IN THE COURT OF THE SUBORDINATE JUDGE,
UDHAGAMANDALAM.
Present: Tmt. G. Bharathi Prabha, B.A., B.L.,
Subordinate Judge
Udhagamandalam
(J.O.Code: TN01448)

Wednesday, the 24th day of June, 2026

C.O.S.No.25 of 2023

CNR No.TNNS02-000421-2023

Canara Bank,
Ootacamund Branch,
Rep. By its Chief Manager … Plaintiff

-Vs-

1. M/s.Raj Enterprises Represented
   by its Proprietor Rajendra Singh
2. Narbath Singh … Defendants

This suit is coming on 19.06.2026 for final hearing before this court, in the presence of Tr.A.Mahesh, B.A(Law).,LL.B., Advocate for the plaintiff and Tr.H.Bheemaraj, M.A., LL.B., Advocate for the 2nd defendant and the 1st defendant is remained exparte and upon hearing the plaintiff's side argument, upon perusing all the material records and having stood over till this day, for consideration this court delivered the following:-

JUDGMENT

The suit is filed for recovery of a sum of Rs.22,06,770/- only with interest thereon at 14.95% p.a. compounded with monthly rest from the date of suit till payment to the plaintiff bank and for costs of the suit.

2. The plaintiff contends that, the 1st defendant borrowed a sum of Rs.10,00,000/- from the plaintiff on 01.06.2017, for the term loan of the 1st defendant. The 2nd defendant is the guarantor for the due repayment of the above loan with interest granted to the 1st defendant. The defendants executed loan papers on the same day. The defendants also agreed to pay interest at the rate of 11% compounded with monthly rest from the date of the grant of the loan or at such rate or rates in consonance with the Reserve Bank of India guidelines. The plaintiff had renewed/restructured the aforesaid loan facility of Rs.10,00,000/- to the defendants on 01.06.2018. The defendants also agreed to pay interest at the rate of 11.85% p.a. compounded with monthly rest from the date of the renewal/grant of the loan or at such rate or rates in consonance with the Reserve Bank of India guidelines. In respect of the loan facilities granted to the defendant, there has not been proper repayment in the said accounts resulting the said account becoming NPA as per the Reserve Bank of India guidelines. There is a sum of Rs.20,30,459.48 due by the defendants to the plaintiff. The interest is calculated up to 01.04.2023. Now, there is a sum of Rs.22,06,770/- due by the defendants to the plaintiff. The 1st defendant under his Acknowledgment of Debt dated 31.05.2020 has also acknowledged his liability to the plaintiff bank. The 1st defendant has removed the Hypothecated goods from his business premises and hence the plaintiff is unable to proceed against the Hypothecation goods. The plaintiff filed a mediation application before the Chairman Nilgiris District Legal Services Authority, Udhagamandalam for mediation. The same was numbered as PIM No.31/2023 and the same was disposed on 27.09.2023 state that the Opposite Party/Defendant herein failed to appear before the mediation on the scheduled dated for appearance. Hence, the suit.

3. The 2nd defendant contend that, the suit is false, frivolous and vexatious and the same is unsustainable both in law and on facts of the case. The suit as framed for is misconceived and making the defendants nos. 1 and 2 and abuse of process of law. The defendants has signed blank documents and Non-filed forms. Due to natural disaster, the agricultural plantations are went loss. Hence, they applied for waiver of loan to bank since, the 2nd defendant have no sources to repay the amount. This defendant being the guarantor he signed because of suggestion of branch Manager. After that the defendant cancelled his guarantor, the same was well known to branch Manager. The cause of action is false and the same is denied. The suit is not maintainable in law since the amount paid by the defendants neither deducted in capital nor in interest. The description of the amount in the prayer is totally incorrect and wrong. In any event the plaintiff is not entitled to the relief prayed for. Hence, this suit is may be dismissed.

4. The 1st defendant remained exparte.

5. Based on the pleadings and the documents the following Issues were framed,

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

6. During the course of Trial, the plaintiff examined its Chief Manager as PW.1 and marked Ex.A.1 to Ex.A.11 were marked. On the side of the 2nd defendant no witnesses were examined and no documents were marked.

Issue No. 1:

7.1. The plaintiff filed the suit for recovery of a sum of Rs.22,06,770/- with interest contending that, the defendants borrowed a loan of Rs.10,00,000/- on 01.06.2017 agreeing to repay the same with interest. The defendants did not pay the due amount, but, they executed acknowledgment of debt. The demands made by the plaintiff went in vain, hence, the plaintiff filed the suit.

7.2. The 2nd defendant has pleaded that he is the guarantor of the 1st defendant and he has send a petition to the plaintiff to relieve him from the guarantee he should to the 1st defendant. Hence, he is not liable to repay the loan and the suit may be dismissed.

7.3. Even though the 2nd defendant has proved that he is a guarantor alone. He is bound by the duties cost upon a guarantor. A guarantor's liabilities are significant. Essentially, if the primary borrower fails to meet their debt obligations, the guarantor becomes responsible for fulfilling those obligations, including repayment of the principal, interest, and any associated fees or penalties. This liability is typically co-extensive with the borrower's, meaning the guarantor can be held liable to the same extent as the original borrower. The guarantor is equally responsible for the loan amount if the principals borrower failed to repay the same. While cross examining PW1 the 2nd defendant has questioned him that he send a letter for relinquishment of his guarantee to the 1st defendant and the PW1 has admitted the same but has stated that he could not be relieved from the guarantee till the disposal of the loan. The relevant portion of the cross examination of PW1 is as follows:-

“2ம் பிரதிவாதி இந்த கடனில் இருந்து தன்னை விடுவிக்க வேண்டும் என்றும் பொறுப்புறுதியை திரும்ப பெற்றுக்கொள்வதாகவும் கூறி ஒரு மனுவினை

எங்கள் வங்கிக்கு அனுப்பிவைத்துள்ளார் என்று சொன்னால் சரிதான். ஆனால், வங்கி கடன் முடியும் வரை அவ்வாறு அவரை பொறுப்பில் இருந்து விடுவிக்க இயலாது.”

Hence, the 2nd defendant is also responsible and he is liable to repay the loan amount.

7.4. The plaintiff examined its Chief Manager as PW-1 and marked the Ex.A1 to Ex.A11 in order to prove their case. Since, the borrowal of the defendants has been admitted and the failure of repayment has also not been disputed by the defendants, the questions remains to be determined is, whether, the defendants agreed for the interest mentioned in the Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8 and in the plaint? The PW-1 had categorically deposed that, the Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8 was executed by the defendants on the date mentioned thereon, thereby, the PW1 has deposed that the defendants also agreed to pay interest at the rate of 11.85% compounded with monthly rest from the date of the grant of the loan or at such rate or rates in consonance with the Reserve Bank of India Guidelines through Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8. Even though, the defendants had took a stand that, they have not agreed for the rate of interest mentioned in the plaint as per Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8 but the defendants had not get into the witness box for the purpose of substantiating their contention, thereby, they denied the option of cross examination touching the genuineness of their defence by the plaintiff. No satisfactory explanation was offered on the side of the defendants for the non examination of the defendants who is the borrowers and the executants of Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8. The stand taken by the defendants opposing the rate of interest fixed by the bank i.e. through Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8 are not supported by any kind of evidence, more specifically, after the plaintiff had discharged its initial onus to prove the genuineness of Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8 by examining the PW-1 and by producing the said records. The mere denial of the rate of interest fixed through Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8. Mere denial of rate of interest itself cannot be considered as a proof of the defence taken by the defendants. If the defendants had get in to the witness box, the genuineness of their defence could have been tested through their cross examination by the plaintiff. The non examination of the defendants creates a strong doubt over their defence and supports the case of the plaintiff. Therefore, this court is of the view that, the execution of Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8 by the defendants on the date mentioned thereon had been successfully proved by the plaintiff and the rate of interest agreed by the defendants were proved by the plaintiff through Ex.A2, Ex.A3, Ex.A5, Ex.A7 and Ex.A8.

7.5 The plaintiff filed the suit for the recovery of a sum of Rs.22,06,770/- with subsequent interest at the rate of 14.95% P.A. with monthly rest as per the agreement in Ex.A3. The perusal of Ex.A11 Statement of Account discloses that, the defendants owe to pay a sum of Rs.20,30,459.48 as on 01.04.2023. The defendants, though, had denied the execution of Ex.A9, had not contended that, they had repaid the due amount entirely. Since, the Ex.A9 was executed by the defendants and the suit is in time, the defendants' liability to repay the due amount in Ex.A11 with interest cannot be absolved. Hence, this court is of the view that, the defendants are liable to pay the due amount with interest. The Issue is answered accordingly.

8. **<u>Issue No.2:</u>**

However, considering the high rate of interest for the subsequent period, this court is inclined to reduce the same for the subsequent period. The point is answered accordingly. Having regard to the above, this court comes to the conclusion that, the plaintiff is entitled to the decree accordingly. Thus, the Issue is answered.

9. **In the result,**

The suit is decreed directing the defendants to pay the plaintiff, a sum of Rs.22,06,770/- with interest thereon at the rate of 9% p.a. from the date of suit till the date of decree, 6% p.a. from the date of decree till the date of realization and with costs. Time for payment Two months.

Dictated to the Steno-Typist, directly typed by him in computer, corrected and pronounced by me in the open court on this the 24th day of June, 2026.

G. Bharathi Prabha

Digitally signed by G. Bharathi Prabha
Date: 2026.06.24 18:14:15 +0530

SUB JUDGE,
UDHAGAMANDALAM.

I. **Plaintiff's Side Witnesses:**

PW1 – Thiru. K.Kannan (Chief Manager)

II. Plaintiff's Side Exhibits:

Ex-A1	28.10.2016	Loan Application	Xerox copy
Ex-A2	10.05.2017	Sanction Letter	Xerox copy
Ex-A3	01.06.2017	Cash Agreement	Xerox copy
Ex.A4	01.06.2017	Guarantee Agreement	Xerox copy
Ex.A5	01.06.2017	Pronote	Xerox copy
Ex.A6	07.05.2018	Loan Application	Xerox copy
Ex.A7	07.05.2018	Sanction Letter	Xerox copy
Ex.A8	01.06.2018	Letter of Renewal	Xerox copy
Ex.A9	31.05.2020	Acknowledgement of Debt	Xerox copy
Ex.A10	27.09.2023	Form-3 Non Starter Report	Xerox copy
Ex.A11	20.04.2023	Accounts with interest calculation memo	Xerox copy

III. Defendants Side Witnesses & Exhibits: -Nil-

G. Bharathi Prabha

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Date: 2026.06.24 18:14:21 +0530

SUB JUDGE,
UDHAGAMANDALAM.

Sub Court, Udhagamandalam Copy of Judgment	
C.O.S.No:	25/2023
Date:	24.06.2026