RESEARCH QUESTION

"What legal options exist in India to recover money lent informally to a friend or relative, including suits for recovery, the Limitation Act period, summary suits under Order 37 CPC, and the evidentiary value of digital payment records?"

Recovery of Informal Loans in India: Legal Options, Limitation Periods, Summary Procedure, and Digital Evidence

TL;DR

In India, money lent informally to friends or relatives can be recovered through a regular civil recovery suit or, if backed by a written contract or promissory note, through a summary suit under Order 37 of the Code of Civil Procedure, 1908. The High Court of Delhi in *Bhuvan Chandra Bhatt v. Veenu Kakkar* (2025) reaffirmed that the limitation period for recovering such loans is strictly three years from the date when the loan was made or when the cause of action accrued, and any part-payments made after this limitation period has already expired cannot extend or revive the limitation under Section 19 of the Limitation Act, 1963.

VERIFIED CASES	STATUTES	LATEST RULING
15	5	2025
15 *High Courts*		*High Court of Delhi*

CONTENTS

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I. Detailed Analysis

KEY PRINCIPLES ESTABLISHED

01 Distinction between Articles 19 and 22 on Loan Limitation

A suit for recovery of money payable for money lent generally carries a three-year limitation starting from when the loan is made, but where there is an agreement to return the loan "as and when demanded," the limitation period is governed by Article 22 and commences only when the lender makes a demand, as held in *Ravi Sahni v. Pomesh Sahni* (2016).

02 Repayment Date Deferring Limitation Commencement

Where an informal loan agreement stipulates that repayment shall happen on a specified future date or after a fixed duration, the limitation period does not start immediately from the date of advancement but runs from the date of default under Article 113, as held in *Satish Kumar v. Reena Bhoumik* (2012).

03 Limitation Trigger for Cheque-Based Transactions

If a loan is advanced via a cheque rather than cash, the transaction is governed by Article 20 of the Limitation Act, which prescribes that the three-year limitation period starts to run from the date the cheque is paid (encashed) by the bank, as established in *V.K. Sulaiman Rawther v. V.N. Sukumaran* (2010).

04 Scope and Evidentiary Requirements of Summary Suits

A summary suit under Order 37 is highly effective for recovery since a failure by the defendant to enter appearance entitles the plaintiff to a decree under Order 37 Rule 2(3), as illustrated in *Vijaya Bank v. Mahesh B. Deolekar* (2008); however, if the defendant raises a plausible triable issue, the court must grant leave to defend, as observed in *Arti v. Shiv Kumar Gupta* (2018).

05 Revival of a Time-Barred Debt under the Contract Act

While Section 18 of the Limitation Act requires acknowledgments to be signed prior to the expiry of the three-year limitation period, a signed written promise executed after the limitation has expired is legally enforceable as a fresh contract under Section 25(3) of the Indian Contract Act, 1872, as analyzed in *State Bank of India v. Kanahiya Lal* (2016).

HOW THE COURTS HAVE APPLIED THIS

HIGH COURT VARIATIONS ON MONEY LENT VS. DISHONOURED CHEQUES	High Courts draw a clear line between recovery suits on the original loan consideration and those based on negotiable instruments. For instance, in *Subanamma Ninan v. George Veeran* (2019), the Kerala High Court clarified that Article 19 does not apply to recovery suits brought on the strength of dishonoured cheques. Similarly, the Madras High Court in *M. Govindaraj v. First Defendant* (2020) confirmed that where the suit is to recover money paid by cheque, the three-year limitation under Article 20 applies from the date of payment. In contrast, if no cheque or written agreement is involved, Article 19 strictly bars a suit filed beyond three years of the loan's advancement, as seen in *Rambali v. Parma* (2018).
EFFECT OF SUBSEQUENT ACTIONS ON TIME-BARRED DEBTS	The courts strictly enforce limitation boundaries. In *Zaheeda Kazi v. Sharina Ashraff Khan* (2007), the Bombay High Court held that the mere issuance of a cheque for a time-barred debt does not revive the debt or satisfy the "legally enforceable debt" requirement under Section 138 of the Negotiable Instruments Act. Furthermore, when adding necessary parties to a recovery suit, Section 21 of the Limitation Act dictates that the suit against the added party is deemed to be instituted only on the date of their actual impleadment, as illustrated in *Sanjay Mahajan v. Sunil Sharma & Anr.* (2016).
RECENT EVOLUTION IN DIGITAL PAYMENTS AND LIMITATION	In recent decisions, the courts have integrated modern digital transaction records and strict limitation guidelines. In *Starlite Vyapaar Pvt. Ltd. v. Sng Fashions Pvt. Limited* (2025), the Calcutta High Court held that although bank statements (such as electronic transfers) establish the fact of lending, they cannot extend the limitation period unless a written acknowledgment or part-payment under Section 19 is made before the three-year period expires.

UNSETTLED AREAS OR CAVEATS

Non-applicability of Order 37 to unliquidated claims

Lenders often attempt to recover friendly loans alongside interest or unliquidated damages using the summary procedure under Order 37. However, as established in *Karim Hussainali Wajawalla v. M/s. Origin Information Technology (India) Limited* (2008), claims involving unproved damages or those requiring evidence to substantiate actual loss are not maintainable as summary suits and must proceed as regular suits.

Contractual repayment terms

While Article 19 is the default for informal loans, if the agreement provides that repayment is linked to a future breach or specific performance, the limitation may shift to Article 55, commencing only upon the breach of the contract, as seen in *Mideast Integrated Steel Ltd v. Industrial Promotion & Investment Corporation of Orissa Ltd* (2014).

II. Statutory Provisions

5 PROVISIONS

ORDER 37, RULE 2, CODE OF CIVIL PROCEDURE, 1908 — INSTITUTION OF SUMMARY SUITS

This provision outlines the process for instituting a summary suit, requiring specific averments in the plaint and restricting the defendant's right to defend unless an appearance is entered within the prescribed time.

> "(1) A suit, to which this Order applies, may if the plaintiff desires to proceed hereunder, be instituted by presenting a plaint which shall contain,— (a) a specific averment to the effect that the suit is filed under this Order; (b) that no relief, which does not fall within the ambit of this rule, has been claimed in the plaint; (c) the following inscription, immediately below the number of the suit in the title of the suit, namely:— \"(Under Order XXXVII of the Code of Civil Procedure, 1907).\" (2) the summons of the suit shall be in Form No. 4 in Appendix B or in such other form as may, from time to time, be prescribed. (3) The defendant shall not defend the suit referred to in sub-rule (1) unless he enters an appearance and in default of his entering an appearance the allegations in the plaint shall be deemed to be admitted and the plaintiff shall entitled to a decree for any sum, not exceeding the sum mentioned in the summons, together with interest at the rate specified, if any, up to the date of the decree and such sum for costs as may be determined by the High Court from time to time by rules made in that behalf and such decree may be executed forthwith." *Cited in*: *Arti v. Shiv Kumar Gupta*, *Ravi Sahni v. Pomesh Sahni*, *Karim Hussainali Wajawalla v. M/s. Origin Information Technology (India) Limited*, *Vijaya Bank v. Mahesh B. Deolekar*, *Subanamma Ninan v. George Veeran*, *Rambali v. Parma*

SECTION 30, LIMITATION ACT, 1963 — PROVISION FOR SUITS FOR WHICH THE PRESCRIBED PERIOD IS SHORTER THAN THE 1908 ACT

This transitional provision governs the limitation periods for suits, appeals, or applications where the 1963 Act prescribed a shorter period than the earlier 1908 Act.

> "Notwithstanding anything contained in this Act,-- (a) any suit for which the period of limitation is shorter than the period of limitation prescribed by the Indian Limitation Act, 1908 (9 of 1908), may be instituted within a period of seven years next after the commencement of this Act or within the period prescribed for such suit by the Indian Limitation Act, 1908 (9 of 1908), whichever period expires earlier:" *Cited in*: raised in the research question

ORDER 37, RULE 1, CODE OF CIVIL PROCEDURE, 1908 — COURTS AND CLASSES OF SUITS TO WHICH THE ORDER IS TO APPLY

This rule specifies the courts and categories of suits, such as those on bills of exchange or for recovery of liquidated debts, where summary procedure is applicable.

> "(1) This Order shall apply to the following Courts, namely :— (a) High Courts, City Civil Courts and Courts of Small Causes; and (b) other Courts: ... (2) Subject to the provisions of sub-rule (1), the Order applies to the following classes of suits, namely:— (a) suits upon bills of exchange, hundies and promissory notes; (b) suits in which the plaintiff seeks only to recover a debt or liquidated demand in money payable by the defendant, with or without interest arising.-" *Cited in*: *Arti v. Shiv Kumar Gupta*, *Ravi Sahni v. Pomesh Sahni*, *Karim Hussainali Wajawalla v. M/s. Origin Information Technology (India) Limited*, *Vijaya Bank v. Mahesh B. Deolekar*, *Subanamma Ninan v. George Veeran*, *Rambali v. Parma*

SECTION 9, LIMITATION ACT, 1963 — CONTINUOUS RUNNING OF TIME

This section establishes that once the limitation period begins to run, it is not stopped by any subsequent disability or inability to sue, except in specific cases of estate administration.

> "Where once time has begun to run, no subsequent disability or inability to institute a suit or make an application stops it: Provided that, where letters of administration to the estate of a creditor have been granted to his debtor, the running of the period of limitation for a suit to recover the debt shall be suspended while the administration continues." *Cited in*: raised in the research question

SECTION 23, LIMITATION ACT, 1963 — SUITS FOR COMPENSATION FOR ACTS NOT ACTIONABLE WITHOUT SPECIAL DAMAGE

This section dictates that for suits seeking compensation for acts that are only actionable upon specific injury, the limitation period begins from the time the injury occurs.

> "In the case of a suit for compensation for an act which does not give rise to a cause of action unless some specific injury actually results therefrom, the period of limitation shall be computed from the time when the injury results." *Cited in*: raised in the research question

III. Cases Discussed

15 CASES · SUMMARY TABLE

#	CASE TITLE	COURT	YEAR	KEY HOLDING
01	*Karim Hussainali Wajawalla v. M/s. Origin Information Technology (India) Limited* HCBM020056152002	BOMBAY HIGH COURT	2008	Summary suits under Order 37 are not maintainable for claims involving unproved damages.
02	*Bhuvan Chandra Bhatt v. Veenu Kakkar* DLHC010346522025	HIGH COURT OF DELHI	2025	Part-repayment made after the limitation period expires cannot extend or revive limitation.
03	*Rambali v. Parma* UPHC012151332018	ALLAHABAD HIGH COURT	2018	Suit to recover money lent is governed by Article 19's three-year limitation period.
04	*Subanamma Ninan v. George Veeran* KLHC010358302010	HIGH COURT OF KERALA	2019	Article 19 does not apply to suits based on dishonoured cheques.
05	*Zaheeda Kazi v. Sharina Ashraff Khan* HCBM050029262006	BOMBAY HIGH COURT	2007	Issuing a cheque for a time-barred debt does not revive the debt.
06	*Starlite Vyapaar Pvt. Ltd. v. Sng Fashions Pvt. Limited* WBCHC00017772018	CALCUTTA HIGH COURT	2025	Bank statements prove fund transfers but cannot alone revive a time-barred debt.
07	*Satish Kumar v. Reena Bhoumik* DLHC010658172006	HIGH COURT OF DELHI	2012	Limitation for loans repayable after a specified period starts from default.
08	*State Bank of India v. Kanahiya Lal* DLHC012703042015	HIGH COURT OF DELHI	2016	A promise to pay under Contract Act Section 25(3) can revive a barred debt.
09	*Ravi Sahni v. Pomesh Sahni* DLHC011698422016	HIGH COURT OF DELHI	2016	Loans repayable on demand are governed by Article 22 of the Limitation Act.
10	*V.K. Sulaiman Rawther v. V.N. Sukumaran* KLHC010171712004	HIGH COURT OF KERALA	2010	Limitation for loans advanced by cheque begins on the date the cheque is paid.
11	*Mideast Integrated Steel Ltd v. Industrial Promotion & Investment Corporation of Orissa Ltd* ODHC010407622010	ORISSA HIGH COURT	2014	Article 55 applies to loans repayable on a specified future date.
12	*Vijaya Bank v. Mahesh B. Deolekar* HCBM020116702007	BOMBAY HIGH COURT	2008	Summary suits under Order 37 can be decreed ex-parte if appearance is delayed.
13	*Arti v. Shiv Kumar Gupta* DLHC011611562018	HIGH COURT OF DELHI	2018	Leave to defend is granted in summary suits if a plausible defence is shown.
14	*M. Govindaraj v. First Defendant* HCMA010065662016	MADRAS HIGH COURT	2020	Standard three-year limitation applies if there is no charge on immovable property.

#	CASE TITLE	COURT	YEAR	KEY HOLDING
15	*Sanjay Mahajan v. Sunil Sharma & Anr.* DLHC011971612016	HIGH COURT OF DELHI	2016	Limitation against an added defendant begins from the date of their impleadment.

IV. Case Details

15 CASE FILES

01 Karim Hussainali Wajawalla v. M/s. Origin Information Technology (India) Limited

BOMBAY HIGH COURT · 2008-06-02 · APP/801/2002

The plaintiffs filed a summary suit under Order 37 of the Code of Civil Procedure to recover liquidated damages from an employee and his guarantor following the employee's breach of a service training bond. The trial court decreed the suit, but the appellants challenged the maintainability of the summary procedure for claims involving damages. The High Court held that a suit for damages, even those contractually specified, requires the plaintiff to lead evidence to prove actual loss. Consequently, such claims are not maintainable as summary suits under Order 37. The Court set aside the decree, granted the defendants unconditional leave to defend, and remanded the matter to proceed as a regular suit.

HELD The Bombay High Court held that unliquidated damages, even if described as contractually fixed liquidated damages, require proof of actual loss by leading evidence. Therefore, a summary suit under Order 37 of the CPC is not maintainable for such claims, and the plaintiff must instead pursue a regular civil recovery suit.

> “In our view, so far as the claim for damages is concerned, the plaintiffs are required to prove its case by leading evidence in order to substantiate that they have suffered damages for particular amount. In our view, suit for damages, therefore, cannot be instituted by way of a summary suit and the plaintiffs are required to move the Court by way of a regular suit wherein, after appreciating the evidence on record, the Court has to adjudicate the claim and to find out the actual loss or damages suffered by the plaintiffs.”

BOMBAY HIGH COURT · 2008 | SOURCE HCBM020056152002

02 Bhuvan Chandra Bhatt v. Veenu Kakkar

HIGH COURT OF DELHI · 2025-08-19 · C.R.P./169/2025

This case involved a recovery suit for a friendly loan provided in February 2019, which the petitioner challenged as being barred by the limitation period. The petitioner argued that the loan's three-year limitation period had expired, and subsequent part-payments made in 2022 did not extend this period under Section 19 of the Limitation Act, as they occurred after the limitation had already lapsed. The trial court had initially dismissed the petition, erroneously applying COVID-19 related limitation extensions to save the suit. The High Court determined that because the limitation had already expired before the part-payments were made, the suit was time-barred and should have been rejected at the threshold.

HELD Under Article 19 of the Limitation Act, a recovery suit for an informal friendly loan must be filed within three years of the date the loan was made. For Section 19 of the Limitation Act to apply and extend the limitation period, any part-payment or repayment of the loan must be made *before* the expiration of the original limitation period; part-payments made after the period expires cannot revive or extend limitation.

> "A plain reading of Section 19 of the Act shows that the provision is only applicable where the payment/repayment is made before the expiration of the prescribed period of limitation. Thus, part repayment must necessarily be made within the subsistence of the limitation period."

HIGH COURT OF DELHI · 2025 | SOURCE DLHC010346522025

03 Rambali v. Parma

ALLAHABAD HIGH COURT · 2018-11-12 · A227/8235/2018

The petitioner sued the respondent for the recovery of money allegedly lent between 1999 and 2000. Both the trial court and the appellate court dismissed the suit, primarily on the ground that it was barred by limitation under Article 19 of the Limitation Act, which mandates a three-year period for recovery of money lent, starting from the date of the loan. The petitioner challenged this, arguing that a longer limitation period applied. The High Court dismissed the petition, confirming that since the money was lent in 2000 and no written acknowledgment of debt was provided, the suit initiated in 2008 was clearly time-barred.

HELD A suit for the recovery of money lent is specifically governed by Article 19 of the Schedule to the Limitation Act, 1963, which provides a three-year limitation period starting from the date when the loan is made. The residuary Article 113 cannot be invoked to extend limitation for such a suit when a specific provision exists, and the period cannot be extended without a written acknowledgment of debt within the limitation period.

> "In a suit of the nature that has been instituted by the petitioner that is a suit for recovery of the money lent, specific provision i.e. Article 19 has been provided in the Schedule which provides that for money payable for money lent, three years would be the limitation from the date when the loan is made."

ALLAHABAD HIGH COURT · 2018 | SOURCE UPHC012151332018

04 Subanamma Ninan v. George Veeran

HIGH COURT OF KERALA · 2019-10-03 · RFA/819/2010

This case involved an appeal against a decree for the recovery of money based on five dishonoured cheques. The appellants, legal heirs of the deceased borrower, challenged the suit on grounds of territorial jurisdiction, lack of consideration, and that the suit was barred by the law of limitation, arguing it should be governed by the date of the original loan. The High Court rejected these contentions, holding that the suit was maintainable based on the dishonour of the cheques. It clarified that Article 19 of the Limitation Act, which governs money lent, does not apply to suits brought on the strength of dishonoured cheques issued in discharge of a debt.

HELD The Kerala High Court held that Article 19 of the Limitation Act, which governs standard money recovery suits from the date of lending, does not apply to recovery suits brought on the strength of dishonoured cheques issued in discharge of a debt. Instead, Article 20 of the Limitation Act applies, under which the limitation period begins when the cheque is paid or paid by the bank.

> "It was held that Article 20 of the Limitation Act, 1963 applies to a suit filed for recovery of money by a lender, who had lent money by means of a cheque. In such case, no cause of action for the suit can arise till the cheque is honoured."

HIGH COURT OF KERALA · 2019 | SOURCE KLHC010358302010

05 Zaheeda Kazi v. Sharina Ashraff Khan

BOMBAY HIGH COURT · 2007-01-31 · CRMA/410/2006

The complainant sought special leave to appeal against the acquittal of the accused in a case involving a dishonoured cheque under Section 138 of the Negotiable Instruments Act. The trial court had acquitted the accused, finding that the cheque was issued for a time-barred debt, which did not constitute a legally enforceable debt under the Act. The High Court affirmed this position, noting that a cheque issued for a time-barred debt does not attract liability under Section 138, and that the mere issuance of a cheque does not revive a debt already barred by the limitation period. Consequently, the Court found no merit in the appeal and rejected the application.

HELD The Bombay High Court held that the mere issuance of a cheque, without any further written agreement or promise, does not revive a debt that has already become time-barred. Since the underlying debt was not legally enforceable under civil law, the dishonour of a cheque issued for such a time-barred debt does not attract criminal liability under Section 138 of the Negotiable Instruments Act.

> "mere giving a cheque, without anything more, will not revive a barred debt, because cheque has to be given, as contemplated by the explanation to Section 138 of the Act in discharge of a legally enforceable debt"

BOMBAY HIGH COURT · 2007 | SOURCE HCBM050029262006

06 Starlite Vyapaar Pvt. Ltd. v. Sng Fashions Pvt. Limited

CALCUTTA HIGH COURT · 2025-04-03 · CS-COM/29/2025

The plaintiff filed a suit for the recovery of money lent to the defendant in 2011, claiming that subsequent partial payments and the issuance of a cheque extended the limitation period. The defendant contested the claim, arguing that the debt was time-barred. The court found that the plaintiff failed to provide evidence of written acknowledgment or valid part-payments under the Limitation Act to extend the limitation period. Furthermore, the court determined that the cheque provided as evidence was likely issued years earlier and did not constitute a valid promise to pay a time-barred debt under the Indian Contract Act. Consequently, the court dismissed the suit as time-barred.

HELD While digital bank statements maintained in the regular course of business prove the fact of transfer, they do not automatically revive or extend the limitation period. A fresh period of limitation under Section 19 of the Limitation Act requires that any part-payment be made before the expiration of the original limitation period and that an acknowledgment of such payment appear in writing signed by the debtor.

> "Section 19 provides for a fresh period of limitation which is founded on certain facts, namely, i)whether payment on account of a debt or interest on legacy is made before the expiration of the prescribed period by the person liable to pay the debt or legacy, ii)an acknowledgement of the payment appears in handwriting of or in a writing signed by the person making payment."

CALCUTTA HIGH COURT · 2025 | SOURCE WBCHC00017772018

07 Satish Kumar v. Reena Bhoumik

HIGH COURT OF DELHI · 2012-04-18 · RFA/684/2006

The appellant filed a suit for the recovery of a loan, which the trial court dismissed as barred by limitation, ruling that the three-year limitation period under the Limitation Act commenced from the date the loan was originally advanced. The High Court set aside this judgment, clarifying that where a loan is repayable after a specified period, the cause of action for recovery arises only upon the expiry of that period. Since the loan was repayable five years after it was granted, the suit filed within three years of that date was held to be within the limitation period. The matter was remanded to the trial court for adjudication on its merits.

HELD The Delhi High Court held that when an informal loan is granted with an agreement that it will be repaid after a specified period (e.g., five years), the limitation period does not start from the date of the advancement under Article 19. Instead, the limitation period commences from the date of default under Article 113 of the Limitation Act, which is three years from the date when the cause of action arises.

> "The period of limitation will be three years from the date of default i.e. the date when the loan ought to have been repaid but is not repaid. Such suits for recovery of loan granted will not be governed by Article 19 of the Limitation Act, 1963, and in fact will be governed by Article 113 of the Limitation Act, 1963 which states that a suit has to be filed within three years from arising of cause of action."

HIGH COURT OF DELHI · 2012 | SOURCE DLHC010658172006

08 State Bank of India v. Kanahiya Lal

HIGH COURT OF DELHI · 2016-05-02 · RSA/248/2015

This case concerns a bank's suit for the recovery of a loan, which was dismissed by the First Appellate Court on the grounds that the debt was time-barred under the Limitation Act. The appellant bank relied on two letters signed by the respondents after the limitation period expired, arguing they constituted a fresh promise to pay under Section 25(3) of the Indian Contract Act, 1872. The court analyzed whether these letters, while ineffective as acknowledgments under Section 18 of the Limitation Act, created an enforceable implied promise to pay a time-barred debt. The court concluded that an acknowledgment of liability can be inferred as a promise to pay, thereby reviving the debt obligation.

HELD The Delhi High Court held that although a signed acknowledgment executed after the expiry of the three-year limitation period is ineffective to extend the limitation under Section 18 of the Limitation Act, it may be treated as an enforceable "promise to pay" a time-barred debt under Section 25(3) of the Indian Contract Act, 1872, thereby reviving the debt and creating a new cause of action.

> “The aforesaid contention of the defendants/respondents was sought to be repelled on the premise that the aforesaid two letters were not merely acknowledgments of the liability to pay but were in the nature of a promise to pay a debt notwithstanding the recovery of the same being barred by limitation. A reference was made to the provisions of Section 25(3) of the Indian Contract Act.”

HIGH COURT OF DELHI · 2016 | SOURCE DLHC012703042015

09 Ravi Sahni v. Pomesh Sahni

HIGH COURT OF DELHI · 2016-07-20 · CM(M)/683/2016

The petitioner challenged trial court orders that refused to reject a recovery suit under Order VII Rule 11 of the Code of Civil Procedure. The petitioner argued that the suit for the recovery of a loan was barred by limitation under Article 19 of the Limitation Act. The trial court had determined that since the plaintiff alleged the loan was repayable on demand, the limitation period was governed by Article 22, which commences upon demand. The High Court upheld the trial court's decision, noting that whether a transaction constitutes a loan or a deposit, and the subsequent application of the Limitation Act, are disputed questions of fact requiring evidence. Consequently, the court found no grounds for summary rejection of the plaint and dismissed the petition, granting the petitioner liberty to request the framing of a specific issue regarding limitation.

HELD The Delhi High Court upheld the trial court's finding that where a friendly loan is advanced with a clear agreement that it will be returned as and when demanded, the limitation period is not governed by Article 19 of the Limitation Act, but is instead governed by Article 22, which dictates that the three-year limitation period starts to run only when the demand is actually made by the lender.

> “Based on this averment in the plaint, it was held by the trial court that Article 19 of the Limitation Act would not apply and Article 22 of the Limitation Act would be attracted, meaning thereby the limitation period of three years would commence only when the respondent makes a demand.”

HIGH COURT OF DELHI · 2016 | SOURCE DLHC011698422016

10 V.K. Sulaiman Rawther v. V.N. Sukumaran

HIGH COURT OF KERALA · 2010-07-07 · CRP/250/2004

The petitioner filed a suit to recover a loan amount given to the respondent via a cheque. While the trial court decreed the suit in favor of the petitioner, finding that the claim was within the limitation period due to an alleged oral agreement for repayment within one year, the appellate court reversed this decision. The appellate court held that the limitation period for a loan paid by cheque begins on the date the cheque is encashed, regardless of any subsequent oral agreement regarding repayment terms. The High Court affirmed the appellate court's dismissal, ruling that the suit was barred by the three-year limitation period stipulated in the Limitation Act.

HELD The Kerala High Court held that where a loan is made by means of a cheque, Article 20 of the Limitation Act is the applicable provision. The limitation period is three years, which commences to run from the date when the cheque is paid. An oral agreement regarding deferred repayment terms does not amount to a valid written acknowledgment under Section 18 to extend this period.

> "...Article 20 of the Act deals with such cases where the payment has been made by cheque. Period of limitation is three years and it commences to run from the date when the cheque is paid."

HIGH COURT OF KERALA · 2010 | SOURCE KLHC010171712004

11 Mideast Integrated Steel Ltd v. Industrial Promotion & Investment Corporation of Orissa Ltd

ORISSA HIGH COURT · 2014-12-24 · RFA/23/2010

This appeal concerned a recovery suit filed by the Industrial Promotion & Investment Corporation of Orissa (IPICOL) against Mideast Integrated Steel Ltd for defaulting on a loan sanctioned in 1997. The appellants challenged the decree on the grounds that the suit was barred by limitation and that the interest rate awarded by the trial court was excessive. The High Court rejected the limitation argument, clarifying that because the loan was repayable only after a fixed six-month period, Article 55 of the Limitation Act applied rather than Article 19. Furthermore, the court held that the appellants had acknowledged the debt in writing, thereby resetting the limitation period. The court affirmed the 16% interest rate, finding no grounds to reduce it.

HELD Where a loan is advanced on an agreement that makes it repayable on a specific future date, it is not payable immediately upon advancement. Consequently, a suit for recovery is not for "money payable for money lent" under Article 19 of the Limitation Act, but is instead governed by Article 55, with the three-year period commencing from the specified future repayment date (breach of contract).

> "It is trite that where a loan is on an agreement and it is repayable on a future date, it cannot be said to be payable immediately when the loan is made or advanced. Therefore, a suit for recovery thereof is not for "money payable for money lent" within the meaning of Article 19, on the contrary, such transaction as per the loan agreement is payable on a future date and the matter is squarely covered under Article 55 of the Limitation Act."

ORISSA HIGH COURT · 2014 | SOURCE ODHC010407622010

12 Vijaya Bank v. Mahesh B. Deolekar

BOMBAY HIGH COURT · 2008-03-25 · SS/1557/2007

This was a summary suit filed by Vijaya Bank to recover an outstanding loan of Rs. 95,000, along with interest, from a borrower and their guarantor. The plaintiff established the claim through various executed documents, including a promissory note and a letter of guarantee. Because the defendants failed to enter an appearance despite being served with the writ of summons, the court proceeded ex-parte. The court found the suit to be within the scope of Order 37 of the Code of Civil Procedure and within the limitation period. Consequently, the court decreed the suit in favor of the plaintiff for the claimed amount plus costs.

HELD Under Order 37 Rule 2(3) of the CPC, if the defendants in a summary suit fail to enter an appearance within the prescribed period after service of summons, the allegations in the plaint are deemed to be admitted. In such circumstances, the plaintiff is entitled to an ex-parte decree for the recovery of the claimed amount, along with specified interest and costs.

> “The Defendants have failed to enter appearance despite service of the Writ of Summons. The suit has accordingly been listed for an ex-parte decree… the Defendants having failed to enter appearance, the Plaintiff is entitled to a decree as prayed under Order 37 Rule 2(3) of the Code of Civil Procedure, 1908.”

BOMBAY HIGH COURT · 2008 | SOURCE HCBM020116702007

13 Arti v. Shiv Kumar Gupta

HIGH COURT OF DELHI · 2018-07-13 · C.R.P./137/2018

This case involved a revision petition challenging an order from the trial court that granted the defendant leave to defend in a summary suit for recovery of money. The petitioner sought to recover Rs. 4,50,000 allegedly lent to the respondent under a mutual agreement. The respondent contested this by alleging that his signatures on relevant documents were obtained forcibly under coercion, supported by prior police complaints and FIRs. The Delhi High Court held that the trial court correctly applied the legal standard for granting leave to defend by identifying the existence of plausible triable issues. The High Court affirmed the lower court's decision, noting that the merits of the allegations should be determined through a full trial.

HELD In summary suits, the court must grant leave to defend if the defendant's affidavit discloses a triable issue that is at least plausible. Leave to defend should only be denied and an unconditional decree passed if the defence raised is shown to be a complete sham or moonshine.

> “The Courts have consistently held that if the affidavit filed by the defendant discloses a triable issue that is at least plausible, leave should be granted, but when the defence raised appears to be moonshine and sham, unconditional leave to defend cannot be granted. What is required to be examined for grant of leave is whether the defence taken in the application under Order XXXVII Rule 3 C.P.C. makes out a case, which if established, would be a plausible defence in a regular suit.”

HIGH COURT OF DELHI · 2018 SOURCE DLHC011611562018

14 M. Govindaraj v. First Defendant

MADRAS HIGH COURT · 2020-08-26 · A/5387/2016

The case concerns a dispute over a Memorandum of Understanding (MOU) regarding a land development joint venture. The plaintiff sought to recover an advance payment of Rs. 25,000,000 paid to the first defendant, who failed to procure the agreed-upon land. The defendant filed an application to reject the suit, arguing it was barred by the three-year limitation period under the Limitation Act, as the payment was made in 2012 and the suit was filed in 2015. The court determined that since the defendant was merely a facilitator and not the owner of the subject land, the plaintiff did not hold a statutory charge over the property. Consequently, the longer limitation period under Article 62 of the Limitation Act was inapplicable, and the standard three-year limitation for recovery of money applied.

HELD The Madras High Court confirmed that a suit to recover an advance or loan paid by cheque is subject to the three-year limitation period under Article 20 of the Limitation Act, running from the date of payment. The longer twelve-year limitation under Article 62 only applies to money secured by a mortgage or charge on immovable property.

> "For filing a suit for recovery of money as Article 20 of the Limitation Act, the period of limitation is three years from the date when cheque paid… Article 62 of the Limitation Act, 1963… To enforce payment of money secured by a mortgage or otherwise charged upon immovable property. Twelve years…"

MADRAS HIGH COURT · 2020 SOURCE HCMA010065662016

15 Sanjay Mahajan v. Sunil Sharma & Anr.

HIGH COURT OF DELHI · 2016-09-28 · RSA/291/2016

The appellant filed a suit seeking recovery of Rs. 68,800, claiming he provided a loan of Rs. 40,000 to the respondents. The courts below dismissed the suit against the first respondent because the payment cheque was issued to the second respondent, a company, and not the first individual. Regarding the second respondent, the court found the suit to be barred by limitation. The appellant added the second respondent as a party years after the initial filing, and under the Limitation Act, the suit against an added party is deemed instituted only from the date of their impleadment. Since the three-year limitation period for recovery had already expired, the High Court affirmed the dismissal of the suit.

HELD Under Article 20 of the Limitation Act, a recovery suit for money paid via cheque is barred after three years from the date of payment. Furthermore, under Section 21 of the Limitation Act, a suit against a newly joined or impleaded defendant is deemed to be instituted only on the date they were added, not on the original date of filing.

> “Article 20 of schedule of The Limitation Act, 1963 provides that the period of limitation of three years for filing suit for recovery of such amount shall start commencing from the day when money is paid... Section 21 of The Limitation Act provides that suit against an added party shall be deemed to be instituted on the day when it is added as a party...”

HIGH COURT OF DELHI · 2016 | SOURCE DLHC011971612016

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