KADW300022252022

IN THE COURT OF THE CIVIL JUDGE & JMFC,

KALAGHATAGI

PRESENT: Sri.G Sanjeev Kumar, MBA., LLB.,
Civil Judge & JMFC,
Kalaghatagi.

DATED THIS THE 10th DAY OF AUGUST, 2026

O.S.No.: 199/2022

PLAINTIFF/S: Sri. Renuka Agencies sole Proprietary concern represented by its proprietor Shri. Subash S/o. Ganesh Jadhav
Aged: 33 years, Occ: Business,
R/o. Kalaghatagi, Dist: Dharwad.

(By V.H.Kulkarni., Advocate)

V/s

DEFENDANT/S: The Sangmeshwar Gram Panchayath represented by its P.D.O
Sangmeshwar Gram Panchayath
Sangmeshwar, Tq: Kalaghatagi,
Dist: Dharwad, Pin-581204

2 The President
The Sangmeshwar Gram Panchayath
Sangmeshwar, Tq: Kalaghatagi,
Dist: Dharwad, Pin-581204.

(D1 & 2 By Sri. R.S. Hosamath., Adv)

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Date of Institution of the suit:	20.09.2022
Nature of the suit:	**Recovery of Money**
Date of commencement of recording of the evidence:	14.03.2024
Date of which the Judgment was pronounced:	10.08.2026
Total duration:	Years **03** Months **11** Days **21**

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Civil Judge & JMFC,
kalaghatagi.

J U D G M E N T

The present suit has been instituted by the Plaintiff seeking recovery of the amount due and payable by the Defendants towards the goods purchased by them from the Plaintiff on credit basis.

PART- A

1. Factual Trajectory of the plaintiffs' case:

The case of the plaintiff is encapsulated as per below:

(I) It is the case of the Plaintiff that he is a proprietary concern engaged in the business of sale and supply of water-supply materials, electrical materials and other allied hardware materials. The Plaintiff has been supplying such materials to various Gram Panchayaths in Kalaghatagi Taluk on the basis of oral requests, indents or purchase orders placed by them. The Defendant-Gram Panchayath is one such customer of the Plaintiff and has been regularly procuring goods and materials from the Plaintiff on credit basis for several years.

(ii) It is further contended that, on 17.03.2020, the Defendant, being in need of certain materials, purchased goods and materials from the Plaintiff worth a sum of ₹93,338/- on credit basis, with an assurance to clear the outstanding amount within a few days. However, despite repeated requests and demands made by the Plaintiff, both through correspondence and telephonic communications, calling upon the Defendant to clear the outstanding credit amount, the Defendant failed to make the payment and continued to postpone the same.

(iii) It is the further case of the Plaintiff that, owing to the persistent and negligent attitude of the Defendant in discharging the outstanding dues, the amount remained unpaid despite repeated demands. Consequently, having been left with no other efficacious remedy, the Plaintiff was constrained to institute the present suit against the Defendant seeking recovery of the outstanding amount along with such other reliefs as prayed for in the plaint.

2. <u>Contentions raised in the written statement by the defendants:</u>

The Defendant No.1 files the Written Statement in this case and the same is duly adopted by Defendant No.2 vide a Memo dt: 20.06.2023. The contentions raised therein are encapsulated as per herein below:

(i) The Defendants, while denying all the averments made in the plaint, specifically contend that they are Government employees and elected representatives of the Gram Panchayath and are governed by the provisions of the Karnataka Gram Swaraj and Panchayat Raj Act. It is contended that, on the alleged date of transaction, i.e., 17.03.2020, no order was placed by the Defendants for purchase of any materials from the Plaintiff. It is further contended that even the Panchayat Development Officer (PDO) of the concerned Gram Panchayath was not present on the said date.

(ii) The Defendants further contend that the Plaintiff has fabricated the invoice, the list of materials allegedly supplied and the bill, and has raised a false claim against them. It is specifically asserted that the alleged invoice/bill does not bear the signature of the PDO or any other competent authority of the Gram Panchayath. According to the Defendants, the present suit has been instituted with an ulterior motive to make an illegal and wrongful gain at their expense, without there being any legally enforceable liability on their part. On these grounds, the Defendants contend that the Plaintiff is not entitled to recover the suit claim and accordingly pray for dismissal of the suit.

3. <u>Issues framed</u>

Acting U/o 14 rule 1 of CPC and considering the materials on record, this court had framed the following issues for consideration:

<u>ISSUES</u>

Issue No.1: Whether the plaintiff proves that the defendants have purchased goods for Rs.93,338/- on 17.03.2020 from it on credit basis?

Issue No.2: Whether the plaintiff proves that the defendants are due and liable to pay Rs.93,338/- with interest at the rate of 18% PA?

Issue No.3: Whether the plaintiff proves that he is entitled for future interest at the rate of 18% PA on the suit claim?

Issue No.4: Whether the plaintiff is entitled for the relief of suit claim?

Issue No.5: What Order or Decree?

4. <u>Plaintiff's Evidence :-</u>

The Renuka Agencies Proprietor of Plaintiff had examined himself as PW1 and had filed an affidavit in lieu of his examination-in-chief and got marked Exs.P1 to Ex.P7. The detailed description of the documents are as per below:

Sl. No.	Description of Document	Exhibits
1	Original list of materials on the letterhead of Gram Panchayath, Sangameshwar dated 17.04.2020	**Ex.P-1**
2	Carbon copy of invoice	**Ex.P2**
3	Photocopy of Letter dated 22.03.2021	**Ex.P-3**
4	Postal acknowledgment	**Ex.P-4**
5	Photocopy of Letter dated 17.09.2022	**Ex.P-5**
6	Letter received from the Postmaster	**Ex.P-6**
7	Notice dated 25.11.2021	**Ex.P-7**

5. <u>Defendants' Evidence :-</u>

The Panchayath Development Office had examined himself as DW1 and another Panchayath Development Officer had examined himself as DW2 and no documents are marked.

6. <u>Findings on the Issues:-</u>

Heard the arguments of the plaintiffs and the Defendants and perused the materials on record. This Court had arrived at the following findings :-

Issue No.1 : In the **Affirmative**

Issue No.2 : Partly In the **Affirmative**

Issue No.3 : Partly In the **Affirmative**

Issue No.4 : Partly In the **Affirmative**

Issue No.5 : As per final order for the following:

PART- B

7. **Issue No. 1**: This issue is raised casting burden upon the Plaintiff to prove that the Defendants purchased goods worth ₹93,338/- from the Plaintiff on 17.03.2020 on credit basis.

8. In order to discharge the burden cast upon him, the Plaintiff has examined himself as PW.1 by filing his affidavit in lieu of his examination-in-chief and has got marked Exs.P.1 to P.7. Ex.P.1 is the original list of materials on the letterhead of Gram Panchayath, Sangameshwar, dated 17.04.2020. Ex.P.2 is the carbon copy of the invoice dated 17.03.2020. Ex.P.3 is the photocopy of the letter addressed to the President and PDO of Gram Panchayath, Sangameshwar, dated 22.03.2021. Ex.P.4 is the postal acknowledgment. Ex.P.5 is the photocopy of the letter addressed by the learned counsel for the Plaintiff to the Post Master, Kalaghatagi, dated 17.09.2022. Ex.P.6 is the letter received from the Post Master, Kalaghatagi, dated 17.09.2022. Ex.P.7 is the office copy of the legal notice dated 25.11.2025.

. **9**. For the purpose of deciding the present issue, the documents which are relevant for consideration are Exs.P.1 to P.3.

10. On a careful examination of Ex.P.1, it is seen that it is an original document containing a list of materials allegedly required by the Gram Panchayath, Sangameshwar, and bearing the endorsement/signature of the then President of the Gram Panchayath. The document is drawn on the letterhead of Gram Panchayath, Sangameshwar, and bears the date 17.04.2020. The said document constitutes an important piece of evidence relied upon by the Plaintiff in support of his case that the Gram

Panchayath had placed an indent for procurement of the materials from the Plaintiff.

11. It is pertinent to note that the contents and execution of Ex.P.1 were not specifically disputed or traversed by the Defendants during the cross-examination of PW.1. More importantly, the said document was confronted to DW.1 during his cross-examination by the learned counsel for the Plaintiff. The relevant portion of the cross-examination dated 24.06.2025, at paragraph No.4, is reproduced hereinbelow:

> "*I now see documents shown to me already marked as Ex.P.1. The said documents is on a letter head of the Grampanchayath (Defendant No.1). The said document is an indent issued by the president of c. I was not severing at Grampanchayath Sangameshwar on the date specified in Ex.P.1. I identify the signature of the president, Grampanchayath Sangameshwar affixed on Ex.P.1. The same is herewith marked as Ex.P1(a). The witness voluntary states that there are two errors on Ex.P.1 they are "2019-2020" on date specified in the document. The same is herewith marked as Ex.P.1(b). The second error is the date specified on the document "17.04.2020". It is true to suggest that, the said date ought to have been mentioned as "17.03.2020". The same is herewith marked as Ex.P.1(c). The said indent in Ex.P.1 was actually issued on 17.03.2020*."

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12. A careful consideration of the above admission/evidence discloses that DW.1 has admitted that Ex.P.1 is the indent issued by the President of Gram Panchayath, Sangameshwar. DW.1 has also identified the signature of the then President appearing on Ex.P.1, which has been marked as Ex.P.1(a). Though DW.1 has pointed out certain discrepancies in the document, including the date mentioned therein, his evidence does not amount to a denial of the existence of the indent or the materials enumerated therein. On the contrary, the witness has voluntarily stated that the date mentioned in the document ought to have been 17.03.2020.

13. Thus, the evidence of DW.1, when considered along with the contents of Ex.P.1, establishes that the Gram Panchayath had, through its President, issued an indent in respect of the materials specified therein. The Defendants have not been able to discredit the execution or the contents of Ex.P.1 by eliciting any material contradiction during the cross-examination of PW.1. The admission of DW.1 identifying the document as the indent and identifying the signature of the President assumes considerable significance in this regard.

14. Therefore, the evidence on record, particularly Ex.P.1 and the admission elicited from DW.1, sufficiently establishes the fact that an indent had been placed by the Gram Panchayath, Sangameshwar, for procurement of the materials specified therein. The discrepancy regarding the date appearing on Ex.P.1, in the circumstances of the case, does not by itself efface the evidentiary value of the document, particularly when DW.1 himself has stated that the date ought to have been 17.03.2020.

15. Accordingly, Ex.P.1 constitutes a material piece of evidence establishing the foundational fact of placement of the indent for procurement of the materials in question. The question as to whether the said materials were in fact supplied by the Plaintiff pursuant to the indent and whether the Defendants are liable to pay the amount of ₹93,338/- thereunder requires consideration in the light of Ex.P.2 and the other evidence available on record.

16. It is now pertinent to examine Ex.P.2, which is the carbon copy of the invoice raised by the Plaintiff for a sum of ₹93,330/-. The said document is dated 17.03.2020 and contains the particulars of the materials allegedly supplied to the President/PDO of Gram Panchayath, Sangameshwar.

17. In this regard, the relevant portion of the cross-examination of PW.1 dated 06.07.2024, insofar as it relates to Ex.P.2, is required to be considered. The relevant portion is reproduced hereinbelow:

> *"ಸದರಿ ದಿನ ನಿಪಿ-2 ನು ಕೊಟ್ಟಿದ್ದೆ. ನಿಪಿ-2 ನಮ್ಮ ಕಚೇರಿಯ ಪ್ರತಿಯಾಗಿರುವುದರಿಂದ ಅದರಲ್ಲಿ ಅಧ್ಯಕ್ಷರ ಮತ್ತು ಪಿಡಿಓ ರವರ ಸಹಿ ಇಲ್ಲ. ಸಾಕ್ಷಿ ಮುಂದುವರೆದು ನಿಪಿ-2 ರಲ್ಲಿ ಪಂಚಾಯತಿಯ ಸದಸ್ಯರು ಸಹಿ ಮಾಡಿದ್ದಾರೆಂದು ನುಡಿಯುತ್ತಾರೆ. ನನ್ನ ತಂದೆ 2004 ರಲ್ಲಿ ವ್ಯಾಪಾರವನ್ನು ಪ್ರಾರಂಬಿಸಿದ್ದರು. ನಾವು ಸಹ ಕಂಪನಿಗಳಿಂದ ವಸ್ತುಗಳನ್ನು ಆರ್ಡರ ಮಾಡಿ ಬಿಲ್ಲ ಪಡೆದುಕೊಂಡು ವಸ್ತುಗಳನ್ನು ಸ್ವೀಕರಿಸಿ ಹಣವನ್ನು ಪಾವತಿ ಮಾಡುತ್ತೇವೆ. ನಾವು ಕ್ರೇಡಿಟ್ ಆಧಾರದ ಮೇಲೆ ವಸ್ತುಗಳನ್ನು ಕಂಪನಿಗಳಿಂದ ಖರೀದಿಸುವುದಿಲ್ಲ. ಪಂಚಾಯತಿಯ ಸದಸ್ಯಸರೊಬ್ಬರು ಅಧ್ಯಕ್ಷರು ಅಥವಾ ಪಿಡಿಓ ರವರ ಸಹಿ ಇದ್ದರೆ ಮಾತ್ರ ವಸ್ತುಗಳನ್ನು ಕೊಡುತ್ತಿರುವುದಾಗಿ ನುಡಿಯುತ್ತಾರೆ. ಪಂಚಾಯತಿಯ ಸದಸ್ಯರು ಬಿಲ್ ಮೇಲೆ ಸಹಿ ಮಾಡಿ ವಸ್ತುಗಳನ್ನು ಪಡೆದುಕೊಂಡು ಹೋಗಿರುವುದರಿಂದ ಸದರಿ ವಸ್ತುಗಳು ಪಂಚಾಯತಿಗೆ ತಲುಪಿದೆ ಎಂದು ನಮಗೆ ಖಾತ್ರಿ*

ಆಗಿದ ನನ್ನ ಮತ್ತು ಪಂಚಾಯತಿಯ ಸದಸ್ಯರಾದಂತಹ ದಳವಾಯಿ ರವರ ಮಧ್ಯ ಆದಂತಹ ವಸ್ತುಗಳ ವ್ಯವಹಾರಕ್ಕೆ ಸಿಸಂಬಂದಿಸಿದಂತೆ ಅನಧಿಕೃತವಾಗಿ ಪಂಚಾಯತಿಯಿಂದ ಹಣವನ್ನು ವಸೂಲಿ ಮಾಡಲು ಈ ದಾವೆಯನ್ನು ಹೂಡಿ ಸುಳ್ಳು ದಾಖಲೆಗಳನ್ನು ಸೃಷ್ಟಿಸಿ ಸುಳ್ಳು ಸಾಕ್ಷ್ಯ ನುಡಿಯುತ್ತಿದ್ದೇನೆಂದರೆ ಸರಿಯಲ್ಲ."

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18. A careful consideration of the aforesaid portion of the cross-examination reveals that the Plaintiff has consistently maintained that he would supply materials to the Gram Panchayath only upon an indent or requisition being placed by either the President or the Panchayat Development Officer (PDO). This assertion assumes significance in the context of the specific defence set up by the Defendants during the cross-examination. It has been suggested to PW.1 that the transaction reflected in Ex.P.2 was, in fact, a personal transaction entered into with one Dalavai, a member of the Gram Panchayath, and that the same was subsequently and fraudulently portrayed as a transaction of the Gram Panchayath with an intention to misappropriate or unlawfully claim the funds of the Gram Panchayath. The said suggestion has been categorically denied by the Plaintiff.

19. It is further significant that Ex.P.2 was confronted to DW.1 and DW.2 by the learned counsel for the Plaintiff during their cross-examination. The relevant portion of the cross-examination of DW.1 dated 24.06.2025 at paragraph No.6 and the fourth paragraph of the cross-examination of DW.2 dated 17.06.2026 are reproduced hereinbelow:

> "*I now see a document shown to me which is already marked as Ex.P.2. The materials specified in Ex.P.2 and in Ex.P.1 are the same. Any staff of Grampanchayath Sangameshwar will receive the materials by affixing their signature on the invoice. The same is made on Ex.P.2 as well. I am unable to say the name of the staff member of Grampanchayath Sangameshwar who had received the materials specified in Ex.P.2*. "

> "ಸಾಕ್ಷಿಗೆ ನಿಪಿ-1 ನ್ನು ತೋರಿಸಲಾಗಿ ಅದು ನಿಮ್ಮ ಗ್ರಾಮ ಪಂಚಾಯಿತಿಯ ಲೇಟರ್ ರೆಡ್ ನಲ್ಲಿ ಅಳವಡಿಸಿದ ಇಂಡೆಂಟ್ ಎಂದರೆ ಸರಿ. ಸದರಿ ಇಂಡೆಂಟ್‌ನ ಪ್ರಕಾರ ನಿಪಿ-2 ರಂತೆ ಮಾಲುಗಳನ್ನು ವಾದಿಯಿಂದ ಪಡೆದು ಪ್ರತಿವಾದಿಯರು ನೀರು ಸರಬರಾಜು ಸಲುವಾಗಿ ಪಡೆದಿರುತ್ತಾರೆ ಎಂದರೆ ಸಾಕ್ಷಿಯು ತಪ್ಪಿದೆ ಎಂದು ನುಡಿಯುತ್ತಾರೆ. ಸಾಕ್ಷಿಯು ನಿಪಿ2 ನ್ನು ನೋಡಿ ಅದರಲ್ಲಿ ನಮೂದಾದ ಎಲ್ಲಾ ಮಾಲುಗಳನ್ನು ಗ್ರಾಮ ಪಂಚಾಯಿತಿ ಸದಸ್ಯರಾದ ವಿಜಯ ದಳವಿ ರವರು ಪಡೆದುಕೊಂಡಿರುತ್ತಾರೆ ಎಂದು ನುಡಿಯುತ್ತಾರೆ. ತುರ್ತು ಸಮಯ ವೇಳೆ ಗ್ರಾಮ ಅಧ್ಯಕ್ಷರು ಅಥವಾ ಪಿ ಡಿ ಓರವರು ಮಾಲುಗಳನ್ನು ಪಡೆದು 1 ನೇ ಪ್ರತಿವಾದಿಯ ಸಲುವಾಗಿ ಉಪಯೋಗಿಸಿಕೊಳ್ಳುತ್ತಾರೆ ಎಂದರೆ ಸರಿ."

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20. The admissions elicited from DW.1 and DW.2, when considered in the context of Ex.P.2, assume considerable significance. The evidence on record indicates that the Defendants do not dispute the existence of the invoice bearing Ex.P.2. Their evidence further suggests that, in the absence of the President or the PDO, the materials intended for the Gram Panchayath could be received by another person at the office of the Gram Panchayath. Thus, the mere absence of the signature of the President or the PDO on the invoice, by itself, cannot be treated as sufficient to disbelieve the transaction, particularly when the surrounding circumstances and the oral evidence are taken into consideration.

21. The contention of the Defendants that Ex.P.2 is a fabricated document also does not find support from any substantive evidence on record. Except for making a bald allegation that the invoice has been fabricated, the Defendants have neither elicited any material circumstance during the cross-examination of PW.1 to establish such fabrication nor produced any independent evidence demonstrating that Ex.P.2 is forged or otherwise brought into existence subsequently. Significantly, despite having an opportunity to challenge the genuineness of the document, the Defendants did not seek to have Ex.P.2 referred to a handwriting or forensic expert for examination.

22. Therefore, the mere suggestion that Ex.P.2 is a fabricated document, in the absence of any supporting evidence, cannot by itself displace the evidentiary value of the said document. When Ex.P.2 is considered along with the evidence of PW.1, the admissions elicited from DW.1 and DW.2, and the findings already recorded with regard to Ex.P.1, it lends substantial support to the Plaintiff's case that the invoice was raised in connection with the procurement of materials by the Gram Panchayath.

23. Accordingly, the defence that Ex.P.2 represents a personal transaction with a member of the Gram Panchayath, rather than a transaction with the Gram

Panchayath, remains a mere assertion unsupported by cogent evidence.

24. Thus, on a cumulative appreciation of Ex.P.1 and Ex.P.2, coupled with the admissions elicited from DW.1 and DW.2 in the course of their cross-examination, it is established that the materials specified in Ex.P.1 were in fact supplied to the Defendant-Gram Panchayath and that, pursuant to such supply, the Plaintiff duly raised the invoice at Ex.P.2 for a sum of ₹93,338/-. The defence that the transaction was a personal transaction of a member of the Gram Panchayath and was subsequently portrayed as a transaction of the Gram Panchayath is not substantiated by any cogent or convincing evidence. Therefore, the evidence on record sufficiently establishes the Plaintiff's case regarding the supply of the materials and raising of the invoice for the suit amount.

25. Further, it is also pertinent to examine Ex.P.3, which is a correspondence addressed to the President of the

Defendant-Gram Panchayath calling upon the Defendant to clear the outstanding amount of ₹93,338/- payable to the Plaintiff. The said document bears an endorsement/signature of a person along with the seal of the PDO, thereby lending support to the Plaintiff's contention that the correspondence was received in the office of the Gram Panchayath.

26. On a careful consideration of the cross-examination of PW.1 dated 06.07.2024, it is evident that nothing material has been elicited from the witness so as to discredit the genuineness, contents or receipt of Ex.P.3. Though the Plaintiff has stated that, on certain occasions, correspondence addressed to the Gram Panchayath may be received at the office either by the PDO or by the President and thereafter endorsed by the concerned person, there is no material elicited in the cross-examination to establish that the endorsement appearing on Ex.P.3 is fabricated or that the document was never received in the office of the Defendant-Gram Panchayath.

27. More importantly, the evidence of DW.2 assumes significance in appreciating the evidentiary value of Ex.P.3. The relevant portion of the cross-examination of DW.2 dated 13.07.2026 is reproduced hereinbelow:

> *"ಸಾಕ್ಷಿಗೆ ನಿಪಿ-2 ನ್ನು ತೋರಿಸಿ 2020 ನೇ ಇಸ್ವಿಯಲ್ಲಿ ಅದರಲ್ಲಿರುವ ನಮೂದಾಗಿರುವ ಎಲ್ಲಾ ಮಾಲುಗಳನ್ನು ಉಪಯೋಗಿಸಿ ಬೋರ್‌ವೆಲ್ ಮುಖಾಂತರ ನೀರನ್ನು ಸರಬರಾಜು ಮಾಡಿದ್ದೇವೆ ಎಂದರೆ ಸರಿ. ಸಾಕ್ಷಿಗೆ ನಿಪಿ-3 ಮತ್ತು ನಿಪಿ-7 ನ್ನು ತೋರಿಸಲಾಗಿ ಸದರಿ ತಿಳುವಳಿಕೆ ಪತ್ರಗಳ ಪ್ರಕಾರ ನೀವು ವಾದಿಗೆ ಹಣವನ್ನು ಪಾವತಿ ಮಾಡಿದ್ದಿರಾ ಎಂದರೆ ಸಾಕ್ಷಿಯು ತನಗೆ ಕ್ಲಾರಿಪಿಕೇಶನ್ ಇಲ್ಲ ಎಂದು ನುಡಿಯುತ್ತಾರೆ. ಸದರಿ ನಿಪಿ-3 ಮತ್ತು 7 ತಿಳುವಳಿಕೆ ಪತ್ರಗಳಿಗೆ ಉತ್ತರವನ್ನು ನೀಡಿದ್ದಿರಾ ಎಂದರೆ ಸಾಕ್ಷಿಯು ತನಗೆ ಕ್ಲಾರಿಪಿಕೇಶನ್ ಇಲ್ಲ ಎಂದು ನುಡಿಯುತ್ತಾರೆ."*

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28. On a careful consideration of the aforesaid portion of the cross-examination, it is apparent that DW.2, when specifically questioned as to whether the amount claimed by the Plaintiff pursuant to the correspondence at Ex.P.3 and the legal notice at Ex.P.7 had been paid, stated that she had no clarification in that regard. Likewise, when questioned as to whether the Defendants had issued any reply to the correspondence at Ex.P.3 or the legal notice at

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Ex.P.7 disputing the liability claimed by the Plaintiff, DW.2 again stated that she had no clarification.

29. The above evidence assumes considerable significance. If Ex.P.3 were wholly false, fabricated or had never been received by the Defendant-Gram Panchayath, it would have been natural for the Defendants to place some material on record demonstrating such fact or to produce the corresponding records of the Gram Panchayath. No such evidence has been forthcoming. Further, the Defendants have not produced any reply or correspondence contemporaneous with Ex.P.3 disputing the Plaintiff's demand or denying the underlying transaction.

30. It is true that the mere absence of a reply to a demand notice, by itself, may not amount to an admission of liability. However, in the present case, Ex.P.3 does not stand in isolation. It has to be appreciated along with Ex.P.1, the indent, Ex.P.2, the invoice, the evidence of PW.1, and the admissions elicited from DW.1 and DW.2. When considered cumulatively, the endorsement appearing on Ex.P.3, coupled with the failure of the Defendants to specifically dispute its receipt or produce any contemporaneous record contradicting the same, lends substantial corroboration to the Plaintiff's case.

31. Therefore, the evidence on record satisfactorily probablises the receipt and genuineness of Ex.P.3. The Defendants have failed to establish that Ex.P.3 is fabricated or that the correspondence was never received by the Defendant-Gram Panchayath. In the backdrop of the other documentary and oral evidence available on record, Ex.P.3 is duly proved and constitutes a further corroborative circumstance supporting the Plaintiff's case regarding the subsistence of the outstanding liability of ₹93,338/-.

32. In view of the foregoing discussion and on a cumulative appreciation of the oral and documentary evidence on record, particularly Exs.P.1 to P.3, coupled with the material admissions elicited from DW.1 and DW.2, this

Court is of the considered opinion that the Plaintiff has successfully established that the Defendants had placed an indent for procurement of the materials specified in Ex.P.1, that the said materials were supplied by the Plaintiff pursuant thereto, and that an invoice under Ex.P.2 was duly raised for the sum of ₹93,338/-. The subsequent correspondence under Ex.P.3 further corroborates the Plaintiff's case regarding the subsistence of the outstanding liability. The defence that the transaction was a personal transaction with a member of the Gram Panchayath and that the documents relied upon by the Plaintiff are fabricated has remained a mere assertion unsupported by cogent and convincing evidence. Hence, the Plaintiff has proved, on the preponderance of probabilities, that the Defendants purchased the goods worth ₹93,338/- from the Plaintiff on 17.03.2020 on credit basis. Accordingly, Issue No.1 is answered in the **Affirmative.**

33. **<u>Issue No.2</u>**: This issue is raised casting burden upon the Plaintiff to prove that, Defendants are due and liable to pay a sum of rupees 93,338/- with interest at 18% P.A.

34. Having recorded a finding on Issue No.1 that the Plaintiff has established the purchase and supply of the materials to the Defendant-Gram Panchayath and that Ex.P.2 invoice was raised for a sum of ₹93,338/-, the next question that arises for consideration is whether the said amount continues to remain due and payable by the Defendants and, if so, whether the Plaintiff is entitled to claim interest at the rate of 18% per annum.

35. As already discussed while answering Issue No.1, the evidence of PW.1, coupled with Exs.P.1 to P.3 and the admissions elicited from DW.1 and DW.2, establishes the underlying transaction and the liability arising therefrom. Ex.P.2 specifically reflects the value of the materials supplied by the Plaintiff. There is nothing substantial elicited in the cross-examination of PW.1 to establish that the amount covered under Ex.P.2 was subsequently paid by the Defendants. On the contrary, the evidence of DW.2 is significant in this regard. When specifically questioned regarding payment of the amount claimed by the Plaintiff pursuant to Ex.P.3 and Ex.P.7, DW.2 has stated that she has no clarification regarding such payment. The Defendants have also not produced any voucher, receipt, payment register, bank statement, acquittance or other documentary evidence to establish that the amount of ₹93,338/- was discharged.

36. Further, Ex.P.3 constitutes a subsequent demand made by the Plaintiff calling upon the Defendant-Gram Panchayath to clear the outstanding amount of ₹93,338/-. The Defendants have not produced any reply disputing the liability claimed therein. Though the absence of a reply, by itself, cannot be treated as an admission of liability, the same assumes significance when considered along with the proved transaction, the invoice under Ex.P.2 and the absence of any evidence of discharge of the debt.

37. It is also necessary to note that the Defendants, having specifically disputed the very existence of the transaction, were expected to place before the Court the relevant records of the Gram Panchayath, including the payment records, cash book, vouchers, resolution or other accounts relating to the alleged transaction, if in fact the amount had been paid or if no liability existed. No such material has been produced. The defence has therefore remained substantially confined to a denial of the transaction, which has already been found to be unsupported by cogent evidence while answering Issue No.1.

38. Thus, on a cumulative appreciation of the evidence, this Court finds that the Plaintiff has established that the sum of ₹93,338/- covered under Ex.P.2 was due and payable by the Defendant-Gram Panchayath and that the said amount remained unpaid.

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39. The Plaintiff has further claimed interest at the rate of 18% per annum. However, entitlement to the principal amount and entitlement to interest at the specific rate claimed are two distinct matters. The Plaintiff is required to establish the basis for claiming interest at the rate of 18% per annum, either by demonstrating an express or implied contractual stipulation, a trade usage having the force of an agreed term, or any other legally recognised basis for such rate. Mere mention of the rate of interest in the plaint, without proof of the agreement or other basis for such claim, would not by itself entitle the Plaintiff to interest at that particular rate.

40. In the present case, if there is no specific stipulation regarding payment of interest at 18% per annum in Ex.P.1, Ex.P.2 or in any other proved document, the Plaintiff cannot claim the said rate merely on the basis of his assertion. Nevertheless, once the principal amount is proved to be due and payable and the Defendants have retained the benefit of the transaction without discharging the corresponding liability, the Plaintiff would be entitled to appropriate interest in accordance with law. The rate and period of such interest are required to be determined having regard to the nature of the transaction, the circumstances in which the liability arose and the provisions governing award of interest.

41. Accordingly, this Court holds that the Plaintiff has successfully established the Defendants' liability to pay the principal sum of ₹93,338/-. However, in the absence of satisfactory proof of any contractual stipulation or other legally sustainable basis for claiming interest specifically at 18% per annum, the Plaintiff's claim to interest at the said rate cannot be accepted merely as claimed. The Plaintiff would, however, be entitled to such interest at the rate and for the period as may be permissible in law. Hence, Issue No.2 is answered **Partly in the Affirmative.**

42. **<u>Issue No.3</u>:** This issue is raised casting burden upon the Plaintiff to prove that he is entitiled for future interest at the rate of 18% P.A.

43. The Plaintiff has claimed future interest at the rate of 18% per annum on the principal amount. The entitlement to future interest, however, is governed by Section 34 of the Code of Civil Procedure, 1908. The said provision empowers the Court, in a decree for payment of money, to award interest from the date of the decree until the date of payment at such rate as the Court considers reasonable. Ordinarily, such further interest is not to exceed 6% per annum. However, where the liability arises out of a commercial transaction, the proviso to Section 34 permits the Court to award further interest exceeding 6% per annum, subject to the limitation that such rate shall not exceed the contractual rate of interest and, in the absence of a contractual rate, shall not exceed the rate at which monies are lent or advanced by nationalised banks in relation to commercial transactions.

44. In the present case, the transaction admittedly relates to the supply and purchase of materials by the Plaintiff in the course of his business. Therefore, the transaction bears the character of a commercial transaction within the meaning of Explanation II to Section 34 CPC, since the liability is connected with the trade or business of the party incurring the liability.

45. However, the mere fact that the transaction is commercial does not, by itself, entitle the Plaintiff to future interest at the rate of 18% per annum. The Plaintiff must establish the contractual or other legally sustainable basis for claiming interest at the said rate. In the present case, there is no material on record demonstrating that the Defendants had agreed to pay interest at 18% per annum on the outstanding amount. Ex.P.1, Ex.P.2 and Ex.P.3, which have been relied upon by the Plaintiff to establish the transaction and outstanding liability, do not establish any express stipulation whereby the Defendants agreed to pay interest at 18% per annum.

46. Further, while answering Issue No.2, this Court has already found that the Plaintiff has established the principal liability of ₹93,338/-, but has failed to establish a contractual basis for claiming interest specifically at the rate of 18% per annum. The same consideration necessarily operates against the Plaintiff's claim for future interest at the identical rate.

47. It is also necessary to bear in mind that the award of future interest under Section 34 CPC is discretionary. The Court is required to exercise such discretion judicially and award a rate which is reasonable having regard to the nature of the transaction and the circumstances of the case. The expression “may” occurring in Section 34 confers discretion upon the Court regarding the award and rate of future interest.

48. In the present case, although the transaction is commercial in nature, there is no evidence establishing a contractual rate of 18% per annum. Consequently, the proviso to Section 34 cannot be invoked to mechanically award future interest at 18% per annum. In the absence of proof of a contractual rate, the permissible rate of future interest has to be considered with reference to the rate at which monies are lent or advanced by nationalised banks in relation to commercial transactions.

49. Having regard to the facts and circumstances of the case, the nature of the transaction, the absence of any proved contractual stipulation regarding interest at 18% per annum, and the mandate of Section 34 CPC, this Court is of the considered opinion that the Plaintiff has failed to establish his entitlement to future interest at the rate of 18% per annum. Nevertheless, since the principal amount has been found due and payable and the Defendants have failed to discharge the said liability, the Plaintiff would be entitled to reasonable future interest on the principal sum adjudged, from the date of decree till realization, at the rate permissible under Section 34 CPC.

50. Accordingly, the Plaintiff is not entitled to future interest at the rate of 18% per annum as claimed. The Plaintiff shall, however, be entitled to future interest at a reasonable rate of **6% per annum on the principal sum of ₹93,338/- from the date of decree till realization**, unless a higher rate is otherwise justified on the basis of the evidence and the proviso to Section 34 CPC. Hence, **Issue No.3 is answered Partly in the Affirmative.**

51. Issue No.4: This issue is raised to discuss regarding the Plaintiff's entitilement for the relief of suit claim.

52. In view of the findings recorded on Issue Nos.1 to 3, it has already been held that the Plaintiff has established the transaction in question and that the materials covered under Ex.P.1 were supplied to the Defendant-Gram

Panchayath pursuant to the indent placed by it. It has further been held that the Plaintiff duly raised the invoice under Ex.P.2 and that a sum of ₹93,338/- remained due and payable by the Defendants. The Defendants have failed to establish that the said amount was subsequently paid or otherwise discharged. Consequently, the Plaintiff is entitled to recover the principal sum of ₹93,338/- from the Defendants.

53. The remaining question concerns the Plaintiff's entitlement to interest for the different periods. For this purpose, the claim for interest requires to be considered under three distinct periods, namely: (i) interest from the date of the invoice till the date of institution of the suit; (ii) pendente lite interest from the date of institution of the suit till the date of decree; and (iii) future interest from the date of decree till realization.

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54. **<u>Pre-suit interest</u>:**

The invoice under Ex.P.2 is dated 17.03.2020, whereas the present suit was instituted on 20.09.2022. The Plaintiff has claimed interest at the rate of 18% per annum for the period prior to the institution of the suit. However, as already observed while considering Issue Nos.2 and 3, there is no satisfactory evidence establishing any express contractual stipulation between the parties for payment of interest at 18% per annum. Neither Ex.P.1 nor Ex.P.2 contains any such stipulation, nor has the Plaintiff established any mercantile usage or other legally enforceable basis for claiming interest at the said rate.

55. The fact that the transaction is commercial in nature does not, by itself, create an automatic entitlement to interest at 18% per annum. The rate of interest claimed prior to the institution of the suit has to have a legal foundation independent of Section 34 CPC. Section 34 principally operates from the date of institution of the suit onwards, while pre-suit interest must be supported by the applicable substantive law, contractual stipulation, statutory provision or other recognised basis.

56. In the present case, although the Plaintiff has established that the amount became due pursuant to the supply of materials and that the Defendants failed to discharge the same despite subsequent demand, the Plaintiff has failed to establish any contractual entitlement to interest at 18% per annum. Nevertheless, considering that the Plaintiff was deprived of the use of the admitted principal amount from the date on which the amount became payable, and having regard to the commercial nature of the transaction, the Plaintiff is entitled to reasonable interest on the principal amount for the pre-suit period, subject to the legal basis available for such award.

57. Accordingly, interest at the rate of **6% per annum** on the principal sum of ₹93,338/- is considered reasonable for the period from 17.03.2020 to 20.09.2022.

58. The said period comprises 917 days. Calculated at 6% per annum, the interest for the said period works out to a sum of rupees **₹14,070/-**. Thus, the principal together with pre-suit interest, as on the date of institution of the suit, would work out to approximately **₹1,07,408/-**, subject to calculation in the decree.

59. **Pendente lite interest:**

The next question is the rate of interest payable from the date of institution of the suit, i.e., 20.09.2022, till the date of decree.

60. Section 34(1) CPC empowers the Court, in a decree for payment of money, to award interest on the principal sum adjudged from the date of the suit to the date of the decree at such rate as the Court considers reasonable. The statutory provision thus vests discretion in the Court to determine a reasonable rate of pendente lite interest. The award is to be made on the **principal sum adjudged** and not upon the accumulated pre-suit interest.

61. Though the present transaction is commercial in character, the Plaintiff has failed to establish any contractual rate of interest. Therefore, the Plaintiff cannot claim 18% per annum merely because such rate has been pleaded in the plaint. In the absence of a proved contractual rate and having regard to the nature of the transaction and the circumstances of the case, this Court considers **6% per annum** on the principal sum of ₹93,338/- to be a reasonable rate of pendente lite interest from 20.09.2022 till the date of decree.

62. It is clarified that the pendente lite interest shall be calculated only upon the principal sum of ₹93,338/- and not upon the pre-suit interest of ₹14,070/-.

63. **Future interest:**

The Plaintiff has also claimed future interest at the rate of 18% per annum from the date of decree till realization.

The grant of such future interest is specifically governed by Section 34 CPC.

64. Ordinarily, Section 34 permits further interest from the date of decree till realization at a rate not exceeding 6% per annum as the Court may deem reasonable. Where the liability arises out of a commercial transaction, the proviso enables the Court to award further interest exceeding 6% per annum; however, such rate cannot exceed the contractual rate of interest and, in the absence of a contractual rate, cannot exceed the rate at which monies are lent or advanced by nationalised banks in relation to commercial transactions.

65. In the present case, although the liability arises out of a transaction connected with the Plaintiff's business and can therefore be regarded as a commercial transaction, there is no proved contractual stipulation for payment of interest at 18% per annum. Consequently, the Plaintiff cannot claim 18% per annum as a matter of right. In the absence of a proved contractual rate, the proviso to Section 34 does not authorise the Court to mechanically grant the rate claimed by the Plaintiff. The Court is required to exercise its discretion judicially and award such rate as is reasonable within the parameters prescribed by Section 34 CPC.

66. Having regard to the nature of the transaction, the absence of a contractual stipulation for interest, the amount involved and the overall circumstances of the case, this Court considers **6% per annum on the principal sum of ₹93,338/-** to be just and reasonable as future interest from the date of decree till realization.

67. Thus, the Plaintiff is entitled to recover:

(a) **Principal amount:** ₹93,338/-;

(b) **Pre-suit interest:** 6% per annum on ₹93,338/- from 17.03.2020 to 20.09.2022, approximately ₹14,070/-;

(c) **Pendente lite interest:** 6% per annum on ₹93,338/- from 20.09.2022 till the date of decree; and

(d) **Future interest:** 6% per annum on ₹93,338/- from the date of decree till realization.

68. For the avoidance of doubt, interest shall not be calculated upon accrued interest, but only upon the principal sum adjudged, namely ₹93,338/-. This is consistent with the principle that interest under Section 34 CPC is awarded on the principal sum adjudged and not upon the interest component.

69. Accordingly, the Plaintiff is entitled to a decree for recovery of the principal sum of ₹93,338/- together with **pre-suit interest** as stated above, **pendente lite interest** from the date of institution of the suit till the date of decree, and **future interest** from the date of decree till realization, all at the rate of 6% per annum on the principal sum of ₹93,338/-. Hence, **Issue No.4 is answered Partly in the Affirmative.**

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70. <u>Issue No.5:</u> For the forgoing reasons, this Court is inclined to pass the following**:**

<u>ORDER</u>

The suit filed by the Plaintiff is hereby **partly decreed with costs** in the following terms:

The Defendants are hereby directed to pay to the Plaintiff a sum of Rupees **₹93,338/- (Rupees Ninety-Three Thousand Three Hundred and Thirty-Eight only)** towards the principal amount.

The Plaintiff is entitled to **pre-suit interest at the rate of 6% per annum** on the principal sum of Rupees ₹93,338/- from **17.03.2020 till 20.09.2022**, amounting to Rupees **₹14,070/-**.

The Plaintiff is further entitled to **pendente lite interest at the rate of 6% per annum** on the principal sum of ₹93,338/- from **20.09.2022 till the date of decree**.

The Plaintiff is also entitled to **future interest at the rate of 6% per annum** on the principal sum of ₹93,338/- from the **date of decree till realization of the entire decretal amount**, in terms of Section

34 of the Code of Civil Procedure, 1908.

It is clarified that interest shall be computed only on the principal sum of **₹93,338/-** and not on the accrued interest.

The claim of the Plaintiff for interest at the rate of **18% per annum** is hereby **rejected** for want of proof of any contractual stipulation or other legally sustainable basis for such rate.

Office is hereby directed to draw decree accordingly.

Accordingly, this suit shall stand disposed.

(Dictated to Adalat Ai, auto transcribed by Adalat Ai formatted by Stenographer corrected by me and then pronounced by me in the open court on this **10th day of August, 2026**)

SANJEEV KUMAR G Digitally signed by SANJEEV KUMAR G Date: 2026.08.10 15:03:08 +0530

(G. Sanjeev Kumar)
Civil Judge & JMFC,
Kalaghatagi,

A N N E X U R E

List of witnesses examined on behalf of Plaintiff :

PW.1 : Subhash Ganesh Jadhav

List of documents marked on behalf of plaintiff;

Ex.P1	:	Original list of materials on the Letter Head of Gram Panchayath, Sangmeshwar dated dtd 17.04.2020
Ex.P2	:	Carbon copy of invoice

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Ex.P3	:	Photocopy of Letter dated 22.03.2021
Ex.P4	:	Postal acknowledgment
Ex.P5	:	Photocopy of Letter dated 17.09.2022
Ex.P6 `	:	Letter received from the Post Master dated 17.09.2022
Ex.P7	:	Office copy of Legal otice dated 25.11.2021

List of witnesses examined on behalf of Defendants:

DW.1	:	Abdul Rajak Maniyar
DW:2	:	Savita Kabber

List of documents marked on behalf of Defendants:

- NIL-

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(G. Sanjeev Kumar)
CIVIL JUDGE & JMFC,
KALAGHATAGI,