

IN THE COURT OF SUBORDINATE JUDGE, RASIPURAM
PRESENT:- THIRU. J.K.Dhilip, B.A., B.L.,
SUBORDINATE JUDGE,
RASIPURAM.

FRIDAY, THE 17th DAY OF APRIL, 2026

Commercial Original Suit. No. 6/2023
(CNR NO.TNNM09-000549-2023)

Canara Bank, Seerapalli Branch
represented by its Authorized Officer,
Mr.V.Saravanan

...Plaintiff

/Vs/

1. G.Balaji Ganesan
2. P.Murugan

...Defendants

On 06.04.2026, this suit is came up before me for final hearing in the presence of Thiru. K.K.Palanisaami, Counsel appearing for the Plaintiff and Thiru. M.Mujibur Rahuman, Counsel appearing for the First Defendant and Thiru. T.Sivakumar, Counsel appearing for the Second Defendant and and upon hearing Both sides and on perusal of case records, this court delivers the following:-

JUDGMENT

1. The plaintiff, a nationalised bank represented by its manager, has filed a commercial suit against the defendants to recover ₹4,98,030.97/- with interest at 10.45% per annum for 1st loan and ₹78,475.86/- with interest at 9.25% per annum for 2nd loan, for a total of ₹5,76,507. The plaintiff also seeks that the defendants be ordered to pay the costs of the suit and any other relief that the court may deem fit and proper under the circumstances of the case.

2. The substance of the plaint averments is as follows;

2.1. The plaintiff bank conducts its business in accordance with the Banking Regulation Act and the rules established by the Reserve Bank of India. The bank provides loans across various categories, taking into account its customers' needs and requirements.

1st loan

2.2. The first defendant is the borrower. On August 6, 2018, the defendant approached the plaintiff bank and submitted an application for a loan for Micro and Small Enterprises (MSEs). The loan amount requested was ₹6,40,000, intended for the purchase of power loom machinery, with an interest rate of 10.90% per annum. The defendant agreed to adhere to the terms and conditions established by the plaintiff bank for this loan.

2.3. Further, a Sanction Memorandum was made for the above loan on 16.08.2018. Then, the Agreement Cum Deed of Hypothecation was signed on 16.08.2018. Deed of Hypothecation RE: Machinery was signed on 16.08.2018. The Guarantee Agreement was then signed on 16.08.2018. The defendant has agreed to repay the loan amount in 57 monthly instalments of Rs. 14,440/-

2.4. Since repayment of the above loan commenced in Dec 2018, as per the agreement. The defendant gave an acknowledgement of debt and security in the plaintiff bank on 13.08.2021. Having availed the above loan, despite repeated demands by the plaintiff bank, the defendant has failed to repay the amount as per the agreement. Hence, this suit can be filed within 3 years from 13.08.2021, i.e., before 12.08.2024. Thus, this suit is not barred by limitation.

2.5. The defendant is irregular in repayment of the loan amount. As per the account maintained by the plaintiff bank in the regular course of business, the plaintiff 1 submits that the defendant was in default in the payment of the dues. Due

to the default of the defendant, there remains an outstanding liability in the defendant's loan account of Rs. 4,98,030.97/- with present interest at the rate of 10.45 % P.a., as on 24.03.2023, as per the account statement produced dated 24.03.2023 by the plaintiff bank. The plaintiff demanded payment of the amount, but the defendant has not paid the dues. Hence, the plaintiff bank issued the legal notice to the defendant on 23.08.2022, and the 2nd defendant received it on 25.08.2022. Did the defendant receive the legal notice on 02.09.2022? Since they have not repaid the loan as agreed, it has become necessary to file this suit against the defendant.

2nd loan.

2.6. The first defendant is the borrower. The defendant approached the plaintiff bank of Canara Bank, Seerapalli branch and filed the Application form for loans to Micro and Small Enterprises (MSEs) on 19.06.2020, for Hypothecation of Stock products (COVID Support GECL) to the tune of Rs.1,00,000/- with interest at the rate of 7.50% P.a., agreeing to abide by the terms and conditions of such loan of the plaintiff bank. Further, a Sanction Memorandum was made for the above loan on 19.06.2020. Pronote was created for the above loan on 19.06.2020. Then, the Agreement Cum Deed of Hypothecation was signed on 19.06.2020. The defendant has agreed to repay the loan amount in 36 monthly instalments of Rs. 3,111/-, and the last instalment is Rs. 3,105/-

2.7. Since the repayment of the above loan starts one month from the date of the loan, i.e., 19.07.2021, as per the agreement. Having availed the above loan despite repeated demands by the plaintiff bank, the defendant has failed to repay the amount as per the agreement) Hence this suit can be filed within 3 years from 19.07.2021, i.e., before 19.07.2024. Thus, this suit is not barred by limitation.

2.8. The defendant is irregular in repayment of the loan amount. As per the account maintained by the plaintiff bank in the regular course of business, the

plaintiff submits that the defendant was in default in paying the dues. Due to the defendant's default, an outstanding liability of Rs. 78,475.86/- remains in the defendant's loan account, with present interest at the rate of 9.25% P.a., as on 19.03.2023, as per the account statement produced on 24.03.2023 by the plaintiff bank. The plaintiff demanded payment of the amount, but the defendant has not paid the dues. Hence, the plaintiff bank issued the legal notice to the defendant on 23.08.2022, and the defendant received it on 02.09.2022. Since he has not repaid the loan as agreed upon, it has become necessary to file this suit against the defendants 10. Because this suit falls under the Commercial Courts Act 2015, the plaintiff filed a Mediation petition with the District Legal Service Authority, Namakkal, and received a non-starter order on 04.01.2023. Hence, along with the order, this suit was filed as a commercial suit.

2.9. The plaintiff bank is exempted from the provisions of the Debt Relief Act. The defendants have borrowed the loan for commercial purposes. As per section 21-A of the Banking Regulation Act, 1949, the defendants are liable to pay the suit amount, along with interest at the agreed rate, till the realisation of the entire amount.

2.10. The plaintiff, a nationalised bank has filed a commercial suit against the defendants to recover ₹4,98,030.97/- with interest at 10.45% per annum for 1st loan and ₹78,475.86/- with interest at 9.25% per annum for 2nd loan, for a total of ₹5,76,507. The plaintiff also seeks that the defendants be ordered to pay the costs of the suit and any other relief that the court may deem fit and proper under the circumstances of the case.

3. The substance of the written statement filed by the 1st defendant is as follows;

3.1. The defendant submits that he operates a company named Shri Balaji Enterprises, which manufactures towels and dhotis. He acknowledges that he took out

a loan from the plaintiff to start his textile business. The defendant states that he promptly repaid this loan, making payments of Rs. 42,576 and Rs. 3,10,906 towards his EMI obligations.

3.2. Due to the COVID-19 pandemic, the defendant experienced significant losses and was unable to restart his operations for over a year. He also faced challenges in recovering outstanding payments from his customers. The defendant has kept the plaintiff bank informed of the company's financial situation with the intent of providing a clear picture of the company's status. He asserts that he has no intention of defrauding the plaintiff of any lawful dues.

3.3. The defendant made considerable efforts to restart his business in 2021. However, he encountered severe labour shortages, various GST-related issues, and rising raw material costs, which hindered the company's operations. The defendant does not dispute his liability to the plaintiff; however, he denies the validity of the plaintiff's current claim.

3.4. After repaying a total of Rs. 42,576 and Rs. 3,10,906 against the original loan amounts of Rs. 1,00,000 and Rs. 6,40,000, the defendant contests the plaintiff's further claim of Rs. 5,76,507.83, asserting that he does not owe this amount and that the actual dues owed to the plaintiff are significantly less. He refutes the accuracy of the plaintiff's statement of accounts, deeming it false. Therefore, the defendant respectfully requests that the court issue appropriate orders considering the bona fide facts presented above.

4. The substance of the written statement filed by the 2nd defendant is as follows;

4.1. The plaintiff's claim is false and fraudulent. It is untenable in law and equity, and is liable to be dismissed. Each and every assertion made—specifically,

that the defendant submitted a loan application to the plaintiff bank on August 6, 2018, for a power loom business; that, based on this application, the loan amount was sanctioned; that the defendant subsequently received the said loan amount; and that, on August 17, 2018, the defendant executed a loan agreement and a deed of undertaking, as well as furnished a guarantee deed—is entirely false. This defendant has not availed himself of any loan whatsoever from the plaintiff bank. Furthermore, he has not executed any document in connection with such a loan. Moreover, since the specific grounds upon which this defendant has been impleaded as a party to this suit have not been set forth, the suit is liable to be dismissed. This defendant has not affixed his signature to any of the documents pertaining to the loan in dispute. The plaintiff bank has never, at any point, demanded that this defendant repay the said loan. Furthermore, no notice of any kind has ever been served upon this defendant.

4.2. This defendant is a customer of the plaintiff bank. However, this Defendant has not availed himself of any loan facility from the plaintiff bank. Similarly, he has not executed any guarantee on behalf of the First Defendant or any other individual. Consequently, this defendant is an unnecessary party to this suit. Insofar as this defendant is concerned, the suit is liable to be dismissed. Therefore, the suit ought to be dismissed against the second defendant, with costs.

5. Based on the above pleadings this court framed the following issues for trial.

1. Whether the plaintiff is entitled to the suit claim with subsequent interest against the defendant?

2. To what other relief?

6. To prove the case, Mr. P. Gowtham, a recovery official from the Regional office of Canara Bank at Namakkal, was examined as witness PW1 for the plaintiff. He marked nine documents as exhibits A1 to A20. The second defendant

testified as DW1 and did not submit any documents. There is no oral or documentary evidence on behalf of the 1st defendant.

7. The plaintiff is a Corporation constituted by the functioning under the Banking Act of 1955. The plaintiff is doing banking business per the rules and regulations and has branches all over India, including the one at Rasipuram. The plaintiff bank is advancing loans on different needs, considering the needs and necessities of its customers. The above facts are undisputed.

8. The learned counsel for the plaintiff commenced his arguments by outlining the facts of the case. He further argued that the First Defendant had admitted in his written statement to having availed a loan from the plaintiff bank, and that the outstanding balance was substantiated by the account statement. He further contended that the Second Defendant, despite having appeared at the plaintiff bank and executed a Guarantee Agreement, was now falsely contesting the claim by willfully denying that he had executed such an agreement. He asserted that the signatures appearing on the Guarantee Agreement belonged to the First and Second Defendants, and that the plaintiff had proved its case; consequently, he argued that a decree ought to be issued as prayed for by the plaintiff.

9. Although an adequate opportunity was afforded to the First Defendant to present his case, no arguments were advanced on his behalf.

10. The learned counsel for the Second Defendant presented arguments refuting the plaintiff's case. He contended that the Second Defendant had not executed any Guarantee Agreement in favour of the plaintiff bank. He pointed out that while the original suit described the Second Defendant as a "co-borrower," PW1 (the plaintiff's witness) had, in his testimony, referred to him as a "guarantor." He further argued that the Guarantee Agreement bore no attesting witnesses, did not

feature a photograph of the Second Defendant, and that the plaintiff bank had failed to submit any identity documents pertaining to the Second Defendant. He asserted that, apart from the oral testimony, there was no other evidence to substantiate the claim that the Guarantee Agreement was executed by the Second Defendant. He highlighted that during cross-examination, PW1 admitted he was not employed by the bank at the time the agreement was executed and therefore had no direct personal knowledge of the event. Under these circumstances, he argued that the Guarantee Agreement had not been duly and legally proven; consequently, imposing any liability upon the Second Defendant would be legally untenable, and thus, the suit ought to be dismissed insofar as it pertains to the Second Defendant.

Issue No. 1.

11. PW1 testified that, on August 6, 2018, the defendants obtained a loan of ₹6,40,000 from the plaintiff bank under the Micro and Small Enterprises scheme for the purchase of power loom machinery; they agreed to repay this loan at an interest rate of 10.90% and, on the same date, executed and submitted the necessary loan documents to the plaintiff bank. Furthermore, on the same date, they submitted the loan application, sanction letter, and loan agreement form to the bank. The loan amount was disbursed on the same day via a transaction to the First Defendant's bank account bearing No. 0735766000046. The borrowers were required to commence repaying the loan instalments to the bank from December 2018; however, the First Defendant failed to duly repay the loan obtained from the bank and, despite being personally met and served with a demand for repayment, did not come forward to make the payment. Subsequently, on August 13, 2021, the First Defendant acknowledged the debt and submitted a debt acknowledgement letter to the bank. Thereafter, although the bank issued a notice on August 23, 2022, the defendants still failed to repay the loan. PW1 further testified that, as per the accounts dated March 24, 2023, a total outstanding balance of ₹4,98,030.97— comprising both principal

and interest—remains due to the bank from the defendants. To substantiate his testimony, the loan application dated August 6, 2018, has been marked as Ex.A1; the sanction letter as Ex.A2; the loan agreement dated August 16, 2018, as Ex.A4; the hypothecation agreement as Ex.A6; the guarantee agreement dated August 16, 2018, as Ex.A9; and the bank account statement dated March 24, 2023, as Ex.A10.

12. PW1 further testified that, on June 19, 2020, under the Micro and Small Enterprises scheme, the First Defendant obtained a loan of ₹1,00,000 from the Plaintiff Bank for 'Stock Products' (under the COVID Support GECL facility). The First Defendant agreed to repay the said loan at an interest rate of 7.50% and, on the same date, executed and submitted the relevant loan documents to the Plaintiff Bank. Specifically, on June 19, 2020, the First Defendant executed and submitted the loan application, sanction letter, and loan agreement form to the Plaintiff Bank. The said bank loan amount of ₹1,00,000 was disbursed into the First Defendant's bank account (Account No. 073 5755000042) on June 19, 2020. The borrower was required to commence repayment in 36 monthly installments of ₹3,111, starting from July 19, 2021; however, the First Defendant has not paid a single installment to the Bank to date. Despite the Bank formally calling upon the First Defendant to discharge the debt, he failed to make any payment. Consequently, a legal notice was issued on August 23, 2022; yet, the First Defendant still failed to repay the loan. According to the account statement maintained by the Bank, an outstanding balance of ₹78,475.86 remained as of March 19, 2023. In support of his testimony, the following documents have been marked: the loan application dated June 19, 2020, as Ex.A12; the sanction memo for the second loan, dated June 19, 2020, as Ex.A13; the loan agreement dated June 19, 2020, as Ex.A14; the Promissory Note dated June 19, 2020, as Ex.A15; the notice dated August 23, 2022, as Ex.A16; the online copy acknowledging receipt by the defendant as Ex.A17; and the bank account statement as Ex.A18.

13. The first defendant in his written statement stated that he is running a company in the name and style of Shri Balaji Enterprises, involved in the business of manufacturing Towels and Dhotis. He admits that he had availed a loan from the plaintiff towards starting the above-mentioned textile company. Therefore, the 1st defendant admitted the borrowing of loan from the plaintiff bank.

14. During the cross-examination of PW1 for the First Defendant, it was claimed that the First Defendant never signed a revival letter EX.A7 and that this document was fabricated. It is important to note that in the First Defendant's written statement, there was no mention that he had not signed the revival letter or that his signature was forged by the Plaintiff. Since the First Defendant did not contest the revival letter in his written statement, the Court concludes that challenging its validity during cross-examination without proper pleadings is not allowed. Additionally, the First Defendant did not claim in his written statement that the suit was barred by limitation. Based on these facts, the contention made by the Second Defendant is unjustified and must be rejected.

15. The 2nd defendant in his written statement specifically contended that second defendant has not availed himself of any loan from the Plaintiff, nor has he executed any document in connection therewith. Second defendant has not affixed his signature to any of the documents pertaining to the loan in question.

16. According to the plaintiff's averments there are no averments or allegations regarding the 2nd defendant. But, in the chief affidavit of PW1, it is stated that the 2nd defendant is a guarantor to the 1st defendant for the 1st loan. The PW1 testimony further states the 2nd defendant executed Ex. A6 Guarantee Agreement. As already pointed out that the 2nd defendant denied execution of any document favouring the plaintiff.

17. In these circumstances, it is the Plaintiff's responsibility to establish the authenticity of the Guarantee Agreement (Ex. A6). The document, filed by the Plaintiff, was examined carefully. It shows that on August 16, 2018, the Second Defendant signed the Guarantee Agreement as a guarantor for a loan the First Defendant obtained from the Plaintiff Bank. PW1 testified that the First Defendant signed as the borrower, and the Second Defendant as the guarantor. Ex. A6 bears two signatures: one for the borrower and one for the guarantor. The Second Defendant has denied the signature on the agreement, so the Plaintiff must prove that the signature belongs to the Second Defendant. There are no witnesses or signatures on the document to confirm who signed it or in whose presence it was signed. No witnesses to the signing were examined. PW1 also testified he was not employed at the bank when the loan was approved, was not present during its sanctioning, and was not present when the documents were signed. Therefore, PW1 has no direct knowledge of the signing. The then-branch manager was not examined as a witness, and no witnesses signed the agreement. As a result, the Plaintiff has not provided evidence that the signature belonged to the Second Defendant. Thus, the Court finds that the Plaintiff has failed to prove that the Guarantee Agreement (Ex.A6) was signed by the Second Defendant. Without proof of execution by the Second Defendant, no liability can be established.

18. The court must review the details of the total amount paid by the First Defendant to the Plaintiff Bank and the remaining balance. PW1 testified that, as of 24.03.2023, the First Defendant owed Rs 4,98,030/-; this account statement is marked as Exhibit A8. PW1 testified that, as of 19.03.2023, the First Defendant owed Rs 78,475/-; this account statement is marked as Exhibit A18. According to exhibit A4 and Ex. A14 (the Loan Agreements), if instalments are not paid on time, penal interest applies. Although the First Defendant disputes the account statement's accuracy, no questions were asked about its contents. No inquiries were made about

Interest calculations, penal interest, or how the current outstanding balance was determined. Additionally, the First Defendant did not submit any calculation memo to support their claims about payments made versus the outstanding amount. Given these facts, the First Defendant has not provided sufficient grounds to challenge the bank statement. Therefore, the Plaintiff Bank has proved that, as per the bank account statement, Rs. ₹5,76,507. was still outstanding on both loans at the time the suit was filed. Therefore, this Court has no reason to reject the account statement filed by the plaintiff.

19. As a result, the plaintiff's case has been proven. The bank account statement submitted indicates that the outstanding amount is Rs. ₹5,76,507. The first defendant is the borrower, liable to repay the amount owed to the plaintiff bank. Since this case involves a commercial transaction, the first defendant must pay the contractual interest rate for the subsequent interest. However, considering the defendants' circumstances, this court sets the interest rate at 7% per annum and has no hesitation in granting the relief requested by the plaintiffs.

Issue No. 2

20 . Because of the answer to the above issue, this issue does not require any consideration.

As a result, the suit is decreed as prayed for with costs. The first defendant is ordered to pay the plaintiff a sum of Rs 5,76,507/- (Rupees Five Lakhs Seventy Six Thousand Five Hundred and Seven only) along with subsequent interest at the rate of 7% per annum on the suit amount from the date of the suit until the amount is fully paid.

Dictated to the Steno-typist, typed by her directly on computer, corrected and pronounced by me in the Open Court dated this the 17th day of April 2026.

Subordinate Judge,
Rasipuram.

Appendix:-**List of Plaintiffs' side Witnesses :-**

P.W.1.Gowthem, Branch Manager of plaintiff bank.

List of Plaintiffs' side Exhibits:-

Ex.A.1	14.12.2022	Authorization Letter (Certified copy)
Ex.A.2	06.08.2018	Application form for Loans to Micro and Small Enterprises (MSEs) I st loan (Original)
Ex.A.3	16.08.2018	Sanction Memorandum regarding above I st loan (Original)
Ex.A.4	16.08.2018	Agreement cum Deed of Hypothecation regarding above I st loan (Original)
Ex.A.5	16.08.2018	Deed of Hypothecation RE: Machinery regarding above I st loan (Original)
Ex.A.6	16.08.2018	Guarantee Agreement (Original)
Ex.A.7	13.08.2021	Acknowledgment of Debt and Security (Original)
Ex.A.8	24.03.2023	Account Statement up to 24.03.2023 with 2A Certificate (Computer Copy)
Ex.A.9	23.08.2022	Legal Notice sent to the defendants by the plaintiff bank (Office copy)
Ex.A.10	25.08.2022	Served Acknowledgment of postal legal notice issued to the 2 nd defendant (Online copy)
Ex.A.11	02.09.2022	Served Acknowledgment of postal legal notice issued to the I st defendant (Online copy)
Ex.A.12	19.06.2020	Application form for Loans to Micro and Small Enterprises (MSEs) 2 nd loan (Original)
Ex.A.13	19.06.2020	Sanction Memorandum regarding above 2 nd loan (Original)
Ex.A.14	19.06.2020	Agreement cum Deed of Hypothecation regarding above 2 nd loan (Original)
Ex.A.15	19.06.2020	Pronote (Original)
Ex.A.16	23.08.2022	Legal Notice sent to the defendants by the plaintiff bank (Office copy)
Ex.A.17	02.09.2022	Served Acknowledgment of postal legal notice issued to the defendant (Online copy)
Ex.A.18	24.03.2023	Account Statement up to 19.03.2023 with 2A Certificate (Computer Copy)
Ex.A.19	20.03.2023	Pre-Mediation Order No. 70/23 dated 20.03.2023 (Original)
Ex.A.20	02.04.2024	Authorization Letter (Certified copy)

List of Defendant side Witnesses :

D.W.1 – Thiru. Murugan

List of Defendant side Documents: Nil

Subordinate Judge,
Rasipuram.