**IN THE HIGH COURT OF PUNJAB & HARYANA
AT CHANDIGARH**

208 RSA-1377-1991 (O&M)
Date of decision:03.11.2023

State Bank of India

....Plaintiff-Appellant

Versus

Prithi and another

...Defendant-Respondents

CORAM: HON'BLE MR. JUSTICE AMAN CHAUDHARY

Present:- Mr. Ashok Gupta, Advocate, for the appellant

Mr. R.S. Chahal, Advocate and
Mr. Arjun Lakhanpal, Advocate, for respondent No.1.

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AMAN CHAUDHARY. J.

1. The present regular second appeal has been filed, challenging the concurrent findings recorded by the Courts below in a suit for recovery filed by the plaintiff-appellant.

2. A loan of Rs.57000/- was raised by defendant-respondent No.1 from the plaintiff-appellant-Bank in the year 1980, for purchasing a tractor and agricultural implements, for which defendant-respondent No.2 was made a guarantor. He executed an agreement of hypothecation and also mortgaged his agricultural land in favour of the plaintiff-Bank. Some installments of the said loan were deposited by him. However, when he failed to repay the same, a suit for recovery of the due amount of Rs.63473.20/- was filed by the appellant-Bank, which was contested by the respondents. The trial Court decreed the suit in favour of the appellant-bank and recovery of the aforesaid amount along with future interest @ 6% per annum was ordered. The appellant being dissatisfied, challenged in first appeal the grant of future interest on the decretal amount at the agreed rate and also to recover a sum of Rs.2989.25 as guarantee fee and Rs.82/-

Ankur Goyal
2023.11.20 17:25
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spent towards photostat of documents of the borrower, but finding no merit, learned District Judge, dismissed the same.

3. Aggrieved, the appellant is before this Court.

4. Learned counsel for the appellant-Bank contends that it being a commercial transaction, the interest rate should have been 12% on the decretal amount, whereas, the Courts have committed an error while granting it only 6% and in also not granting the statutory charges of Rs.2989.25 as guarantee fee.

5. On the other hand, learned counsel for respondent No.1 opposes the submissions of learned counsel for the appellant, by submitting that it was an agricultural loan. He had already mortgaged his property in favour of the appellant. He has already deposited

6. Learned counsel on either side have been heard and record perused.

7. The judgments of the Courts below have been assailed by the decree-holder with the main thrust being that commercial nature of transaction entails awarding of contractual rate of interest.

8. The loan in the present case was obtained for the purchase of a tractor and agricultural implements and in that regard, a reference can be made to **Central Bank of India vs. Ravindra** 2002(1) SCC 367, wherein Hon'ble the Supreme Court had observed that, "Agricultural borrowing are to be treated on a pedestal different from others. Charging and capitalisation of interest on agricultural loans cannot be permitted in India except on annual or six monthly rests depending on the rotation of crops in the area to which the agriculturist borrowers belong".

9. In **Krishan Lal vs. State Bank of Patiala**, 1990(1) PLJ 132, this Court held that when the loan was taken for purchasing a mechanised cart by an agriculturist, it cannot be considered to be a commercial transaction connected

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2023.11.20 17:25
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with industry, trade or business and future interest more than 6 per cent be not granted.

10. This Court is unable to countenance the contention put forth by the learned counsel for the appellant, it having been found as per the pleadings as well as the evidence that the loan advanced was for agricultural purposes. Above being the position, the transaction would fall under the umbrella of an agricultural loan, therefore, not warranting application of contractual rate of interest. The Courts below have thus rightly awarded 6% interest on the decretal amount by taking note of Section 34 C.P.C.

11. The trial Court has aptly observed that there was no clause in any document, which could impose the liability on the borrower-defendant to pay the guarantee fee to the bank. However, as regards the photostat charges it was noticed that no receipts thereof were produced on record. Even otherwise, the jurisdiction of this Court in interfering with the finding of fact as recorded by the lower Court is limited as held in **Kondiba Dagadu Kadam vs. Savitribai Sopan Gujar,** (1999) 3 SCC 722 and **Randhir Kaur vs. Prithvi Pal Singh**, (2019) 17 SCC 71.

12. As an upshot, there is no infirmity or perversity found in the judgments and decree passed by the Courts below. Accordingly, the appeal is dismissed.

(AMAN CHAUDHARY)
JUDGE

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Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No

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2023.11.20 17:25
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