HC-KAR

NC: 2026:KHC:60646
WP No. 8207 of 2026

CNR: KAHC010181182026

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 30TH DAY OF OCTOBER, 2026

BEFORE

THE HON'BLE SMT. JUSTICE LALITHA KANNEGANTI

WRIT PETITION NO. 8207 OF 2026 (GM-CPC)

BETWEEN:

1. SRI MUNIYELLAPPA
   S/O LATE MUNIYAPPA
   DEAD BY LRS
   SMT PULLAMMA
   W/O LATE MUNIYELLAPPA
   AGED ABOUT 78 YEARS

2. SRI. SRINIVAS B.M.,
   S/O LATE MUNIYAPPA
   AGED ABOUT 59 YEARS

3. SMT B.M.MANJULA
   D/O LATE MUNIYELLAPPA
   W/O B.R.KRISHNAPPA
   AGED ABOUT 56 YEARS
   R/AT HEMMENDAHALLI VILLAGE
   ANUGONDANAHALLI HOBLI
   HOSKOTE TALUK
   BENGALURU RURAL DISTRICT

4. SRI B.M.VENKATESHAPPA
   S/O LATE MUNIYELLAPPA
   AGED ABOUT 51 YEARS

5. SRI B.M.GOPAL
   S/O LATE MUNIYELLAPPA
   AGED ABOUT 52 YEARS

6. SMT.RATHNA
   D/O LATE MUNIYELLAPPA

Digitally signed by SUVARNA T
Location: HIGH COURT OF KARNATAKA

W/O LATE SHANKARAPPA
AGED ABOUT 49 YEARS
R/AT NO.523, MAHADEVAMMA LAYOUT
KITTAGANAHALLI VILLAGE
BOMMASANDRA INDUSTRIAL ESTATE
ANEKAL TALUK
BENGALURU URBAN DISTRICT
BENGALURU -99

7. SRI B.M.ASHWATH
S/O LATE MUNIYELLAPPA
AGED ABOUT 47 YEARS

8. SRI GOVINDA B.M.
S/O LATE MUNIYELLAPPA
AGED ABOUT 44 YEARS

SI.NO.1,2,4,5,7 AND 8 ARE
R/AT NO. 137
NEAR GOVT SCHOOL, BALAGERE
VILLAGE VARTHUR POST AND HOBLI
BENGALURU EAST TALUK
BENGALURU -560 087

…PETITIONERS

(BY SRI.M.R.RAJAGOPAL, SENIOR COUNSEL FOR
SRI.THILAKRAJ S.V., ADVOCATE)

AND:

1. SRI VENKATAPPA
SINCE DEAD BY HIS LRS
SMT. MADANAGIRIYAMMA
W/O LATE VENKATAPPA
AGED ABOUT 58 YEARS

2. SRI. CHIKKAMUNIYAPPA
AGED ABOUT 63 YEARS

3. SRI MUNIVENKATAPPA
AGED ABOUT 61 YEARS

4. SRI.ANJANAPPA
   AGED ABOUT 60 YEARS

5. SRI MUNIYELLAPPA
   AGED ABOUT 59 YEARS

   NO.2 TO 5 ARE SONS OF
   LATE SHAMAPPA@SHAMBIGA

6. SMT.YELLAMMA
   W/O LATE BABU
   AGED ABOUT 44 YEARS

7. SRI. B. SUBRAMANI
   S/O LATE BABU
   AGED ABOUT 26 YEARS

8. SMT. NANDINI
   D/O LATE BABU,
   AGED ABOUT 26 YEARS

9. SMT. AMRUTHA
   D/O LATE BABU,
   AGED ABOUT 24 YEARS,

10. SRI. NARAYANASWAMY
    AGED ABOUT 41 YEARS,

11. SMT. SHOBA
    AGED ABOUT 40 YEARS

12. SRI. SHANKARA
    AGED ABOUT 41 YEARS

13. SMT. YELLAMMA
    AGED ABOUT 38 YEARS

    NO.10 TO 13 ARE THE
    CHILDREN OF LATE DODDAMUNIYAPPA

14. SRI NARAYANSWAMY
AGED ABOUT 48 YEARS

15. SMT YELLAMMA
AGED ABOUT 46 YEARS

16. SMT PREMA
AGED ABOUT 44 YEARS

17. SMT VASANTHKUMARI
AGED ABOUT 40 YEARS

18. SRI SAMPATH KUMAR
AGED ABOUT 39 YEARS

NO.14 TO 18 ARE THE
CHILDREN OF LATE VENKATAPPA

19. SRI MANJUNATH
S/O LATE CHIKKA MUNIYAPPA
AGED ABOUT 45 YEARS

20. SMT SHASHIKALA
D/O LATE CHIKKA MUNIYAPPA
AGED ABOUT 36 YEARS

21. SRI. SAMPATH
AGED ABOUT 34 YEARS

22. SMT.LATHA
AGED ABOUT 31 YEARS

NO.21 AND 22 ARE
CHILDREN OF SL.NO.3 MUNIVENKATAPPA

23. SMT. SUMITHRA
AGED ABOUT 34 YEARS

24. SRI.ARUNKUMAR
AGED ABOUT 31 YEARS

NO.23 AND 24 ARE THE
CHILDREN OF SL.NO.4 ANJANAPPA

25. SMT. KAVITHA
AGED ABOUT 42 YEARS

26. SMT. PRATHIMA
AGED ABOUT 39 YEARS

27. SRI. MURALI
AGED ABOUT 34 YEARS

NO.25 TO 27 ARE THE
CHILDREN OF SL.NO.5 MUNIYELLAPPA

ALL ARE R/O. BALAGERE VILLAGE,
VARTHUR HOBLI,
BANGALORE EAST TALUK,
BANGALORE-560 087

…RESPONDENTS

(BY SRI.V.R.BALARAJ, ADVOCATE)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226 AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO CALL FOR THE RECORDS OF EXECUTION NO. 63/2024 FROM THE FILE OF II ADDL SENIOR CIVIL JUDGE, BENGALURU RURAL DISTRICT.

THIS WRIT PETITION HAVING BEEN HEARD AND RESERVED ON 01.09.2026, COMING ON FOR PRONOUNCEMENT OF ORDER THIS DAY, THE COURT PRONOUNCED THE FOLLOWING:

CORAM: HON'BLE SMT. JUSTICE LALITHA KANNEGANTI

CAV ORDER

The present writ petition is filed aggrieved by the order dated 02.02.2026 passed in Execution No.63/2024 passed by the II Additional Senior Civil Judge, Bengaluru Rural District, Bengaluru.

2. The petitioners herein are the legal representatives of the decree holder. The petitioners filed execution petition No. 63/2024 seeking recovery of the decretal amount of Rs.2,00,00,000/-. It is the case that the JDRs are the owners of the scheduled property and, to meet their family and legal necessities, approached the DHR and agreed to sell the property in favor of the DHR for a total sale consideration of Rs.2,66,00,000/- in respect of 2 acres of land. Accordingly, on 19.11.2011, the JDRs entered into a registered Agreement of Sale with the DHR and received the total sale price of Rs.66 lakhs. After receiving the huge advance amount between 2011 and 2013, the JDRs showed no interest in fulfilling their part of the obligation. Hence, the DHR filed O.S.No.1072/2016 seeking for specific performance of the contract. When the matter was set down for the plaintiff' s evidence, the JDRs approached the

DHR through common friends for an amicable settlement. As per the amicable settlement arrived between both the parties, a compromise was entered and submitted to the Court on 13.07.2019, and accordingly the suit was disposed of in terms of the compromise petition. As per the compromise petition, the JDRs had to pay a sum of Rs. 2 crores in two equal installments within one year from the date of the compromise petition. The first installment of Rs. 1 crore shall be paid within 6 months from the date of the compromise petition, and the second installment of Rs. 1 crore has to be paid to the DHR within one year from the date of the compromise petition. When the JDRs did not pay the amount, the DHR filed the execution petition. Later, the JDRs deposited the agreed amount of Rs. 2 crores before the executing Court on 10.09.2025; however, there was dispute between the DHR and the JDRs with regard to interest. In this regard, the DHR claimed an interest of 24% per annum on the principal amount, while the JDRs submitted that, since there was no obligation between both the parties in the compromise petition, the DHR is entitled for 6% interest on the compromise decretal amount.

3. Considering the scope of Section 34 of the CPC, the executing Court observed that, in the instant case, a perusal of the compromise petition filed before the Court reveals that, at para No.4 of the compromise petition regarding the settlement amount arrived between the parties is Rs.2 crores, and at para No.5, the parties have agreed that Rs.2 crores shall be paid in two installments, with each installment of Rs.1 crore payable within 6 months from the date of the compromise petition, and the second installment of Rs.1 crore shall be payable by the JDRs within 1 year from the date of the compromise petition. Further, clause No.7 of the compromise petition pertains to terms with respect to non-compliance with the terms of the compromise petition, wherein it was agreed that the DHR would be at liberty to receive the said amount with interest from the JDRs by enforcing the compromise petition against the JDRs by way of execution.

4. The Executing Court observed that, although the parties entered into a compromise as per the compromise petition and agreed on the principal amount, the petition made no mention of the rate of interest payable in the event of

default by the JDRs. Had the compromise petition contained specific terms regarding interest, the Court would have been bound to grant interest as per the agreement. In the absence of specific terms in the compromise petition, the Court is guided by Section 34 of the CPC, which provides that, when there is no contractual agreement with respect to interest in the compromise petition, the Court must calculate interest at 6% per annum from the date of the decree. In the instant case, although the transaction was with respect to land, the parties ought to have been vigilant regarding interest on the decretal amount. In the present case, as there is no clause with respect to interest payable on the principal amount, the executing Court has directed the JDRs to pay interest at 6% per annum on the principal amount of Rs.2 crores from the date of the decree till the date of realization. Aggrieved thereby, the Decree Holder is before this Court.

5. Learned counsel appearing for the petitioners/DHR submits that the order passed by the Executing Court, which did not award fair and reasonable interest stipulated in Section 34 of the CPC while passing the impugned order, is wholly

perverse, capricious, and arbitrary. It is submitted that Section 34 of the CPC, as per its text, consists of three components insofar as the determination of the rate of interest on the decretal amount is concerned. The first component is the rate of interest at the discretion of the Court on the claimed amount from the date of institution of the lis till the passing of the decree. The second component is the rate of interest during the pendency of the lis till a decision is rendered or a decree is passed by the Court. The third component is the rate of interest to be awarded by exercising discretion upon adopting a fair manner, from the date of the decree till the realization of the decretal amount. According to Section 34 of CPC, interest at the rate of 6% is restricted to the period during the pendency of the lis till the date of the decree passed by the Court. This mode of awarding interest was totally ignored by the Executing Court while passing the impugned order. It is submitted that the Executing Court uniformly awarded the interest of 6% from the date of lis till realisation. This method of determining the rate of interest, as adopted by the Executing Court in the impugned order, is per se illegal, erroneous, and contrary to

the scope of Section 34 of the CPC. The language used under sub-section (1) of Section 34 of the CPC is apparently clear.

6. It is submitted that the date of the agreement of sale is 09.11.2011 and the suit was instituted on 25.07.2016 and the compromise was accepted on 13.07.2019. Therefore, the first component of rate of interest between the pendency of the lis i.e., between 25.07.2016 to 03.07.2019, is the only period covered by the first part of Section 34 of CPC. However, the decree holder is entitled to a higher rate of interest from 09.11.2011 to 25.07.2016 and from 13.07.2019 to the date of realization. The petitioner is entitled to a reasonable and fair rate of interest, which would normally between 12% and 18%. Such a determination is always based on various factors. It is submitted that the Court had failed to consider any of these aspects. The petitioner has relied on the judgment of the Co-ordinate Bench of this Court in the case of ***M/s P.S. Patil and others Vs. Lakhamappa Kallappa Khot & Others***[1]. He relied on paragraph Nos.9 and 10 which read thus:

[1] ILR 2009 KAR 347

"9. Learned Counsel for the respondents has relied on a decision of the High Court of Punjab and Haryana, in Jagdamba Rice Mills and Others v. Oriental Bank of Commerce, Karnal [AIR 1990 Punjab and Haryana 60] , wherein the High Court held that the principal amount due includes also the amount due as interest, and that the total amount adjudged is the principal amount. So, taking into consideration the provisions of Section 34 of CPC and the words "principal sum" used therein, and in the context of the principal laid down by the apex Court and by other High Courts referred to above, I am of the considered view that the "principal sum" used in Section 34 CPC includes the amount payable to the plaintiff inclusive of interest from the date of transaction till the date of the institution of the suit. In the circumstances, as respondents decree holders were entitled to Rs. 91,311.20, the court ordered future interest at 18 per cent on the amount of Rs. 91,311.20 and for the period subsequent to the decree it awarded interest at 12 per cent on the principal amount of Rs. 45,655.60. In the circumstances, I am of the opinion that there is no illegality in rejecting the Memo of Calculation filed by the petitioners considering the interest at 18 per cent on the amount of Rs. 45,655.60.

10. While drawing decree or passing orders, it is necessary for the courts to use simple language so that the party could understand the real meaning of the decree without leading to any sort of complications. While passing orders in OS No. 113 of 1987, the Court in a single complex sentence by using two conjunctions has passed the order and in turn the decree which led to complications in its interpretation. It is relevant to note that though the suit was instituted in the year 1987 and the Execution Case came to be filed in the year 1998, the matter is still pending for satisfaction of the decree. Memo of Calculation was filed on 29.10.2004 and the matter is pending since for the last more than 3 years

> ***solely for the purpose of interpreting the decree passed in OS No. 113 of 1987. It is because of the use of compound sentence adopted by the Trial Court in Original Suit No. 113 of 1987 which has led to this sort of complication. In the circumstances, I think that it is advisable for the Courts below to use simple language so that it gives proper meaning and there would not be any difficulty in its interpretation."***

7. He relied on the judgment of the ***Central Bank of India Vs. Ravindra and others***[2], in paragraph Nos.48 and 58 which reads thus:

> ***"48. It was also submitted that Section 34 CPC is general in its application to all money suits and if banking practice or banking contracts providing for capitalisation of interest charged on periodical rests were to be recognised it will mean that application of Section 34 would be different in suits filed by banks and in suits filed by creditors other than bankers. In our opinion it is bound to be so. Section 34 is a general procedural provision and whether it would apply or not and if apply then to what extent would obviously depend on the fact situation of each case.***
>
> ***58. Subject to the above we answer the reference in the following terms:***
>
> ***(1) Subject to a binding stipulation contained in a voluntary contract between the parties and/or an established practice or usage interest on loans and advances may be charged on periodical rests and also capitalised on remaining unpaid. The principal sum actually advanced coupled with the interest on periodical rests so capitalised is capable of being adjudged as principal sum on the date of the suit.***

[2] (2002) 1 SCC 367

(2) The principal sum so adjudged is "such principal sum" within the meaning of Section 34 of the Code of Civil Procedure, 1908 on which interest pendente lite and future interest i.e. post-decree interest, at such rate and for such period which the court may deem fit, may be awarded by the court.

(3) Corpn. Bank v. D.S. Gowda [(1994) 5 SCC 213] and Bank of Baroda v. Jagannath Pigment & Chem. [(1996) 5 SCC at p. 280] have been correctly decided."

8. He relied on ***I.K. Merchants Pvt. Ltd. and others Vs. The State of Rajasthan and others***[3]. He relied on para No.13 which reads as follows:

"13. Pertinently, it is to be pointed out at this juncture that the parties had no agreement regarding interest for delayed payment. Even the exchange of communications between the parties remains silent on this aspect. In the absence of any agreement or contract, the provisions of Section 34 of the Code of Civil Procedure dealing with 'interest' would come into play, and the same is extracted below, for ready reference: "34. Interest.—(1) Where and insofar as a decree is for the payment of money, the court may, in the decree, order interest at such rate as the court deems reasonable to be paid on the principal sum adjudged, from the date of the suit to the date of the decree, in addition to any interest adjudged on such principal sum for any period prior to the institution of the suit, with further interest at such rate not exceeding six per cent per annum as the court deems reasonable on such principal sum, from the date of the decree to the date of payment, or to such earlier date as the court thinks fit. Provided that where the liability in relation to the sum so adjudged had arisen out

[3] 2025 INSC 418

of a commercial transaction, the rate of such further interest may exceed six per cent per annum, but shall not exceed the contractual rate of interest or where there is no contractual rate, the rate at which moneys are lent or advanced by nationalised banks in relation to commercial transactions. (2) Where such a decree is silent with respect to the payment of further interest on such principal sum from the date of the decree to the date of payment or other earlier date, the court shall be deemed to have refused such interest, and a separate suit therefor shall not lie." 13.1. The above provision empowers the court to grant interest at three different stages of a money decree viz., (i) the court may award interest on the principal 27 sum claimed at a rate it deems reasonable, for the period before the suit was filed. Such interest is generally governed by agreements between the parties; (ii) The court may award interest on the principal amount from the date of filing the suit until the date of the decree, at a reasonable rate. Here, the court has full discretion to determine the interest rate based on fairness, commercial usage and equity; and (iii)the court may grant interest on the total decretal amount (principal + interest before decree) from the date of the decree until payment, at a rate not exceeding 6% per annum unless otherwise specified in contractual agreements or statutory provisions. However, if the claim arises from a commercial transaction, courts may allow interest at a higher rate based on agreements between the parties."

9. Relying on the above judgments, it is submitted that the executing Court ought to have awarded interest. It is further submitted that the impugned order needs to be modified and the interest has to be awarded.

10. Learned counsel appearing for the respondent submits that the Court has rightly considered the matter and passed an order, and no interference is called for. He has relied on the judgment of the Apex Court in the case of ***Mahesh Chandra Bansal Vs. Krishna Swaroop Singhal and others***[4]. He relied on paragraph No.4 which reads thus:

> ***"4. Shri Venkataramani, the learned counsel appearing for the appellant, has urged that the High Court was in error in proceeding on the basis that under Section 34(1) CPC interest pendente lite was to be awarded @ 6% per annum unless the matter is governed by the proviso to Section 34(1) CPC. The submission is that the proviso only refers to that part of sub-section (1) of Section 34 which prescribes that after the passing of the decree interest shall be awarded @ 6% per annum. The submission is that as regards interest pendente lite the main part of sub-section (1) of Section 34 CPC prescribes that interest has to be awarded at a reasonable rate. We find merit in the aforesaid contention of the learned counsel. The main part of sub-section (1) of Section 34 CPC laying down that during the period the suit was pending in court interest is to be awarded at a reasonable rate and for the period subsequent to passing of the decree interest is to be awarded @ 6% per annum and future interest at a higher rate can be awarded if the proviso is attracted. The only question is what would be the reasonable rate of interest for the period the suit was pending in the court. Since the appellant, in his plaint, has himself claimed interest @ 12% per annum for the entire period including the period the suit is pending, we are of the view that pendente lite interest should be awarded @ 12% per annum."***

[4] (1997) 10 SCC 681

11. Relying on the above judgment, it is submitted that the executing Court has rightly passed an order and no interference is called for.

12. Having heard the learned counsel on either side, perused the material on record. The compromise no doubt provides for interest. The entitlement to receive interest is not in dispute. The omission relates only the percentage of interest which is required to be determined a reasonable rate, so as to give effect to an obligation already embodied in the decree. The question is whether the principles governing such determination, particularly those contained in Section 34 of the CPC, confers a right to the enhancement sought. Section 34(1) of the CPC distinguishes between interest from the date of institution of the suit until the decree and further interest from the decree until payment. For the former period, the provision empowers the Court to award interest at such rate as it considers reasonable. For the latter period, it ordinarily prescribes a ceiling of 6% per annum. The proviso creates an exception in cases where the liability arises out of a commercial transaction. In such cases, the rate of interest may exceed 6%,

but cannot exceed the contractual rate or, where there is no contractual rate, the rate at which Nationalized Banks lend or advance money in relation to commercial transactions. The provision does not replace discretion or limit its exercise. The expression "may exceed 6%" in the proviso is significant. It enables the court to award a higher rate in an appropriate commercial case. It does not command such an award, nor does the proviso prescribe the standard commercial rate.

13. The contractual rate or, in its absence, lending rate of a Nationalized Bank operates as a statutory limit rather than an amount automatically payable. Consequently, proof that a transaction is commercial removes the ordinary ceiling of 6%. However, it does not dispense with the need to justify the claimed rate. The statutory definition of a commercial transaction must also be borne in mind. Explanation II to Section 34(1) connects a commercial transaction with the industry, trade, or business of the party incurring the liability. Even assuming that the decree holder's contention that the present transaction satisfies the aforesaid description, entitlement to interest at 24% does not automatically follow.

Because the compromise fixes no percentage, a claim for a rate requires supporting material on the applicable commercial lending rate or some other legally sustainable basis. The figure demanded cannot itself become the measure of the judgment debtor's obligation. Section 34(2), regarding further interest as a refusal of such interest, does not defeat the present claim. The decree is not silent about entitlement. It expressly provides for interest, although that entitlement does not settle the question of percentage in the decree holder's favour. The distinction is between giving effect to the interest clause and accepting the particular rate now demanded. The former is required by the decree. The latter requires a reasoned determination.

14. In ***Central Bank of India***'s case referred supra, the Constitution Bench explained that Section 34 confers discretion over *pendente lite* and future interest, including the rate at which interest should be awarded. That discretion must be exercised fairly and on relevant considerations. The compensatory nature of interest does not make the creditor's demand conclusive. The decision therefore supports assessing

reasonable interest under Section 34, rather than an automatic award at 24% merely because payment was delayed. In ***I.K Merchants Private Limited***'s case referred supra, the Court likewise emphasized that the rate and period of interest cannot be applied mechanically. Having regard to the circumstances of that case, the Supreme Court awarded simple interest at 6% and, under the decree, 9% thereafter. The decision illustrates the exercise of discretion under Section 34 based on the facts established. It does not prescribe a minimum rate for commercial transactions. The judgment debtor's failure to comply with the agreed schedule deprived the Decree Holder of the money for a substantial period. The delay must be reflected in the period for which interest is payable under the compromise. However, enhancement of the annual rate requires a separate foundation. The claim, as presented, identifies neither at 24% nor material showing that the relevant Nationalized Bank commercial lending rate supports that percentage. Without such supporting material, this Court cannot arrive at any such conclusion, given the commercial character of the transaction and the duration of the default.

15. Considering that the compromise decree is of the year 2019 and the amount was deposited in 2025, the Decree Holder is claiming 24%, whereas the Court has awarded 6%. This Court deems it appropriate to give the Decree Holder an opportunity to present material before the Court showing that he is entitled to interest more than the 6% awarded by the Court. In those circumstances, this Court deems it appropriate to set aside the order passed by the Court and remand the matter to the trial Court to consider the case of the Decree Holder and to give him an opportunity to place material that, as per Section 34 of the CPC, that he is entitled to interest more than 6%. Based on such material, the Executing Court can pass appropriate orders. Accordingly, this Court is passing the following order:

ORDER

i. The order dated 02.02.2026 in Execution No.63/2024 passed by the II Additional Senior Civil Judge, Bengaluru Rural District, Bengaluru, is **set aside** and the matter is **remanded back** to the **executing** Court for fresh consideration.

ii. The parties are at liberty to adduce evidence in this regard.

iii. The **executing** Court shall consider the case within a period of two months from the date of receipt of the copy of this order.

iv. Accordingly, the writ petition is ***allowed***.

v. All I.As. in this petition shall stand closed.

SD/-
(LALITHA KANNEGANTI)
JUDGE

MEG
List No.: 1 Sl No.: 3
*AK