* IN THE HIGH COURT OF DELHI AT NEW DELHI

\+ **RFA No.222/2006**

% **12th September, 2018**

INDIAN BANK ..... Appellant

Through: None.

versus

GURCHARAN SINGH AND ORS. ..... Respondents

Through: None.

CORAM:
HON'BLE MR. JUSTICE VALMIKI J.MEHTA

To be referred to the Reporter or not?

VALMIKI J. MEHTA, J (ORAL)

1. This Regular First Appeal under Section 96 CPC is filed by the plaintiff-bank impugning the judgment of the Trial Court dated 21.11.2005 by which the trial court though decreed the suit filed by the appellant/plaintiff/bank, but the trial court decreed the suit not for the amount as prayed in the plaint of Rs.9,83,702.35/- along with *pendente lite* and future interest at 20.75% per annum and instead decreed the suit only for a sum of Rs.3,00,000/- with interest at 12.5% per annum from 13.1.1989 till realization. It is therefore seen that the

trial court has essentially denied the rate of interest claimed by the bank from 13.1.1989 when the loan was given till the filing of the suit, resultantly that the amount claimed in the suit though becoming the principal amount on account of interest being added on account of non-payment and which resulted to the amount claimed in the suit of Rs.9,83,702.35/-.

2. In my opinion the impugned judgment of the trial court is clearly erroneous because once loan amount is granted of Rs.3,00,000/- from 13.1.1989, and which loan amount carries interest compounded quarterly as per RBI Guidelines and on account of non-payment of interest the same merges into the principal, suit amount which is total of the loan granted plus interest has to be awarded. This is held by the Constitution Bench judgment of the Supreme Court in the case of ***Central Bank of India Vs. Ravindra and Ors., (2002) 1 SCC 367***. It is also noted that the appellant/plaintiff proved on record the acknowledgements of debts dated 17.10.1991/Ex.P-12, 4.10.1994/Ex.P-13 and these acknowledgments of debts will acknowledge the liability of the amount payable as per the dates given in the acknowledgment letters. This is another reason why the trial

court has wrongly decreed the suit only for a sum of Rs.3,00,000/- being the original loan amount along with interest at 12.5% per annum.

3. In view of the aforesaid discussion, this appeal is allowed. The impugned judgment of the Trial Court dated 21.11.2005 is modified by passing a money decree in favour of the appellant/plaintiff bank for a sum of Rs.9,83,702/- along with *pendente lite* and future interest till realization at 12.5% per annum. Appellant will also be entitled to costs of this appeal. Decree sheet be prepared. Appeal is accordingly allowed and disposed of.

VALMIKI J. MEHTA, J

SEPTEMBER 12, 2018
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