KARC410014202025

IN THE COURT OF THE SENIOR CIVIL JUDGE & JMFC., MANVI.

Present : Sri. Kanchi Mayanna Goutam, B.A.L.,LL.M.,
Senior Civil Judge & JMFC., Manvi.

Dated : This the 20th day of July 2026.

O.S. No.113/2025

Plaintiff/s : Karnataka Grameena Bank,
Branch Manvi, Taluka Manvi,
District Raichur
represented by its
Senior Manager.

(Represented by Sri. STHM., Adv.,)

V/S

Defendant/s : 1. Hanumanthappa @ Hanumantha
S/o Mareppa,
Age: 68 years, Occ: Agriculture,

2. Smt Siddamma W/o Sharanabasava
Age: Major, Occ: Agriculture,

Both are R/o Nasalapur Village,
Tq. Manvi, Dist: Raichur.

(D1 and 2 exparte)

Date of institution of the suit	: 05.08.2025
Nature of the suit	: Money Suit
Date of commencement of recording evidence	: 20.07.2026
Date on which the Judgment pronounced	: 20.07.2026

Total duration	: Year/s	Month/s	Day/s
	00	11	15

\- - - -

JUDGEMENT

The plaintiff bank filed this suit against the defendants seeking declaration to the effect that the plaintiff bank is entitled to recover sum of Rs.16,25,453/- with future interest at the rate of 15.50% per annum from 01.04.2025 till realization of entire amount from the defendant No.1 and 2 and also preliminary decree for sale of mortgaged suit schedule properties along with court cost.

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

The plaintiff bank alleged that the defendant No.1 being the principal borrower borrowed the crop loan of Rs.

15,00,000/- from the plaintiff bank by filing an application on 27.10.2021 by agreeing to repay the said loan amount with interest thereon at the rate of 13.50% p.a. and also agreed to pay the over due interest at the rate of 2% pm., Further, it is alleged that the defendant No. 1 has executed the registered mortgage deed on 18.10.2021. The defendant No.1 has executed letter of revivals on 25.10.2024 by admitting and acknowledging his liability. The defendant No.1 failed to make the repayment of loan with interest. The plaintiff bank issued legal notice on 05.11.2024. The defendant No.1 illegally alienated his the said land in Sy No.23/A/3 measuring 12.10 acres out of which the extent of 6 acres infavour of one Bussappa S/o Mareppa by way of partition and the said Bussappa executed the gift deed on the said portion of the land in the name of defendant No.2. Now the name of defendant No.2 is appearing in the RTC. Hence, the defendant No.2 is made as party.

3. As on 31.03.2025 the defendant No.1 is liable to pay sum of Rs.16,25,453/-. In-spite of repeated demand of the plaintiff the defendants not repaid the loan amount. In this regard the legal notice dated 25.10.2024 was issued

to the defendants. Even after the issuance of legal notice the defendants did not came forward to repay the loan amount. Hence, the present suit.

4. The suit summons issued to the defendant No.1 and 2 was duly served on the defendant No.1 and 2. Hence, as per order dated 01.07.2026 the defendant No.1 and 2 were placed exparte.

5. In order to prove the case of plaintiff bank, the plaintiff bank Manager has filed affidavit in lieu of chief examination as PW 1 and got marked the documents at Ex.P1 to P12. On the other hand, in spite of sufficient opportunity, the defendants have not came forward to deny the case of the plaintiff bank.

6. On the basis of above pleadings, and the evidence prays before this Court, the following points are arise for consideration;

1. Whether the plaintiff bank proves that the defendant No. 1 as a borrower as a borrowed crop loan of Rs. 15,00,000/- on 27.10.2021 by executing the necessary documents?

2. Whether the plaintiff bank further proves that the defendant No. 1 agreed to pay interest at the rate of 15.50% p.a.?

3. Whether the plaintiff bank further proves that the defendant No.1 executed the mortgage deed by mortgaging the suit schedule properties in favour of the plaintiff bank?

4. Whether the plaintiff bank is entitled for the preliminary decree of recovery of sum of Rs.16,25,453/- with future interest at the rate of 15.50% p.a. from 01.04.2025 till the realization of entire amount?

5. Whether the plaintiff bank is entitled for the relief of sale of mortgaged suit schedule properties?

6. What order or decree?

7. Heard the arguments. Perused the documents on record.

8. My findings to the above points are as under:

Point No. 1 : In the affirmative.

Point No. 2 : In the affirmative.

Point No. 3 : In the affirmative.

Point No. 4 : Partly In the affirmative.

Point No. 5 : In the affirmative.
Point No. 6 :As per the final order
for the following reasons.

R E A S O N S

9. ***Points No. 1 to 3***: - As these points are inter linked with each other, in respect of borrowing of the loan, execution of documents by agreeing the terms and conditions of the bank. Hence they are taken together for common discussion in order to avoid repetition of same facts.

10. To support its contentions and to corroborate with the contents of plaint, the plaintiff bank examined its Branch Manager as PW 1 and Ex.P1 to P12 were marked. Ex.P1 is loan application. Ex.P2 is Sanction letter. Ex.P3 is Registered mortgage deed. Ex.P4 is Memorandum of agreement. Ex.P5 is over draft facilities. Ex.P6 is letter of variation of interest. Ex.P7 is letter of revival. Ex.P8 is EC. Ex.P9 is Legal notice. Ex.P10 is postal receipts. Ex.P11 is RTCs collectively marked. Ex.P12 is account statement.

11. It is the specific case of the plaintiff bank that the defendant No. 1 as a principal borrower, borrowed the agricultural crop loan of Rs.15,00,000/- from the plaintiff bank by filing an application on 27.10.2021 by agreeing to repay the said loan amount with interest thereon at the rate of 13.50% p.a. and such varied rate of interest as and when varied as per the directions of the RBI from the date of loan till the final realization of the entire loan amount along with penal interest at the rate of 2% p.a. Further, it is alleged that on 18.10.2021 the defendant No. 1 has executed the mortgage deed by mortgaging the suit schedule properties and the declaration was executed before the Sub-Registrar, Manvi on 18.10.2021 for Rs.15,00,000/-.

12. On perusal of the documents produced by the plaintiff, the Ex.P1 is the loan application which bares the photogranfs and thumb impression of the defendant No.1 who is a borrower. The Ex.P2 is loan sanction in letter which also bears the thumb impression of the defendant No.1 wherein it shows that the defendant No.1 borrowed the loan of Rs.15,00,000/- by agreeing the repay the same which interest at the rate of 13.50% p.a. The Ex.P3 being

the simple mortgage deed which is registered before this office of Sub-Registrar Manvi evidentiates that the defendant No.1 has mortgaged the suit schedule properties to the plaintiff bank for the loan borrower by him. The Ex.P4 is the memorandum of agreement wherein the condition No.4 discloses that the defendant No.1 agreed to pay the over due interest of 2% p.a., in case of default. Ex.P5 and 7 also bears the thumb impression of the defendant No.1.

13. The Ex.P3 is the simple mortgage deed which is registered before Sub registrar Manvi on 18.10.2021. The said execution of simple mortgage deed is also forth coming in Ex.P8 encumbrance certificate. The Ex.P11 being the RTCs of the suit properties also establishes that these suit properties are mortgaged to the plaintiff bank. This Ex.P3, 8 and 11 jointly establishes that the defendant no.1 mortgaged the suit properties to the plaintiff bank for the loan borrowed by him.

14. Further, by this, it can be concluded that the defendant no.1 availed the loan by executing the

documents and also mortgage deed in favour of plaintiff bank.

15. Even though sufficient opportunity was granted, the defendants not appeared and not made out any grounds to challenge the contentions of the plaintiff bank. Further, the defendants remained exparte and thereby no denials are made in respect of pleadings and the documents produced by the plaintiff bank. Hence, they are remained unchallenged.

16. Further, the Ex.P9 is the legal notice and the Ex.P10 is the postal receipts. The defendants have not given any replay by denying the case of the plaintiff. On considering all these facts in background Ex.P1 to P12 are documentary evidence wherein at the time of serving of legal notice to the defendants and also after the service of suit summons in this case the defendants neither replied nor came up with any documents or oral testimony to challenge the contentions of plaintiff bank. In this situation, the adverse inference can be drawn against the defendants under section ***114 (g) of Indian Evidence Act. In the ruling reported in AIR 1999 S.C. 1441***

(Vidyadhar V/S Mankikrao & Another), wherein the Hon'ble Supreme Court was pleased to observed as follows:

> "Where a party to the suit does not appear into the witness box and states his own case on oath and does not offer himself to be cross-examined by the other side, a presumption would arise that the case set up by him is not correct."

On the basis of above said ruling, the adverse inference can be drawn against the defendants under section 114 of Indian Evidence Act. The principle laid down in the above case squarely applicable to the case on hand. By considering all these admissions, it can be held that the defendant No. 1 as a principal borrowed the loan by executing the documents and also by agreeing to pay the interest at the rate of 13.50% p.a. and with 2% penal interest in case of default and also executed the mortgage deed by mortgaging the suit schedule properties to the plaintiff bank. Accordingly, **point No. 1 to 3 are answered in the affirmative.**

17. ***Point No. 4*** : As discussed in point No. 1 to 3, the defendant No.1 borrowed the loan of Rs.15,00,000/- from the plaintiff bank by agreeing to pay the interest at the rate of 13.50% p.a. and with 2% penal interest in case of default and also executed the mortgage deed by mortgaging the suit schedule properties to the plaintiff bank. The defendants have mortgaged the suit schedule properties by depositing the title deed and also by executing the simple mortgage deed as per Ex.P3. In this case, the plaintiff bank is claiming future and current interest for the period of pendent-lite and for the period of judgment to till realization of entire amount at the rate of 15.50% p.a. from 01.04.2025. Such being the case, the interest for these two periods in the present case it governs by Order XXXIV Rule 11 of C.P.C.

> **ORDER XXXIV-SUITS RELATING TO MORTGAGES OF IMMOVABLE PROPERTY**
>
> 11. Payment of interest— In any decree passed in a suit for foreclosure, sale or redemption, where interest is legally recoverable, the Court may order payment of interest to the mortgagee as

follows, namely:—

(a) interest up to the date on or before which payment of the amount found or declared due is under the preliminary decree to be made by the mortgagor or other person redeeming the mortgage—

(i) on the principal amount found or declared due on the mortgage,—at the rate payable on the principal, or, where such rate at the Court deems reasonable and,

(iii) on the amount adjudged due to the mortgagee for costs, charges and expenses properly incurred by the mortgagee in respect of the mortgagee-security up to the date of the preliminary decree and added to the mortgage-money,—at the rate agreed between the parties, or, failing such rate, at such rate not exceeding six per cent, per annum as the Court deems reasonable; and

(b) subsequent interest up to the date of realization or actual payment on the aggregate of the principal sums

> specified in clause (a) as calculated in accordance with that clause at the such rate as the Court deems reasonable.

Thereby, the Order XXXIV Rule 11 speaks about two types of interest i.e. interest for the period of pendent-lite and subsequent interest.

<u>Interest Pendente-lite :</u> Which shall be for the period commencing from date on which the transaction was entered into and continuous till the date when the suit was decreed and the same shall be awarded at the rate agreed and accepted by the parties to the transaction.

<u>Subsequent interest :</u> Which is for the amount due as on the date of decree till realization of entire decreetal amount.

18. In this case, as discussed in point No. 1 to 3 the defendants are liable to pay the interest as per the varied rate of interest in accordance with the guidelines of the R.B.I. In this case, till the filing of suit and till the date of judgment the defendants are liable to pay the agreed rate of interest as per Order XXXIV Rule 11 of C.P.C. Further, from the date of judgment to till realization of the entire

amount, it is as per the rate going to be imposed by the court, which the court deems thinks fit reasonable. In this case, as the defendants submitted that they have invested the loan amount on the agricultural activities, for which, they have faced financial loss due to scanty rainfall. By considering all these facts, this court feels that the future interest shall be 6% p.a. from the date of suit till the realization of entire amount. Hence, **point No. 4 is answered in the partly affirmative.**

19. ***Point No. 5***: The defendant No.1 executed the mortgage deed as per Ex.P3 and thereby mortgage of the suit schedule properties are established before this Court. The plaintiff bank has proved its claim before this court. The plaintiff bank is a financial institution which is running under the public fund. It has every right to recover the money lent by them. Ex.P12 is a computerized copy of account statement, which discloses that the defendant was due of sum of Rs.16,25,453/- as on 31.03.2025. This shows the outstanding balance loan amount which plaintiff is entitled to recover from the defendant No.1. There is a presumption under section 4 of Bankers' Books Evidence Act which supports the

entries in the bank transactions are as genuine. No evidence to rebut this presumption is also made out as the defendants are not appeared in this case.

20. In <u>ILR 1998 Karnataka 2665, the Hon'ble High Court of Karnataka</u> held that:

> "When the defendant has not appeared before the court and the court is satisfied with the serving of summons as duly served, the court shall pass a decree so prayed by the plaintiff unless relief itself is prima facie barred by limitation or unknown to law."

Hence, the benefit under this ruling of the Hon'ble High Court of Karnataka can also be extended to the plaintiff.

21. The next point need to verify that whether the plaintiff bank filed the suit within the limitation period stipulated under the law. The plaintiff bank has pleaded that the above suit is filed within limitation. The Article 63 of Limitation Act speaks about the suits of foreclose by a mortagee and the same is hereby quoted for the better appreciation of the point.

Description of suit	**Period of limitation**	**Time from which period begins to run**
Article 63		
By a mortgagee—		
(a) for foreclosure;	Thirty years.	When the money secured by the mortgage becomes due.

22. The Ex.P1, 2 and Ex.P3 discloses that the loan was borrowed on 27.10.2021. Thereafter, the present suit was filed on 05.08.2025. In between the defendant No.1 also executed AOD/ letter of revival as per Ex.P7 on 25.10.2024. By considering all this points it can be safely held that the suit is filed within the period of limitation.

23. As a security for the loan the plaintiff has taken the mortgage deed by getting the mortgaged of the properties of the defendant No.1. The defendant No.1 illegally alienated his the said land in Sy No.23/A/3 measuring 12.10 acres out of which the extent of 6 acres infavour of one Bussappa S/o Mareppa by way of partition and the said Bussappa executed the gift deed on the said portion of the land in the name of defendant No.2. Now the name of defendant No.2 is appearing in the RTC. The loan was

taken by mortgaging the suit schedule properties. The encumbrance as per Ex.P8 and RTC Ex.P11 discloses that the said mortgage deed is forthcoming in the said document. The defendant No.2 who is the benificiary of the gift deed has got a portion in one of the suit schedule property which is mortgage to the plaintiff bank. The defendant No.2 remained exparte and not made any grounds to show that why the claim of the plaintiff bank cannot be made against the property which is gifted to him. The plaintiff has the right of preemption over the said property. Hence, the plaintiff bank has every right to proceed against the property which is in the name of defendant No.2 by the subsequent transactions after the mortgage deed. Such being the case, the plaintiff bank has already established its claim over the defendants. Hence, it is entitled for the relief of sale of the mortgaged suit schedule properties including the said land in Sy No.23/A/3 measuring 12.10 acres out of which the extent of 6 acres which is in the name of defendant No.2. But the bank cannot proceed personally on the defendant No.2 for the recovery of loan amount. **Hence, point No. 5 is answered in the affirmative.**

24. ***Point No. 6*** : by considering the all this reasons discussed in point No.1 to 6, proceed to pass the following order.

ORDER

The suit of the plaintiff bank is hereby partly decreed with cost.

It is hereby declared that the defendant No. 1 is liable to pay a sum Rs.16,25,453/- along with interest at the rate of 15.50% p.a. from 01.04.2025 to till the date of this Judgment and order.

Further, the defendant No. 1 is also directed to pay the future interest at the rate of 6% p.a. on the decreetal amount of Rs. 16,25,453/- from the date of this judgment and Order till the recovery of entire decreetal amount.

The defendant No. 1 is liable to pay the decreetal amount within six months from the date of this judgment.

The defendant No. 1 is hereby directed to make good payment of the decreetal amount along with the interest to the plaintiff bank or deposit the same before this court within six months from the date of this judgment. Upon which, the plaintiff bank shall deliver all the documents pertaining to the mortgaged property which is in its possession to the defendant No.1 or any person so appointed by the defendants.

In default, the plaintiff bank shall be entitled to seek final decree directing the mortgaged property i.e. 1) Sy No.23/*/A/1 now its latest Sy No.23/*/6 measuring 2 acres 24 guntas, 2) Sy No.23/*/A/3 measuring 12 acres 10 guntas, now its latest Sy No.23/*/7 measuring 6 acres 00 guntas and Sy No.23/*/2 measuring 6 acres 00 guntas, 3) Sy No.72/*/1 measuring 2 acres 10 guntas, and measuring 2 acres

30 guntas all the properties of Nasalapur village, Tq: Manvi, District: Raichur, bounded as per the survey sketch shall be sold and the proceeds of the sale (after the deduction therefrom of the expenses of the sale) be paid into court and applied in payment of the said decreetal amount along with the current and future interest as per the judgment and thereby debarring the defendant No. 1 and 2 from all the right to redeeming the property. The balance if any after fully satisfying the claim of the plaintiff to be paid to the defendant No.1 or other persons duly appointed by them or other persons entitled to receive the same.

It is further clarified that in case the sale proceeds of mortgaged properties are failed to fully satisfy the claim of the plaintiff bank, the defendant No. 1 is liable to pay the remaining decreetal amount along with interest.

Draw preliminary decree accordingly.

(Dictated to the Stenographer, typed by her directly through computer, corrected by me and then pronounced in the open court on this the 20th day of July 2026)

(Kanchi Mayanna Goutam)
Senior Civil Judge & JMFC.,
Manvi.

A N N E X U R E

List of witnesses examined for the plaintiff:

PW 1 : Nagaraj

List of witnesses examined for the defendant:

- NIL -

List of documents marked for the plaintiff:

Ex.P1	: Loan application.
Ex.P2	: Sanction letter
Ex.P3	: Registered mortgage deed
Ex.P4	: Memorandum of agreement
Ex.P5	: Over draft facilities
Ex.P6	: Letter of variation of interest
Ex.P7	: Letter of revival
Ex.P8	: EC
Ex.P9	: Legal notice

Ex.P10	: Postal receipt
Ex.P11	: RTCs collectively marked
Ex.P12	: Accounts statement

<u>List of documents marked for the defendant</u>:

- NIL -

(Kanchi Mayanna Goutam)
Senior Civil Judge & JMFC.,
Manvi.

Digitally signed by K M GOUTAM
Location: Senior Civil Judge & JMFC, Manvi