

**IN THE COURT OF THE SUBORDINATE JUDGE, SATHYAMANGALAM.**

**PRESENT: Tmt.K.S.Shabeena, M.L.,**  
Subordinate Judge, Sathyamangalam.

Friday, the 27<sup>th</sup> day of March 2026  
(2056 Thiruvalluvarandu Visuvavasu varudam Panguni Thingal 13<sup>th</sup> day)

**O.S.No.212 of 2018**

**CNR No.TNED050008062018**

The Branch Managaer,  
Tamilnadu Mercantile Bank Ltd.,  
Sathyamangalam Branch,  
Sathyamangalam Taluk,  
Erode District.

... Plaintiff

/Vs/

1. Gowtham  
2. SampathKumar

...Defendants

This suit came up for final hearing before me on 27.03.2026 in the presence of Thiru.K.R.Annaamalai, Advocate for the Plaintiff and Thiru.S.Manoharan, Advocate for the defendants and upon perusing the records, hearing the arguments of both side having stood over for consideration till this day, this Court delivered the following....

**JUDGMENT**

The Suit is filed by the plaintiff to pass a decree and judgment directing the defendants jointly and severally to pay a sum of Rs.3,83,815/- to the plaintiff with costs and subsequent interest at the present Tamilnadu Mercantile Bank official rate of 14.50% per annum till realization, on monthly rests.

## **1. The Gist of the Plaintiff's case as stated by the Plaintiff in the plaint:**

At the request of the defendants and on the Loan Application dated 13.12.2012 for the pursuing higher studies by the 1<sup>st</sup> Defendant, the plaintiff bank had sanctioned Rs.3,20,000/- to the 1<sup>st</sup> defendant on 21.12.2012. For that the defendants have jointly executed a Demand Promissory Note to the plaintiff bank on the above said rate, promising to repay the amount on demand with 14.50% interest on monthly rests and as revised by the Reserve Bank of India official rate thereon. The loan Application dated 13.12.2012 and the said Demand Promissory Note dated 21.12.2012 is produced herewith. In consideration of advancing the above said loan to the defendants, they had jointly also executed Letter of Undertaking to the Plaintiff Bank, on the above said date and agreed to repay the amount with interest, charges, costs and expenses payable to or incurred by the plaintiff Bank thereto in 60 equal monthly installments of Rs.7,530/- each the 1<sup>st</sup> installment of which commences from 21.07.2017. The defendants had availed the loan periodically for payment of her educational fees and other expenses. However if the defendant defaults any one the repayment of the installment, the plaintiff if is entitled to recall the installment facility and demand repayment of the entire loan amount. The defendants had willfully defaulted in repayment of the loan. Hence an amount of Rs.3,83,815/- is outstanding due in the above said Loan A/c No.201700480110019 of the defendants as on 13.10.2018 with future interest. The defendants 1 and 2 are jointly and severally liable to make payment of the amount due to the plaintiff bank. But the defendants intentionally failed to repay the amount due to the plaintiff bank despite of repeated

requests. The plaintiff had also issued a Lawyer Notice dated 05.12.2017. Having received the notice the defendants failed to repay the amount due to the plaintiff bank. Hence the suit.

## **2. The Gist of the defendant's case as stated in the Written Statement:**

The Plaintiff's suit is false, frivolous, vexatious and not maintainable in law and on facts. Excepting those that are specifically admitted herein the plaintiff is put to strict proof of all his allegations and averments contained in the plaint. This defendant submit that the averments made in the plaint paras are absolutely false, misleading and a misconception of facts and of law. Apart from the averments with reference to the relationship of the litigants herein, all other averments are either false and or made with ulterior motives. The averments that these defendants have borrowed a sum of Rs.3,20,000/- is true. It was disbursed as an educational loan on with a condition to repay on the employment of the 1<sup>st</sup> defendant. It is submitted that the 1<sup>st</sup> defendant is yet to get the job on the basis of his education. Now he is employed as an ATM service personnel on a temporary basis for a paltry sum of Rs.11,112/- towards salary and payment at Velur. It is not enough even for his day to day expenses and rents for the house etc., While so, it is not possible for him to pay the dues to the plaintiff's loan. There is no cause of action for the suit, the alleged cause of action is false and misleading. The valuation and payment of the court fees is wrong and this suit as framed is not maintainable. The suit filed without a prayer for declaration is liable to be dismissed in liminie. The suit filed for recovery of

educational loan amount premature and is not maintainable. Therefore, the plaintiffs have no manner of right or interest to make the suit claim. The suit is mala fides in the extreme and is devoid of any merits. Therefore prayed for dismissal of the suit.

**4. On the basis of the above pleadings, the following issues were framed:-**

1.	Whether the plaintiff is entitled to get suit claim as prayed for?
2.	To what other relief?

**5. Evidences:**

In order to prove his case, the plaintiff has examined himself as PW1 and Ex.A1 to Ex.A10 was marked and was cross examined by the learned counsel for the defendants.

Whereas the 2<sup>nd</sup> defendant had examined himself as DW1 and Ex.B1, Ex.B2 was marked and was cross examined by the learned counsel for the plaintiff.

Whereas the defendants had examined evidence on his side and thereby the evidence on the defendant side was closed.

**6. Depositions:**

**6.1.** During cross-examination, PW1 admitted that the 1<sup>st</sup> defendant had availed the educational loan and that the 2<sup>nd</sup> defendant stood as guarantor. However, PW1 conceded that the bank had not produced before the Court any internal guidelines, circulars, or head office instructions governing the sanction and recovery of educational loans. He further admitted that documents relating to the basis on which educational loans are granted and the norms for recalling such loans were not filed.

PW1 expressed lack of knowledge regarding the specific guidelines of the Indian Banks' Association on educational loans. He also admitted that certain documents sought by the defendants under law were not furnished without higher approval. Nevertheless, PW1 denied the suggestion that the suit is not maintainable for non-production of such guidelines and maintained that the loan was sanctioned and is recoverable as per bank norms.

**6.2.** In cross-examination, DW1 admitted the relationship between the parties and acknowledged that the 1<sup>st</sup> defendant had availed the educational loan for higher studies. He further admitted that the signatures found in the plaintiff's documents are that of himself and the 1st defendant, thereby confirming execution of the loan documents. DW1 also admitted receipt of the legal notice issued by the plaintiff but stated that no reply was sent. He deposed that the 1<sup>st</sup> defendant is employed on a temporary basis with modest income and is unable to repay the loan. DW1 claimed that certain payments were made during the study period but failed to produce documentary proof. He also referred to a supposed government subsidy and a Lok Adalat discussion regarding waiver of interest but admitted that no settlement was reached and no supporting documents were produced. He denied the allegation of willful default, while admitting that no substantial repayment has been made towards the loan.

## **7. Discussion and findings:**

**7.1.** Both side heard. I have heard the learned counsels for the parties and cautiously scrutinized the records.

**7.2.** To establish the case of the plaintiff, the Branch Manager of Plaintiff Bank was examined as PW1 and Ex.A1 to Ex.A10 have been marked through the PW1. On careful perusal of the chief examination of PW1 it could be seen that the PW1 had reiterated the averments set out in the plaint.

**7.3.** In respect of the loan transaction, the PW1 Marked the following documents to substantiate his case. The loan application and documents given by the defendants was marked as Ex.A1. Appraisal Note of the Plaintiff's Bank was marked as Ex.A2. Loan sanction letter given by the plaintiff bank was marked as Ex.A3. Demand Promissory Note and Letters executed by the defendants was marked as Ex.A4. Letter of Undertaking executed by the defendants was marked as Ex.A5. Consent Clause letter executed by the defendants was marked as Ex.A6. Articles of Agreement executed by the defendants was marked as Ex.A7. Revival letter executed by the defendants was marked as Ex.A8. Lawyer Notice given by the plaintiff bank with Postal Receipts and Postal Acknowledgment Card was marked as Ex.A9. Account Statement was marked as Ex.A10. Considering that the plaintiff is the Bank, the documents were admissible in evidence as per the Bankers Book Evidence Act.

**6.4.** On the side of defendants, the DW1 marked the following documents in this case. Rules and Regulations to be followed by the banks in educational loans scheme was marked as Ex.B1. Pay Slip of the 1<sup>st</sup> defendant was marked as Ex.B2.

## **8. Issue No.1: Whether the plaintiff is entitled to get suit claim as prayed for?**

**8.1.** This Court has carefully considered the pleadings, oral and documentary evidence, and the submissions advanced on either side. The foundational facts of the transaction are not in serious dispute. The defendants have unequivocally admitted that they had availed an educational loan of Rs.3,20,000/- from the plaintiff bank for the purpose of higher studies of the 1<sup>st</sup> defendant. The execution of the loan application, demand promissory note, and other allied documents has also been admitted in clear terms by DW1 during cross-examination, wherein he has specifically acknowledged that the signatures found in Ex.A1 to Ex.A8 are that of himself and the 1<sup>st</sup> defendant. Such admission constitutes substantive evidence, thereby dispensing with the necessity for further proof of execution of the said documents.

**8.2.** The core defence raised by the defendants is not one of denial of liability, but rather one of inability to repay and alleged prematurity of the claim. It is contended that the educational loan was to be repaid only upon the employment of the 1<sup>st</sup> defendant and that he has not secured a stable and sufficient employment. However, such a plea cannot absolve the defendants of their contractual obligations. The terms of the loan, as evidenced through the documents produced by the plaintiff, clearly stipulate repayment obligations, and the defendants have not placed any convincing material to establish that repayment was indefinitely contingent upon securing a particular nature of employment or income threshold.

**8.3.** It is further pertinent to note that PW1, though subjected to elaborate cross-examination, has consistently maintained the case of the plaintiff bank. While certain answers elicited in cross-examination reveal that internal circulars or guidelines governing educational loans were not produced before the Court, such omission does not, by itself, vitiate the claim of the plaintiff. The contractual relationship between the parties is primarily governed by the executed loan documents, and unless the defendants demonstrate that such documents are contrary to binding statutory provisions or are vitiated by fraud, coercion, or illegality, the enforceability of the same cannot be impeached.

**8.4.** The contention of the defendants that the suit is premature is also unsustainable. From the evidence on record, particularly the admission that the 1<sup>st</sup> defendant completed his course in July 2016, it is evident that the moratorium period, even as per the general norms of educational loans, would have expired within a reasonable period thereafter. The issuance of the legal notice by the plaintiff on 05.12.2017 further establishes that sufficient opportunity was granted to the defendants to regularize the account. Despite such notice, the defendants have admittedly not repaid any substantial portion of the loan amount, except for vague assertions of having paid certain sums during the study period, which remain unsubstantiated by documentary proof.

**8.5.** The statement of accounts produced by the plaintiff, maintained in the ordinary course of banking business, carries a presumption of correctness. The defendants have not effectively challenged the said accounts nor produced any contra material to discredit the outstanding amount claimed by the plaintiff. In the absence of any cogent rebuttal, the Court is inclined to accept the said statement of account as reliable evidence of the subsisting liability.

**8.6.** With regard to the rate of interest, the plaintiff has claimed interest at 14.50% per annum with monthly rests as per the contractual terms. In view of Section 21(A) of the Banking Regulation Act, 1949, the Court is precluded from reopening the transaction on the ground of alleged excessiveness of interest. Further, as per Section 79 of the Negotiable Instruments Act, where interest is expressly stipulated, the same is ordinarily to be granted unless there exist compelling reasons to deviate. In the present case, no such compelling circumstances have been established by the defendants.

**8.7.** The plea regarding alleged non-compliance with internal banking guidelines or Indian Banks' Association norms, even if assumed to be true, does not, in the facts and circumstances of the present case, render the loan transaction void or unenforceable. At best, such aspects may have administrative implications within the banking framework, but they do not extinguish the liability of the borrower under a duly executed contractual arrangement.

**8.8.** On a cumulative assessment of the evidence, this Court finds that the plaintiff has successfully established the loan transaction, execution of documents, default committed by the defendants, and the quantum of outstanding amount. The defendants, on the other hand, have failed to substantiate their defence either on facts or in law. Accordingly, this issue is answered in favour of the plaintiff.

**9. IssueNo.2: To what other relief?**

In view of the finding under Issue No.1, the plaintiff is entitled to a decree for recovery of the suit amount. Accordingly, there shall be a decree directing the defendants to pay a sum of Rs.3,83,815/- to the plaintiff with interest as per section 34 of the code of civil procedure, the court has discretion to order interest from the date of suit till the date of decree in case the decree is for payment of money. The plaintiff is also entitled to costs of the suit.

**9. Result:**

1. In the result, the suit is decreed with costs.
2. The plaintiff is entitled to recover the suit amount of Rs.3,83,815/- along with future interest at the rate of 9% per annum from the date of suit till the date of decree thereafter 6% per annum till realization to the principal amount from the defendant.

Dictated by me to the Steno typist, typed by her in the Computer directly, corrected and pronounced by me in open court on this the 27<sup>th</sup> day of March 2026.

Subordinate Judge,  
Sathyamangalam.

**List of witnesses**

**Plaintiff side:**

PW-1 Thiru.Murugesh Pandian

**Defendant side:-**

DW-1 Thiru.Samathkumar

**List of documents**

**Plaintiff side:**

Ex.A1	13.12.2012	The loan application and documents	Original
Ex.A2	21.12.2012	Appraisal Note of the Plaintiff's Bank	Original
Ex.A3	21.12.2012	Loan sanction letter given by the plaintiff bank	Original
Ex.A4	21.12.2012	Demand Promissory Note and Letters	Original
Ex.A5	21.12.2012	Letter of Undertaking	Original
Ex.A6	21.12.2012	Consent Clause letter	Original
Ex.A7	21.12.2012	Articles of Agreement	Original
Ex.A8	19.12.2015	Revival letter executed by the defendants	Original
Ex.A9	05.12.2017	Lawyer Notice with Postal Receipts and Acknowledgment Cards	Original
Ex.A10	08.10.2018	Account Statement	Certified Copy

**Defendants side:-**

Ex.B1	-----	Rules and Regulations to be followed by the banks in educational loans scheme	Served Copy
Ex.B2	02.02.2022	Pay Slip of the 1 <sup>st</sup> defendant	Online Copy

Subordinate Judge,  
Sathyamangalam.