IN THE DEBTS RECOVERY TRIBUNAL AT MADURAI

DATED THIS 17TH DAY OF JULY, 2026

PRESENT: SEEMA SINHA,

[PR. DISTRICT & SESSIONS JUDGE – Retd]

PRESIDING OFFICER

OA No.1256/2016

Between

State Bank of India,
Devakottai Branch,
Door No.14, Bus Stand Street,
Devakottai,
Sivagangai District – 630 302
Rep. By its Chief Manager. ---Applicant Bank

And

1. Mr. N. Mappillaisamy,
S/o Malairaja,
Door No.1/115, Uruvatti Village,
Devakottai Taluk,
Sivagangai District.

2. Mr. M. Kandasamy,
S/o Malairaja,
Door No.1/115, Uruvatti Village,
Devakottai Taluk,
Sivagangai District. ---Defendants

<u>Appearance of Advocates:-</u>

Counsel for the Applicant Bank : M/s M. Ponniah, S.Gandhi & M Dineshkaran
Counsel for the Defendant D-1 : M/s J. Anandkumar & K.Veeraperumal

JUDGEMENT

1. The Applicant Bank filed the Application u/s 19 (1) of the RDDBFI Act 1993 against the Defendant on 12.12.2016 for recovery of a total sum of Rs.10,39,418.11p with interest at the rate of 14.05% p.a. compounded with half yearly rests along with penal interest at the rate of 2%p.a. in respect of Agricultural Term Loan from the date of filing of Application till the date of realization with cost thereon.

2. The brief averments of the application filed by the Applicant bank are as follows: -

The Applicant Bank submits that the defendants are doing Agriculture and that the defendants approached the applicant bank for availing Agriculture Term Loan facility to purchase Tractor and Trailor for their agriculture purpose. The applicant bank has also sanctioned Agricultural Term Loan of Rs.4,90,000/-

The defendants having accepted the Terms & Conditions of the said loan, signed in the hypothecation agreement on 29-08-2005 and agreed to repay the loan amount with interest at the rate of 10.25% p.a. with Half yearly rest and at such rates & rests as fixed by the applicant bank then & there. In consideration of the said loan, the defendants on 29-08-2005 executed a hypothecation agreement containing several terms and conditions for sum of Rs.4,90,000/- in favor of the applicant bank by hypothecating the tractor & accessories which are fully described in the "A" schedule herein under in favour of the Applicant Bank and by promising to repay the Term Loan in 17 half yearly installments with interest & charges as per the terms & conditions enumerated in the hypothecation agreement. The first 16 installments are at the rate of Rs. 28,820/- p.m and the 17th installment is at Rs. 28,880/- and that the 1st installment was payable in the month of August 2006 and thereon.

The Applicant Bank submits that in consideration of the above said loan the defendants on 30-08-2005 deposited their title deeds more fully described in Annexure II herein relating to the immovable properties described in the schedule "B" herein, with an intention to create an equitable mortgage by deposit of title deeds over the said properties with the applicant bank and executed a memorandum of deposit of title deeds on 30-08-2005 in favor of the applicant bank. Hence the applicant bank is a mortgagee entitled to proceed against the mortgaged properties mentioned in the Schedule "B".

The defendants have availed said loan on various dates as shown in the statement of accounts maintained by the applicant bank in its regular course and conduct of business. The defendants have executed necessary loan documents in favour of the applicant bank there by admitting and acknowledging their liabilities and he is liable to repay the loan amount as claimed hereunder.

Sl. No.	**Particulars**	**Details**
1.	Name of the Mortgagor	Defendants
2.	Name of the Mortgagee	Applicant Bank – State Bank of India
3.	Date of Mortgage	30-08-2005
4.	Mortgage Amount	Rs. 4,90,000/-
5.	Mortgage Properties	As described in the 'B' Schedule
6.	Amount Outstanding	Rs. 10,39,418.11p as on 31-08-2016
7.	Current Rate of Interest	14.05% p.a. with half-yearly rests with 2 % penal interest

The defendants have not repaid their loan amount as agreed and promised by them and thus they have committed default in repaying the loan amount with interest & costs. Despite repeated demands the defendants did not take any sincere steps to discharge the loan. Hence, the Applicant Bank has filed the OA for recovery of a total sum of Rs.10,39,418.11p with interest at the rate of 14.05% p.a. compounded with half yearly rests along with penal interest at the rate of 2%p.a. in respect of Agricultural Term Loan from the date of filing of Application till the date of realization with cost.

LIST OF DOCUMENTS FILED BY THE APPLICANT BANK

Annexure I- Loan Documents executed by the defendants			
S. No.	Date	Description of document	Exhibits
1.	29-08-2005	Hypothecation Agreement executed by the defendants in favour of the applicant bank	Ex.No.A-01
2.	29-08-2005	Supplementary Hypothecation letter executed by the defendants in favour of the applicant bank	Ex.No.A-02
3.	30-08-2005	Deposit of Title Deeds executed by the Defendants in favour of the applicant bank	Ex.No.A-03

4.	25-10-2005	Supplementary Hypothecation executed by the defendants in favour of the applicant bank	Ex.No.A-04
5.	25-10-2005	RC Book of the Hypothecated Vehicle	Ex.No.A-05
6.	31-08-2016	Statement of Accounts	Ex.No.A-06
Annexure II **Title deeds deposited by the defendant with regard to the schedule Mentioned Properties**			
S. No.	Date	Description of document	Exhibits
7.	31-12-2004	Patta No. 412 standing in the name of the defendants issued by the Head Quarters, Devakottai Deputy Tahsildar	Ex.No.A-07
8.	10-06-2005	"A" Register Extract in the name of the Defendants issued by VAO, Uruvatti Group	Ex.No.A-08
9.	10-06-2005	Uruvatti Group Adangal Extract issued by VAO	Ex.No.A-09
10.	10-06-2005	No Due Certificate for Kist issued by VAO, Uruvatti Group	Ex.No.A-10
11.	10-06-2005	Certificate of Four Boundaries issued by VAO, Uruvatti Group	Ex.No.A-11
12.	10-06-2005	Valuation Certificate issued by VAO, Uruvatti Group	Ex.No.A-12
13.	15-06-2005	Encumbrance Certificate	Ex.No.A-13
14.	—	Patta No. 6 standing in the name of Antonysamy, issued by VAO, Uruvatti Group	Ex.No.A-14
15.	—	"A" Register Extract in the name of the defendants issued by VAO, Uruvatti Group	Ex.No.A-15
16.	15-08-2005	Adangal Extract in the name of the defendants issued by VAO, Uruvatti Group	Ex.No.A-16
17.	15-08-2005	No Due Certificate for Kist in the name of the defendants issued by VAO, Uruvatti Group	Ex.No.A-17
18.	15-08-2005	Certificate for Four Boundaries issued by VAO, Uruvatti Group	Ex.No.A-18
19.	16-08-2005	Registered Sale Deed executed by Antonysamy in favour of the 1st defendant	Ex.No.A-19
20.	20-08-2005	Valuation Certificate issued by VAO	Ex.No.A-20

Schedule of Properties

"A" Schedule of Property - Hypothecated goods

1. Tractor bearing Engine No: A24276, Chassis No: 641057 and Reg No: TN 63 E 5590 and all other accessories and used to ply all over Tamilnadu and used to Park & Kept at Door No: 1/115, Uruvatti Village and Post, Devakottai Taluk, Sivagangai District.

2. Bharath Trailer bearing Engine No: Nil, Chassis No: NIL and Reg No: NIL and all other accessories and used to ply all over Tamilnadu and used to Park & Kept at Door No: 1/115, Uruvatti Village and Post, Devakottai Taluk, Sivagangai District.

"B" Schedule of Properties - (Mortgaged properties)

1) Sivagangai Registration District, Kalaiyarkovil Sub Registration District, Devakottai Taluk, Uruvaatti group, Uruvaatti village in survey No. 25/5C**,** measuring about 0.14.0 Hectare equivalent 35 cent Nanjai Land comprising side and super structure bounded by the:

On the North**:** Thangadurai Nanjai Lands
On the East**:** G. Sethu Nanjai Land
On the South**:** V. Periyanan, G. Arumugam and Marathi Nanjai Lands
On the West**:** V. Karuppai Nanjai Land

2) Sivagangai Registration District, Kalaiyarkovil Sub Registration District, Devakottai Taluk, Uruvaatti group, Uruvaatti village in survey No. 29/3, measuring about 0.60.5 Hectare equivalent 1 Acre 49 cent Nanjai Land comprising side and super structure bounded by the:

On the North**:** Balusamy and V. Tamilarasan Nanjai Lands
On the East**:** Jayaraja Nanjai Land
On the South**:** Mageshwari Nanjai Land
On the West**:** V. Tamilarasan Nanjai Land

3) Sivagangai Registration District, Kalaiyarkovil Sub Registration District, Devakottai Taluk, Uruvaatti group, Uruvaatti village in survey No. 30/2, measuring about 0.22.0 Hectare equivalent 54 cent Nanjai Land comprising side and super structure bounded by the:

On the North**:** Karu. Pandi Devar Nanjai Land
On the East: R. Seemai Samy Nanjai Land
On the South**:** S. Katari Nanjai Land
On the West**:** Oorani

4) Sivagangai Registration District, Kalaiyarkovil Sub Registration District, Devakottai Taluk, Uruvaatti group, Uruvaatti village in Survey No. 40/5A,

measuring about 0.13.0 Hectare equivalent 32 cent Nanjai Land comprising side and super structure bounded by the:

On the North**:** G. Sethu Nanjai Land
On the East**:** R. Seemai Samy Nanjai Land
On the South**:** Muthu Nanjai Land
On the West**:** P. Ramu Nanjai Land

5) Sivagangai Registration District, Kalaiyarkovil Sub Registration District, Devakottai Taluk, Uruvaatti group, Uruvaatti village in Survey No. 35/3A, measuring about 0.07.0 Hectare equivalent 17 cent Nanjai Land comprising side and super structure bounded by the:

On the North: Pathway
On the East: Tharmaraja Nanjai Land
On the South: S. Muthuraja Nanjai Land
On the West: P. Velu Devar Nanjai Land

6) Sivagangai Registration District, Kalaiyarkovil Sub Registration District, Devakottai Taluk, Uruvaatti group, Uruvaatti village in Survey No. 91/4**,** measuring about 0.40.5 Hectare equivalent 1 Acre Nanjai Land comprising side and super structure bounded by the:

On the North: Ganesan Nanjai Land
On the East: Nagaraj Samy Nanjai Land
On the South: Indrani Nanjai Land
On the West: Krishnan Nanjai Land

7) Sivagangai Registration District, Kalaiyarkovil Sub Registration District, Devakottai Taluk, Uruvaatti Group, Uruvaatti Village in Survey No. 41/9, measuring about 0.02.05 Hectare equivalent 2 Acre 51 cent Nanjai Land comprising side and super structure bounded by the:

On the North: Sanmugamani Nanjai Land
On the East: Manakkudy Village Boundary
On the South: East–West Pathway and Sanmugamani Nanjai Land
On the West: Selvaraj Nanjai Land

3. The Counsel for the Defendant D-1 made appearance and filed written statement on 21.08.2019. No representation for D-2 from the beginning hence he was set ex parte. After that, the defendant D-1 has not filed CPA in spite of sufficient opportunity given to him. Hence he was debarred from filing CPA. The brief averments of the written Statement filed by the Defendant are as follows: -

3.1. The Defendants has gone through the averments in the main O.A and denies the same except those that are specifically admitted hereunder and puts the bank for strict proof of the same. No allegation shall be deemed to have been admitted for want of traverse.

3.2. The Defendants state that the above OA is nothing but an abuse of process of law and the claims as put forth is not tenable in law and on facts. It is submitted that the above application is not maintainable either on facts or in law and is liable to be dismissed against this defendant. The Applicant has suppressed material facts, documents relevant to the issues for consideration and has placed misleading facts to hoodwink this Tribunal. The pleadings put forth by the applicant are not supported by the documents filed and as a matter of fact the pleadings are contrary to the documents filed by the Applicant Bank, clearly amounting to misleading this Hon'ble Tribunal. As such the very basis of the claim by the Applicant Bank in the above O.A. is false, frivolous and on these grounds alone, the O.A. is liable to be dismissed with exemplary costs to this defendant. It is submitted that the allegations made in original application are deliberately vague and the application is also guilty of suppression, breach of trust and total misrepresentation. All documents filed and relied upon by the applicant bank cannot be allowed to be received as evidence and are vitiated.

3.3. It is submitted that at the outset the O.A. is time barred. The alleged letter of revival will not confer any acknowledgement of liability and the O.A. is not within the period of limitation as per section 24 of the RDDBFI Act 1993 and the same has to be dismissed in limine.

3.4. It is submitted that the above application is not maintainable either on facts or in law and is liable to be dismissed against this defendant. There are no documents or letter of authority filed or produced along with the application empowering him or authorizing him to sign, verify or institute the present original application/proceedings. The application deserves to fail on this short ground alone. Without prejudice to the objections, it is submitted that the original application has not been verified in accordance with law.

3.5. It is submitted that the original application is based on false, fabricated and manufactured documents. It is submitted that no cause of action is disclosed by the documents. The documents, which the applicant relies are fabricated, manufactured, cannot be allowed to be received as in evidence. The purported statement of accounts filed along with the original application is also wrong and a mere perusal of the same would go to show that the same has been prepared for the purpose of this case. The statement of account has not been maintained properly and not in accordance with law or as per the provisions of Bankers Book Evidence Act.

3.6. It is submitted that the purported statement of accounts relied on by the applicant and a copy filed along with the original application clearly reveals that the same has not been maintained in the ordinary course of business of banking. No details have been filed, which it proves the falsity in the case and contentions of the applicant bank. The mandatory provisions of the Recovery of Debts Dues to Banks and Financial Institution Act, 1993 and Rule 9 of Debt Recovery Tribunal (Procedure) Rules, 1993 have not been complied with the applicant.

3.7. It is submitted that the applicant wrongly classified the account as NPA and the classification of the account as NPA is not in accordance with the RBI guidelines.

3.8. It is submitted that there is no debt due or any amount, which is legally recoverable from this defendant. The break-up of the alleged balance has not been given.

3.9. It is submitted that without prejudice to the foregoing contentions and preliminary objections, it is submitted that the applicant has charged interest at exorbitant, excessive and usurious rates. The applicant is also seen to have claimed penal interest. The applicant is not entitled to either charge or claim interest at the rates claimed in the present original application. According to the guidelines and directions of the Reserve Bank of India, interest at such exorbitant rates as charged and claimed by the applicant cannot be charged. The applicant cannot be allowed to charge such excessive rates and fanciful rates towards interest. In any event, without prejudice to the submissions made therein, this defendant had never agreed to rate of interest as charged and claimed by the applicant.

3.10. It is submitted that even from perusal of the documents relied upon by the applicant, who are in any event disputed and denied, without prejudice to the said contentions: it is crystal clear that the applicant was, in any event, not entitled to charge or claim interest at quarterly rest or compound interest.

3.11. It is further submitted that the allegations made in original application are deliberately vague and the application is also guilty of suppression, breach of trust and total misrepresentation. All documents filed and relied upon by the applicant bank cannot be allowed to be received as evidence and are vitiated.

3.12. It is also submitted that as in the usual practice with the applicant, no opportunity was given to peruse the documents before they were signed. Even the nature and contents of the documents were not explained. The applicant has taken complete advantage of its dominant position and has forced this defendant sign in blank papers and prefilled forms.

3.13. It is submitted that the Column 4 is denied as false. The claim is barred by limitation since there is no valid equitable mortgage has been created. Hence the above O.A is liable to be dismissed on the ground of limitation.

3.14. It is also submitted that the averments in Para 5 (1) to (13) are all denied. The applicant has to prove the due execution and validity of the documents. The documents filed along with the O.A clearly reveal that the documents are at all not admissible in evidence

3.15. It is submitted that the entire claim is not maintainable for the reason joining of several account in one O.A. there is no valid mortgage, barred by limitation and based on unsustainable in complete documents and lack of pleadings. The relief claimed are against law and unsustainable. There is no agreement for any interest. Hence no interest could be claimed

3.16. It is submitted that the account copies are denied as unsustainable and inadmissible. The account copies are not certified as required by Bankers Book Evidence Act and Indian Evidence Act. Therefore, the account copies cannot be relied; it is created by the applicant suits to their claim.

3.17. It is submitted that Devakottai is not a notified Town as mentioned in the transfer of property act.

3.18. It is submitted that the defendant is a poor agriculturist who could not repay the loan amount due to poor monsoon for more than five years. Further the bank has also not waived the entire loan as per the Agricultural Debt Waiver and Debt Relief Scheme, 2008 to this defendant. Further this defendant has no means to settle the loan account.

3.19. It is submitted that there is no proper valid mortgage and hence the applicant cannot proceed against the OA mentioned properties. Therefore, the OA is liable to be dismissed on the ground of limitation and no valid mortgage.

3.20. It is submitted that this Defendant reserves his right to file additional reply statement if necessary.

3.21. It is submitted that in any event the OA is time barred and liable to be dismissed.

It is therefore prayed before this Hon'ble Tribunal may be pleased to dismiss the claim of the applicant bank made in the above O.A and dismiss the above said original application with exemplary cost and thus render justice.

4. Defendant has not filed the Counter Proof Affidavit in spite of sufficient opportunities given to him.

5. On the basis of the above pleading the following issues have been framed

(i) Whether this case is maintainable:
(ii) Whether there is any cause of action:
(iii) Whether this case is barred by the limitations:
(iv) Whether the applicant has been able to prove his case
(v) Whether the applicant is entitled for any relief as claimed for:

Issue No. (iv),(v) :-

Having heard the parties and gone through the affidavit of the applicant and the documents filed by them and also considering the submission of the counsel for the Applicant, I find that the Applicant Bank, in order to prove its claim, has filed Proof Affidavit executed by one Mr.P. Sudalaimuthu Suresh, who is the Chief Manager of the Applicant Bank.

He has stated in his affidavit that the defendants had availed Agricultural Term Loan from the Applicant Bank, but they failed to pay the outstanding loan amount, hence he has filed the case. The applicant bank has also filed the documents given by the defendants at the time of sanctioning the loan amount, which have been marked as exhibits No.A-01 to A-20 in support of its claim in the OA.

On a careful consideration of facts and evidence on record, it is observed that the Original Application has been filed against the Defendants for recovery of a sum of Rs.10,39,418.11p with interest at the rate of 14.05% p.a. compounded with half yearly rests along with penal interest at the rate of 2% p.a. in respect of Agricultural Term Loan from the date of Application till the date of realization with cost. The Applicant Bank has also filed the Proof Affidavit and the documents have been duly marked as ***Ex. No. A-01 to Ex. No.A-20*** and taken on record.

While admitting the availment of the subject loans from the Bank, the defendants contended that the Applicant Bank has filed the Original Application on the basis of false, fabricated and inadmissible documents. He has raised objection that the Original Application is barred by limitation and also alleged that the equitable mortgage is invalid and do not extend the period of limitation. The defendants have further contended that the Original Application is not maintainable for want of proper authorization, valid verification, and compliance with the provisions of the Recovery of Debts and Bankruptcy Act, 1993, the DRT (Procedure) Rules, 1993, and the Bankers' Books Evidence Act. According to them, the statement of account is not properly maintained, is inadmissible in evidence, and does not disclose the correct amount allegedly due.

The defendants have also challenged the classification of the loan account as a Non-Performing Asset (NPA), disputed the existence of any legally recoverable debt, and alleged that the Applicant Bank has charged exorbitant and excessive interest, including penal interest, contrary to the Reserve Bank of India guidelines. They have denied the validity of the mortgage and contended that the Applicant Bank is not entitled to proceed against the schedule-mentioned properties. It is further contended that the Applicant Bank obtained signatures on blank papers and pre-filled forms without explaining their contents and has suppressed material facts. The defendants have also pleaded that they are poor agriculturists who defaulted due to successive poor monsoons and that they were not granted the benefit of the Agricultural Debt Waiver and Debt Relief Scheme, 2008. On these grounds, they have prayed for dismissal of the Original Application with costs.

From the documents and evidence, I find that the subject loans were sanctioned vide Hypothecation Agreement, supplementary Hypothecation letter which contains various terms and conditions of loans, repayment schedule and rate of interest besides documents to be executed also specified. It was signed by the defendants. Thereafter the defendants executed the loan documents Ex. No. A-01 to Ex. No. A-05. If the terms of Agreement are not acceptable, then the defendants ought to have not signed the loan / security documents. Nothing prevented them from getting the contents of sanction and loan documents from the bank officials or from others. The defendants are capable of understanding the matters and gets the things done. Further, the loan documents stipulated the rate of interest. So, the defendants are bound to pay the interest as agreed under the contract. Under these circumstances, these contentions are not tenable. Further I relied on the following citation which demonstrate that the loan documents are binding on them.

(a) It has already been decided in a case Bihar State Electricity Board Vs. Green Rubber Industries "AIR 1990 SC 699" that "A person who signs a printed documents containing the terms of agreement is bound by them and it is not a defense that he has not read the terms or that he was ignorant of the legal effect. An agreement in the standard form of contract on which conditions are fixed by one of the parties in advance and or open to acceptance by any one, when executed is valid".

(b) 2010 (4) CTC 856 – The Hon'ble Supreme Court has held that the borrower having signed the loan documents with open eyes cannot later contend that the interest charged is unconscionable and is liable to pay interest as agreed to be paid by him."

The defendant has not disputed their signatures on the loan documents. Their contention that the documents are fabricated and that blank signed papers were obtained from him by the applicant bank. After perusal of documents, I find that the allegations remained a bare allegation unsupported by any acceptable or documentary evidence. Mere allegations, without proof, cannot displace duly executed loan documents produced by the Applicant Bank. Hence the contention is not sustainable.

The contention that no valid equitable mortgage was created, I perused the documents and I find that the deposit of title deeds Ex.No.A-03, along with documents related to mortgaged properties Ex.No.A-07 to A-20, clearly establishes that the defendants deposited the title deeds with the intention of creating security in favour of the Applicant Bank. Accordingly, the Applicant Bank has established the creation of a valid equitable mortgage over the schedule-mentioned properties. The evidence brought on record by the applicant bank established the claim of the Bank over the Defendant and also its charge over the scheduled properties. It is evident that the defendant borrowed the amounts and executed the loan document (Ex.No.01, Ex. No.02, Ex.No.03) and security document (Ex.No.A-03) in favour of the Applicant Bank. It is seen from the records that the Defendant had not submitted any documentary proof either to dislodge or to disprove the case of the bank.

The defendant has also challenged the classification of the loan account as a Non-Performing Asset (NPA). However, they have neither pleaded nor produced any cogent evidence to demonstrate that the Applicant Bank classified the account in violation of the terms of the loan agreement or the applicable Reserve Bank of India guidelines. A mere assertion that the NPA classification is illegal, without any supporting material, is insufficient to dislodge the presumption of regularity attached to the Bank's official acts. In the absence of any evidence establishing irregularity or illegality in the classification of the account as NPA, the contention of the defendants is devoid of merit.

The Applicant Bank has instituted the Original Application on the strength of the loan documents and the security created by the defendants. The documentary evidence on record establishes that the claim has been filed within the period prescribed by law. The defendants have failed to establish that the claim is barred by limitation. The other contention that Statement of Accounts is not correct and has not been maintained in the ordinary course of business of banking. After perusal of records I find that the Applicant Bank has filed the Statement of Accounts vide Ex. No. A-06 for the loan and I find that the said account is maintained in the ordinary course of the business of the Bank.

The defendant has contended that he is a poor agriculturists and that he could not repay the loan due to successive failure of monsoons. They have also alleged that they were not extended the benefit under the Agricultural Debt Waiver and Debt Relief Scheme, 2008. The financial difficulties pleaded by the defendants, even if assumed to be true, cannot by themselves absolve them from their contractual obligations arising out of the loan documents executed by them in favour of the Applicant Bank. The defendants, having availed the loan facility and executed the relevant loan and security documents, are bound to repay the amount due in accordance with the terms and conditions agreed upon. Further, the defendants have not produced any documentary evidence to establish that they were eligible for the benefit of the Agricultural Debt Waiver and Debt Relief Scheme, 2008 or that the Applicant Bank wrongfully denied any such benefit. In the absence of any material establishing entitlement to waiver or relief under the said Scheme, the contention raised by the defendants is devoid of merit and is not acceptable in the eye of law.

The Applicant Bank has successfully proved the loan transaction, execution of the security documents, creation of equitable mortgage, default committed by the defendants, and the amount due and payable under the loan account. The defendants have failed to establish any defense warranting dismissal of the Original Application.

Therefore, keeping in view of the facts, particulars, the material documents read with the Proof Affidavit filed and arguments of the Applicant Bank and the defendant, I am of the considered view that the Applicant Bank has been fully able to prove this case in his favor. Accordingly Issue No.(iv) & (v) are decided in favor of the Applicant Bank.

Issue No.(i), (ii) & (iii):-

From perusal of records I find that the cause of action for the present application arose on 29.08.2005, when the Applicant bank initially sanctioned the loan to the defendants. On 29.08.2005 when both the defendant had borrowed the amount and executed hypothecation agreement containing several terms & conditions in favour of the applicant bank and created equitable mortgage in favour of the applicant bank over the schedule properties and executed registered Memorandum of deposit of Title deeds in favour of the Applicant bank on 30.08.2005. And when the Defendants committed default in repayment of the agricultural Term Loan as per the agreed repayment schedule and all transactions took place at Sivaganga District, Devakottai Taluk within the jurisdiction of this Honourable Court and this case has been filed on 12.12.2016 so this case is filed within the limitation period.

In view of the above facts and circumstances and also in view of the above discussion this case is maintainable and has valid cause of action. I find that the Applicant has been fully able to prove his case. As such the Applicant is entitled for relief as prayed for. Accordingly this Issue No (i),(ii) & (iii) are also decided in favour of Applicant Bank. So I find that bank has proved his case in his favour. Accordingly, Applicant Bank is entitled for relief as claimed for.

So far the rate of interest is concerned, it is a well settled Law that the Tribunal has got powers to award pendente lite interest in view of the Judgment of the " Hon'ble Supreme Court in N.M. Veerapa Vs Canara Bank (reported in AIR 98(1), 1101 & in Central bank of India Vs Ravindra and OS (AIR, 2001(1), 3095) " and as per the Applicant Bank Agreement norms.

So far the penal interest is concerned Hon'ble supreme court stated in the said judgement as followed "*Though interest can be capitalised on the anology that the interest falling due on the accrued date and remaining unpaid, partakes the character of amount advanced on that date, yet penal interest, which is charged by way of penalty for non payment, cannot be capitalized. Further interest, i.e interest on interest, whether simple, compound or penal, cannot be claimed on the amount of penal interest. Penal interest cannot be capitalized. It will be opposed to public policy*".

In view of the above Judgement and also in the light of Loan Document, Since the defendant has obtained loans for agricultural purpose, the Applicant Bank is entitled for a final order on the following lines:-

ORDERED

(a) That the Defendants are liable to pay jointly/severally a sum of Rs.10,39,418.11p together with simple interest at the rate of 6% p.a. in respect of Agricultural Term Loan from the date of filing of Application till the date of realization with cost within one month from the date of receipt of this order.

(b) In case of default of payment by the above mentioned Defendants, the Applicant Bank is at liberty to sell the movable / immovable properties more fully described in Schedule of the original application for appropriation of sale proceeds towards the satisfaction of amount due to the Applicant Bank.

(c) If the sale proceeds are not sufficient, after defraying the expenses of such sale, for the payment of all such amounts, the defendants are jointly/severally liable to pay the amount of such deficiency with interest mentioned above until realization.

(d) Any amount remitted during the course of this proceedings shall be given due credit, to the loan account of the defendants.

(e) Recovery Certificate be prepared, as per the directions given above, and issue accordingly. A copy of the order is to be communicated to the parties concerned, immediately.

(f) It is further ordered that the Applicant Bank shall file cost memo within a period of one month from the date of receipt of this order, so as to prepare the recovery certificate with cost for the Agricultural Term Loan the Recovery Officer is also directed to proceed with the matter in accordance with law. In case, cost memo is not filed before said period of one month, Recovery Certificate will be prepared with available records.

Dictated to P N, taken down, transcribed, typed by him, corrected and pronounced by me in the Open Court in this the 17th July, 2026.

Sd/-
(SEEMA SINHA)
PRESIDING OFFICER

Uploaded on 28.07.26