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Summary:

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will conclude the discussion on this issue by reproducing the plea taken by the defendants in the affidavit of Mr. B. K. Sahni in the following words :

"Even though a bank for the purpose of its book-keeping adds interest to the principal periodically and then treats the principal and interest as principal and during the next calculating period (whether quartely, six monthly or yearly) treats the principal plus interest as principal, but under the Code of Civil Procedure the principal amount remains separate as it was at the time when the first loan was granted and interest over interest remains separate. As regards the loan accounts which Mr. Fenton had with the Halifax Commercial Banking Company Ltd., in each of the calender years 1920 and 1921 when interest fell due half- yearly on June 30, and December 31, Mr. Fenton did not make any payment to the bank, and the bank, at the end of each half-year, simply debited the accounts with the accrued interest and carried the balance forward, charging interest at the end of the succeeding half-year on the accumulated principal and interest and so on. Lord Atkin, in his opinion, has recognised the practice of adding interest to the sum advanced then charging interest on the sum total of the two as the principal sum in the following words :

"The privilege of a banker to balance the account at the end of the year and accumulate the interest with principal is founded on this plain ground of equity, that

Syndicate Bank vs West Bengal Cements Ltds. The bank further claims that originally the rate of interest was 10.5% per annum and because of enhancement in the bank rate by the Reserve Bank of India, the interest chargeable from the defendant also stood enhanced and the defendant had agreed to be bound by the various rules and regulations of the bank regarding enhancement of interest and the same has been charged at the rate of 16.5 per cent. In this case, we are concerned with

the scope of section 34 in regard to the grant of interest at two stages, viz., (1) from the date of the suit to the date of the decree, i. e., pendente lite interest ; and (2) from the date of decree to the date of payment i.e., future interest or further interest.

Key Clauses:

1. Syndicate Bank vs West Bengal Cements Ltds.
2. And Others on 10 October, 1988 Syndicate Bank vs West Bengal Cements Ltds.
3. And Others on 10 October, 1988 Equivalent citations:
4. [1991]71COMPCAS602(DELHI), AIR 1989 DELHI 107, (1989) 1 BANKCLR 508 (1991) 71 COMCAS 602, (1991) 71 COMCAS 602 Author: Y.K. Sabharwal Bench: Y.K. Sabharwal ORDER Y.K. Sabharwal, J. 1.
5. The plaintiff, Syndicate Bank, has filed this suit for recovery of Rs.
6. 33,39,026.75.
7. The case as set up in the plaint is that the bank, amongst various other facilities, sanctioned an overdraft limit of Rs.
8. 10,00,000 to defendant No. 1 company against hypothecation of fiat cars, jeeps and commercial vehicles.
9. The defendants, in consideration of the said overdraft limit, executed a demand promissory note dated February 2, 1972, for the said sum of Rs.

10. 10,00,000 carrying interest at 10.5% per annum for the time being.

Detected Risks:

No risks detected.

- **New Data Protection Law:** The latest regulations require enhanced user consent for data collection.
- **Compliance Update:** Updated guidelines on contract enforcement and risk mitigation.