IN THE HIGH COURT OF ORISSA AT CUTTACK

WP(C) No.39511 of 2021
(Through Hybrid mode)

Premjit Mohanty .... ***Petitioner***

Mr. Surendra Nath Panda, Advocate

-versus-

UCO Bank, Cuttack and another .... ***Opposite Parties***

Mr. Bibhuti Bhusan Swain, Advocate

CORAM: JUSTICE ARINDAM SINHA

ORDER
01.08.2022

Order No.

05. 1. Mr. Panda, learned advocate appears on behalf of petitioner. He submits, his client is borrower from opposite party bank on an educational loan. As per terms, there should not be recapitalization of interest in moratorium period. However, this has not been adhered to by the bank. Rs.2,45,181/- has been charged in excess.

2. Mr. Swain, learned advocate appears on behalf of the bank and submits, petitioner himself was working as Manager and he was transferred. On his request the loan account was transferred to his transferred branch. Petitioner never disputed or pointed out any discrepancy in the material time but has now come to Court. He submits, moratorium period was of five years. In the five years, commencing in year 2008 and up to year 2013, the bank charged simple interest. Following the

moratorium the bank continued to charge simple interest and the omitted interest charge amount was debited at end of financial year 2016.

3. Mr. Swain draws attention to paragraph 4 in additional affidavit dated 18th May, 2022 to submit, erroneously simple interest was continued to be charged instead of compound interest on the principal and simple interest thereon for five years, capitalized. A further sum of Rs.26,098/- was imposed as penal interest because petitioner, working in the bank had made wrong entry. Mr. Panda in reply submits, the moratorium period was of six years and not five as included one year grace period.

4. On perusal of the petition it is clear that the grievance is of extra charge of Rs.2,45,181/- as would appear from paragraph 11 in the petition. On query from Court Mr. Swain has not been able to demonstrate authority for imposition of penal interest as consequence of wrong entry made by petitioner.

5. The bank has explained the charge of interest on the education loan over the period as appearing from paragraph 4 in the additional affidavit dated 18th May, 2022. Since imposition of penal interest has not been demonstrated have been with authority, the bank is directed to reverse that charge and give according adjustment to petitioner's loan account, from the date the charge was imposed. The bank is further directed to inform petitioner of present outstanding, with particulars of statement of account, by two weeks from date of

communication, to enable petitioner to liquidate the loan, if that is his intention.

6. The writ petition is disposed of.

(Arindam Sinha)
Judge

RKS