



CNR: KAHC010538052024

NC: 2026:KHC:47256-DB
WA No. 1411 of 2024

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 31ST DAY OF AUGUST, 2026

PRESENT

THE HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE

AND

THE HON'BLE MRS. JUSTICE K.S. HEMALEKHA

WRIT APPEAL NO. 1411 OF 2024 (GM-RES)

BETWEEN:

1. THE STATE OF KARNATAKA
REP. BY ITS SECRETARY
PWD DEPARTMENT
VIDHANA SOUDHA
BENGALURU - 560 001
2. THE CHIEF SECRETARY
GOVERNMENT OF KARNATAKA
VIDHANA SOUDHA
BENGALURU - 560 001
3. THE EXECUTIVE ENGINEER
PUBLIC WORKS PORTS AND
INLAND WATER
TRANSPORT DEPARTMENT
MANGALURU DIVISION
MANGALURU - 575 008]
4. THE UNDER SECRETARY
GOVERNMENT OF KARNATAKA
MINORITY, HAJ AND WAKF BOARD
VIKASA SOUDHA
BENGALURU - 560 001

Digitally
signed by
SRIDEVI S
Location:
High Court
of Karnataka



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5. THE DIRECTOR
MINORITIES WELFARE DEPARTMENT
20TH FLOOR, V.V. TOWER
DR. AMBEDKAR VEEDHI
BENGALURU - 560 001
PRESENT ADDRESS:
THE DIRECTOR
MINORITY WELFARE DEPARTMENT
MOULANA AZAD BUILDING
VASANTHA NAGAR
BENGALURU - 560 001

...APPELLANTS

(BY SRI K.S. HARISH, GOVERNMENT ADVOCATE)

AND:

1. SRI B. SURESH
S/O LATE CHANIYAPPA MADIVALA
K.P.W.D. CONTRACTOR - CLASS I
AGED ABOUT 50 YEARS
R/AT BANGARI HOUSE
KANYANA VILLAGE AND POST
BANTWAL TALUKA - 576 230

...RESPONDENT

THIS WRIT APPEAL IS FILED UNDER SECTION 4 OF THE KARNATAKA HIGH COURT ACT PRAYING TO ALLOW THE WRIT APPEAL AND SET ASIDE THE ORDER PASSED BY THE LEARNED SINGLE JUDGE IN WRIT PETITION NO.8380/2022 (GM-RES) DATED 26/02/2024 IN SO FAR AS IMPOSITION OF 6% PER ANNUM FROM THE DATE OF COMPLETION i.e., ON 15/03/2021 TO 29/11/2023 PAYABLE TO THE RESPONDENT/PETITIONER BY THE APPELLANTS.

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



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CORAM: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE
and
HON'BLE MRS. JUSTICE K.S. HEMALEKHA

ORAL JUDGMENT

(PER: HON'BLE MR. VIBHU BAKHRU, CHIEF JUSTICE)

1. For the reasons stated in the application - I.A.2/2025, the delay of 147 days in filing the recalling application is allowed. The delay is condoned.
2. I.A.No.1/2025 filed for recalling the order dated 17.12.2024 is allowed.
3. The State has filed the present appeal impugning an order dated 26.02.2024 passed by the learned Single Judge in WP.No.8380/2022 (GM-RES) [**impugned order**]. The respondent had filed the said writ petition, *inter alia*, praying that directions be issued to the appellants to release the balance amount of ₹50,00,000/- along with interest at the rate of 18% per annum from the date of completion of the subject works, i.e., 15.03.2021 till the date of payment. The learned Single Judge had directed that interest at the rate of 6% per annum be paid from the date of



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completion, i.e. 15.03.2021, to 29.11.2023 on the delayed payments.

4. Briefly stated, the facts which led the respondent to file the writ petition are as follows. The respondent had participated in a tender process and was awarded the contract for executing certain works at 'Samudaya Bhavan' building on 06.02.2020. Admittedly, he has completed the said work and a completion certificate was issued on 19.01.2021. It was the respondent's case that he had requested the release of the payment of the sum of ₹50,00,000/- that was due, but the said amount was withheld without any reason.

5. During the course of the proceedings before the learned Single Judge it was informed that the appellants had processed the papers and the amount would be paid to the petitioner. Notwithstanding the same, the amount was not disbursed. Concededly, there was a delay in the release of the payments, which were admittedly due to the respondent.



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6. A plain reading of the appeal indicates that the appellants do not dispute respondent's entitlement to the sum of ₹50,00,000/- or that the disbursement of the same was delayed.

7. However, the learned Government Advocate contends that since the matter arises from a contract, it was not apposite for the learned single judge to entertain the writ petition.

8. As noted above, the appellants had no justification for withholding the amount due to the respondent. There is also no averment in the appeal that remotely suggests the amount disbursed to the respondent was not due to it.

9. The present appeal is, *inter alia*, premised on the contention that if the interest is awarded, there is a possibility that other contractors would also file cases demanding interest for late payment and this would impose a high financial burden on the State.

10. In **Dr. Poornima Advani & another v. Government of NCT and another**¹, the Supreme Court had observed as under:

¹ 2025 INSC 262



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“16. The concept of awarding interest on delayed payment has been explained by this Court in the case of Authorised Officer Karnataka Bank v. M/s R.M.S. Granites Pvt. Ltd. & Ors. in Civil Appeal No. 12294 of 2024, we quote the following observations:-

“It may be mentioned that there is misconception about interest. Interest is not a penalty or punishment at all, but it is the normal accretion on capital. For example if A had to pay B a certain amount, say ten years ago, but he offers that amount to him today, then he has pocketed the interest on the principal amount. Had A paid that amount to B ten years ago, B would have invested that amount somewhere and earned interest thereon, but instead of that A has kept that amount with himself and earned interest on it for this period. Hence equity demands that A should not only pay back the principal amount but also the interest thereon to B. [See: Alok Shanker Pandey v. Union of India :AIR 2007 SC 1198.]”

17. Thus, when a person is deprived of the use of his money to which he is legitimately entitled, he has a right to be compensated for the deprivation which may be called interest or compensation. Interest is paid for the deprivation of the use of money in general terms which has returned or compensation for the use or retention by a person of a sum of money belonging to other.

24. In the case of Hello Minerals Water (P) Ltd. v. Union of India, (2004) 174 ELT 422, (paras 15 and 16), a Division Bench of the Allahabad High Court explained the concept of interest as under:-

“15. We may mention that we are passing the direction for interest since interest is the normal accretion on capital. Often there is misconception about interest. Interest is not a penalty or punishment at all. 16. For instance, if A had to pay a certain sum of money to B at a particular time, but he pays it after a delay of



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several years, the result will be that the money remained with A and he would have earned interest thereon by investing it somewhere. Had he paid that amount at the time when it was payable then B would have invested it somewhere, and earned interest thereon. Hence, if a person has illegally retained some amount of money then he should ordinarily be directed to pay not only the principal amount but also the interest earned thereon. Money doubles every six years (because of compound interest). Rs. hundred in the year 1990 would become Rs. two hundred in the year 1996 and it will become Rs. 400 in the year 2002. Hence, if A had to pay B a sum of rupees 100 in the year 1990 and he pays that amount only in the year 2002, the result will be that A has pocketed Rs. 300 with himself. This clearly cannot be justified because had he paid that amount to B in the year 1990, B would be having Rs. 400 in the year 2002 instead of having only Rs. 100/-. Hence, ordinarily interest should always be awarded whenever any amount is detained or realized by someone, otherwise the person receiving the amount after considerable delay would be losing the entire interest thereon which will be pocketed by the person who managed the delay, it is for this reason that we have ordered for payment of interest alongwith the amount realized as export pass fee."

11. Thus, if the money due to the respondent is unjustifiably withheld; the compensation by the way of interest would be fully justified.

12. We find no infirmity with the learned Single Judge directing the payment of interest at the rate of 6% per annum.



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13. The appeal is accordingly dismissed.

**Sd/-
(VIBHU BAKHRU)
CHIEF JUSTICE**

**Sd/-
(K.S. HEMALEKHA)
JUDGE**

CKL,SD
List No.: 1 SI No.: 20