2025:PHHC:153721

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

RSA-3139-1996 (O&M)
RESERVED ON: 04.11.2025
PRONOUNCED ON:07.11.2025

PRITAM SINGH

.....APPELLANT

VERSUS

PUNJAB AND SIND BANK AND ANR.

.....RESPONDENTS

CORAM: HON'BLE MS. JUSTICE MANDEEP PANNU

Present: Mr. S.K. Arora, Advocate
for the appellant.

Mr. H.K. Talwar, Advocate
for respondent No.1.

Respondent No.2 proceeded against ex parte
vide order dated 12.08.2025.

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MANDEEP PANNU, J

1. The present Regular Second Appeal has been preferred by Pritam Singh (defendant No.1) assailing the judgment and decree dated 28.10.1992 passed by the learned Sub Judge Ist Class, Faridkot, whereby the suit of the plaintiff–bank for recovery of ₹95,787/- along with future interest at the rate of 12.5% per annum with half-yearly rests was decreed, and the judgment and decree dated 24.08.1996 passed by the learned Additional District Judge, Faridkot, dismissing the appeal and affirming the findings of the trial Court.

BRIEF FACTS

2. The brief facts of the case are that the plaintiff–Punjab and Sind Bank, a body corporate constituted under the Banking Companies (Acquisition and Transfer of Undertakings) Act, filed a suit for recovery of ₹95,787/- against defendants Pritam Singh and Sardool Singh. Defendant No. 1 approached the plaintiff–bank for a loan of ₹60,000/- for the purchase of an International Tractor. The plaintiff-bank sanctioned and disbursed the said amount by cheque to M/s Punjab Agro Industries Corporation Ltd., Ferozepur.

3. Defendant No. 1 executed the usual set of loan documents including a demand promissory note, letter of waiver, letter of request, letter authorising the bank to charge penal interest, and a hypothecation deed. The tractor so purchased was hypothecated in favour of the bank. As a further security, defendant No. 1 mortgaged land measuring 72 kanals in favour of the bank.

4. Defendant No. 2 stood as guarantor for repayment of the loan. The defendants failed to repay the dues despite repeated demands. At the time of filing of the suit, an amount of ₹95,787/- was outstanding.

5. The defendants, in their written statement, admitted most of the averments but disputed the execution of certain documents and contended that some payments made by them were not accounted for. It was also pleaded that the suit was barred by limitation.

FINDINGS OF THE COURTS BELOW

6. The learned trial court, on the basis of the pleadings, framed appropriate issues. On appreciation of the oral and documentary evidence led by the plaintiff–bank, particularly the testimony of Gurmail Singh (PW-

1), Narinder Singh (PW-2), Ranjit Singh, Manager (PW-3), and Jagdev Singh Sandhu, Senior Manager (PW-4), as well as the loan documents (Ex. P-1 to P-17), it was held that Pritam Singh had executed all relevant loan and hypothecation documents and acknowledged his liability.

7. The court found no material on record to disbelieve the documents, and the defendant failed to lead any expert evidence to challenge the genuineness of his thumb impressions. The suit was accordingly decreed for ₹95,787/- with future interest at 12.5% per annum with half-yearly rests, and the defendants were held jointly and severally liable.

8. The First Appellate Court, while affirming the decree, rejected the appellant's plea that interest should be confined only to the principal amount of ₹60,000/- and not to the amount outstanding at the time of suit. It held that once the amount of ₹95,787/- was due as on the date of suit, that amount constituted the principal for purposes of calculating further interest. The appeal was thus dismissed.

9. Feeling aggrieved by the above-said judgments, the appellant-Pritam Singh preferred the present Regular Second Appeal.

10. Upon notice, respondent No.1 appeared and contested the appeal and respondent No.2 proceeded against ex parte vide order dated 12.08.2025.

<u>SUBMISSIONS ON BEHALF OF THE APPELLANT</u>

11. Learned counsel for the appellant contends that both the courts below have erred in decreeing the suit for the entire claimed amount without properly accounting for certain payments made by the appellant. It is submitted that the deposit voucher (Ex. D1) evidencing payment of ₹7,000/-

was not considered, and that another amount of ₹6,000/- was struck off from the ledger without justification.

12. It is further argued that the rate of future interest granted by the courts below is excessive, particularly since the transaction pertains to an agricultural loan for purchase of a tractor. It is submitted that as per the settled principles under Section 34 of the Code of Civil Procedure, 1908, the rate of pendente lite and future interest should not exceed 6% per annum in case of agricultural advances. Reliance is placed upon the judgment of the Madhya Pradesh High Court in '***Kok Singh v. Punjab & Sind Bank', First Appeal No.27, 32 of 1987***, where it was held that *pendente lite* and future interest on an agricultural transaction should be restricted to 6% per annum.

SUBMISSIONS ON BEHALF OF RESPONDENT NO.1-BANK

13. Learned counsel for the respondent–bank has supported the judgments of the courts below, submitting that the appellant has admitted the sanction, disbursement, and hypothecation of the tractor, and has failed to produce any credible evidence to show that the alleged payments were made beyond the bank records. The ledger entries were duly proved by competent witnesses and there was no manipulation or suppression.

14. It is further contended that the rate of interest was agreed to be 12.5% per annum with half-yearly rests, and the same has been applied as per the contract between the parties. Therefore, there is no ground for interference with the concurrent findings of fact.

FINDINGS OF THIS COURT

15. This Court has heard learned counsel for both sides and perused the record carefully.

16. The concurrent findings of fact recorded by both the courts below are based on appreciation of evidence and are neither perverse nor contrary to record. The appellant has not produced any cogent material to disprove the loan documents or the acknowledgment of debt executed by him. His own admission in cross-examination establishes the advancement of the loan and execution of documents. The finding that the amount of ₹95,787/- was due on the date of the suit is fully justified.

17. The plea regarding non-accounting of certain deposits has rightly been rejected. The alleged deposit voucher (Ex. D1) for ₹7,000/- does not inspire confidence in absence of corroboration from the bank's account records. Similarly, the alleged deletion of ₹6,000/- entry has not been substantiated.

18. The only surviving question pertains to the rate of pendente lite and future interest.

19. The loan was advanced for purchase of a tractor, which is an agricultural implement, and thus the transaction partakes the nature of an agricultural advance. While the contractual rate of 12.5% per annum with half-yearly rests is binding up to the date of suit, the Court has discretion under Section 34 CPC to determine reasonable interest pendente lite and post-decree.

20. In *Kok Singh's case (supra)*, it was held that:

"In case of agricultural loans, the *pendente lite* and future interest should not exceed 6% per annum, as the transaction is agricultural in nature."

21. This view finds support from the equitable principle underlying

Section 34 CPC, which seeks to prevent undue enrichment through compound interest beyond the period of adjudication.

22. Considering that the loan was agricultural in nature and keeping in view the settled legal position, it would be just and proper to reduce the rate of pendente lite and future interest to 6% per annum (simple interest) from the date of filing of the suit till realization. The contractual rate shall, however, apply only up to the date of filing of the suit.

<u>CONCLUSION</u>

23. In view of the above discussion, this Court finds no merit in the appeal insofar as it challenges the concurrent findings of fact recorded by the courts below. The decree for recovery of ₹95,787/- is upheld. However, the decree is modified to the extent that the rate of pendente lite and future interest shall stand reduced to 6% per annum (simple interest) from the date of institution of the suit till realization.

24. Subject to the above modification, the appeal is dismissed.

25. All pending miscellaneous application(s), if any, stands disposed of.

(MANDEEP PANNU)
07.11.2025 **JUDGE**
Poonam Negi

Whether speaking/reasoned *Yes/No*
Whether reportable *Yes/No*