



IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 3RD DAY OF MARCH, 2026

PRESENT

THE HON'BLE MRS. JUSTICE ANU SIVARAMAN

AND

THE HON'BLE MS. JUSTICE TARA VITASTA GANJU

REGULAR FIRST APPEAL NO. 411 OF 2023 (MON)

BETWEEN:

SRI. BASAVARAJAPPA

S/O RUDRAPPA

AGED ABOUT 54 YEARS

SOLE PROPRIETOR

M/S. SHIVA TRADERS

BETTADANAGENAHALLI VILLAGE

CHITRADURGA TALUK AND DISTRICT

...APPELLANT

(BY SMT. SUSHMITHA K., ADVOCATE FOR

SRI. M.V. REVENASIDDAIAH, ADVOCATE)



AND:

SMT. K.V. SHILPA

W/O K.R. VEERESH

AGED ABOUT 40 YEARS

THE PROPRIETOR

SRI VEERABHADRASWAMY TRADERS

KODAGAVALLI VILLAGE

CHITRADURGA TALUK AND DISTRICT

...RESPONDENT

(BY SRI. BHAT GANAPATHY NARAYAN (GANAPATHY BHAT),
ADVOCATE)

THIS RFA IS FILED UNDER SECTION 96 R/W ORDER 41
RULE 1 OF CPC AGAINST THE JUDGMENT AND DECREE DATED
03.01.2023 PASSED IN OS No.58/2021 ON THE FILE OF THE I
ADDITIONAL SENIOR CIVIL JUDGE, CHITRADURGA, PARTLY
DECREEING THE SUIT FOR RECOVERY OF MONEY.

THIS APPEAL, COMING ON FOR DISPOSAL, THIS DAY,
JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE MRS. JUSTICE ANU SIVARAMAN
and
HON'BLE MS. JUSTICE TARA VITASTA GANJU



ORAL JUDGMENT

(PER: HON'BLE MRS. JUSTICE ANU SIVARAMAN)

This appeal is filed challenging the judgment and decree dated 03.01.2023 passed by I Additional Senior Civil Judge at Chitradurga in O.S.No.58/2021.

2. We have heard Smt. Sushmitha. K, learned counsel appearing for the appellant and Shri. Ganapathy Bhat, learned counsel appearing for the respondent.

3. It is submitted by the learned counsel appearing for the appellant that the valid contentions raised by the appellant have not been considered by the trial Court. It is contended that the suit was laid for return of an amount of Rs.39,50,000/- with interest at 24%. It is submitted that the defendant had specifically stated that the amount as claimed was excessive and that the amount of Rs.25,00,000/- which has been paid by the plaintiff to the defendant is a business transaction with regard to purchase of betel nuts and that the contention of the plaintiff that the amount is a loan advanced is completely incorrect. It is submitted that this aspect of the matter was



clearly contended by the defendant before the trial Court, but was not considered.

4. The learned counsel appearing for the respondent, on the other hand, contended that the fact that an amount of Rs.25,00,000/- was paid by RTGS to the defendant was an admitted fact. The payment on 23.08.2018 was not disputed, even by the defendant before the trial Court. It is contended that though contentions were raised before the trial Court that it was a business transaction, no document whatsoever was produced in support of the said contention. Moreover, in the evidence of the defendant, the fact that the amount had been borrowed as a loan had been specifically admitted.

5. Having considered the contentions advanced, we notice that the fact that an amount of Rs.25,00,000/- was transferred by the plaintiff to the defendant by RTGS on 23.08.2018 was never under dispute. The only contention raised by the defendant was that it was a business transaction and that the plaintiff had purchased betel nuts from the defendant and it is on that account that the amount had been advanced. In the cross-examination, the defendant was



examined as DW1, where he specifically admitted to the fact that the amount of Rs.25,00,000/- was lent by the plaintiff to Shiva Traders as a loan. It is considering the evidence of the defendant as well, that the trial Court has come to the conclusion that though there is no written contract between the parties, the defendant had admitted to having taken a loan from the plaintiff.

6. The learned counsel appearing for the appellant submits that the rate of interest awarded at 12% is exorbitant. It is contended that Section 34 of the Code of Civil Procedure provides that it is for the Court to fix future interest at the rate not exceeding 6% p.a. It is therefore contended that the rate of interest is to be fixed at 6%.

7. The learned counsel appearing for the respondent submits that since the loan advanced by the plaintiff to the defendant is in the nature of a commercial transaction, interest has to be fixed at the commercial rate.

8. Having considered the contentions advanced, we notice that the fact that an amount of Rs.25,00,000/- had been paid by the plaintiff to the defendant, is not in dispute. The trial



Court, after considering the evidence on the point has come to the conclusion that the transaction between the parties was evidently a loan transaction. The finding has been entered after considering the documentary as well as the oral evidence placed on record.

9. In the above view of the matter, we are of the opinion that the said finding of the trial Court does not require any interference. In view of the fact that the transaction between the parties was for commercial purposes for the business finances of the defendant, we are of the opinion that the rate of interest can be modified.

10. Accordingly:-

- (i) The judgment and decree dated 03.01.2023 passed by I Additional Senior Civil Judge at Chitradurga in O.S.No.58/2021, is **modified** reducing the rate of interest to 8.5% from the date of suit till the date of realization.
- (ii) The amount already deposited, by the appellant with interest, if any earned shall be released to the respondent by the Registry. The said amount shall be deducted from the principal amount due under the decree.



Registry shall draw up the decree accordingly.

All pending interlocutory applications shall stand *disposed*
of.

Sd/-
(ANU SIVARAMAN)
JUDGE

Sd/-
(TARA VITASTA GANJU)
JUDGE

RAK
List No.: 1 Sl No.: 35