(2003) 05 NCDRC CK 0066

In the National Consumer Disputes Redressal Commission

Punjab National Bank APPELLANT

Vs

Arjun RESPONDENT

Date of Decision : 01-05-2003

Acts Referred:

Citation : 2003 4 CPJ 13

Hon'ble Judges : Ratan Prakash , Sushma Tanwar J.

Final Decision : Appeal allowed

Judgement

1. THIS appeal is directed against the order of the learned District Forum, Sikar dated 9.2.1999 whereby the complaint filed by the respondent has been accepted and the appellant has been directed to calculate the interest on the loan amount on yearly rest basis.

2. THE undisputed facts of the case are that the respondent along with one other person Shri Birdu Ram had taken a loan of Rs. 1,47,000/- from the appellant Bank on 25.10.1991 to purchase a Tractor RJ 23-R-0574. It has been the grievance of the respondent that although he had paid an amount of Rs. 48,051/- against the loan on different dates yet the appellant Bank calculated the interest on the loan amount on half yearly rest basis which is not only excessive but against the terms and conditions agreed between the parties. When a demand was made by the appellant Bank to realise the balance amount of Rs. 3,36,972/- vide notice dated 31.5.1998 from him, he approached the learned District Forum to quash the aforesaid demand issued by the appellant Bank and seeking direction that instead of rate of interest as being calculated by the appellant Bank; interest be realised from him on simple interest basis on yearly rest basis and requesting that the appellant be restrained from forfeiting the Tractor in question. THE learned District Forum relying upon a judgment of the Hon''ble Supreme Court in 1994 (2) Bank Cases 613 held that the appellant Bank can realise the interest only on yearly rest basis and not on half yearly rest basis. It directed the appellant Bank to calculate the interest accordingly. Feeling aggrieved the appellant Bank has filed this appeal to quash the impugned order.

We heard the learned Counsel for the appellant as none has appeared for the respondent. It has been argued by the learned Counsel for the appellant that the learned District Forum has committed an error in relying upon the decision of the Hon''ble Supreme Court since facts and circumstances of the present case are entirely distinguishable from the case which was decided by the Hon''ble Supreme Court. In this connection, the learned Counsel for the appellant has relied upon and has drawn our attention to the condition of the Loan Agreement on the basis of which an amount of Rs. 1,47,000/- was issued as a loan to purchase a Tractor.

3. TO appreciate the argument, the condition is being reproduced here which reads : "The Bank agrees to lend to the Borrower and the Borrower agrees to borrow from the Bank for the purpose of and subject to the conditions hereinafter set out (as also in the Borrower''s said application) a loan to the maximum extent of Rs. 1,47,000/- carrying interest @...% over the Reserve Bank rate with a minimum of 14 p.a. with half yearly rests. Provided that the interest payable by the borrower shall be subject to changes in interest rates made by the RBI from time to time. The loan along with the Govt. subsidy/ margin money, if any, received/held will be disbursed by the Bank to the borrower or his nominee(s) dealer/supplier/seller named in Schedule 1 appended, at the expenses of the Borrower in instalments as given in the said Schedule 1."

From the perusal of the aforesaid condition, it is clear that the parties have specifically agreed that the appellant shall be entitled to calculate the interest on the loan advanced by it; on half yearly rest basis and not on yearly rest basis. Further, this agreement does not disclose that the loan to purchase the Tractor was advanced by the appellant Bank only for agricultural purposes. Be that as it may, it is abundantly clear from the terms and conditions of loan agreement entered into between the parties that the appellant was within its right to calculate the interest at half yearly rest basis.

4. CONSEQUENTLY, the order of the learned District Forum allowing interest to be calculated on yearly rest basis on the loan advanced to the respondent is without any basis. It may be stated that in the Supreme Court decision relied upon by the learned District Forum the facts are distinguishable; since in the aforesaid case before the Hon''ble Supreme Court the loan appears to have been taken as an agricultural loan and not simply to purchase a Tractor. Consequently, we are of the considered opinion that the learned District Forum has committed an error in allowing the complaint filed by the respondent and directing the appellant to calculate the interest on the loan advanced to respondent on yearly rest basis. The appeal accordingly succeeds and it is held that the appellant Bank is within its right to calculate the interest on loan advanced to the respondent on half yearly rest basis and not on yearly rest basis. The impugned order, therefore, stands quashed and appeal stands allowed as above. Cost on parties. Appeal allowed.