

HIGH COURT OF CHHATTISGARH, BILASPUR

FA No. 610 of 2000

- State Bank Of India Through Branch Manager, Agriculture Development Pranch, Bhatapara, Distt. Raipur M.P. Now Chhattisgarh , Chhattisgarh

---- Appellant.

Versus

1. Khuman Lal Sahu S/o Milal Sahu R/o Village Kusrangi, Tah. And Distt. Raipur M.P. Now Chhattisgarh, Chhattisgarh
2. Parathlal Sahu S/o Minal Sahu R/o Village Kusrangi, Tah. And Distt. Raipur M.P. Now Chhattisgarh , District : Raipur, Chhattisgarh
3. Beniram Sahu S/o Anda Sahu R/o Village Matiya, Tah. And Distt. Raipur M.P. Now Chhattisgarh , District : Raipur, Chhattisgarh
4. Ludgu S/o Dhansingh R/o Village Kusrangi, Tah. And Distt. Raipur M.P. Now Chhattisgarh, District : Raipur, Chhattisgarh

---- Respondents

For appellant:	:	Mr. P.R. Patankar, Advocate.
For respondents	:	None.

SB: Hon'ble Mr. Ram Prasanna Sharma, J

Judgment on Board

13-07-2018

1. The appellant has preferred this appeal under Section 96 of the Code of Civil Procedure, 1908 against the judgment and decree dated 11-5-2000 passed by the 4th Additional District Judge, Raipur, (CG) in Civil Suit No. 62-A/96 wherein the said Court decreed the suit of the appellant but awarded simple interest @ 6% per annum.

2. The suit was filed against the respondents for recovery of loan amount amounting to Rs.1,92,727.90 before the trial Court. The suit has been decreed on 11-5-2000 but the trial Court granted interest @ 6% per annum from the date of suit amount given to the respondents/defendants.
3. Learned counsel for the appellant would submit that the transaction between the parties is a commercial transaction, therefore, interest ought to have granted as per contractual rate.
4. It is admitted position between the parties that the loan was granted as per document (Ex.P/2) in which the respondents have signed and it has binding effect. As per document Ex.P/2, the rate of interest as contracted is 12.5% minimum and it has to be calculated on half yearly basis. Hon'ble the Supreme Court in the matter of **State Bank of India vs. Yasangi Venkateswara Rao, reported in (199) 2 SCC 375**, has held as under:

“We are unable to understand as to how the High Court could come to the conclusion that the Parliament had no jurisdiction to enact [Section 21-A](#). There can be no doubt that [Section 21-A](#) deals with the question of the rate of interest which can be charged by a banking company. Entry 45 of List I of the Seventh Schedule clearly empowers the Parliament to legislate with regard to banking. The enactment of [Section 21-A](#) was clearly within the domain of the Parliament. The

said Section applies to all types of loans which are granted by a banking company, whether to an agriculturist or a non-agriculturist, and, therefore, reference by the High Court to Entry 30 of List II was of no consequence. In our opinion, the said [Section 21-A](#) had been validly enacted”.

5. Now the point for consideration is whether the trial Court was right in reducing the rate of interest agreed to be paid by the parties.
6. In view of this Court, interest of loan as agreed by the parties is common for all and any one who borrows money from the Bank is bound to pay the interest agreed upon. Once the parties agreed to pay the interest at a specific rate, they are stopped to say contrary to the terms and conditions of the agreement. When the document is having binding effect, the respondents were under obligation to pay interest @ 12.5%. In view of the above, the trial Court is not right in reducing the rate of interest agreed to be paid, therefore, the decree passed by the trial Court is liable to be and is hereby modified.
7. Accordingly, the appeal is allowed and the decree is passed in favour of the appellant and against the respondents on the following terms and conditions.

- (I) In addition to principle amount for which a decree has been passed by the trial Court, the respondents shall pay interest @ 12.5% per annum calculated on half yearly basis.
- (II) Respondents to pay cost of the appellant throughout.
- (III) Pleader's fee, if certified, be calculated as per certificate or as per Schedule whichever is less.
- (IV) A decree be drawn up accordingly.

Sd/-

(Ram Prasanna Sharma)
Judge

Raju