

Vijaya Bank and Others Vs Jasti Obaiah and Others

Court: Andhra Pradesh High Court

Date of Decision: Nov. 29, 1999

Acts Referred: Banking Regulation Act, 1949 " Section 21A

Citation: (2000) 1 ALT 550

Hon'ble Judges: B. Prakash Rao, J

Bench: Single Bench

Advocate: C. Trivikrama Rao, C.V. Rajeeva Reddy, on behalf of G. Bhaskara Rao, died, P.R. Prasad, E.S. Ramachandra Murthy, D. Gopala Rao and Bathula Venkateswara Rao, for the Appellant; P. Surendra Babu, for Respondent Nos. 1 and 3 in A.S. No. 2273/89, for the Respondent

Final Decision: Allowed

Judgement

B. Prakash Rao, J.

In all these matters, the claim is made by the Banks, seeking recovery of the loans advanced on the basis of the

security created by way of mortgage. The common question involved is the scaling down of interest under Act 4 of 1938 in view of the amendment

to Section 21-A of the Banking Regulation Act.

2. I have already considered this question in a batch of cases reported in Union Bank of India, Eluru Vs. Koduri Veera Raghavayya and others,

and held that the interest charged in pursuance of mortgage transactions is valid and the amendment to Section 21-A of the Banking Regulation Act

applies to all transactions after the amendment coming into force and also to the suits pending or the appeals challenging the decrees and

accordingly the interest in respect of agricultural transactions has to be calculated only on the basis of yearly rests and not on quarterly or half

yearly rests and where as in commercial transactions, charging of interest with quarterly or any such longer rests is admissible. Following the said

decision of mine, I pass the order as under:-

All the appeals are allowed and remanded to trial Court to pass fresh decrees and the Court fee paid on the memorandum of appeal may be

returned. No costs.