
(1997) 09 AP CK 0026
In the Andhra Pradesh High Court
Case No : Appeal No. 1879 of 1985

Andhra Bank

APPELLANT

Vs

Inturi Narayana and Others

RESPONDENT

Date of Decision : 25-09-1997

Acts Referred:

Banking Regulation Act, 1949 — Section 21A

Citation : (1997) 6 ALD 443 : (1997) 6 ALT 392 : (1997) 3 APLJ 423

Hon'ble Judges : C.V.N. Sastri, J

Bench : Single Bench

Advocate : M.R. Reddy, for the Appellant; G. Rama Rao, for the Respondent

Final Decision : Allowed

Judgement

C.V.N. Sastri, J.—This appeal filed by the Andhra Bank, Plaintiff in the suit, relates to the question of interest only. While decreeing the suit, the trial Court scaled down the interest as per Act IV of 1938 on the ground that the defendants are agriculturists. It is the settled position that after the introduction of Section 21-A in the Banking Regulation Act, 1949 by amending Act 1 of 1984 Courts have no power to scale down the interest in respect of debts due to Banks. A Full Bench of this Court in *State Bank of Hyderabad v. Advath Sakru* 1993 (1) An.W.R. 380 considered this question elaborately and held that Section 21-A of the Banking Regulation Act, 1949 applies to all transactions entered into between the banking company and its debtor whether the transaction was entered into prior to its commencement or after and that Section 21-A applies to pending appeals irrespective of the fact whether a decree was passed giving relief to the debtor or not. It was also held that Section 21-A makes no distinction between an advance made for agricultural purpose or for commercial purpose and it equally applies to both. It was further held that the provisions of Usurious Loans Act, 1918 (Act 10 of 1918) as amended by Usurious Loans 25 (Madras Amendment) Act 8 of 1936 Section 3 and Madras Agriculturists Debt Relief Act, 1938 (Act IV of 1938) were not applicable to the advances made by banks to

agriculturists.

2. In view of the said Full Bench judgment the appeal is allowed and the suit is decreed with costs as prayed for. But in the appeal each party to bear its own costs.