



**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

(104)

**RSA-2161-1994 (O&M)
Reserved on: 16.09.2025
Pronounced on: 22.09.2025**

Rajinder Singh

... Appellant

Versus

Punjab and Sind Bank and another

... Respondents

CORAM: HON'BLE MR. JUSTICE VIRINDER AGGARWAL

Present:- Mr. M.S. Kathuria, Advocate
for the appellants.

None for the respondents

VIRINDER AGGARWAL, J.

1. The present Regular Second Appeal is directed against the judgment and decree dated 27.01.1994 passed by the learned Additional District Judge, Bathinda affirming the judgment and decree dated 17.11.1992 rendered by the Sub-Judge Ist Class(A), Bathinda whereby the suit instituted by the respondent-Bank for recovery of loan amount was decreed.

FACTUAL BACKGROUND

2. The case set up by the Respondent Bank was that on 26.06.1978 the appellant had availed loan of ₹7500 at interest rate of 6% over and above the reserve bank of India rate subject to a minimum of 15% per annum but defaulted in repayment of the same. Later on, appellant executed the fresh documents and Promissory note on 02.09.1986 to pay the outstanding amount of Rupees 34,525/- at rate of 7.5% over and above the



reserve bank of India rate subject to a minimum of 17.5% per annum, which he again defaulted to pay. Thus compelled the respondent Bank for institution of a civil suit on 21.08.1989 for recovery of ₹59,587/- from appellant/defendent no.1.

3. The learned Trial Court, while decreeing the suit on 17.11.1992, awarded the plaintiff-respondent Bank to recover ₹59,287/- plus future interest as agreed, holding that the borrower was bound by the loan agreement executed with the Bank on 02.09.1986. Thereafter, appellant-defendant filed the appeal being aggrieved by the decree dated 17.11.1992. Then, the First Appellate Court, upon reappraisal, concurred with the findings of the learned Trial Court. It rejected the appellant's contention that the transaction was not commercial and upheld the award of interest at the agreed rate. Except that first appellant court modified the decree to the extent that plaintiff/respondent bank would be entitled to recover a sum of ₹59,587/- as suit amount with costs plus interest pendente lite and also future interest at agreed rate on principal amount of ₹34,525/- from the date of suit till recovery.

CONTENTIONS

4. Learned counsel for the appellant has argued that the Courts below committed a grave error in ignoring the fact that the appellant, an agriculturist, had taken a loan of ₹7,500/- in the year 1978 for domestic purposes and the same stood repaid to the then Branch Manager, Shri Labh Singh. It is contended that despite repayment, the Bank sought to fasten liability upon the appellant on the strength of fabricated documents dated 02.09.1986 (Ex. P10 to P15), which were never executed by him. The



signatures appearing on these documents are in Gurmukhi, whereas all the original loan papers bore his signatures in English, thereby creating serious doubt about their genuineness. It is further urged that the lower Appellate Court erred in law in treating ₹34,525/- as principal sum and awarding interest thereon, when in fact the original loan was only ₹7,500/-.

5. Further, learned counsel for the appellant contends that both Courts below erred in awarding pendente lite and future interest at the contractual rate without examining whether the loan was a commercial transaction or not. It is submitted that the loan was taken for personal/domestic needs and not for any commercial purpose. Under the proviso to Section 34 CPC, in such cases future interest cannot exceed 6% per annum. On these premises, it is submitted that the judgments of both the Courts below are unsustainable being against law and evidence on record, and are liable to be set aside.

OBSERVATIONS AND FINDINGS

6. I have given my thoughtful consideration to the submissions advanced by the learned counsel appearing on behalf of the appellant. I have also carefully scrutinized the entire record of the case in detail, with particular attention to the pleadings, documentary evidence, and findings of the Courts below.

7. As regards the scope of second appeal, it is now a settled proposition of law that in Punjab and Haryana, second appeals preferred are to be treated as appeals under Section 41 of the Punjab Courts Act, 1918 and not under Section 100 CPC. Reference in this regard can be made to the judgment of the Supreme Court in the case of **Pankajakshi (Dead) through LRs and others V/s Chandrika and others, (2016)6 SCC 157**, followed



by the judgments in the case of **Kirodi (since deceased) through his LR V/s Ram Parkash and others, (2019) 11 SCC 317 and Satender and others V/s Saroj and others, 2022(12) Scale 92**. Relying upon the law laid down in the aforesaid judgments, no question of law is required to be framed.

8. At the outset, this Court finds no merit in the plea of the appellant that the loan of ₹7,500/- obtained in the year 1978 stood repaid to the then Manager, Shri Labh Singh. The appellant has not been able to produce any receipt or documentary proof in support of such repayment. A bald statement that the amount was handed over in good faith, without any corroboration, cannot discharge the liability arising out of duly executed loan documents. As regards the contention that the Bank relied upon fabricated documents dated 02.09.1986, it is noticed that the said documents (Ex. P10 to P15) have been duly proved by the respondent Bank through the testimony of its PW-2 Field Officer namely Amarjit Singh Mauli, who deposed that the appellant voluntarily executed the balance confirmation and demand promissory note(Ex. P15) in his presence. Nothing has been brought on record to discredit his testimony. The mere fact that the appellant signed the disputed documents in Gurmukhi, while the earlier ones bore his signatures in English, is insufficient to conclude fabrication, especially when no handwriting expert was examined by the appellant.

9. Further, the argument that the lower appellate court wrongly treated ₹34,525/- as principal sum does not hold much force, as the said figure represented the balance outstanding on the date of renewal and was acknowledged by the appellant himself by executing the fresh documents and promissory note on 02.09.1986. Thus, the execution of the documents



(Ex. P10 to P15) dated 02.09.1986 by the appellant-defendant stands duly established on record, and his liability towards repayment of the loan amount (₹34,525/-) is accordingly affirmed.

10. Now, the central issue in this appeal relates not to the liability of the appellant to repay the loan, which stands established, but to the award of interest pendente lite and future interest. In order to resolve this issue and while considering the rate or quantum of interest payable pendente lite and after passing of the decree, it would be apposite to first refer to Section 34 of the Code of Civil Procedure, 1908. It reads as under:

Section 34 - Interest-

(1) Where and in so far as a decree is for the payment of money, the Court may, in the decree, order interest at such rate as the Court deems reasonable to be paid on the principal sum adjudged, from the date of the suit to the date of the decree, in addition to any interest adjudged on such principal sum for any period prior to the institution of the suit,²[with further interest at such rate not exceeding six per cent. per annum as the Court deems reasonable on such principal sum], from the date of the decree to the date of payment, or to such earlier date as the Court thinks fit:

³*[Provided that where the liability in relation to the sum so adjudged had arisen out of a commercial transaction, the rate of such further interest may exceed six per cent. per annum, but shall not exceed the contractual rate of interest or where there is no contractual rate, the rate at which moneys are lent or advanced by nationalised banks in relation to commercial transactions.*

Explanation I.—In this sub-section, “nationalised bank” means a corresponding new bank as defined in the Banking



Companies (Acquisition and Transfer of Undertakings) Act, 1970 (5 of 1970).

Explanation II.—For the purposes of this section, a transaction is a commercial transaction, if it is connected with the industry, trade or business of the party incurring the liability.]

(2) Where such a decree is silent with respect to the payment of further interest 4[on such principal sum] from the date of the decree to the date of payment or other earlier date, the Court shall be deemed to have refused such interest, and a separate suit therefor shall not lie.

11. Therefore, under Section 34 CPC, the Court may award interest pendente lite and future interest, however as per proviso to section 34, future interest cannot exceed 6% per annum unless the liability arises out of a commercial transaction. Further Explanation II makes it clear that only transactions connected with trade, industry, or business qualify as ‘commercial.’ Thus, higher interest is permissible only in commercial dealings, while in non-commercial transactions it is capped at 6%.

12. Hence, in the present case, it is evident that the loan was taken for non-commercial purposes, being connected with agricultural/domestic needs, and not arising out of any trade, business, or industrial activity. Therefore, the transaction cannot be treated as a ‘commercial transaction’ within the meaning of Explanation II to Section 34 CPC. The first appellate Court, however, fell in error in assuming the loan to be of a commercial nature and in awarding interest beyond 6% per annum without undertaking the necessary enquiry into the nature of the transaction. Such an award of interest, being contrary to the express proviso to Section 34 CPC, is legally



unsustainable and cannot be upheld. Reference is made to the decision of Hon'ble Supreme Court in *Jagdish Chander v. Punjab National Bank*, 1994 PLR 211, *Central Bank of India v. Ravindra*, (2002) 1 SCC 367.

13. Consequently, the liability of the appellant to repay the loan amount is beyond dispute and stands concurrently established by both Courts below. However, the award of *pendente lite* and future interest at the contractual rate is legally unsustainable. In view of Section 34 CPC, future interest beyond 6% per annum cannot be granted in a non-commercial transaction, whereas the grant of *pendente lite* in suit is discretion of court. Accordingly, while upholding the decree for recovery of ₹59,587/-, it is directed that *pendente lite* and future interest shall be calculated only at the rate of 6% per annum on the principal sum of ₹59,587/- from the date of institution of the suit till realization. The decree, therefore, requires modification to this extent, while the rest of the findings of the Courts below are upheld.

14. The appeal is accordingly allowed to the extent indicated above.

(VIRINDER AGGARWAL)
JUDGE

22.09.2025
Saurav Pathania

Whether reasoned / speaking?	Yes / No
Whether reportable?	Yes / No