
(1909) 05 AHC CK 0008
In the Allahabad High Court

Mohammad Abdullah Khan	Vs	APPELLANT
Bank Instalment Company, Limited		RESPONDENT

Date of Decision : 21-05-1909

Acts Referred:

Contract Act, 1872 — Section 25(3)
Limitation Act, 1877 — Section 20

Citation : 2 Ind. Cas. 379

Hon'ble Judges : Tudball, J; Banerji, J

Bench : Division Bench

Judgement

1. This appeal arises out of a suit brought by the respondent who is the official liquidator of the Bank Instalment Company, Limited, Meerut, to recover the sums of Rs. 954-9-0 from the appellant. The plaint as first presented showed that the plaintiff at first based his claim on a promissory note for Rs. 1,500 payable on demand with interest. The promissory note is dated the 8th of June 1896. In paragraph 2 of the plaint it was alleged that certain sums of money had been paid on different dates towards principal and interest. Paragraph 3 of the plaint was, however, amended, and in the amendment the plaintiff further alleged that on the 25th of May 1906 the present appellant Abdullah Khan had agreed in writing to pay the amount of the balance due within the period of one month, that this one month's grace was granted to him, but the money had not been paid and hence a cause of action had accrued to the plaintiff on the 25th of June 1906 on which date the period of grace expired. The defendant pleaded the bar of limitation. The Court of first instance decreed the suit against the appellant and this decree was upheld on appeal by the District Judge. The learned Judge finds that certain payments were made between the date of the promissory note and the 25th of October 1904, but that the appellant in making those payments, on no occasion specified, how they were to be appropriated. These amounts apparently were credited by the bank to interest first, and principal afterwards. The learned Judge from this concluded that the amounts credited to interest were paid by the appellant "as interest" as he was unable to find that

they could have been possibly paid for any other purpose. Therefore, he held that under the provisions of Section 20 of the Limitation Act No. XV of 1877, the payments of these sums saved the operation of limitation. He held further that the letter of the 25th of May 1906, was a distinct promise to pay the balance then due within a month, and that the letter operated under the provisions of Section 25 (3) of the Contract Act and gave the plaintiff a fresh cause of action. On these grounds the appeal was dismissed.

2. In this Court two points are pressed: first, that the payments by the appellant not having been distinctly made on account of interest the appropriation made by the creditor did not give him a fresh start for the purpose of limitation; the second contention is that the document of the 25th of May 1906 did not give the plaintiff a fresh cause of action and that the claim was not based upon that document.

3. The first ground of appeal is, in our opinion, well-founded. u/s 20 of the Limitation Act the payment of interest will save limitation when the payment is made as such, that is to say, the debtor has paid the amount with the intention that it should be paid towards interest and there must be something to indicate such an intention. The mere appropriation by the creditor of the payments to interest is not such an indication as would enable us to hold that the payments were made towards interest as such by the debtor. The learned Judge himself has pointed out that in making these payments the appellant on no occasion specified how they were to be appropriated, and there appears to be no other indication whatsoever to show that he made these payments towards interest as such. In this view the claim of the plaintiff is not saved from the operation of limitation by the payments made by the defendant. The appeal, however, must fail upon the second ground.

4. The document of the 25th of May 1906 shows that the defendant promised to pay the balance of Rs. 954-9-0 within one month. It is an agreement such as is contemplated in Section 25 (3) of the Contract Act, being an agreement to pay a debt which was time-barred, The plaintiff waited for that one month before he brought his suit, so that there was a clear acceptance by him of the promise; indeed there is a clear acceptance in writing on the letter itself. It is urged that the plaintiff did not sue on the basis of this document, but when reference is made to the plaint, it is seen most clearly that he did sue on the basis thereof. The document was unstamped, but the plea which was first urged on this point was not pressed in view of the terms of Section 36 of the Stamp Act No. II of 1899. In this view of the case the appeal must fail. It is dismissed with costs including fees on the higher scale.