

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

RSA No.685 of 1990 (O&M)
DATE OF DECISION:11.05.2020

Punjab National Bank

....Appellant

versus

Didar Singh and others

.....Respondents

CORAM:- HON'BLE MRS. JUSTICE ALKA SARIN

Present: Mr. H.N. Mehtani, Advocate for the appellant

Mr. C.B. Goel, Advocate for the respondents

..

ALKA SARIN, J.

The plaintiff-appellant is in appeal against the judgement and decree passed by the lower Appellate Court which modified the judgement and decree of the Trial Court.

On 12.6.1981 the defendant-respondent Nos.1 and 2 obtained a loan of Rs.62,000/- from the plaintiff-appellant for purchasing a tractor. The defendant-respondent no.3 was the Guarantor. The said loan was to be repaid in 14 equal half yearly instalments of Rs.4,428/- plus interest @ 12.5 percent per annum with half yearly rests. The defendant-respondent not.1 and 2 hypothecated the tractor as well as their land to secure the loan. They also agreed to keep the tractor insured and in case they failed to do so the plaintiff-appellant was to get the insurance

done and debit the account of the defendant-respondent not.1 and 2 for the premium so paid. The defendant-respondent not.1 and 2 failed to repay the loan amount. The plaintiff-appellant thus filed the instant suit for recovery of Rs.1,02,607/- with future interest from the date of institution of the suit till realisation at the agreed bank rate. As per the statement of accounts attached with the plaint, this sum of Rs.1,02,607/- included interest calculated @ 12.5% per annum with half yearly rests as also penal interest, insurance premiums and other expenses incurred by the plaintiff-appellant.

The defendants filed written statement and contested the suit questioning the amount claimed in the plaint. They also stated that they were ready to make payment of the principal amount along with interest @ 12.5% per annum on the principal amount.

Vide judgement and decree dated 04.08.1987 the Trial Court decreed the suit of the plaintiff-appellant and passed a decree for the recovery of Rs.1,02,607/- against the defendant-respondents and further ordered for payment of future interest on the decretal amount at the contractual rate @ 12.5% per annum from the date of institution of the suit till its realisation.

The defendant-respondents preferred an appeal against the judgement and decree of the Trial Court. The lower Appellate Court, vide judgement and decree

dated 01.12.1989, held that the principal amount was Rs.62,000/- and therefore interest @ 12.5% per annum on it was recoverable from the date of institution of the suit till the date of passing of the decree and @ 6% from the date of passing of the decree till its realisation. Hence, this appeal by the plaintiff-appellant.

Mr. Mehtani, learned counsel for the plaintiff-appellant contended that the principal amount would mean the amount of loan extended plus interest calculated thereon as per the calculations of the plaintiff-appellant and thus the lower Appellate Court ought to have taken Rs.1,02,607/- as the principal amount and should have awarded interest thereon @ 12.5% per annum from the date of institution of the suit till its realisation.

A perusal of the account statement Ex.P11 produced in evidence by the plaintiff-appellant shows that the amount of Rs.1,02,607/- has been arrived at after adding interest, penal interest, insurance and other charges. There was never any agreement whereunder the defendant-respondent nos.1 and 2 undertook to pay the contractual rate of interest @ 12.5% on penal interest, insurance and other charges. The plaintiff-appellant has seemingly capitalised all these amounts which is not proper. If what the counsel for the plaintiff-appellant has urged is accepted, that would amount to allowing imposition of interest

upon interest from the date of institution till the date of the decree and also allow imposition of interest on components not part of the loan agreement. Such calculation was never even contemplated while granting the loan. The taking of Rs.62,000/- as the principal amount and allowing interest thereon @ 12.5% per annum from the date of institution till date of passing of the decree was legal, equitable and proper by the lower Appellate Court as this was the contractual rate agreed upon by the parties. No meaningful argument was addressed on the point of grant of interest @ 6% from the date of passing of the decree till its realisation.

Finding no merit in this appeal, the same is dismissed.

(ALKA SARIN)
JUDGE

11.05.2020
parkash

NOTE:

Whether speaking/non-speaking: Speaking
Whether reportable: YES/NO