

KADG010000632023



Presented on : 05-01-2023
Registered on : 05-01-2023
Decided on : 28-04-2026
Duration : 3years, 3months, 23days

**IN THE COURT OF
PRL DISTRICT AND SESSIONS JUDGE DAVANGERE AT
DAVANGERE, DAVANGERE
Presided Over by SMT. VELA D.K.**

Com.O.S./6/2023

PLAINTIFF: -

STATE BANK OF INDIA, A Corporation incorporated under the State Bank of India Act, 1955, having its Central Office at Madam Cama Road, Nariman Point, Bombay a Local Head Office at No.65, St. Marks Bangalore and also amongst its several branches one at PB. Road, Harihara, represented by its Chief Manager Sri. P.H. Krishna Kishor S/o Pathyanaryana, Aged 42 years, R/o Davanagere Mail ID: sbi.4011@sbi.co.in

VERSUS

DEFENDANT/S: -

Kiran Negalur S/o Prabhu,
Aged about 30 years, R/o Halageri Road,
Beereshwara Nagar, Opp. KEB Circle,
Ranebennur, Haveri Dist.

Plaintiff By: Sri.V.R.K, Advocate,

Defendant By: Sri. D.H.P., Advocate.

Date of institution of the Suit :	05.01.2023		
Nature of the suit (suit on pronote, suit for declaration and possession suit for injunction, etc) :	Money suit		
Date of commencement of recording of evidence:	13.06.2024		
Date on which the Judgment was pronounced:	28.04.2026		
Total duration	Year/s 03	Month/s 03	Day/s 23

**Principal District & Sessions Judge,
Davanagere.**

JUDGMENT

1. The plaintiff-bank has filed this suit against the defendant for recovery of ₹.7,07,914/- with interest at the rate of 12.7% per annum compounded monthly, from the date of suit till the date of realisation.

2. The brief facts of the case : -

The plaintiff bank has a branch at Harihara. The defendant is said have approached the plaintiff bank for financial assistance for his business of manufacturing and selling of mineral water bottles on 27.11.2007 for a loan of ₹.8,50,000/-. The said loan was sanctioned to the defendant under product No.EB-MSM-TL. The defendant has been liable to repay the said loan amount. The defendant had agreed to repay the said loan amount in 53 equal monthly instalments of ₹.20,807/- commencing from 28.05.2008 with interest @ 10.70% p.a. compounded monthly. The letter of arrangement, loan cum hypothecation agreement were executed and the concerned loan account is bearing No.37326435197. The loan was raised for the business purpose and the defendant had made some periodical repayments. The plaintiff bank has maintained books of accounts regularly. The defendant being defaulter in the repayment of the loan amount is bound to repay the suit claim amount and enhanced rate of interest at 12.70% p.a. In spite of repeated requests, and demands, the defendant has failed to repay the loan amount. The defendant had executed letter of revival on 22.05.2020 and sought time for repayment of loan. Though the defendant was accommodated he had failed to repay the loan amount and thereafter, the account of the defendant was classified as NPA. The liability to pay interest had remained but no interest to be charged on the account. At

present, the defendant is liable to pay an amount of ₹.07,07,914/-.

The plaintiff in order to recover the loan amount had filed an application under Section 12(1) (c) of Commercial Courts Act before the DLSA, Davanagere on 08.09.2022 registered as PIMS 61/2022. Hence has been constrained to file the suit.

3. In the Written Statement, the defendant has contended that, the business of defendant was closed on account of COVID. The plaintiff bank is said to have colluded with SBI Life Insurance and without the knowledge of defendant has deducted a sum of ₹.50,000/- as life insurance there has been non disclosure by the plaintiff bank and the signatures of the defendant was taken on the blank papers. Further that, the defendant is said to have not received any notice from the DLSA regarding PIMS 61/2022. The defendant is said to have borrowed loan from the plaintiff bank on 27.11.2017 by executing concerned loan documents. The plaintiff bank is said to have taken many signatures of defendant on the blank papers and the defendant has denied execution of all those documents. The defendant was informed that in case, the documents are not signed, the loan would not be granted. Since the defendant was in need of the loan, was said to be constrained to sign the said documents. The plaintiff bank is said to have not calculated the instalments that was paid by

the defendant and false demand notice to have been issued by the plaintiff bank to the defendant. There has been improper calculation. Hence, the defendant has denied all the averments and sought for dismissal of the suit.

4. My predecessor-in-office had framed the following issues :-

I S S U E S

- 1) Whether the plaintiff-bank proves that defendant has availed loan of ₹8,50,000/- on 27.1.2017 for business purpose ?
- 2) Whether the plaintiff-bank further proves that the defendant has agreed to repay the loan amount with interest as per the terms and conditions of the loan documents executed by him ?
- 3) Whether the defendant proves that the plaintiff-bank on 27.11.2017, while executing the loan document, took his signatures on so many blank papers ?
- 4) Whether the defendant further proves that the plaintiff-bank has claimed interest which is highly exorbitant and against the principles of natural justice ?

- 5) Whether the plaintiff-bank is entitled for the suit claim ?
- 6) What Order or Decree?

5. In order to prove its case the plaintiff bank got examined the earlier Manager of Bank as PW.1 and subsequently PW.1 was not available. The evidence of PW.1 was expunged vide order dated 21.04.2026. The present Deputy Manager was examined as PW.2, and got marked the documents as Ex.P.1 to 5. There is no evidence of the defendant in this case.

6. Heard arguments.

7. The findings on the above issues are as under :-

Issue No.1: In the Affirmative,
Issue No.2: In the Affirmative,
Issue No.3: In the Negative,
Issue No.4: In the Negative,
Issue No.5 : In the Affirmative,
Issue No.6 : As per final order
for the following :-

REASONS.

8. **Issues No.1 and 2** :- The plaintiff bank has claimed that the defendant borrowed loan amount for ₹8,50,000/- on 27.11.2017 for the purpose of business and that defendant had

agreed to repay the same with interest as per the terms and conditions of the loan documents. These issues being interlinked, are discussed and answered in order to avoid repetition.

In this regard, the plaintiff bank has produced letter of arrangement dated 27.11.2017 marked as Ex.P.1 and the signature of the defendant is identified as Ex.P1(a). The Loan cum hypothecation agreement dated 27.11.2017 is identified as Ex.P.2 and the signature of the defendant is identified as Ex.P.2(a). Ex.P.3 is the Revival Letter dated 27.11.2017 and the signature of defendant is marked as Ex.P.3(a). Statement of accounts from 28.11.2017 to 11.07.2022 is as Ex.P.4. The loan discharge document Quote is marked as Ex.P.5 and the relevant portion of entry is marked as Ex.P.5(a), wherein the discharge amount with penal interest is mentioned as ₹.6,95,970/- as on 26.11.2022. The plaintiff bank has examined the then Deputy Manager of its bank as PW.1, who was subsequently not available for cross examination and therefore, subsequent Deputy Manager of plaintiff bank was examined as PW.2, who identified the documents marked as Ex.P.1 to 5. In the course of cross examination of PW.2 it is elicited that on 11.11.2025 the defendant bank indeed had visited the business shop of the defendant and found that it has been closed. The loan was granted on 27.11.2017 and the plaintiff bank has lastly visited the business shop of the defendant on 11.11.2025. In deed, the

defendant to be a resident of Ranibennur, but according to PW.2 the defendant had bank account bearing No.37326435917 in the plaintiff bank at P.B. Road Harihar branch, as per the statement of accounts produced by the plaintiff bank. The plaintiff bank has also approached DLSA vide PIMS No.61/2022. In spite of giving sufficient opportunity, the defendant has not appeared before the DLSA and hence the matter could not be settled. The evidence adduced by the PW.1 and the documents marked as Ex.P.1 to 5 remained not at all contravened by the defendant in any manner. The defendant has not elicited anything in his favour in the course of cross examination of PW.2 The suit claim amount has been ₹.7,07,914/- and is not less than ₹.3,00,000/-.

It is to be noted that the definition of the Commercial Disputes under Section 12(1)(c) of the Commercial Courts Act is as follows :

“Section 12(1)(c) of the Commercial Courts Act, 2015 dictates that for suits relating to immovable property or rights therein, the "Specified Value" is determined by the market value of the property on the date of filing. This value determines if the suit qualifies for the Commercial Court. The Minimum Specified Value is ₹.3,00,000/-.”

In this case, the suit claim amount is for ₹.07,07,914/-. Hence, the suit claim to be not less than ₹.3,00,000/- and it is a

commercial dispute as per the above referred definition of Commercial Disputes under Section 12(1)(c) of the Commercial Courts Act. According to plaintiff bank, the defendant had availed loan of ₹.8,50,000/- for the business purpose. The defendant has contended that, while executing the loan documents he had agreed to repay the loan amount with interest at the rate of 9.70% p.a. In this regard, the plaintiff bank has produced Letter of Arrangement dated 27.11.2017 as Ex.P.1 and the loan cum hypothecation agreement at Ex.P.2. Therefore, the plaintiff-bank has proved that the defendant had availed loan of ₹8,50,000/- on 27.11.2017 for business purpose and that the defendant had agreed to repay the said loan with interest at 10.70% p.a. in 53 equal monthly installments. Hence, issue No.1 and 2 are answered in the affirmative.

9. Issue No.3: The defendant in the Written Statement has taken up the contention that while sanctioning the loan on 27.11.2017, the plaintiff bank to have obtained the signatures of the defendant on the various loan documents and also on the blank papers. It is the contention of the defendant that the plaintiff bank to have taken his signatures on the blank papers, though this defendant had denied at the time of executing loan papers, but the officers of the plaintiff bank forced to sign the papers. Since the defendant to have in need of loan amount, he signed the blank papers. It is contended that the plaintiff bank to have colluded with the SBI Life Insurance and deducted an amount of ₹.50,000/- towards insurance without the

knowledge of the defendant. Hence, the defendant sought to dismiss the suit. The documents before the court that have been marked by the plaintiff bank consists of the letter of arrangements hypothecation agreement and the statement of account, wherein the interest as well as arrears of interest have been clearly sated and there is reference of the loan account of the defendant. Such being the case, the contention of the defendant is not supported by any kind of documents and nothing is elicited in that regard in the course of the cross examination of PW.1. Such being the case, this issue No.3 is answered in the Negative.

10. Issue No.4 : The plaintiff bank has sought to decree the suit with current and future interest at the stipulated rate i.e., 12.70 % p.a., compounded monthly from the date of suit till realisation. There is specific clause on the rate of interest at Sl.No.3 of Annexure A of Ex.P.1, wherein it is mentioned that the MCLR presently as 10.70% p.a. Present Card Rate as 9.7% p.a. and that the bank to be entitled to vary margin based on the Card Risk Assessment as well as additional interest of 1% over the regular working capital. Proposed term loan interest to be at 2.75% margin and about the credit loan and the present rate of interest is 10.70%. The enhanced rate of interest therefore is at 1% cumulatively subject to maximum of 2% executing of the above said document has remained not at all contravened by the defendant in any manner. As noted

above, the rate of interest claimed by the plaintiff bank is 12.7% as on the date of filing of the suit on 27.11.2017 is in terms of enhanced rate of interest found in the very same clause. The suit claim of the plaintiff bank is supported by the documents identified as Ex.P.1 to P.5. Hence, this issue is answered in the Negative.

11. Issue No.5: The above suit has been filed by the plaintiff bank on 05.01.2023. The date of sanction of loan is 27.11.2017 and is within 3 years therefrom the revival letter, has been executed on 22.05.2020, as per Ex.P.3 and the signature of defendant is marked as Ex.P.3(a). Suit has been filed on 05.01.2023 within 3 years from the execution from 22.05.2020 being the date of letter of revival. Hence, suit has been filed within the period of limitation and also the suit claim is supported by the documents, as discussed above. No doubt, the printed bank documents have been produced by the plaintiff bank in the present case, but that by itself cannot be a ground to discard the case of the plaintiff since the loan to have been granted to the defendant on 27.11.2017 as stated by the PW.2 and that is not contravened or challenged. Hence, the plaintiff-bank is entitled for suit claim against the defendant. As per the order dated 25.03.2026, interest will be awarded when witness of the plaintiff bank is cross examined. PW.2 is cross examined on 21.04.2026. So plaintiff-bank is entitled for

interest from 21.04.2026. Therefore, issue No.5 is answered in the Affirmative.

12. **Issue No.6:** - In view of the findings given on the Issues No.1 to 5, I proceed to pass the following : -

ORDER

The suit of the plaintiff is decreed against the defendant, with costs.

The plaintiff bank is entitled for recovery of the suit claim of Rs.7,07,914/- (Rupees Seven Lakhs Seven Thousand Nine Hundred and Fourteen only) from the defendant with interest at 12.7% p.a., compounded monthly, from the date of cross examination of PW.2 i.e. 21.04.2026, till its realization.

Draw decree accordingly.

(Dictated to the Stenographer directly on the computer, computerised by her, corrected, signed and then pronounced in the Open Court dated this the 28th day of April, 2026)

(VELA.D.K)
**Prl.,District & Sessions Judge,
Davangere.**

A N N E X U R E**LIST OF WITNESSES EXAMINED FOR PLAINTIFF:-**

- PW-1: Prasanna Kumar S/o I.M. Siddalingayya
Deputy Manager, SBI Harihara.
PW-2: Shivaraj Palathya S/o Palahya
Chandra Naik.

LIST OF DOCUMENTS MARKED FOR PLAINTIFF:-

- Ex.P.1 : Letter of arrangement,
Ex.P.1(A) : Signature of defendant
Ex.P.2 : Loan-cum-Hypothecation agreement
Ex.P.2(a) : Signature of defendant
Ex.P.3 : Revival letter
Ex.P.3(a) : Signature of defendant
Ex.P.4 : Statement of account
Ex.P.4(a) : Closing balance as on 15.06.2022
Ex.P.5 : Loan discharge document
Ex.P.5(a) : Discharge amount as on 26.11.2022
: Non-starter Report

LIST OF WITNESSES EXAMINED FOR DEFENDAN -

-Nil-

LIST OF DOCUMENTS MARKED FOR DEFENDANT -

-Nil -

**Prl., District & Sessions Judge,
Davangere.**