and conditions of the aforesaid deposit.

5. As is evident from the documents produced by the petitioner as Exts.P2 and P6, the periodicity of the deposit is specified therein as 450 days. As per Ext.P2, an amount of Rs.1,00,00,100/- was deposited by the petitioner on 24.06.2025, with the maturity date as 17.09.2026. Likewise, in Ext.P6, an amount of Rs.2,00,00,000/- was deposited by the petitioner on 10.06.2025, with the maturity date as 03.09.2026. The "principle amount" and "maturity amount" alone is specified in Exts.P2 and P6 documents, because of the option exercised by the petitioner. I have explained to the officers of the petitioner, the advantages and disadvantages of the "non-callable deposit", and the petitioner on a complete understanding about it, opted to issue Exts.R(3)(b) and R(3)(c) letters, where the petitioner took a conscious decision to make the deposit in the "noncallable deposit" with the option to withdraw the "principle amount" and "interest" on maturity.

6. It is submitted that the decision of the bank declining the request for the premature closure, is not arbitrary or unreasonable, since the terms and conditions of the "non-callable deposit" will not enable the petitioner to opt for the premature closure. The petitioner in any circumstance, having opted to deposit the money in a "non-callable deposit", cannot be called upon to change the nature of deposit. Thus, the petitioner has no indefeasible right to



seek for the premature closure, particularly when the conditions for "non-callable deposit" is detailed in Ext.RC(3)(a) circular and that the said conditions have been detailed by me to the officers of the petitioners".

6. The 1st respondent then filed a reply affidavit dated 02.07.2026. Paragraphs 3 to 9 of that reply affidavit read thus;

"3. The above writ petition is filed by us mainly for quashing Ext. P4 which is issued by the 3rd respondent and for directing respondents 1 to 3 to close Exts.P2 and P6 fixed deposit and pay the proceeds thereof and for crediting the proceeds in the account of the petitioner. As per Ext.P4, the request made by us stands rejected. The main reason projected by the 3rd respondent is that Exts.P2 and P6 deposits are made under the non-callable deposit scheme of the Bank as per which the deposits made for a particular period cannot be closed and the proceeds also cannot be paid before the maturity period. According to them, the deposits made under the above scheme can be prematurely closed only under 3 circumstances which are referred in the counter affidavit filed by respondents 1 to 3. According to respondents 1 to 3 the circumstances stated by them in the counter affidavit are the only circumstances under which the Fixed Deposit made under the scheme can be prematurely closed in our case, we had sought for premature closure of 2 deposits-Exts.P2 and P6 which were made for a period of 450 days. The request is made to meet certain urgent and unavoidable situations requiring additional



funds which are not available without closing the above FDs. The contention raised by respondents 1 to 3 that the circumstances referred to in the counter affidavits and in the FDs are the only circumstances where FD can be prematurely closed may not be correct in view of what are contained in the standard operating procedure which is produced as Annexure R1(a) along with the counter affidavit filed by respondents 1 to 3. A reading of Ext.R1(a) will show that the circumstances stated above is inclusive and not absolute. Therefore respondents 1 to 3 cannot deny our request for closure of the FDs. referring to absence of any of the 3 situations referred by them.

4. The petitioner is a Public Sector Undertaking established for the purpose of undertaking various activities including those intended for the benefit of the public They are undertaking contract works directly for construction of buildings. They are also undertaking various other activities including establishing and managing of production centres in various Districts for production and sale of hollow blocks Testing labs are also there in certain places. Of the works which Government. The petitioner has got centres in all the Districts and as stated The Head above, works are being undertaken through the District Centres Office is at Thiruvananthapuram. In each District two separate accounts are being maintained, one is the Director's Account and the other is the Regional Engineers Account. The amount that are being paid by contractors and others



activities are also being undertaken through the District Centres.

5. The amount which are there in the pool account of the Head Office are being kept in Fixed Deposits in view of the very low percentage of interest in the normal account. The petitioner's Banker is the 3rd respondent since a very long time. Since the amount lying in the normal account brings interest only at 2% of a little bit over, the usual procedure is to create normal FD Account with the 3rd respondent with facility to withdraw funds after arranging overdraft account on advantage is that as far as normal FDs, are concerned, as at present, rate of interest will be around 6% or even more For availing OD facility, we have to pay 5% above the interest which we get on the normal FD This will be advantageous. By using the OD created on the normal fixed deposits, we meet the normal requirement of funds for meeting the normal payments. As at present there is normal FD of Rs.3 crores with the 3rd respondent. We have deposits with no other banks or other financial institutions Usually, by utilizing the above facility, we were able to meet the requirements. As stated above, funds from the District Centres are coming to the Head Office account. The Head Office will have to meet the various payments for payment of salary of the staff, both permanent, contract labourers and daily rated labourers. This will be kept in a separate account as salary account. The payment to be made to the contractors and other payments also will be forwarded to



the respective districts by utilizing the loan amount taken as OD. The amount required is being kept in the Project Account.

6. Since the fund became surplus, the 3rd respondent came with an attractive offer which will give more interest than the interest payable to normal FD. They explained the benefit of an FD known as "non-callable deposits" in which the minimum deposit shall be above Rs 1 crore and the maximum Rs. 100 crores. The matter was discussed and it was thought that it will be beneficial to the petitioner. Hence we have decided to make certain deposits under the above scheme. The minimum period of deposit as per the scheme was a deposit for 450 days. On the basis of the experiences which we gained as regards the requirement of fund for the normal functioning of the petitioner during the previous period, we are aware about the normal fund requirement of a particular period. We had calculated on that basis and in fact after keeping a further margin, we have decided to make the balance in the non-callable deposit scheme. At the time when it was done the only intention was to protect the interest of the petitioner since the petitioner will be benefitted by getting more income. As and when amounts are accumulated in the normal account, further amounts were deposited which has now reached Rs.15.90 crores. The deposit of Rs.15.90 crores is made up of different deposit receipts. It is lying as non-callable deposit with the 3rd respondent Branch of respondents 1 to 3. In view of the long



relationship which we are having with the Branch, when non-callable deposits were made on the persuasion of the Bank, there was an assurance was given by the Bank that if emergency comes, some of the deposit receipts which are required will be permitted to be prematurely closed. It is believing the Branch in view of the long relationship as stated above, we had made the deposit. It is not for getting more profit, we are serving a public interest also.

7. The normal FD over which we can take OD facility is Rs.3 crores as stated above. 95% of the same can be drawn as OD with the slight increase in the interest rate as stated above. This was sufficient during these periods to meet the working expenses But in view of certain emergency situations, more fund became required to be transferred to the various Districts. For meeting the expenses of the various other works, more funds were required and were to be transferred. As at present, we are undertaking works at more than 340 places and more than 340 different works We will have to meet the expenses. Various other activities are also undertaken. As of now the expense portion required for meeting various heads are not able to be met by using the Overdraft amount During last about 3-4 months, we are finding it very difficult to meet the expenses from the OD amount. In the OD account, amounts are being deposited as and when amounts become available It is therefore that everything was going on smoothly. As of now, we cannot go on with the same. During last month, even for



payment of salary, amount was not available.

8. There are different accounts in which amounts are to be kept for meeting different expenses. For meeting the project cost to be distributed to the Districts, an account is there Another account is there for meeting payment of salary A third one is there for meeting requirement of statutory payments like payments of the Employer's share of contribution of PF and other fixed interval payments. We tried our level best to continue with the amount available under the overdraft. As stated above, even for payment of salary, amount was not available in the salary account. Therefore amount which was lying in the project account which were to be distributed to the districts for meeting contractor's payment etc. were forced to be taken This is creating problem Contractor's payment is now remaining delayed If this continues the works will be affected and so also the functioning of the petitioner in the Head Office and also in the various Districts will be affected. During next month, various special payments are to be met like festival allowance, onam advance, salary and other urgent payments. No substantial amount is available for being withdrawn from the OD account. Next month, very negligible amount can be withdrawn. Even if at all the 3 FDs. on which ODs, are drawn are closed, there will not be anything substantial to be received by us since 95% of the said amount is already been withdrawn as loan as explained above.

9. We cannot continue like this with the 3 FDs on which



ODs are created. No other amounts are available for being utilized by the petitioner. It is therefore that we had made request for closure of Exts.P2 and P6 FDs. It is to be stated at this instance that we have made request for premature closure of only two deposits amounting to Rs. 2 crores and the balance FDs for Rs.13.9 crores are still remaining with the 3rd respondent. This will not create any difficulty for respondents 1 to 3. But non-permission for closure and payment will create great difficulties for the petitioner. There is every chance of the contractors and the workers attached to them creating troubles which may affect the on going projects and it will also affect the reputation of the petitioner itself. We want to avoid that. As can be seen from Exts.P2 and P6 and as contended by respondents 1 to 3, one of the circumstances when non-callable deposits can be prematurely closed is liquidation etc. of a Company Respondents 1 to 3 with whom we are having such long association may not permit for creation of such a situation for the petitioner. It is a public sector undertaking which is registered and started for doing various public functions, for helping the persons who are living below the poverty line etc. Things which are manufactured by the petitioner are being sold to such persons at low rates after manufacturing the But for the above contingences, we would not have requested for premature closure of Exts.P2 and P6. Strictly speaking, respondents 1 to 3 ought not have taken deposits under the non-callable scheme since it is a public sector undertaking under the State of Kerala. Apart from the



above, as stated above, the circumstances stated in the counter affidavits are not absolute and it is inclusive. Therefore, respondents 1 to 3 cannot be permitted to deny the request made by us for premature closure of Exts.P2 and P6. In spite of the fact that funds are there which can be utilized by the petitioner for any purpose, petitioner is unable to utilize the said amount. Petitioner may not be put to troubles for the mere fact of creating Fixed Deposits with the 3rd respondent. Unless the prayer in the writ petition is allowed, that may result in serious adverse consequences so far as the petitioner is concerned which is a public sector undertaking. Respondents 1 to 3 have also got a duty to see that public sector undertakings are protected taking into consideration the policy of Nationalized Banks for helping various ventures undertaken by private persons even. It is prayed that the prayers in the writ petition may be allowed after rejecting the contentions raised by respondents 1 to 3".

7. Along with I.A.No.10 of 2026, the 1st respondent produced Exts.P8 to P14 documents in the writ petition. Thereafter, the appellants-respondents 1 to 3 filed another additional counter affidavit dated 14.07.2026, producing therewith Ext.R3(d) document, by filing a separate interlocutory application for the same as I.A.No.11 of 2026.



8. After hearing both sides and on appreciation of materials on record, the learned Single Judge by the impugned judgment dated 16.07.2026 allowed the writ petition. Paragraphs 9 to 13 of that judgment read thus;

"9. The question whether the Petitioner is represented by a competent officer or not is not a matter to be considered in this Writ Petition, since the Respondent Bank has raised such contention only in the Second Additional Counter Affidavit. I do not propose to consider the said question at this stage since there is no dispute that the deposits are made by the Petitioner and if the deposits are released, that will go to the Petitioner alone.

10. Admittedly, the seven Fixed Deposits were made by the Petitioner under Non-Callable Deposits governed by Ext.R3(a) Circular of the Respondent No.1. As per the provisions contained in Ext.R3(a), the premature withdrawal of the deposits is not permitted except on the happening of certain specified contingencies. Those contingencies are not available to the Petitioner to withdraw the deposits.

11. It could not be said that the Petitioner, which is claimed to be a Government of Kerala Undertaking made the Non-Callable Deposits without understanding the terms and conditions in Ext.R3(a), and hence, the withdrawal of the Fixed Deposit is governed by Ext.R3(a). But, as rightly pointed out by the learned Senior Counsel for the Petitioner, if the Petitioner is a Public Sector Undertaking,



the Deposits of the Petitioner could not be made as Non-Callable Deposits under Ext.R3(a). I am unable to accept the contention of the learned Counsel for the Respondent No.1 that this Court cannot consider the question whether the Petitioner is a Public Sector Undertaking or not. When Ext.R3(a) Circular provides that Public Sector Undertakings are not eligible for Non-Callable Deposits, in order to consider the application of Ext.R3(a) Circular to the deposits of the Petitioner, this Court is to consider whether the Petitioner is a Public Sector Undertaking or not. Of course, in the Writ Petition, the Petitioner has claimed as a Government of Kerala Undertaking. That averment includes Public Sector Undertaking also. Going by the documents produced by the Petitioner along with I.A. No. 10 of 2026, Ext.P8 is a Government Order approving the Memorandum of Association of the Petitioner and Rules and Regulations of the State-level Nirmithi Kendra, which are appended therein. It would show that the Managing Committee members of the State-level Nirmithi Kendra are the Senior-level officials of the State, including the Minister and Secretaries of different Departments. Clause 11(11) of the Rules and Regulations of the State-level Nirmithi Kendra would reveal that the Nirmithi Kendra is getting financial aid from both the Central and the State Government. Ext.P9 to P14 would reveal that budget allocation and funds are made by the State Government in favour of the Petitioner. In such case, it is only to be found that the Petitioner is a Public Sector Undertaking and in such case, the Petitioner cannot make a Non-Callable



Deposit under Ext.R3(a) Circular and the Bank cannot accept deposits in the name of the Petitioner under Ext.R3(a) Circular. In such case, the terms and conditions of Ext.R3(a) are not applicable to the deposits made by the Petitioner. There cannot be any prohibition for premature withdrawal of the deposits by the Petitioner. The Petitioner as well as the Respondent No.1/Bank made Non-Callable Deposits under the mistaken impression that the Petitioner is eligible to make deposits under the Ext.R3(a) Circular. If the deposits are not Non-Callable Deposits, they can only be termed as ordinary fixed deposits with respect to which there is no prohibition for premature withdrawal. Since the Bank is benefited by the deposits, the Bank cannot contend that the Bank is not liable to pay interest. The Respondent Bank is liable to pay interest on the deposits made by the Petitioner at the rate applicable to normal fixed deposits.

12. Since the Petitioner is entitled to succeed on account of my finding on its first contention, I am not considering the other contentions raised by the Petitioner.

13. Accordingly, I allow this Writ Petition setting aside Ext.P4 and directing the Respondents to release the amounts deposited as per Exts.P2 and P6 Fixed Deposit Receipts to the Petitioner along with interest on the deposited amounts from the date of deposit till the date of release at the rate applicable to normal fixed deposits, within a period of one week from the date of receipt of a certified copy of this judgment."

9. Being aggrieved, the appellants-respondents 1 to 3



have filed the present writ appeal.

10. In the writ appeal, along with I.A.No.1 of 2026, the appellants produced Annexure A1, true copy of the tender notice issued by the 1st respondent-writ petitioner, as an additional document. Along with I.A.No.2 of 2026, the 1st respondent-writ petitioner thereafter produced Annexure R1(A), authorisation letter dated 27.03.2026 issued by the Managing Director of the 1st respondent-writ petitioner, whereby the Accounts Manager of the 1st respondent-writ petitioner was authorised to file the writ petition against the appellants, challenging the rejection order declining the premature withdrawal of fixed deposit.

11. On 29.07.2026, when this writ appeal was taken up for consideration, after arguing for some time, the learned instructing counsel to the Senior Counsel who appeared for the 1st respondent-writ petitioner submitted that to substantiate the contentions raised by the learned Senior Counsel that the Accounts Manager of the Kerala State Nirmithi Kendra at Thiruvananthapuram had filed an affidavit sworn to dated 30.03.2026 in support of W.P.(C)No.13996 of 2026, as early as in March 2026, shall be placed on record along with an



application to accept additional documents.

12. On 31.07.2026, the learned counsel for the appellants-respondents 1 to 3 submitted that on the request made by the 1st respondent-writ petitioner, the Bank offered an overdraft facility for an amount of Rs.98 lakhs with complete waiver of processing charge and 3.31% discount in the rate of interest. The additional documents regarding the same shall be placed on record along with an application to accept additional documents. In pursuance of the said submission, along with I.A.No.3 of 2026, the appellants produced Annexures A2 and A3 documents in the writ appeal. Annexure A2 is the true copy of the e-mail communication dated 11.06.2026 sent by the Bank to the 1st respondent informing that they have been sanctioned with an overdraft facility of Rs.98 lakhs as against their request for Rs.1 crore. Annexure A3 is the list of Government establishments audited by the Comptroller and Auditor General of India, downloaded from the official website of the Comptroller and Auditor General of India.

13. Heard the learned Counsel for the appellants and the learned Senior Counsel for the 1st respondent-writ petitioner.



14. The crux of the arguments of the learned counsel for the appellants is that the 1st respondent is not a Public Sector Undertaking (PSU) as found by the learned Single Judge. It is an autonomous body under the Government of Kerala. Therefore, the finding of the learned Single Judge that the 1st respondent is a PSU and therefore cannot make a non-callable deposit under Ext.R3(a) Scheme and the Bank cannot accept deposits in the name of the 1st respondent is erroneous. The deposits made by the 1st respondent in the 1st appellant Bank are all after the relaunch of the non-callable deposit scheme as per Ext.R3(a) dated 30.05.2024. As per Clauses 4(8) and (7) of the said Scheme, premature withdrawal is allowed only under exceptional cases such as:

- i) Bankruptcy,
- ii) Winding up under Directions by Court/Regulators/Liquidator/Legal issues,
- iii) Deceased case.

The claim of the 1st respondent for premature closure raised in the present case does not fall under any of the above three categories. By depositing in a non-callable deposit scheme, the



depositor is getting some extra benefits like, high rate of interest. After accepting the terms of Ext.R3(a) and making the deposits in that Scheme, later the 1st respondent cannot contend that the conditions in that Scheme do not apply to it. According to the learned counsel, a writ petition is not maintainable to avoid a contractual obligation between the parties. In support of the said argument, the learned counsel relied on the judgment of the Apex Court in **Joshi Technologies International INC v. Union of India [(2015) 7 SCC 728]**.

15. On the other hand, the learned Senior Counsel for the 1st respondent-writ petitioner argued that the 1st respondent Kerala State Nirmithi Kendra is a charitable society registered in the year 1985 and started functioning. By Ext.P8 order dated 29.04.1989, the Government approved the memorandum of association of the 1st respondent. The 1st respondent is engaged in the construction and allied field activities and at present it has fourteen Regional Centres spread across Kerala. Each Regional Centre has a Housing Guidance Centre, Production Centre for CEEF product, Fair price building material shops known as "Kalavaras", testing labs and training centres. In 340 centres, the



works relating to the construction and allied activities are going on in the State of Kerala at present. All the money of the 1st respondent has been deposited with the 1st appellant-Bank in fixed deposits. To meet urgent financial needs of the 1st respondent, it was necessitated to close two of such fixed deposits prematurely. By pointing out the condition stipulated in Exts.P2 and P6 copies of fixed deposit receipts dated 24.06.2025 and 10.06.2025, that the penalty clause is applicable for premature withdrawal of deposit, the learned Senior Counsel argued that the Bank cannot take a stand that the amount deposited in a non-callable deposit Scheme cannot be prematurely withdrawn. Similarly, by pointing out Clauses 17 and 18 in the Standard Operating Procedure (SOP) annexed to Ext.R3(a) Scheme, the learned Senior Counsel argued that the conditions for premature closure of the fixed deposit stated in Ext.R3(a) Scheme are an inclusive definition and not an absolute restriction.

16. To this argument, the learned counsel for the appellants submitted that Clauses 17 and 18 in the SOP annexed to Ext.R3(a) Scheme cannot substitute the conditions in the



Scheme. SOP is only subordinate to the circular, and it cannot enlarge the scope of the circular. By pointing out the pleadings in the additional counter affidavit dated 12.06.2026 filed by the appellants, the learned counsel argued that the pros and cons of Ext.R3(a) Scheme were well explained to the 1st respondent at the time of making the deposit.

17. From the rival submissions made at the Bar, the point to be considered in the present writ appeal are:

- i) Whether the learned Single Judge went wrong in holding that the 1st respondent-writ petitioner is a PSU?
- ii) Whether the present writ petition filed under Article 226 of the Constitution of India is maintainable, since the dispute between the parties is based on the contractual obligations governed by the terms of Ext.R3(a) Scheme?.
- iii) Whether the person who represented the 1st respondent-writ petitioner has sufficient authorisation to file the writ petition?

18. Ext.P8 Government Order dated 29.04.1989 bearing G.O.(MS)25/89/HSG would show that the 1st respondent Nirmithi Kendra was registered as a charitable society in 1985 in Quilon and the memorandum of association of the 1st respondent was approved by the Government by the aforesaid Government Order. As per the memorandum of association of the 1st



respondent approved by virtue of Ext.P8 Government Order, the registered office of the 1st respondent shall be situated at Thiruvananthapuram. The 1st respondent shall have a governing body nominated by the Government consisting of the members mentioned in Ext.P8 order. From the pleadings in the writ petition, it can be seen that the 1st respondent has no claim that it is a PSU. On the other hand, the claim of the 1st respondent itself is that it is a Government of Kerala Undertaking. Annexure A3 list of autonomous bodies downloaded and produced by the appellants from the website of the Comptroller and Auditor General of India, also shows that the 1st respondent is an autonomous body under the Government of Kerala. During the course of arguments, not much dispute has been raised by the learned Senior Counsel regarding the status of the 1st respondent, in view of the provisions under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Amendment Act, 1971, and Annexure A3 document produced by the appellants and also the pleadings in the writ petition. From the pleadings in the writ petition and from the materials on record, it can only be said that the 1st respondent -



writ petitioner is an autonomous body under the Government of Kerala. Therefore, the finding of the learned Single Judge about the status of the 1st respondent-writ petitioner as a PSU is incorrect. Consequently, the finding of the learned Single Judge that the 1st respondent, being a PSU cannot make a non-callable deposit under Ext.R3(a) Scheme and the Bank cannot accept deposits in the name of the 1st respondent is incorrect.

19. While coming to the deposits in question, Exts.P2 and P6 are the fixed deposit receipts dated 24.06.2025 and 10.06.2025 for a sum of Rs.1 crore and one hundred and Rs.2 crore respectively. Admittedly, the deposits were made by the 1st respondent-writ petitioner in Ext.R3(a) non-callable deposit scheme. The said Scheme of non-callable deposit was relaunched by a circular dated 30.05.2024. It is relevant to note some of the provisions in Ext.R3(a) for better understanding of the contentions raised by the parties. Clauses 2(x), 4(8), 4(14) and 7 of the said Scheme read thus:

"2(x) Central/State Government, Central/State PSUs are not eligible for non-callable deposits. Trusts, Societies, Pension Funds, Gratuity Funds or any other superannuation funds are allowed to invest in non-callable



deposits.

	XXXX	XXXX	XXXX
4(8)	Premature withdrawal at Zones (after approval by General Manager-Resource Mobilisation Department)	Allowed under exceptional cases which are: i) Bankruptcy ii) Winding up under Directions by Court/Regulators/ Liquidator/ Legal Issues iii) Deceased case The existing Rate of interest & Penalty clause of callable deposits would be applicable for premature closure of non-callable deposits	

	XXXX	XXXX	XXXX
4(14)	Precautions to be taken while opening the account, printing the advice/receipts.	The nature of non-callable features (no premature withdrawal) should be advised to the customer clearly. · Additional details of on-callable features to be incorporated in the account opening form and should be filled in properly. · Non-callable deposit advice/receipt should be printed/affixed with non-	



		callable feature ("No premature withdrawal and auto renewal allowed for this deposit") in prominent display.
XXXX	XXXX	XXXX

7. Please importantly note that, premature withdrawal is allowed only under exceptional cases which are:
- i) Bankruptcy
 - ii)Winding up under Directions by Court/ Regulators/ Liquidator/Legal issues
 - iii) Deceased case

Branch & Zones to confirm the genuineness of the circumstances under which the request for premature closure from the customers is received (as per specimen Annexure II) and the same should be placed on record. Only authorized user of the Zonal Office shall be permitted to approve such request subject to fulfillment of the stipulated conditions. On receipt of request from branch (as per specimen-Annexure—III), Zonal office should forward the request (as per specimen-IV) to Head Office, Resources Department for approval. Only on receipt of approval from the competent authority premature payment may be allowed. "

20. Annexure I attached to Ext.R3(a) Scheme is the SOP regarding the said Scheme. Clauses 7, 17 and 18 of the SOP read thus:



"7) At present Bank of India offers loan (No third party loan and overdraft is allowed) against the security of Non-callable TDRs with a minimum margin of 10 % for loan tenor less than 1 year and 15% for loan tenor more than 1 year. The customer should be informed that grant of loan is discretionary for the Bank. The Bank reserves the right to refuse grant of loan or increase the margin without prior intimation to the customer. The loan will carry 1% spread over the deposit rate which would non-discretionary. All terms and conditions related to callable deposits will apply to loan against non-callable deposits.

xxx

xxx

xxx

17) Non-callable deposit advice/receipt should be printed/affixed with non-callable feature ("Non-callable deposit receipt -premature withdrawal and auto renewal NOT allowed for this deposit"). At present the system does not provide for such printing. We are developing the same in Finacle. Till the time the same is developed, branches may stamp the same on the face of the receipt or write in Bold.

18) Premature payment can be accepted only in specific circumstances which include death of the depositor, insolvency of the depositor, court order/winding up/liquidation of the depositor or adjustment against outstanding loan of the bank against the FD in case the loan becomes NPA."

21. A reading of the aforesaid conditions in Ext.R3(a)

Scheme coupled with the SOP would show that PSUs are not



eligible for non-callable deposits. In the instant case, as already noticed, the 1st respondent-writ petitioner is not a PSU and therefore, is not ineligible to make deposits under the said Scheme. The reading of Clause 4(8) and (7) of Ext.R3(a) would show that the premature withdrawal of the deposit made under the said Scheme is permitted only in the case of; i) Bankruptcy, ii) Winding up under direction by Court/ Regulators/ liquidator/ legal issues and iii) Deceased case. Clauses in the SOP, at any stretch of imagination, can be read against the Scheme of Ext.R3(a) Circular. It is trite that as far as the SOP is concerned, it is subordinate to the circular and it cannot enlarge the scope of the circular. Similarly, the condition of penalty for premature closure of the deposits endorsed in Exts.P2 and P6 fixed deposit receipts is applicable only in the case where premature closure is permitted as provided under Ext.R3(a) Scheme. Neither the SOP nor the conditions in the fixed deposit receipts can be independently read as contended by the 1st respondent-writ petitioner. Therefore, we have no hesitation in holding that the 1st respondent-writ petitioner has not made out any sufficient ground to prematurely close the fixed deposits, which were



specifically made for a particular period as contemplated under Ext.R3(a) Scheme of non-callable deposit.

22. While coming to the question of maintainability of the writ petition, in **Joshi Technologies International INC [(2015) 7 SCC 728]**, which is an appeal preferred against the judgment and order of the High Court of Delhi, against the dismissal of the writ petition, which was filed by the appellant therein based on two contracts entered into by the appellants with the Union of India through the Ministry of Petroleum and Natural Gas relating to exploration of certain oil fields which the Union of India had selected in Gujarat and other States, the Apex Court held thus:

"69. The position thus summarised in the aforesaid principles has to be understood in the context of discussion that preceded which we have pointed out above. As per this, no doubt, there is no absolute bar to the maintainability of the writ petition even in contractual matters or where there are disputed questions of fact or even when monetary claim is raised. At the same time, discretion lies with the High Court which under certain circumstances, it can refuse to exercise. It also follows that under the following circumstances, "normally", the Court would not exercise such a discretion:



69.1. The Court may not examine the issue unless the action has some public law character attached to it.

69.2. Whenever a particular mode of settlement of dispute is provided in the contract, the High Court would refuse to exercise its discretion under Art.226 of the Constitution and relegate the party to the said mode of settlement, particularly when settlement of disputes is to be resorted to through the means of arbitration.

69.3. If there are very serious disputed questions of fact which are of complex nature and require oral evidence for their determination.

69.4. Money claims per se particularly arising out of contractual obligations are normally not to be entertained except in exceptional circumstances.

70. Further, the legal position which emerges from various judgments of this Court dealing with different situations / aspects relating to contracts entered into by the State / public authority with private parties, can be summarised as under:

70.1. At the stage of entering into a contract, the State acts purely in its executive capacity and is bound by the obligations of fairness.

70.2. State in its executive capacity, even in the contractual field, is under obligation to act fairly and cannot practise some discriminations.

70.3. Even in cases where question is of choice or consideration of competing claims before entering into the field of contract, facts have to be investigated and found before the question of a violation of Art.14 of the



Constitution could arise. If those facts are disputed and require assessment of evidence the correctness of which can only be tested satisfactorily by taking detailed evidence, involving examination and cross - examination of witnesses, the case could not be conveniently or satisfactorily decided in proceedings under Art.226 of the Constitution. In such cases the Court can direct the aggrieved party to resort to alternate remedy of civil suit, etc.

70.4. Writ jurisdiction of the High Court under Art.226 of the Constitution was not intended to facilitate avoidance of obligation voluntarily incurred.

70.5. Writ petition was not maintainable to avoid contractual obligation. Occurrence of commercial difficulty, inconvenience or hardship in performance of the conditions agreed to in the contract can provide no justification in not complying with the terms of contract which the parties had accepted with open eyes. It cannot ever be that a licensee can work out the licence if he finds it profitable to do so : and he can challenge the conditions under which he agreed to take the licence, if he finds it commercially inexpedient to conduct his business.

70.6. Ordinarily, where a breach of contract is complained of, the party complaining of such breach may sue for specific performance of the contract, if contract is capable of being specifically performed. Otherwise, the party may sue for damages.

70.7. Writ can be issued where there is executive action unsupported by law or even in respect of a corporation



there is denial of equality before law or equal protection of law or if it can be shown that action of the public authorities was without giving any hearing and violation of principles of natural justice after holding that action could not have been taken without observing principles of natural justice.

70.8. If the contract between private party and the State / instrumentality and / or agency of the State is under the realm of a private law and there is no element of public law, the normal course for the aggrieved party, is to invoke the remedies provided under ordinary civil law rather than approaching the High Court under Art.226 of the Constitution of India and invoking its extraordinary jurisdiction.

70.9. The distinction between public law and private law element in the contract with the State is getting blurred. However, it has not been totally obliterated and where the matter falls purely in private field of contract, this Court has maintained the position that writ petition is not maintainable. The dichotomy between public law and private law rights and remedies would depend on the factual matrix of each case and the distinction between the public law remedies and private law field, cannot be demarcated with precision. In fact, each case has to be examined, on its facts whether the contractual relations between the parties bear insignia of public element. Once on the facts of a particular case it is found that nature of the activity or controversy involves public law element, then the matter can be examined by the High Court in writ



petitions under Art.226 of the Constitution of India to see whether action of the State and / or instrumentality or agency of the State is fair, just and equitable or that relevant factors are taken into consideration and irrelevant factors have not gone into the decision - making process or that the decision is not arbitrary.

70.10. Mere reasonable or legitimate expectation of a citizen, in such a situation, may not by itself be a distinct enforceable right, but failure to consider and give due weight to it may render the decision arbitrary, and this is how the requirements of due consideration of a legitimate expectation forms part of the principle of non - arbitrariness.

70.11. The scope of judicial review in respect of disputes falling within the domain of contractual obligations may be more limited and in doubtful cases the parties may be relegated to adjudication of their rights by resort to remedies provided for adjudication of purely contractual disputes." (Underline supplied)

23. In **Mathew Paul v. Mulavukad Grama Panchayat [2026 KHC Online 612]**, one among us [Muralee Krishna S., J.], while considering the maintainability of a writ petition under Art.226 of the Constitution of India, on contractual matters, by referring to various judgments of the Apex Court including that in **Joshi Technologies International INC [(2015) 7 SCC 728]** stated the following principles;



"1. The High Court is not deprived of its jurisdiction to entertain a writ petition under Art.226 of the Constitution of India, merely because in considering the petitioner's right of relief, questions of fact may fall to be determined.

2. In a case where material facts referred to in the writ petition are admitted facts or indisputable facts, the High Court may be justified in examining the claim of the petitioner on its own merits in accordance with law. In such cases, the High Court has jurisdiction to try issues both of fact and law.

3. The High Court may not examine the issue under Art.226 of the Constitution of India, unless the action has some public law character attached to it.

4. Exercise of the jurisdiction under Art.226 of the Constitution of India is discretionary, but that discretion must be exercised on sound judicial principles. When the petition raises complex questions of fact, which may for their determination require oral evidence to be taken, and on that account the High Court is of the view that the dispute should not appropriately be tried in a writ petition, the High Court may decline to try a petition.

5. The contract between the parties is in the realm of private law. It is not a statutory contract. The disputes relating to interpretation of the terms and conditions of such a contract would not have been agitated in a petition under Art.226 of the Constitution of India. That is a matter for adjudication by a civil court or in arbitration, if provided for in the contract.

6. Whether any amount is due and if so, how much and



refusal of one of the contracting parties to pay it is justified or not, are not the matters which could have been agitated and decided in a writ petition. Ordinarily, when a disputed question of fact is involved, the remedy of the petitioner is not a writ petition under Art.226 of the Constitution of India by invoking the extraordinary jurisdiction of this Court. In such cases, the remedy available to the petitioner is a civil suit or, if any other alternative remedy is provided in the contract between the parties, to opt for that remedy.

7. While deciding whether to entertain a petition under Art.226 of the Constitution of India, a writ court ought to additionally notice the forum designated by the statute for the litigant to approach. Where it is open to the aggrieved petitioner to move another tribunal, or even itself in another jurisdiction for obtaining redress in the manner provided by a statute, the High Court normally will not permit, by entertaining a petition under Art.226 of the Constitution, the machinery created under the statute to be by - passed, and will leave the party applying to it to seek resort to the machinery so set up.

8. The scope of judicial review in respect of disputes falling within the domain of contractual obligations may be more limited and in doubtful cases the parties may be relegated to adjudication of their rights by resort to remedies provided for adjudication of purely contractual disputes.

9. Once a petitioner has, due to his own fault, disabled himself from availing a statutory remedy, the discretionary remedy under Art.226 of the Constitution of India may not be available.



10. Although there is no period of limitation for invoking writ jurisdiction of the High Court under Art.226 of the Constitution of India, the invocation of such jurisdiction must be within a reasonable period”.

24. In the present case, there are certain disputed facts raised by the parties. One of the contentions of the 1st respondent-writ petitioner is that the conditions in Ext.R3(a) Scheme were not properly explained to the concerned officer of the 1st respondent-writ petitioner by the Bank authorities at the time of soliciting or accepting the fixed deposits in that Scheme. On the other hand, the stand of the appellants is that it is after fully understanding the conditions in the Scheme, the fixed deposits are made by the 1st respondent-writ petitioner. The rights and liabilities of the parties to the present writ appeal arise from contractual obligations, governed by the conditions in Ext.R3(a) Scheme, the entries in Exts.P2 and P6 fixed deposits receipts and also various communications made between the parties. Therefore, the contentions raised by the parties based on those documents are a mixed question of law and fact which cannot be decided without appreciation of evidence. In such circumstances, we are of a considered opinion that a writ petition



under Article 226 of the Constitution of India is not maintainable in the present case. The learned Single Judge has failed to consider this aspect also while passing the impugned judgment.

25. As far as the locus standi of the Accounts Manager of the 1st respondent who represented the 1st respondent in the writ petition is concerned, it is also a mixed question of law and fact, since an authorization has been produced as Annexure R1(A) from the side of the 1st respondent-writ petitioner and whereas the appellants contend that as per the byelaw of the 1st respondent, the approval of the governing body itself is necessary to represent the 1st respondent. Since we already held that the writ petition itself is not maintainable under Article 226 of the Constitution of India, we are not entering into the questioning of locus standi of the person who represented the 1st respondent-writ petitioner to file the writ petition, in this judgment. So also, though various arguments have been addressed at the Bar regarding the offer made by the Bank to avail a loan from the fixed deposits made by the 1st respondent-writ petitioner, we are not entering into those aspects also, since it is outside the purview of the pleadings in the writ petition.



26. Having considered the pleadings and materials on record and the submissions made at the Bar, as discussed above, we find that the impugned judgment of the learned Single Judge is not sustainable and hence liable to be set aside.

In the result, the writ appeal is allowed by setting aside the impugned judgment dated 16.07.2026 passed by the learned Single Judge in W.P.(C)No.13996 of 2026 and the writ petition stands dismissed.

Sd/-

ANIL K. NARENDHAN, JUDGE

Sd

MURALEE KRISHNA S., JUDGE

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W.A.No.1421 of 2026

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2026:KER:78231

APPENDIX OF WA NO. 1421 OF 2026

PETITIONER ANNEXURES

Annexure-A1	TRUE COPY OF THE TENDER NOTICE ISSUED BY THE 1ST RESPONDENT.
Annexure -A2	TRUE COPY OF EMAIL COMMUNICATION DATED 11-6-2026 SENT BY THE APPELLANT BANK TO THE 1ST RESPONDENT.
Annexure -A3	TRUE COPY OF THE RELEVANT LIST OF GOVERNMENT ESTABLISHMENTS AUDITED BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA, DOWNLOADED FROM THE WEBSITE OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA .

RESPONDENT ANNEXURES

Annexure R1 (A)	TRUE COPY OF THE AUTHORISATION LETTER DATED 27/03/2026 ISSUED BY MANAGING DIRECTOR OF KERALA STATE NIRMITHI KENDRA
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