KABG510028342025

Presented on : 11-03-2025
Registered on : 12-03-2025
Decided on : 29-06-2026
Duration : 1 yrs, 3 months, 17 days

IN THE COURT OF THE PRL. CIVIL JUDGE & JMFC, AT : GOKAK.

PRESENT

SRI.SAMPATTAKUMAR BALOLAGIDAD
B.A.,LL.B (Spl)
PRL CIVIL JUDGE & J.M.F.C.,
GOKAK.

O.S. No.184/2025

DATED THIS THE 29th DAY OF JUNE, 2026

1. State Bank of India (ADB) Branch Gokak, A Corporation constituted under the State Bank of India Act 1955, carrying on its Banking Business amongst other places at Gokak i.e., Hosapeth Galli, Gokak, Rep by its Branch Manager,Shri Ramappa S/o Siddappa Kittur, Age : 43 years, Occ : Branch Manager, R/o : Gokak, Tq : Gokak,

...Plaintiff
(By Sri.L.S.B., Adv.,)

AND:

1. Shri. Shivappa
S/o Laxman Hanamannavar
Age : 58 years, Occ : Agriculture,

R/o : Gujanatti village,
Post: Dharamatti, Tq : Mudalagi,
Dist : Belagavi.

...Defendant

(Exparte)

Date of Institution of suit	:	12.03.2025		
Nature of suit	:	Suit for Recovery of Money		
Date of commencement of Recording of evidence	:	24.06.2026		
Date of pronouncement of Judgment	:	29.06.2026		
Total Duration	:	Year	Months	Days
		01	03	17

J U D G M E N T

This is a suit filed by the plaintiff-bank against the defendants for recovery of KCCS loan amount of Rs.2,20,141/- along with interest at the rate of 11.90% +2% p.a and ATL loan of Rs. 2,34,748/- along with interest at the rate of 12.25%+2% p.a till its realization.

2. The brief facts of the plaintiff's case is as follows:

The plaintiff is a corporation constituted under the State Bank of India Act 1955 carrying on its Banking business among other places at Hospeth Galli (ADB) Branch, Gokak. The plaintiff bank is a corporate body and hence the plaint is signed and verified on behalf of the plaintiff Bank Branch Manager who is principle officer of the plaintiff Bank Branch at ADB Gokak, under the authority vested in him as per the provisions of Regulations Nos. 76 & 77 of the State Bank of India General Regulations 1955 and notifications issued their under.

The defendant has approached plaintiff Bank on 18.04.2017 for MC revised KCC Loan to growing sugar cane for getting better yield in the lands of defendant and on the same time/simultaneously defendant has applied ATL i.e., installment loan for pipe line purpose for minor irrigation purpose in his lands to that effect, defendant has filed the applications, after complying legal formalities like that getting the legal scrutiny report (LSR) in respect of his lands, and by mortgaged his lands in favor of plaintiff Bank authority has granted/sanctioned the both loan KCC loan A/c No.36832515521 for limit of Rs.1,62,200/- (One Lakhs sixty two thousand and two hundred rupees only) and ATL Loan A/c No. 36929041367 for limit of Rs. 1,00,000/- (One Lakhs Rupees only)

A) In respect of KCC Loan 36832515521;- As per sanctioned loan amount of Rs 1,62,200/-(one lakhs Sixty amount as to two thousand two hundred Rupees only) has been

Sanctioned in favor of defendant and out of the said loan initially/first year of amount Rs 1,10,800/- same has been credit and released defendant through his account bearing KCC loan A/C No. 36832515521 on dated 04.05.2017. The above said transaction has been maintained by the Plaintiff Bank in its regular course of Banking Business. Further, the more detailed of loan transactions held between the plaintiff Bank and defendant is in the loan Statement of the KCC loan A/C No. 36832515521 same may be treated as part and parcel of the plaint and executed the further defendant has following documents in favour Plaintiff Bank in respect said loan account KCC A/C No. 36832515521 which are details as shown below;-

i) Application for Agriculture Loan from the Borrowers Dt: 18.04.2017

ii) Authority letter In respect of KCC loan Dtd18.04.2017

iii) Letter of Arrangement dated 27.04.2017

iv) Hypothecation Agreement A.B.No.1 (Thuradhar Oppanda) Dt: 18.04.2017

v) Registered Mortgage deed. Dt: 19.04.2017 (Defendant has executed mortgaged his landed Properties in favour of plaintiff Bank For both loans Purpose of KCC & ATL loans)

Subsequently in the year 2018, the defendant has not come forward to the Plaintiff Bank to repayment loan, further, defendant neither revised/renewed the loan account nor repaid the loan due amount and then the said loan Account has been due on dated 27.04.2018 and thereafter on dated said loan account become N.P.A. 27.04.2019 of said KCC loan Account No. 36832515521 belongs to the defendant as such defendant has not adhere to fulfill the terms and condition of loan agreement as per records shown.

B) In respect of ATL Loan A/C No 36929041367;-Likewise on the same year 2017 As per authority Sanctioned loan amount of Rs 1,00,000/- (One lakhs Rupees only) has been sanctioned in favour of defendant for minor Irrigation to agriculture purpose and same has been credit & released to defendant through his account bearing ATL loan A/C No. 36929041367 on dated 06.06.2017, after receiving necessary documents. Same is maintained by the Plaintiff Bank in its regular course of banking business and same loan amount is also taken by the defendant from the Plaintiff Bank for above said purpose. In respect the above said loan transactions ATL A/C No. 36929041367 the defendant has executed the following documents in favour of Plaintiff Bank details as shown below;

i) Application for Agreement Loan from the Borrowers Dt: 18.04.2017

ii) Sanction-cum- Terms and Conditions Letter Dt: 18.04.2017

iii) Hypothecation Agreement A.B.No.1 Thuradhar Oppanda) Dt: 18.04.2017

(iv) Sanction-cum- Terms & Conditions Letter Dt: 18.04.2017

v) Authority Letter in respect of ATL Loan Dtd: 18.04.2017

Subsequently, in the year 2018 onwards defendant did not paid part/First Installment as per the terms and cogitations of loan documents However defendant failed to paid regular installment as per terms and conditions of his loan agreement and further submitted that, defendant has not come forward the plaintiff Bank to repayment loan installments as per agreement which has been availed the loan by him, further defendant neither yearly regular installments amount nor repaid the loan due amount, as such defendant loan account irregular continuously and then the said loan account become N.P.A. on dtd 30.06.2018 i,e. ATL loan Account No. 36929041367 belongs to the defendant,

VII) 1) Further, submitted that, the defendant agreed to pay the above described loan amount along with interest at the rate of 11.90 % and 12.25 % KCC and ATL loan respectively per annum prime lending rate or such other rate the bank may fix from time to time compounding and payable with yearly rests in respect of loan. The defendant also agreed to pay the interest subject to changes in advance rate of interest as per the guide lines issued by Reserve Bank of India from time to time. The defendant has agreed to repay the above said amount as per the terms and conditions agreed by him in the documents executed in favour of the plaintiff bank. The defendant has executed Registered Mortgage for both loan Account of KCC Loan Account No. 36832515521 and ATL A/c No. 36929041367 On 19.04.2017 respectively, in respect of his lands bearing 1) Sy.No.35/1+2+3A ,Measuring 00Ac-12Gts, and 00-36Gts-08 Annas assessment of Rs.07-84 Paise, of Gujanatti village, 2) Sy.No.34/1+2+3B Measuring) 5Acr-01Gts, out of it only 00-30 Gts land was mortgaged of Gujanatti village of Mudalagi Taluk (earlier at the time of availing the loan lands were belongs to Gokak taluk) Now Tal: Mudalagi, Dist: Belagavi and thereby mortgaged the property/ies in favour of the bank as a security and for the proper repayment of the above loan amounts. A detail description of the mortgaged property/ies is explained at Annexure- A of the plaint and Annexure -B is hypothecation of crops and its produce, these two are annexed to the plaint and same may be treated as part and parcel of this plaint. The defendant has also agreed to pay the overdue rate of interest fixed by the Bank i.e., penal interest if the loan amount is not paid as per the terms and conditions of the plaintiff Bank.

2) Further, submitted that, the defendant has agreed to repay the above described loan amount as per the shown in the loan agreement, but the Defendant is committed default and not repaid loan amount. Therefore the Defendant is liable to pay the suit claim amount with interest and plus 2% penal interest thereon.

3) The defendant has executed all the necessary documents in favor of the plaintiff Bank in respect the above said both loan transactions after explaining the contents of the above said documents in his vernacular language by the Bank officials before availing the loan amount from the plaintiff Bank. Therefore the defendant is liable to repay the arrears of overdue

loans amount also agreed to pay all the necessary incidental charges to the security and for initiation of legal proceedings for the recovery of money.

4) The defendant did not repay the loan amount in spite of several request and reminders issued by the plaintiff Bank. The plaintiff Bank on several occasion demanded the repayment of the loan amount, but the Defendant did not care to repay the outstanding balance to the plaintiff Bank and further lastly on 16.11.2024 the plaintiff Bank has been issued legal notices through it's counsel and said legal notice was duly served upon the defendant. However defendant not turned up to repay the loan amount to the plaintiff Bank. Hence defendant is will full defaulter of the due amount. Hence the plaintiff-bank constrained to file the present suit and prayed to decree the suit.

6. After registration of the suit, summons were issued to the defendant. Despite service of suit summons, defendant did not appear, hence defendant placed exparte.

7. In order to prove the plaint averments, the Senior Manager of plaintiff bank examined as Pw.1 and got marked

Ex.P.1 to 28 documents. The defendant is placed exparte, hence there is no evidence on behalf of defendant.

8. Heard the arguments. Perused the records.

9. On the basis of the above pleadings, the following points arise for my consideration;

1. Whether the plaintiff bank proves that defendant has availed KCC loan of Rs.1,62,200/- for Sugar cane crop and also availed ATL loan of Rs. 1,00,000/- for for minor irrigation purpose and defendant is in due of KCC loan of Rs.2,20,141/- along with interest @ 11.90% +2% p.a and also ATL loan of Rs.2,34,748/- along with interest @ 12.25% +2% p.a to the plaintiff-bank?
2. Whether plaintiff is entitled for interest as claimed?
3. What order or decree?

10. My findings on the above points are as under;

1. In the affirmative
2. In the affirmative
3. As per final order for the following:

REASONS

11. **Points No.1 and 2 :** It is specific case of plaintiff is

that the defendant has borrowed loan of KCC loan of Rs.1,62,200/- for Sugar cane crop and also availed ATL loan of Rs. 1,00,000/- for minor irrigation purpose and defendant is in due of KCC loan of Rs. 2,20,141/- along with interest @ 11.90% +2% p.a and ATL loan of Rs.2,34,748/- along with interest @ 12.25%+2% p.a by executing necessary documents and defendant is agreed to pay the said loan, but the defendant has failed to repay the loan amount inspite of several requests and reminders.

12. The Senior Manager of plaintiff bank is examined as Pw.1. The examination-in-chief Pw.1 has reiterated all the averments of plaint. In support of oral evidence the plaintiff-bank got marked the documents as Ex.P.1 to 28. Ex.P.1 is the loan application, Ex.P.2 is authority letter, Ex.P3 is the letter of arrangement, Ex.P4 is the interview cum appraisal Ex.P5 is the hypothecation agreement, Ex.P6 is the account statement, Ex.P7 is the closure statement, Ex.P8 is the over draft enquiry certificate, Ex.P9 is the loan application, Ex.P.10 is the Loan sanction letter, Ex.P.11 is the Authority letter, Ex.P.12 is the Hyphothecation agreement, Ex.P.13 is the account statement,

Ex.P.14 is the closure statement, Ex.P.15 is the over draft enquiry certificate, Ex.P16 is the mortagage deed, Ex.P.17 is the RTC pertaining to Sy.No.35/1+2+3/A, Ex.P18 is the RTC pertaining to Sy.No.34/1+2+3+B, Ex.P19 is the legal notice, Ex.P20 is the postal receipt, Ex.P21 is the postal acknowledgment, Ex.P22 to 24 are the post sanction inspection reports, Ex.P25 is the assessment of KCC limit, Ex.P26 is the Pre-sanction inspection report, Ex.P27 is the appraisal memorandum, Ex.P28 is the post sanction inspection report.

13. On perusal of Ex.P.1 to 16, it is clear that the defendant has availed KCC loan of Rs.1,62,200/- for the sugar cane crop on 18.04.2017 and also availed ATL loan of Rs.1,00,000/- on 18.04.2017 for minor irrigation purpose by executing necessary documents and defendant has agreed to pay for the said loan. Ex.P7 statement of account from 03 May 2017 to 15 November 2024 it discloses that defendant is in due of Rs.2,20,141/- and also Kisan OD loan account discloses at Ex.P14 the defendant is in due of Rs.2,34,748/-.

14. The defendant inspite of service of suit summons, has not appeared and contested the suit. Hence the oral

evidence of Pw.1 and documentary evidence marked as Ex.P.1 to 28 by the plaintiff-bank remained unchallenged and unrebutted. The documentary evidence produced by the plaintiff-bank clearly establishes the case of plaintiff. Hence plaintiff-bank proves that defendant is availed KCC loan of Rs.1,62,200/- for Sugar cane crop and also availed ATL loan of Rs. 1,00,000/- for minor irrigation purpose by executing necessary documents and defendant has agreed to pay for the said loan. Ex.P7 statement of account discloses that defendant is in due of Rs.2,20,141/- and also Kisan OD loan account discloses at Ex.P14 the defendant is in due of Rs.2,34,748/- to the plaintiff-bank.

Further in respect of interest, It is also trite that, awarding contractual rate of interest is a rule. It is subject to variation in the light of guidelines and notifications be issued by the RBI. This aspect can be borne out from the ratio laid down by the Hon'ble Supreme Court of India reported in 2003 SAR (Civil) page 98 (Syndicate Bank V/s. Veeranna and others) it is held as under.

"A. Banking-Recovery suit-By bank against original defendant No.1 and two guarantors-Both the trial court and the High Court in appeal dismissed the recovery suit on basis that the bank later on has charged a higher rate of interest-Now this second appeal by the bank-The whole case gone into-The Trial Court as well as the High court committed an error in not accepting the claim of the appellant to award the interest-The High Court was also not justified in holding that the appellant was not entitled to charge higher rate of interest without giving notice and charging such interest was in violation of principles of natural justice in as much as rate of interest was enhanced without giving an opportunity to the defendants-The learned counsel for defendant No.1 has admitted that in the plaint itself the plaintiff has claimed the contract rate of interest at 11% hence it was not open to the plaintiff to claim higher rate of interest-The rate of interest was enhanced as per the agreement between the parties and there was no question of taking separate consent from the defendants again – It is not a case of automatically charging the increased rate of interest-The application of principles of natural justice cannot be read into the express terms of contract-Therefore, we are not in a position to approve this view of the High Court-In the circumstances, in our view, the Trial Court as well as the High Court were clearly in error in refusing interest as claimed by the plaintiff bank-In other words the plaintiff's suit is decreed for Rs.16,15,091.05 instead of only for Rs.9,82,963,47-These appeals are disposed of accordingly.

B. Banking –interest-Bank filed a suit against defendant on enhanced rate of interest-Defendant's objection is that the bank not entitled to charge higher rate of interest without prior notice and it is violation of natural justice-The application of principle of natural justice cannot be read into express terms of contract-Charge of higher rate is based on agreement between the parties."

16. The plaintiff bank sought for interest at the rate of 23.2% The loan availed by the defendant is personal loan. The rate of interest claimed by the plaintiff bank seems to be exorbitant, therefore by excising the powers conferred U/Sec. 34 of C.P.C., the rate of interest will be reduced from 28.15% to 6% per annum. Hence, it is my considered opinion that the plaintiff bank is entitled for suit claim of Rs.2,20,141/- and Rs.2,34,748/-. with future interest at the rate of 6% p.a. from the date of suit till the date of realisation as prayed for. Hence the defendant is liable to pay the said loan amount to the

plaintiff-bank with interest as claimed by the plaintiff-bank. Accordingly I answer points No.1 and 2 in the affirmative.

17. **<u>Point No.3 :</u>** In view of the above discussion, I proceed to pass the following ;

<u>ORDER</u>

The suit of the plaintiff is hereby 'Decreed' with costs.

The defendant is liable to pay a sum of ₹4,17,337/- to the plaintiff bank along with pendente-lite interest at the rate of 6% and future interest at the rate of 6% p.a. from the date of the suit till complete realization of the decreetal amount.

If the defendant fail to do so, plaintiff bank is at liberty to recover the suit claim through process of Law.

Draw decree accordingly.

(Dictated to the Stenographer, transcribed and computerized by her, revised, corrected by me and then pronounced in the open court on this the 29th day of June 2026)

(SAMPATTAKUMAR BALOLAGIDAD)
Prl. Civil Judge & JMFC,
Gokak.

ANNEXURE

1. The list of witnesses examined on behalf of the plaintiff/s:

P.W.1	:	Shri. Ramappa S/o Siddappa Kittur

2. The list of witnesses examined on behalf of the defendant/s:

-NIL-

3. The list of documents exhibited on behalf of the plaintiff/s:

Ex.P.1	:	Loan application,
Ex.P.2	:	Authority letter,
Ex.P.3	:	Letter of arrangement
Ex.P.4	:	Interview cum appraisal
Ex.P.5	:	Hypothecation agreement
Ex.P.6 :	:	Statement of account
Ex.P.7	:	Closure statement
Ex.P.8	:	Over draft enquiry certificate
Ex.P.9	:	Loan Application
Ex.P.10	:	Sanction letter
Ex.P.11	:	Authority letter
Ex.P.12	:	Hyphothecation agreement
Ex.P.13	:	Statement of account
Ex.P.14	:	Closure statement
Ex.P.15	:	Over draft enquiry certificate

Ex.P.16	:	Mortgage deed
Ex.P.17	:	RTC pertaining to Sy.No.35/1+2+3/A
Ex.P.18	:	RTC pertaining to Sy.No.34/1+2+3+B
Ex.P.19	:	Legal notice
Ex.P.20	:	Postal receipt
Ex.P.21	:	Postal acknowledgment
Ex.P.22 to 24	:	Post sanction inspection report
Ex.P.25	:	Assessment of KCC limit
Ex.P.26	:	Pre-sanction inspection report
Ex.P.27	:	Appraisal memorandum
Ex.P.28	:	Post sanction inspection report

4. The list of documents exhibited on behalf of the defendant/s:

-NIL-

(SAMPATTAKUMAR BALOLAGIDAD)
Prl. Civil Judge & JMFC,
Gokak.