MHRT020000942023	Date of Filing : 18/01/2023 Date of Registration : 19/01/2023 Date of Judgment : 10/07/2026 Duration : 03 05 22 Y : M : D :

IN THE COURT OF JOINT CIVIL JUDGE JUNIOR DIVISION,

COURT NO.2, RATNAGIRI

(PRESIDED OVER BY SHABNAM YUNUS SHAIKH)

Regular Civil Suit No.31 of 2023 **Exh.No.47**

BANK OF MAHARASHTRA,
Branch- Khedshi,
Through its Authorized Representative,
Mrs. Indira Deepak Kulmethe,
Age: 35 years, Occupation: Service,
Taluka and District Ratnagiri. **... PLAINTIFF**

VERSUS

Madhavi Mangesh Kamble,
Proprietor Ms. Malti Wear
Age: 37 years, Occupation: Housewife and Business,
Resident of Laxminarayan Nagar,
Near to Mahalaxmi Temple, Khedshi,
Taluka and District Ratnagiri. **... DEFENDANT**

Claim : Suit for Recovery of amount Rs.2,16,461/- along with Interest

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Appearances :

Ld. Advocate for the Plaintiff : Shri. K.S. Sahastrabuddhe

Ld. Advocate for the defendant : Shri. J.P. Pawar

JUDGMENT

(Delivered on 10th July 2026)

01. The plaintiff has filed the present suit for recovery of an amount of Rs.2,16,461/- (Rupees Two Lakhs Sixteen Thousand Four Hundred and Sixty One Only) from the defendant, together with interest thereon as per the terms of the agreement.

02. The case of the Plaintiff is that the Plaintiff is a Nationalised bank engaged in the business of advancing loans and carrying on other banking activities. Mrs. Indira Deepak Kulmethe, the then Branch Manager of the Plaintiff Bank, was duly authorised to institute the present suit and depose on behalf of the Plaintiff. According to the Plaintiff, all transactions pertaining to the loan account of the Defendant were duly recorded and maintained in the ordinary course of banking business and the relevant records are available with the Plaintiff. The Plaintiff further contends that the Defendant is liable to pay the outstanding loan amount together with accrued interest, including such interest as may have become payable in accordance with the directives of the Reserve Bank of India.

03. It is the further case of the Plaintiff that the Defendant approached the Plaintiff Bank seeking financial assistance for purchasing furniture required for her shop and accordingly submitted a loan application dated 13/02/2020. Upon consideration of the said application, the Plaintiff sanctioned a term loan of Rs.1,99,000/- to the Defendant on 14/02/2020. Thereafter, on 15/02/2020, the Defendant acknowledged the sanction of the loan and requested disbursement of the sanctioned amount.

04. The Plaintiff contends that on 15/02/2020, the Defendant executed a Demand Promissory Note, Hypothecation Agreement and other ancillary documents in respect of the said loan amount of Rs.1,99,000/-. The loan carried interest at the rate of 10.70% per annum and was repayable in 60 equal monthly installments of Rs.4,400/- each commencing from March 2020. The Defendant also agreed that in the event of default in payment of any installment or interest, the entire outstanding amount would become immediately recoverable by the Plaintiff Bank. According to the Plaintiff, the loan amount was duly disbursed to the Defendant on 15/02/2020 and Loan Account No.60352850915 was opened in her name. As security for repayment of the loan, the Defendant executed a deed of hypothecation and hypothecated the furniture of her shop in favour of the Plaintiff Bank.

05. According to the Plaintiff, the Defendant authorised the Plaintiff Bank to disclose or publish information relating to the loan transaction and any default committed by her through appropriate modes as deemed fit by the Plaintiff. The Plaintiff further contends that the Defendant failed to repay the loan amount in accordance with the agreed terms and remained in default. Though the Defendant allegedly acknowledged her liability, admitted the execution and validity of the loan documents and accepted responsibility for repayment, she failed to clear the outstanding dues. Consequently, the loan account was classified as a Non-Performing Asset (NPA) on 10/04/2021. Thereafter, the Plaintiff caused a legal notice dated 28/11/2022 to be issued through its Advocate by Registered Post calling upon the Defendant to repay the outstanding amount within seven days. The Plaintiff states that the said notice was duly served upon the Defendant on 29/11/2022. However, despite receipt thereof, the Defendant failed to make payment. According to the Plaintiff, as on 17/01/2023, a sum of Rs.1,72,736/- was outstanding as per the statement of account and a further sum of Rs.43,725/- was due towards accrued interest from 10/04/2021 to 17/01/2023, aggregating to Rs.2,16,461/-. Hence, the Plaintiff has instituted the present suit seeking recovery of the aforesaid amount together with contractual interest accrued up to the date of the suit and has further prayed for pendente lite and future interest at the rate of 14% per annum from the date of institution of the suit till realization of the decretal amount, along with costs.

06. The summons of the suit was duly served upon the Defendant, who appeared and filed her Written Statement at Exh.12. The Defendant denied the material averments made in the plaint and opposed the claim in its entirety. According to the Defendant, the suit is false, frivolous and devoid of merits. She denied the allegations contained in the plaint, disputed the execution and validity of the documents relied upon by the Plaintiff, and contended that she had not conferred any authority upon the Plaintiff Bank to publish information relating to the loan transaction or any alleged default. The Defendant further denied the Plaintiff's claim regarding classification of the loan account as a Non-Performing Asset (NPA), contending that no prior intimation thereof was ever furnished to her. She also disputed the correctness of the statement of account, the calculation of interest and the outstanding amount of Rs.2,16,461/-, and further contended that the suit was not maintainable and was barred by limitation.

07. It is the specific case of the Defendant that she had obtained the loan under the Pradhan Mantri Mudra Yojana in February 2020 for commencing a cloth business under the name “Malati Wear” at Khedshi. According to her, after sanction of the loan, the amount was utilised for renovation of the shop premises and purchase of stock for sale. However, immediately thereafter, the COVID-19 pandemic broke out and a nationwide lock-down was imposed from March 2020 onwards, due to which she could not effectively commence or continue the business. The prolonged lock-down and adverse market conditions allegedly resulted in substantial financial losses. The Defendant further contended that as the shop premises had been taken on rent, she was required to bear rental expenses despite lack of business income. Thereafter, she attempted to continue the business by selling cloth door-to-door. However, owing to the pandemic and economic slowdown, the business ultimately failed, making it impossible for her to repay the loan installments.

08. The Defendant further contended that the loan in question was sanctioned under the Pradhan Mantri Mudra Yojana carrying interest at the rate of 10.70% per annum and that the interest charged by the Plaintiff Bank was contrary to the applicable guidelines. According to the Defendant, the loan ought to have been covered by insurance and, in the event of business failure caused by extraordinary circumstances such as the COVID-19 pandemic, compensation ought to have been available through the insurer. She further asserted that various relief measures and loan waiver schemes were announced by the Government during the pandemic period and, therefore, she was not liable to pay the amount claimed by the Plaintiff.

09. The Defendant also contended that the outstanding amount claimed by the Plaintiff was excessive, incorrect and arbitrarily calculated. According to her, the Plaintiff had levied excessive interest, penal charges and other expenses, thereby inflating the outstanding dues. She therefore prayed that the rate of interest be reduced, penal interest and other charges be waived, and the loan account be recalculated on the basis of simple interest. The Defendant further contended that the court fees paid on the plaint were insufficient and that the suit was liable to be dismissed. On the aforesaid grounds, the Defendant prayed for dismissal of the suit with costs and further sought appropriate relief by way of waiver of the loan sanctioned under the Pradhan Mantri Mudra Yojana in view of the closure of her business and the financial hardship suffered by her.

10. Upon consideration of the pleadings of the parties and the material available on record, and in light of the contentions raised by the Plaintiff and the defence put forth by the Defendant, the following points arise for my determination. My findings on the said points, along with reasons therefor, are as follows:

SR. NO.	ISSUES	FINDINGS
01.	Whether the Plaintiff proves that the Defendant is liable to pay a sum of Rs.2,16,461/- to the Plaintiff?	**...YES**
02.	Whether the Plaintiff is entitled to recover from the Defendant the amount of Rs.2,16,461/- together with interest at the rate of 14% per annum from 18/01/2023 till realization of the entire amount, as prayed?	**...PARTLY YES**
03.	Whether the Defendant proves that she is entitled to waiver of the suit loan amount on the ground that the loan was sanctioned under the Pradhan Mantri Mudra Yojana and that her business suffered losses due to the COVID-19 pandemic?	**...NO**
04.	What order and decree?	**SUIT IS PARTLY DECREED WITH COST.**

REASONING

11. The Plaintiff initially filed the affidavit of evidence of its authorised representative at Exh.15. Subsequently, owing to the transfer of the then authorised officer, the Branch Manager of the Plaintiff Bank filed a fresh affidavit in lieu of examination-in-chief at Exh.38. In support of its claim, the Plaintiff relied upon the following documents:

Sr. No.	Details of the documents	Exhibit Numbers
01.	Loan Application	17
02.	Loan Sanction Letter	18
03.	Application/Request Letter for Making Credit Facility Available (RF-45)	19
04.	Demand Promissory Note (RF-46/47)	20
05.	Receipt for Loan Amount (F-260)	21
06.	Deed of Hypothecation for All Facilities (RF-66J)	22
07.	Letter of Authority for Adjustment of Deposit (Letter of Set-off) (F-273)	23
08.	Application by the Defendant for Utilization of Credit Facilities (Annexure-I)	24
09.	Undertaking executed by the Defendant	25
10.	Demand Notice issued to the Defendant	26
11.	Postal Receipt	27

Sr. No.	Details of the documents	Exhibit Numbers
12.	RPAD Acknowledgement	28
13.	Account Transaction Report along with Certificate	29
14.	Loan Discharge Quote Details along with Certificate	30
15.	Authority Letter	39

12. Thereafter, the Plaintiff closed its evidence by filing pursis at Exh.16. The Defendant, in turn, examined herself by filing her affidavit in lieu of examination-in-chief at Exh.43. Moreover, no documentary evidence was adduced on behalf of the Defendant. Subsequently, the Defendant closed her evidence by filing pursis at Exh.45.

ISSUE NO.1 :

Whether the Plaintiff proves that the Defendant is liable to pay a sum of Rs.2,16,461/- to the Plaintiff?

13. The Ld. Advocate for Plaintiff submitted that the Plaintiff has duly proved the loan transaction by producing the original loan documents executed by the Defendant. It is argued that the execution of the loan documents, disbursement of the loan amount, default in repayment, issuance and service of the demand notice and the outstanding balance have been established by cogent oral and documentary evidence. It is further submitted that the Defendant herself has admitted all the material facts during her cross-examination and, therefore, the Plaintiff has successfully discharged the burden cast upon it.

14. Per contra, the Ld. Advocate for Defendant submitted that the Plaintiff has failed to establish its claim as the authorised representative who entered the witness box was not the officer before whom the loan documents were executed. It is further argued that the Defendant could not repay the loan on account of the unprecedented COVID-19 pandemic, which resulted in closure of her business and severe financial hardship. It is also contended that the Plaintiff has charged excessive interest contrary to the guidelines applicable to Mudra loans and, therefore, the suit deserves to be dismissed.

15. I have carefully considered the rival submissions and appreciated the evidence on record. The Plaintiff has examined its authorised representative at Exh.38 and has proved the Loan Application (Exh.17), Loan Sanction Letter (Exh.18), Application for Credit Facility (Exh.19), Demand Promissory Note (Exh.20), Receipt for Loan Amount (Exh.21), Deed of Hypothecation (Exh.22), Letter of Set-off (Exh.23), Application for Utilisation of Credit Facilities (Exh.24), Undertaking (Exh.25), Demand Notice (Exh.26), Postal Receipt (Exh.27), Postal Acknowledgement (Exh.28), certified Statement of Account (Exh.29), Loan Discharge Quote Details along with certificate (Exh.30) and Authority Letter (Exh.39). These contemporaneous documents clearly establish that the Defendant applied for financial assistance, the loan was sanctioned and disbursed in her favour, she executed the necessary loan documents, agreed to repay the loan in 60 monthly installments and subsequently committed default in repayment.

16. During cross-examination, the Plaintiff's authorised representative admitted that the loan documents were not executed in his presence as he was not the Branch Manager at the relevant point of time. However, he clarified that the documents were executed before the then Branch Manager and that he had subsequently taken charge of the branch. He also denied the suggestion that he was not authorised to institute and prosecute the present suit. Except this admission, nothing material has been elicited in his cross-examination to discredit either his testimony or the documentary evidence produced by the Plaintiff. Moreover, it is also important to note here that the witness has deposed in his capacity as the duly authorised representative of the Plaintiff Bank on the basis of the official records maintained in the ordinary course of banking business. It is well settled that an authorised officer of a bank is competent to prove such records even though he was not personally associated with the original transaction. The documentary evidence produced by the Plaintiff has remained unshaken and its genuineness has not been disproved by the Defendant. Therefore, in my considered opinion, the aforesaid admission is not fatal to the Plaintiff's case.

17. The Defendant examined herself at Exh.43. Though she reiterated the defence taken in the Written Statement, her cross examination substantially fortifies the Plaintiff's case. The defendant categorically admitted that she had submitted the loan application dated 13/02/2020, that the Plaintiff sanctioned a term loan of Rs.1,99,000/- on 14/02/2020, that she executed the loan documents on 15/02/2020, that the loan was repayable in 60 equal monthly installments and that she failed to repay the installments. She further admitted that her loan account was classified as a Non-Performing Asset (NPA), that the Plaintiff had called upon her to regularise the account, that she received the legal notice dated 28/11/2022 and that despite receipt of the notice she did not repay the outstanding amount.

18. It is pertinent to note that the aforesaid admissions made by the Defendant constitute substantive evidence against her and fully corroborate the documentary evidence adduced by the Plaintiff. Once the Defendant herself has admitted the loan transaction, execution of the loan documents, disbursement of the loan amount, default in repayment and receipt of the demand notice, the existence of the debt and her corresponding liability to repay the same stand duly established. In view thereof, I find no merit in the contention advanced by the Ld. Advocate for the Defendant that the Plaintiff has failed to prove the loan transaction or the liability of the Defendant. Accordingly, I reject the said contention.

19. The Defendant has disputed the outstanding amount and alleged that excessive interest has been charged. However, except making such bald assertions, she has not produced any documentary evidence to demonstrate that the certified Statement of Account (Exh.29) or the Loan Discharge Quote Details (Exh.30) are incorrect. She has also admitted during her cross-examination that she has not produced any documentary evidence to establish that the Mudra loan was compulsorily insured, that the Government had announced waiver of the loan in question or that the Plaintiff had charged interest contrary to any statutory guideline. Therefore, mere oral assertions, unsupported by documentary evidence, are wholly insufficient to rebut the duly proved banking records maintained in the ordinary course of business.

20. Moreover, though the Defendant has attributed her default to the financial losses suffered during the COVID-19 pandemic, such circumstances may explain the reason for the default but do not extinguish the contractual liability voluntarily undertaken by her. In the absence of any statutory provision, Government notification or binding policy granting exemption or waiver, the Defendant continues to remain liable to repay the loan amount. Thus, the oral and documentary evidence adduced by the Plaintiff, coupled with the categorical admissions made by the Defendant during her cross-examination, conclusively establish the Plaintiff's claim. On the other hand, the Defendant has failed to substantiate her defence by any reliable documentary evidence. I, therefore, find considerable merit in the submissions advanced on behalf of the Plaintiff and no substance in the defence raised by the Defendant. Accordingly, I hold that the Plaintiff has successfully proved that the Defendant is liable to pay the outstanding amount of Rs.2,16,461/-. Hence, Issue no.1 is answered in the affirmative.

ISSUE NO.2 :

Whether the Plaintiff is entitled to recover the said amount together with interest from the Defendant, as prayed?

21. The Ld. Advocate for the Plaintiff submitted that the Defendant committed default in repayment of the loan despite repeated demands and service of the legal notice. It is contended that under the terms and conditions of the loan agreement executed by the Defendant, the agreed rate of interest was 10.70% per annum together with penal interest at the rate of 2% per annum, aggregating to 12.70% per annum. However, in the present suit, the Plaintiff has claimed pendente lite and future interest at the rate of 14% per annum from the date of institution of the suit till realization.

22. Per contra, the Ld. Advocate for the Defendant submitted that the Plaintiff is not entitled to recover interest at the rate claimed. It is contended that the loan was sanctioned under the Pradhan Mantri Mudra Yojana for establishing a small business and that the Defendant could not repay the loan due to the severe financial hardship caused by the COVID-19 pandemic. It is further submitted that the Plaintiff has charged excessive interest contrary to the applicable guidelines governing Mudra loans. Therefore, according to the Ld. Advocate for the Defendant, both the contractual rate of interest and the rate of 14% per annum claimed by the Plaintiff in the suit are excessive, unreasonable and liable to be rejected.

23. I have carefully considered the rival submissions. While deciding Issue No.1, I have already held that the Plaintiff has successfully established its entitlement to recover the outstanding loan amount from the Defendant. Therefore, the only question that survives for determination under the present issue is whether the

Plaintiff is entitled to pendente lite and future interest at the rate of 14% per annum, as claimed in the plaint, or at such rate as is considered reasonable under Section 34 of the Code of Civil Procedure, 1908.

24. The loan documents produced by the Plaintiff reveal that the agreed rate of interest was 10.70% per annum with 2% penal interest in the event of default. However, in the present suit, the Plaintiff has claimed pendente lite and future interest at the rate of 14% per annum from the date of institution of the suit till realization of the decretal amount. Once the suit is instituted, the grant of pendente lite and future interest is governed by Section 34 of the Code of Civil Procedure, 1908, which vests the Court with the discretion to award such rate of interest as it deems reasonable, having regard to the facts and circumstances of the case.

25. In the present case, it has come on record that the Defendant had availed the loan under the Pradhan Mantri Mudra Yojana for establishing a small business and that her business suffered setbacks during the COVID-19 pandemic, resulting in financial hardship. Although these circumstances do not absolve the Defendant from her liability to repay the loan, they are relevant while exercising the discretion under Section 34 of the Code of Civil Procedure. Having regard to the nature of the transaction, the amount involved, the conduct of the parties and the prevailing lending rates of nationalised banks, I am of the considered opinion that the Plaintiff is not entitled to pendente lite and future interest at the rate of 14% per annum as claimed in the plaint. In exercise of the discretion vested under Section 34 of the Code of Civil Procedure, I deem it just and proper to award pendente lite and future interest at the rate of 6% per annum on the decretal amount from the date of institution of the suit till its realization. Accordingly, I hold that the Plaintiff is entitled to recover from the Defendant the suit amount of Rs.2,16,461/- together with pendente lite and future interest at the rate of 6% per annum from the date of institution of the suit till realization of the entire decretal amount. Hence, Issue No.2 is answered Partly in the Affirmative.

ISSUE NO.3 :

Whether the Defendant proves that she is entitled to waiver of the suit loan amount on the ground that the loan was sanctioned under the Pradhan Mantri Mudra Yojana and that her business suffered losses due to the COVID-19 pandemic?

26. The Ld. Advocate for the Defendant submitted that the Defendant had availed the loan under the Pradhan Mantri Mudra Yojana for establishing a small cloth business. It is argued that immediately after commencement of the business, the COVID-19 pandemic and the consequent nationwide lock-down resulted in closure of her business and severe financial losses, making it impossible for her to repay the loan. It is further submitted that Mudra loans are covered by insurance and that the Government had announced loan waiver and relief measures during the pandemic. Therefore, according to the Ld. Advocate, the Defendant is entitled to waiver of the suit loan amount and is not liable to repay the Plaintiff.

27. Per contra, the Ld. Advocate for Plaintiff submitted that the Defendant has failed to produce any documentary evidence whatsoever to establish that the suit loan was covered under any insurance policy or that any Government scheme, notification or circular granted waiver of the loan in question. It is further submitted that financial hardship, however genuine, does not extinguish a contractual liability arising out of a loan transaction. Hence, the defence deserves to be rejected.

28. I have carefully considered the rival submissions and appreciated the evidence on record. It is not in dispute that the Defendant had availed the loan under the Pradhan Mantri Mudra Yojana. However, the burden lies upon the Defendant to prove that she became entitled to waiver of the loan amount or exemption from repayment under any statutory provision, Government policy or binding guideline.

29. During her cross-examination, the Defendant categorically admitted that she has not produced any documentary evidence to establish that the Mudra loan was compulsorily covered by insurance. She has also admitted that she has not produced any Government Resolution, notification, circular or other document to prove that the Government had waived the loan obtained by her. She has further admitted that she has not produced any material to show that the Plaintiff charged interest contrary to the applicable guidelines or that she had made any written representation to the higher authorities of the Bank regarding the alleged irregularities.

30. It is true that the Defendant has deposed that her business suffered heavy losses due to the COVID-19 pandemic. Such evidence may explain the reason for her default in repayment. However, financial hardship by itself does not absolve a borrower from repayment of an admitted loan unless the borrower establishes a legal right to waiver or exemption. In the present case, no such evidence has been adduced.

31. Moreover, the defence raised by the Defendant is based solely on oral assertions without any documentary support. On the contrary, the Plaintiff has established the loan transaction and the Defendant's liability by reliable documentary evidence, which also stands corroborated by the Defendant's own admissions during cross-examination. Consequently, I find no merit in the submissions advanced on behalf of the Defendant. Accordingly, I hold that the Defendant has failed to prove that she is entitled to waiver of the suit loan amount under the Pradhan Mantri Mudra Yojana or on account of the COVID-19 pandemic. Hence, Issue No.3 is answered in the Negative.

<u>ISSUE NO.4</u>

What Order and Decree?

32. In view of the findings recorded on Issue Nos.1 and 2, I hold that the Plaintiff has successfully proved that the Defendant is liable to repay the outstanding loan amount of Rs.2,16,461/-. The Plaintiff has established the loan transaction by leading cogent oral and documentary evidence, which has further been corroborated by the categorical admissions made by the Defendant during her cross-examination. The Defendant has failed to rebut the Plaintiff's evidence by producing any convincing documentary material. Though the Defendant has pleaded that she suffered financial hardship on account of the COVID-19 pandemic and claimed entitlement to waiver of the loan under the Pradhan Mantri Mudra Yojana, she has failed to substantiate the said defence by any documentary evidence. Consequently, the said defence has been rejected while deciding Issue No.3. However, for the reasons already recorded while deciding Issue No.2, I am of the considered opinion that the Plaintiff is not entitled to pendente lite and future interest at the rate of 14% per annum as claimed in the plaint. In exercise of the discretion vested under Section 34 of the Code of Civil Procedure, I deem it just and proper to award pendente lite and future interest at the rate of 6% per annum on the decretal amount from the date of institution of the suit till its realization. Accordingly, the suit deserves to be partly decreed. Hence, in answer to Issue No.4, I proceed to pass the following order:

O R D E R

1. The suit is partly decreed with cost.

2. The Defendant shall pay to the Plaintiff a sum of Rs.2,16,461/- (Rupees Two Lakhs Sixteen Thousand Four Hundred Sixty-One only).

3. The Defendant shall further pay interest at the rate of 6% per annum on the decretal amount from the date of institution of the suit till realization.

4. Draw the decree accordingly.

(Judgment Typed and declared in the open Court)

SHABNAM YUNUS SHAIKH

Digitally signed by SHABNAM YUNUS SHAIKH
Date: 2026.07.10 15:56:18 +0530

Date:- 10/07/2026 **(Shabnam Yunus Shaikh)**
Place : Ratnagiri. **Joint Civil Judge Jr. Division**
Court no.2, Ratnagiri.

CERTIFICATE

I hereby affirm and state that the contents of this PDF file are true, correct, and word-for-word in accordance with the original judgment.

SHABNAM YUNUS SHAIKH

Digitally signed by SHABNAM YUNUS SHAIKH
Date: 2026.07.10 15:56:25 +0530

(Shabnam Yunus Shaikh)

Date : 10/07/2026 **Joint Civil Judge, Jr. Division**

Place : Ratnagiri. **Court no.2, Ratnagiri.**