
(1993) 04 SC CK 0088

In the Supreme Court Of India

Case No : Civil Appeal No. 375 Of 1992

Noida Entrepreneurs Association

APPELLANT

Vs

U.P. Financial Corporation and Another

RESPONDENT

Date of Decision : 08-04-1993

Acts Referred:

Citation : (1994) 2 SCC 108 Supp

Hon'ble Judges : Yogeshwar Dayal, J;Kuldip Singh, J

Bench : Division Bench

Final Decision : Dismissed

Judgement

1. NOIDA Entrepreneurs Association, (the Association), the appellant, is a representative body of various entrepreneurs who have obtained term-loans from the Uttar Pradesh Financial Corporation (the Corporation). The term loans are refinanced by the Industrial Development Bank of India (IDBI). The loan agreements specifically provide for the rate of interest and the penal interest in the event of default.

2. The Association filed a writ petition before the Allahabad High court seeking a direction to the Corporation to adhere to the guidelines laid down by the IDBI in respect of interest and the penal interest. The High court dismissed the writ petition. This appeal by the Association is against the judgment of the High court.

3. ACCORDING to the Association the Corporation is charging from them the interest at higher rate than the ceiling provided under the guidelines issued by the IDBI. It is further alleged that the penal interest in the event of default in repayment, provided in the agreement was also over and above the norms laid down by the IDBI.

4. WE have heard learned counsel for the appellant. He has taken us through the judgment of the High court and the other material on record. The High Court declined to exercise its jurisdiction under Article 226 of the Constitution of India on the short ground that the appellant-petitioner was disputing the contractual

obligations entered into by the parties under the ordinary law of contract. While dismissing the writ petition the High court observed as under:

"WE feel on the facts and circumstances of this case that since only the petitioner has come before us, the proper remedy for the petitioner even otherwise is to go to the civil court and get the matter adjudicated in the suit. This is, however, without prejudice to the right of the petitioner to approach the IDBI by means of representation if they really have power to take action they can take necessary action if it is so desirable under that power against respondent 1."

5. WE see no ground to interfere with the High court judgment.

6. WE, therefore, dismiss the Civil. No costs.