IN THE HIGH COURT OF JHARKHAND AT RANCHI
W.P.(C) No. 4729 of 2021

ARUSH METAL CASTING LIMITED, a company incorporated under the Companies Act, having its place of business at B-11 & 12 (Part) Phase – 7, Adityapur Industrial Area, Adityapur, Jamshedpur 832109, represented through its Director Sri Sanjay Sabherwal son of Sri Prem Prakash Subherwal, resident of Circuit House Area, North West, Sonari, Jamshedpur, P.O-Sonari, P.S-Bistupur, Town & District-Jamshedpur(Jharkhand).

… … **Petitioner**

-versus-

1. JHARKHAND BIJLI VITARAN NIGAM LTD. (Formerly Known As Jharkhand State Electricity Board) having its office at Engineers Bhawan, HEC, Dhurwa, P.O. and P.S. Dhurwa, District – Ranchi, 834004.
2. The General Manager, Singhbhum Area, Jharkhand Bijli Vitran Nigam Ltd., Cooperative Bank Building, Bistupur, Jamshedpur, P.O. and P.S. Bistupur, District Singhbhum East.

The Electrical Superintending Engineer, Electric Supply Circle, Jharkhand Bijli Vitran Nigam Ltd., Adityapur, Vikas Bhawan, P.O. and P.S. Adityapur, District Singhbhum West.

4. Electrical Executive Engineer (Commercial & Revenue), Electrical Circle, Jharkhand Bijli Vitran Nigam Ltd., Chaibasa, P.O. and P.S. Chaibasa, District Singhbhum West.

… … **Respondents**

CORAM : SRI ANANADA SEN, J.

For the Petitioner: Mr. Nitin Kumar Pasari, Advocate
For the Respondents: Mr. Sachin Kumar, Advocate

O R D E R

RESERVED ON 25.08.2026 **PRONOUNCED ON 28.08.2026**

By filing this writ petition, the petitioner prays for interest on the security deposit, deposited by the petitioner as a consumer with the respondent No.1, till the actual date of refund and not till the date of termination of the electricity supply agreement. Prayer has also been made to quash the calculation of interest, which has been carried out till the financial year 2017 and prayer has been made to calculate the interest on security deposit till September, 2021.

2. The facts are admitted in this case. Petitioner availed electric connection from the respondents in September 2004. They deposited an amount of Rs.18,00,000/- (Rupees Eighteen Lakh) as security deposit initially. After introduction of New Electricity Code Regulation in the year 2025, the security deposit was revised and the difference amount was also deposited by the petitioner. As the petitioner faced some difficulty in the year 2018, he made a request to the respondents (licensee) on 19.02.2018, praying to surrender the electric connection against the Consumer No. H JAP 188. Accepting the request of the petitioner in March 2018, the electricity agreement was determined and a provisional bill was raised. The petitioner requested to adjust the same from the security deposit lying with the respondent No.1, and release the balance in favour of the petitioner. Against a deposit of Rs.1,01,65,730/- (Rupees One Crore One Lakh Sixty Five Thousand Seven Hundred Thirty), the provisional bill was adjusted and it was informed that after adjusting the same, the petitioner is entitled to receive a sum of Rs.51,53,368/- (Rupees Fifty One Lakh Fifty Three Thousand Three Hundred Sixty Eight) only. During the existence of the agreement, the last calculation of interest on the security deposit was shown in the energy bill for the financial year 2013-14 and there was no calculation of interest on the security deposit thereafter. The petitioner raised an objection and demanded release of security deposit along with interest, but no action was taken. The petitioner, thereafter, filed a complaint in the Grievance Submission Portal of Micro Small & Medium Enterprises, Government of India, instead of filing application before the Consumer Grievance Redressal Forum of the licensee at Jamshedpur in terms of Section 42(5) of the Electricity Act, since the forum was not functioning due to COVID 2019. Petitioner, thereafter, filed a writ petition being W.P.(C) No.2821 of 2020 with an undertaking to withdraw the complaint, which was filed before the Grievance Submission Portal, Government of India. In the said writ petition, the petitioner also claimed for refund of security deposit, which was kept on hold by the respondents. The said writ petition was disposed of on 09.03.2021 without entering into the merits of the case, but with a direction to the authority to dispose of the representation of the petitioner and take a decision on the claim of the petitioner. It was further held that if it was found that the petitioner is entitled to refund of security deposit along with suitable interest, the same should be paid. Claim for refund of the security deposit along with interest was accepted, but the interest was calculated till 31.03.2018, i.e., till the date of termination of the supply agreement. Petitioner, ultimately, received refund of the security deposit, sometime in October, 2021. Thus, the petitioner claims interest on the aforesaid amount from the date of termination of the agreement till actual date of refund.

3. Learned counsel for the petitioner submits that the Electricity Supply Code provides for grant of interest on the security deposit. The interest on the security deposit is calculated on yearly basis and the said interest amount is adjusted against the bills of that financial year. He submits that when the respondents have withheld the security deposit even after termination of the agreement, petitioner is entitled to get interest for the period, which they have withheld the security deposit. He submits that the respondents by not granting interest till the actual date of refund, have committed illegality.

4. Learned counsel appearing on behalf of the respondents JBVNL submits that beyond the period of agreement, the petitioner is not entitled to get any benefit. Relationship of licensee and consumer between the respondents and the petitioner remained effective till the subsistence period of the agreement, but when the agreement came to an end, that too at the instance of the petitioner, they are not entitled to get any interest on the security deposit. As per them interest amount has to be accrued till March 2018, i.e., the date when the agreement was determined between the parties and the petitioner is entitled to no interest beyond the said period. The respondents admit that there is procedural delay in processing the refund amount and its disbursement.

5. In light of the arguments of the parties, I have gone through the records of the case. It is an admitted fact that the petitioner's agreement was determined on 31st March, 2018. It is also an admitted fact that the security deposit of the petitioner was refunded sometime in October, 2021 by crediting the amount in his account.

Issue in hand is as to whether the petitioner is entitled to receive the interest on the security deposit. The fact that interest is payable to the consumer on the amount of security deposit is not disputed. In exercise of powers conferred in Clause (x) of Sub Section 2 of Section 181 of the Electricity Act read with Section 50 of the Electricity Act, 2003, the Jharkhand State Electricity Regulatory Commission has promulgated the Jharkhand State Electricity Regulation Commission (Electricity Supply Code) Regulation 2015 [hereinafter referred to as 'Regulation']. This Regulation came into effect from 7th September, 2015.

Clause 8.2.8 of the Regulation deals with security deposits. As per the said clause, a security deposit shall be made by the applicant for new connection. Clause 8.2.15 of the said Regulation provides that on termination of an agreement between the supplier and the consumer, security deposit has to be refunded, after adjustments of all dues. As per the said provision, the amount is to be refunded is within 30 days. It also provides that in case of delay, interest equivalent to SBI Base Rate as prevailing on the 1st day of April of that year shall be paid to the consumer by the licensee. It is necessary to quote Clause 8.2.15, which reads as under: -

> ***8.2.15 The security deposit, after recovery of all amounts due, shall be returned to consumer upon termination of Agreement within thirty (30) days of adjustment of all dues. In case of delay, interest equivalent to the State Bank of India base rate on the 1st of April of the year shall be payable to the consumer.***

6. Clause 8.2.16 of the said Regulation also suggests that interest on security deposit is not only payable on termination of the agreement, but is payable during the subsistence of the agreement also as the interest will accrue on first of April every year and such accrued interest during the year shall be adjusted in the bill for the first billing cycle of the ensuing financial year. Clause 8.2.16 of the Regulation reads as under: -

> ***8.2.16 The Distribution Licensee shall pay interest to the consumer at the State Bank of India base rate prevailing on the 1st of April for the year, payable annually on the consumer's security deposit with effect from the date of such deposit in case of new connections energized after the date of this notification, or in other cases, from the date of notification of these Regulations.***
>
> ***The interest accrued during the year shall be adjusted in the consumer's bill for the first billing cycle of the ensuing financial year.***

7. Thus, the fact that the security deposit, which is lying with the respondent-licensee will fetch interest is undisputed and it is also undisputed that the benefit of the said interest is to be extended to the consumer. There cannot be a situation where the security deposit will earn interest during the period of subsistence of supply agreement and not after that. Once interest is earned against a deposit, the same is earned at all point of time, whether it be during subsistence of the agreement or even after termination of the agreement. This clearly means that respondent-licensee cannot escape from payment of interest which will accrue from the security deposit. The said interest has to be passed on to the petitioner-consumer.

8. Further, Plain reading of Clause 8.2.15 also suggests that on termination of the agreement, if the amount of security deposit is not refunded within 30 days, the same will accrue interest. Admittedly, in this case, amount was not refunded within 30 days from the date of termination of the agreement. It took three years for the respondent to refund the amount of security deposit. For these 3 (three) years, the money, by way of security deposit, was withheld by the respondents. The amount of security deposit, which was lying with them, admittedly, had accrued interest, which is evident from Clause 8.2.15 and Clause 8.2.16 of the Regulation. Thus, when the interest has accrued, the same has to be passed on to the consumer.

9. Thus, when, admittedly, the security deposit was lying with the respondents, even after the period of termination of the agreement, and the same has accrued interest, such interest, which has accrued cannot be appropriated by the respondents. As the appropriation will be unjust, any retention of the same is beyond the provisions of the Regulation, the said amount needs to be passed on to the consumer. The provisions of the Regulations, referred to above also unequivocally suggest that the interest on security deposit has to be passed on to the consumer, by no means it can be retained or appropriated by the respondent-licensee.

10. Considering what has been held above, the order dated 04.08.2021 passed by the respondent No.2 to the extent the calculation of interest has been carried out till Financial Year 2017-18 is hereby quashed. It is held that the petitioner is entitled for interest on the security deposit till the date of disbursement of the principal amount of security deposit in favour of the petitioner, from the respondents, at the State Bank of India Base Rate prevailing on 1st of April each year. The said amount should be calculated by the respondents and be paid to the petitioner within three months from the date of receipt of a copy of this order.

11. This writ petition, accordingly, stands allowed. Pending interlocutory applications, if any, stand disposed of.

(Ananda Sen, J.)

High Court of Jharkhand, Ranchi
Dated 28th August, 2026
Kumar/Cp-02

Uploaded on 28.08.2026