

## **M/S. Shree Bharat Laxmi Wool Store, ... vs Punjab National Bank And Another on 28 November, 1991**

**Equivalent citations:** AIR1992SC521, JT1991(6)SC543, 1991(2)SCALE1170, (1992)1SCC204, [1991]SUPP3SCR27, 1992(1)UJ191(SC), AIR 1992 SUPREME COURT 521, 1992 (1) SCC 204, 1992 AIR SCW 173, (1992) 1 APLJ 33, (1991) 6 JT 543 (SC), 1992 SCFBRC 163, 1991 (6) JT 543, 1992 (1) UJ (SC) 191, (1991) 3 CURCC 747, (1992) 2 LANDLR 219, (1992) 1 BANKLJ 317, (1992) 1 BANKCAS 210, (1992) 19 ALL LR 167, (1992) 1 ALL RENTCAS 355, (1992) BANKJ 369, (1992) 2 BANKCLR 50

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**Bench:** K. Jagannatha Shetty Shetty, R.M. Sahai

ORDER

K. Jagannatha Shetty, J.

1. The respondent bank instituted a suit in the Court of Sub-Judge, Panipat, for recovery of Rs. 81,137.39 against the appellants herein. The Subordinate Judge decreed the suit allowing contractual rate of interest at 10-1/2 per annum from the date of suit till the date of realisation. The appeal against the decree was dismissed by modifying the interest payable as follows :

That the future interest payable on the amount in suit is reduced to 6% per annum from the date of suit till realisation.

2. The High Court in second appeal did not agree with the modification made by the District Judge and it restored the rate of interest allowed by the Sub-Judge.

3. The award of interest from the date of suit till the date of payment is regulated by Section 34 of the Civil Procedure Code. Section 34 before the 1977 amendment provided that the court may award interest as it deems reasonable on the principal sum adjudged from the date of suit to the date of the decree and further interest at such rate not exceeding 6% as the court deems reasonable from the date of decree to the date of payment. Section 34 was amended by CPC (Amendment) Act 194 of 1976 and Section 13 of the Amending Act has added a proviso, which reads as follows :

Provided that where the liability in relation to the sum so adjudged had arisen out of a commercial transaction, the rate of such further interest may exceed six per cent per annum, but shall not exceed the contractual rate of interest or where there is no contractual rate, the rate at which moneys are lent or advanced by nationalised banks in relation to commercial transactions.

4. This amendment was brought into force with effect from 1.2.1977 and by