

REFERENCE UNDER STAMP ACT.

Before Rankin C. J., G. C. Ghose and Patterson JJ.

BARISAL RINDAN SAMITI

v.

SHITALCHANDRA MUKHERJI.*

1930

June 16,

Stamp—Interest—Compound interest—Promissory note—Bond—Indian Stamp Act (II of 1899), s. 23.

Section 23 of the Stamp Act does not cease to apply by reason merely of the fact that the interest is compound interest.

Compound interest is just as much interest as simple interest and is just as much entitled to any benefit that section 23 of the Stamp Act gives to the subject.

REFERENCE under section 60 of the Indian Stamp Act, 1899.

The facts of the case, out of which this Reference arose, appear fully in the judgment.

Brajendranath Chatterji and Srishchandra Datta for the plaintiff.

The Officiating Senior Government Pleader, Sarat Chandra Basak, and The Assistant Government Pleader, Nasim Ali, for Government.

RANKIN C. J. In this case, the learned Munsif of the Central Court of Barisal has through the District Judge made a Reference to this Court under section 60 of the Indian Stamp Act of 1899.

The plaintiff company instituted two suits on two promissory notes, as they are called, payable on demand, for amounts below Rs. 250 in each case and each of the documents sued upon was stamped with a stamp of one anna. The documents contain a stipulation in each case to pay interest at the rate of Re. 1-8 *per cent. per mensem* and, at the end of the

*Reference No. 3 of 1930, under section 60 of the Indian Stamp Act, II of 1899, made by Abinashchandra Ghosh Hajra, Munsif, Central Court, Barisal, on Feb. 18, 1930, through the District Judge, Backerganj.

1930

*Barisal Rindan
Samiti*

v.

*Sitalchandra
Mukherji.**Rankin C. J.*

Bengali year, according to the rules of compound interest, that is to say, to pay interest at Re. 1-8 *per cent. per mensem* with yearly rests. The view taken by the learned Munsif was that the provisions of section 23 of the Stamp Act did not apply to compound interest. The provisions of section 23 are that, where interest is expressly made payable by the terms of an instrument, such instrument shall not be chargeable with duty higher than that with which it would have been chargeable had no mention of interest been made therein. The point taken by the learned Munsif is that, while that is all very well as regards simple interest, compound interest is a different matter altogether and that the stipulation to pay compound interest should be separately stamped as a separate agreement not included within the provisions of section 23. In my view, that opinion is entirely erroneous. Interest is interest, however the amount be computed or calculated. Compound interest is just as much interest as simple interest and is just as much entitled to any benefit that section 23 of the Stamp Act gives to the subject. On this point, therefore, the Reference must be answered in favour of the plaintiff and against the view which the Munsif has adopted.

Looking at the instruments in question, however, it appears that each of them is attested by one witness. It further appears that, while the document creates an obligation to pay money, it is not in either case so expressed as to make the money payable to bearer or order. Accordingly, the document, though in common parlance it may be called a hand-note or a promissory note, may be said for the purpose of the Indian Stamp Act to be within the definition of "bond." That question will perhaps require to be considered by the Munsif. We refer him to such decisions as *Venku Ramchandrasheet v. Sitaram Pandurang* (1), *Reference under Stamp Act* (2) and *Reference under section 46 of the Stamp Act* (3). We

(1) (1904) I. L. R. 29 Bom. 82.

(2) (1889) I. L. R. 13 Mad. 147.

(3) (1884) I. L. R. 8 Mad. 87.

however, have not this question before us, nor have we the materials for deciding it. It is enough for us to answer the question proposed to us by saying that section 23 of the Stamp Act does not cease to apply by reason merely of the fact that the interest is compound interest.

There will be no order as to costs.

GHOSE J. I agree.

PATTERSON J. I agree.

G. S.

1930
Barisal Rindan
Samiti
 v.
Shitalchandra
Mukherji.
Rankin C. J.