

IN THE HIGH COURT OF PUNJAB & HARYANA AT CHANDIGARH

Civil Writ Petition No.16098 of 2016.

Date of Decision: July 12, 2017

M/s Rama Krishna Spintex Pvt. Ltd.

.....Petitioner

versus

State Bank of Patiala

.....Respondent

CORAM: HON'BLE MR.JUSTICE SURYA KANT.

HON'BLE MR.JUSTICE SUDHIR MITTAL.

Present: Mr.Aalok Jagga, Advocate, for the petitioner.

Mr.Rakesh Gupta, Advocate, for the respondent.

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Surya Kant, J. (Oral)

The petitioner has laid challenge to the levy of pre-payment penalty on the loan facilities sanctioned in its favour as cash-credit limit by the respondent-Bank. The pre-payment penalty has been levied as the petitioner decided to shift its account to another bank to avail better facilities.

The question which falls for consideration is whether the petitioner is liable to pay the pre-payment penalty on the sanctioned limit?

This issue, in our considered view, requires hardly any adjudication for the reason that admittedly in the loan agreement executed between the parties, there is a specific stipulation to the effect that “*in case the borrower shifts account to some other bank or prepays the amount, one time foreclosure charges/prepayment penalty @2% on the sanctioned working capital limit will be recovered from the borrower.....*”

The petitioner having consented to the above-stated terms and conditions for availing the cash-credit limit, it cannot be allowed to wriggle

challenge to the above-stated clause of the agreement on the ground like an 'unconscionable contract' etc. That apart, we find that the above-stated condition was stipulated in the loan agreement pursuant to the State Bank of India Head Office Policy Circular dated 12.05.2014 (R-1) wherethrough all the branches of the bank were directed to levy pre-payment penalty or foreclosure charges in the manner as was agreed to between the parties in the instant case.

Since the liability has arisen out of contractual obligation, we see no ground to interfere with the same in exercise of writ jurisdiction.

Dismissed.

[SURYA KANT]
JUDGE

July 12, 2017
mohinder

[SUDHIR MITTAL]
JUDGE

Whether speaking/reasoned	:	Yes/No
Whether Reportable	:	Yes/No