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IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

RSA-5389-2014 (O&M)
Date of Decision : 19.09.2025

Kapil Goel and Another ... Appellants

Versus

State Bank of India ... Respondent

CORAM : HON'BLE MRS. JUSTICE ALKA SARIN

Present : Mr. U.K. Agnihotri, Advocate for the appellants.

Mr. I.P.S. Doabia, Advocate for the respondent.

ALKA SARIN, J. (Oral)

1. Present appeal has been preferred by the defendant-appellants aggrieved by the judgment and decree dated 18.09.2012 passed by the Trial Court and the judgment and decree dated 16.04.2014 passed by the First Appellate Court.

2. On 05.10.2015 the following order was passed :

> *"Learned counsel for the appellants contends that as per agreement executed between plaintiff-bank and the defendants, interest payable was on the basis of quarterly rest whereas in the suit, plaintiff has claimed interest on the basis of monthly rest, which is contrary to terms and conditions settled between the parties.*
>
> *Notice to that extent for 06.11.2015."*

3. Learned counsel for the defendant-appellants would contend that

as per the Memorandum of Term Loan Agreement for Housing Loan Granted to Public (Ex.P3), the rate of interest was to be quarterly rests calculated on the daily balance of the loan amount. However, the Courts while awarding the interest have directed it to be paid on monthly rests.

4. *Per contra* learned counsel for the respondent is not in a position to deny that as per Memorandum of Term Loan Agreement for Housing Loan Granted to Public (Ex.P3), the rate of interest was to be calculated at quarterly rests.

5. Heard.

6. A perusal of the Memorandum of Term Loan Agreement for Housing Loan Granted to Public (Ex.P3), clause (b) regarding interest reads as under :

"b. I/We shall repay the amount of loan as per arrangement/sanction letter which forms part of this agreement in 162 equated monthly instalments of ₹5,140/- each till the entire loan with interest is fully repaid. This equated monthly instalment also includes interest component.

To be deleted where Floating Rate of Interest is applicable	*Interest on the amount of the loan will be applied at the rate of ..... per cent per annum with quarterly rests, calculated on the highest monthly balance.*
To be deleted where Fixed Rate of Interest is applicable	*Interest on the amount of the loan will be applied at the rate of 2.25 per cent below State Bank Advance Rate hereinafter referred to as SBAR, rising and falling therewith, at quarterly rests calculated on the daily balance of the loan amount. Provided that the Bank shall at any time and from time to time be entitled to change the rate of interest depending on changes in SBAR, and such revised rates of interest shall always be construed as agreed to be paid by the borrower(s) and hereby secured. Borrowers*

	shall be deemed to have notice of change in the rate of interest whenever the changes in SBAR are displayed/notified at/by the branch/published in newspaper/made through entry of interest charged in the passbook/statement of accounts sent to the borrowers).

Without prejudice to the Bank's other rights and remedies, the Bank shall be entitled to charge at its own discretion enhanced rates of interest on the outstanding in the loan account(s) or a portion thereof or for any default or irregularity on my/our part which in the opinion of the Bank warrants charging of such enhanced rates of interest for such period as the Bank may deem fit. The Equated Monthly Instalments will have to be paid till the entire loan and the interest is fully repaid. Further, the amount of Equated Monthly Instalment may change/increase as may be decided by the Bank.

Such interest will start accruing from the date of disbursement of the loan or the date of disbursement of the first instalment of the loan where such loan is paid in instalments."

7. Once as per the agreement itself the interest was to be calculated at quarterly rests, the interest directed to be calculated at monthly rests cannot be sustained. The same is accordingly set aside.

8. In view of the judgment of the Hon'ble Supreme Court in the case of **Pankajakshi (Dead) through LRs & Ors. vs. Chandrika & Ors. [2016(2) RCR (Civil) 245**] there would be no requirement to frame substantial questions of law.

9. As a result, the present regular second appeal is partly allowed. The judgments and decrees passed by both the Courts are modified to the

extent that the bank is held entitled to interest with quarterly rests instead of monthly rests. The other findings by the Courts are upheld. The appeal is disposed off accordingly. Pending applications, if any, also stand disposed off.

19.09.2025 **(ALKA SARIN)**
jk **JUDGE**

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