IN THE HIGH COURT OF ORISSA AT CUTTACK

WRIT APPEAL No.1978 of 2025
CNR No. ODHC010905222025

(From the orders dated 14.11.2025 & 11.11.2025 of the learned Single Judge passed in W.P.(C) No.7930 of 2025)

Union Bank of India, Mumbai and another .... ***Appellants***

-versus-

Neelamadhav Sahu .... ***Respondent***

Advocate(s) appeared in this case:-

For Appellants	:	Mr. T.K. Sahu, Advocate
For Respondent	:	Mr. S. Sarangi, Advocate

CORAM: JUSTICE B.P. ROUTRAY
JUSTICE SAVITRI RATHO

JUDGMENT
21st September 2026

B.P. Routray, J.

1. Heard Mr. T. Sahu, learned counsel for the Appellants and Mr. S. Sarangi, learned counsel for the Respondent.

2. The short question falls in present writ appeal, which is filed challenging the order dated 14.11.2025 and 11.11.2025 of the learned Single Judge passed in W.P.(C) No.7930 of 2025, is to determine whether interest is payable for the delayed period due to fault on the part of the Appellants-Bank to refund the EMD amount, and if so, what would be the rate of interest ?

3. Admittedly, present Respondent was a participant in the auction process and stood second highest bidder. The bid was granted in favour of the highest bidder and thus, present Respondent was declared unsuccessful and he is entitled for refund of EMD amount.

4. The Respondent deposited the EMD amounting to Rs.40,00,000/- on 22.09.2021 and it was refunded to him on 12.03.2024. Thus, learned Single Judge has directed for payment of interest @ 12% from the date of deposit of the EMD amount till the date of refund and further, in the event the Bank fails to refund the amount within the period of one month from the date of order, he is liable to pay interest @ 15% for further period. The same having been challenged before us, Mr. Sahu, learned counsel for the Appellants-Bank submits that, the Bank was not at fault to retain the amount since auction process was stayed by the DRT in a separate proceeding. He further submits that, even if the interest is to be paid, the same is to be paid at the rate prevalent for Fixed Deposits in Nationalized Banks.

5. Mr. Sarangi, learned counsel for the Respondent submits on the contrary that, in ***Govinda Kumar Sharma and another vs. Bank of Baroda and others, 2024 SCC OnLine SC 559***, the Hon'ble apex Court has directed for payment of 12% interest in a similar matter. He thus prays that the rate of interest as directed to be paid by the learned Single Judge should not be interfered with.

6. It is seen that in ***Govinda Kumar Sharma*** (supra), it was a case of illegality committed by the Bank in conducting the auction and thereby drove the parties to litigation. The facts of present case are quite different, where it is a simple case of non-refund of EMD amount for a period around two and half years.

7. It is true that, the EMD amount deposited by the Respondent before the Bank was not refunded to him despite his repeated request made to the Bank authority and it is the plea taken by the authority that since the auction has been stayed by the DRT, keeping in view the uncertainty on auction sale, the EMD amount was not refunded to the writ petitioner. But we fail to conceive such submission advanced on behalf of the Bank to justify retention of the EMD amount with them. It is because the DRT has never directed to interfere, in any manner, with refund of the EMD amount deposited by the unsuccessful bidder. The litigation pursued before the DRT was with regard to auction sale where present Respondent was not a party. Therefore, he has nothing to do the litigation pursed before the DRT. As he declared unsuccessful in the auction process, as stood the second highest bidder, he is entitled for refund of his amount deposited towards EMD. Thus, keeping in view the fact that the EMD amount was with the Bank for such belated period till it is refunded to the Respondent, we are not inclined to interfere with the order of the learned Single Judge with regard to payment of interest thereon. However, while we are agreeing with the direction of learned Single Judge to pay the interest on the unrefunded EMD amount, but we are inclined to interfere with the rate of interest keeping in view the rate of interest prevailing at the relevant time. It is submitted that the prevalent rate of interest for fixed deposit in Nationalized Bank was 6% to 8% at that relevant time.

8. Considering the same and taking note of the fact that the amount was with the Bank for the period from 24.09.2021 to 12.03.2024 undisputedly, we direct that the Bank is liable to pay interest @ 7% per annum. The order of the learned Single Judge is modified to this extent.

9. The writ appeal is accordingly disposed of.

(B.P. Routray)
Judge

(Savitri Ratho)
Judge

B.K. Barik/A.R.-cum-Senior Secretary