

**IN THE COURT OF THE MUNSIF, THIRUVALLA.****Present: Sri. Aravind S.J, Munsiff****Friday the 10<sup>th</sup> day of April, 2026/ 20<sup>th</sup> day of Chaithram, 1948 S.E****OS. No.340/2024.****BETWEEN:**Kerala Gramin Bank, represented by its  
Branch Manager, Kunnamthanam Branch.

} Plaintiff

(By Adv.George Philip.)

**AND:**Lilly Bai, aged 64 years, W/o.Jayadas,  
Puthenpurackal House, Mundiappally,  
Kaviyoor Village, Thiruvalla Taluk. Stationed at:  
Puthenpurackal House, Near Perumpettimon  
St.George Orthodox Church, Anicad P.O,  
Anicad Village, Mallappally Taluk,  
Pathanamthitta District, Pin - 689585.

} Defendant

(Vakkalath not filed.)

This Suit having been finally heard on 13.02.2026 and stood over for consideration on 10-04-2026 and on the same day the court delivered the following:

**J U D G M E N T**

Suit is one for realization of money.

2. Plaintiff averments in brief are stated as follows:- The Plaintiff bank is a body corporate constituted under the Regional Rural Banks Act 1976 having its head office at Malappuram and one of its branches is at Kunnamthanam. At the request of defendant, the plaintiff agreed to grant financial assistance to her for the purpose of raising crops and consumption and allied activities including development of her agricultural land by way of short term farm sector loan under Kisan Credit Card for an amount of Rs.1,60,000/- (Rupees One Lakh Sixty Thousand Only) on executing necessary documents

for that purpose and furnishing security. Accordingly on 23.08.2019, the defendant executed in favour of the plaintiff at Kunnamthanam, an agreement for agricultural loan agreeing to repay the principal sum of Rs.1,60,000/- (Rupees One Lakh Sixty Thousand Only) as yearly installment along with interest, commission, cost charges and expenses etc and to credit each drawal amount after the harvest to the Kisan Credit Card within a period of 12 months from the date of drawal as per the drawing limit and clear the entire liability within 5 years. As per the terms of the agreement, the plaintiff is entitled to charge interest on the amount of the loan at the current rate of 11% per annum from the date of grant of loan. As per the terms and conditions of the loan, each withdrawal is repayable within a period of 12 months from such withdrawal. An amount of Rs.1,60,000/- (Rupees One Lakh Sixty Thousand Only) was availed on 23.08.2019 (Twenty Third day of August Two Thousand Nineteen). Moreover, the said agricultural loan was reviewed as per the declaration for review of KCC limits executed by defendant on 21.08.2020 and 30.11.2021. The defendant however did not repay the amount within the period and the loan became over due. The letter sent to the defendant on 19.05.2023, 21.02.2024, 26.03.2024, 13.08.2024 and 07.09.2024 and the personal requests made by the plaintiff to regularize the account were ignored and the entire outstanding balance has become payable in a lump along with the present rate of interest at the rate of 12 % per annum. As per the accounts kept by the plaintiff, an amount of Rs. 1,52,591.74 (Rupees One Lakh Fifty Two Thousand Five Hundred and Ninety One and Seventy Four Paise Only) is due from the defendant as on 28.10.2024 Since the transaction is of a commercial nature, the plaintiff Bank is also entitled for future interest at the agreed rate, till the amounts are paid in full by virtue of the provisions in section 34 of the Code of Civil Procedure and

section 21 (A) of the Banking Regulation Act. Hence, the suit.

3. Summons could not be served on the defendant in the ordinary way and hence the plaintiff filed I.A. 1/2025 under O V R.20. Paper publication was produced. There was no representation for appearance for the defendant and hence she was placed *ex parte*.

4. The Manager of the plaintiff was examined as PW1 and Exts. A1 to A14 were marked.

5. Heard the learned counsel for the plaintiff.

6. The specific case of the plaintiff is that it is a body corporate constituted under Regional Rural Banks Act 1976 and that the plaintiff granted an agricultural loan under the Kissan Credit Card Scheme for an amount of Rs. 1,60,000/- on 23-08-2019 at the request of the defendant by executing necessary documents. It is contended that the defendant has failed to repay the amount with interest @ 11% and that thus an amount of Rs. 1,52,591.74 is due as on 28-10-2024.

7. In order to substantiate its contentions, the Manager of the plaintiff in the case was examined as PW1. He filed affidavit in lieu of examination in chief reiterating the plaint averments. Ext. A1 is the loan application for agricultural advances executed by the defendant dated 23-08-2019 in favour of the plaintiff bank seeking agricultural loan. Ext. A2 is the memorandum of agricultural loan dated 23-08-2019 executed between the plaintiff and the defendant for an amount of Rs. 1,60,000/-. Ext. A3 is the loan sanction communication issued to the defendant disclosing that an amount of Rs. 1,60,000/- was sanctioned as agricultural loan. Ext. A4 is the declaration for review of cases executed by the defendant to the plaintiff bank on 23-08-2019. Ext. A5 is the declaration of review of KCC limits executed by the defendant in favour of the plaintiff. Ext. A6 is the

notice with acknowledgment card which would show that the notice issued to the defendant was returned unserved.

8. Ext. A7, A8 and A9 are also the letters issued to the defendant which would also show that the same was returned that the address could not be located. Ext. A10 is the acknowledgment of debt dated 30-11-2021 executed by the defendant in favour of the plaintiff. Ext. A11 is the office copy of Advocate notice dated 07-09-2024 issued to the defendant intimating the factum of nonpayment of the amount and seeking repayment of the loan amount. Ext. A12 is its postal receipts and Ext. A13 is the letter with the registered acknowledgment card which would show that the addressee left. The documents stated above would show that the defendant had obtained a loan amount of Rs. 1,60,000/- from the plaintiff bank under Kissan Credit Card Scheme and that the suit is filed within the period of limitation. Ext. A12 is the statement of account with the necessary certificate which would show that an amount of Rs. 1,52,591.74/- is the amount due from the defendant as on 30-09-2024. PW1 has deposed that the defendant has not repaid the amount so far. At present there is nothing to disbelieve the testimony of PW1. Therefore this court is of the opinion that the plaintiff is entitled to realize an amount of Rs. 1,52,591.74/- from the defendant.

9. The plaintiff has sought for interest @ 14% p.a. which includes penal interest also. However, in **Central Bank of India Vs. Ravindra, (AIR 2001 SC 3095)**, *the Hon'ble Supreme Court has held that "While decreeing a suit if the decree be for payment of money, the Court would adjudged the principal sum on the date of the suit. The Court may also be called upon to adjudge interest due and payable by the defendant to the plaintiff for the pre-suit period which interest would, on the findings arrived at and noted by us*

*hereinabove, obviously be other than such interest as has already stood capitalised and having shed its character as interest, has acquired the colour of the principal and having stood amalgamated in the principal sum would be adjudged so. The principal sum adjudged would be the sum actually loaned plus the amount of interest on periodical rests which according to the contract between the parties or the established banking practice has stood capitalised. Interest pendente lite and future interest (i.e. interest post decree not exceeding 6 per cent per annum) shall be awarded on such principal sum, i.e. the principal sum adjudged on the date of the suit. It is well settled that the use of the word 'may' in S.34 confers a discretion on the Court to award or not to award interest or to award interest at such rate as it deems fit. Such interest, so far as future interest is concerned may commence from the date of the decree and may be made to stop running either with payment or with such earlier date as the Court thinks fit. Shortly hereinafter we propose to give an indication of the circumstances in which the Court may decline award of interest or may award interest at a rate lesser than the permissible rate.\*\*\*\*\*Thus, while liability to pay interest is founded on the doctrine of compensation, penal interest is a penalty founded on the doctrine of Penal action. Penal interest can be charged only once for one period of default and therefore cannot be permitted to be capitalised."*

10. Agricultural loan is not a loan given for commercial purpose. So, the proviso to Section 34 of C.P.C does not apply and the plaintiff Bank cannot claim interest above 6% as future interest. Also, considering the fact that the amount now due carries itself interest component makes this court to opine that interest has gone disproportionate to the borrowed amount. So, pendente lite interest also need be at 6%. The general rule is that the costs shall follow the

event. This court finds no reason to deviate from the said rule. Therefore the plaintiff is also entitled to costs of the suit as well.

**In the result, suit is decreed as follows:-**

- 1. Defendant is directed to pay an amount of Rs. 1,52,591.74/- (Rupees One Lakh Fifty two thousand Five Ninety One and Seventy Four Paise only) to the plaintiff bank with interest @ 6% per annum from the date of suit till the date of actual realization of the said amount.**
- 2. Defendant is also directed to pay costs of the suit to the plaintiff.**

Dictated to the Confidential Assistant, transcribed and typed by her, corrected and pronounced by me in open court on this the 10<sup>th</sup> day of April, 2026.

Sd/-  
**ARAVIND S.J.,**  
**MUNSIFF**

**APPENDIX**

**Exhibits marked for the Plaintiffs:**

1. Ext.A1 23-08-2019 Loan application submitted by the Plaintiff.
2. Ext.A2 23-08-2019 Memorandum of Agreement.
3. Ext.A3 23-08-2019 Loan sanction letter.
4. Ext.A4 21-08-2020 Review Format (Declaration of the Review)
5. Ext.A5 30-11-2021 Declaration for review.
6. Ext.A6 20-05-2023 Registered A/D.
7. Ext.A7 21-02-2024 Registered cover and A/D Card.
8. Ext.A8 26-03-2024 Registered cover and A/D Card.
9. Ext.A9 13-08-2024 Letter issued by Branch Manager Kerala Gramin Bank, Kunnamthanam Branch.

10. Ext.A10 30-11-2021 Acknowledgment of Debt.
11. Ext.A11 07-09-2024 Lawyers notice issued by Adv.George Philip for the Plaintiff.
12. Ext.A12 07-09-2024 Postal receipt.
13. Ext.A13 07-09-2024 Registered cover and A/D Card.
14. Ext.A14 --- Statement of Account in respect of the plaintiff.

**Witnesses Examined for the Plaintiff:**

PW1 - 06-02-2026 - Anoop Narayanan.P.E.

Id/-  
**MUNSIFF**

Copied by:Ajith.G  
Compared by:

Copy of Judgment in  
**OS. No.340/2024.**

Dated: 10-04-2026.