* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% ***Reserved on: 11th May, 2026***

Pronounced on: 22nd May, 2026

\+ **RFA 703/2023, CM APPL. 45326/2023, CM APPL. 25206/2025, CM APPL. 35415/2025, CM APPL. 65685/2025**

MRS. KANCHAN BATRA
W/o Late Shri Ajay Batra
R/o F-13/15, 2nd Floor, Krishna Nagar,
Delhi-110051.

.....Appellant

Through: Ms. Sangeeta Chandra (DHCLSC) with Ms. Nidhi Garg, Advocates.

versus

1. **SHRI NARENDER KUMAR ANAND**
S/o Shri Tilak Raj Anand
Flat No.560, Tower 15 Apex Our Home,
Sector 17C, Gurgaon-122006.

2. **MS. RITA ANAND**
W/o Shri Narender Kumar Anand,
Flat No.560, Tower 15 Apex Our Home,
Sector 17C, Gurgaon-122006.

.....Respondents

Through: Mr Dileep Poolakkot and Mr. Muhammed Siddick, Advocates.

CORAM:
HON'BLE MS. JUSTICE NEENA BANSAL KRISHNA

J U D G M E N T

NEENA BANSAL KRISHNA, J.

1. **Regular First Appeal** under Section 96 read with Order XLI Rule 1 of the Code of Civil Procedure, 1908 (*hereinafter referred to as "CPC"*) has been filed by the *Appellant/Defendant Mrs. Kanchan Batra,* against the Judgment and Decree dated **29.04.2023,** whereby the Learned District Judge has decreed the *Suit for Recovery filed* by the *Respondents/Plaintiffs for a sum of Rs. 25,25,000/- along with interest at the rate of 21% with effect from 23.02.2022 till its realization.*

2. The **case of the Plaintiffs** was that on 14.08.2012, the Plaintiffs took on to rent, *vide* Lease Deed dated **21.08.2012**, the property bearing No. F-13/15, (Block No. F-13, Plot No.15) Krishna Nagar, Delhi, comprising of a three room set on the Second Floor (*hereinafter referred to as "Suit Property"*), from the defendant/Appellant. The lease was for a period of two years at a monthly rent of Rs. 2,500/-. The Plaintiffs also *paid an interest free security of Rs. 8,00,000/-, to the Defendant.*

3. Subsequently, on **18.10.2012** the Defendant took a loan of Rs. 12,00,000/- from the Plaintiffs and agreed to pay interest @ 1.75% i.e. Rs. 21,000/- per month. It was claimed by the Plaintiffs that the said loan was given from their Joint Account, through two cheques of Rs. 5 lakhs and Rs.7 lakhs dated 18.10.2012, which were duly encashed by the defendant on 18.10.2012 and 20.10.2012, respectively.

4. The Plaintiffs further claimed that the Defendant had issued a Cheque dated **20.11.2012** for a sum of Rs.21,000/- to pay the interest on the said loan amount. However, on presentation of the cheque by the Plaintiffs, it got dishonoured. The Defendant, when informed, expressed her inability to repay the loan amount, owing to the huge losses suffered by her and assured that in due course, she would repay the loan amount along with accrued interest.

5. It was further claimed by the Plaintiffs that the lease of 2 years, expired on **16.08.2014**. Since the Defendant did not come forward to repay the security amount of Rs.8,00,000/- as well as the loan amount of Rs.12,00,000/- along with the accrued interest, the Defendant did not seek back the Possession of the Suit Property, which was held by the Plaintiffs.

6. The Plaintiffs claimed that they were ready and willing to hand over the Possession of the rented property back to the Defendant, as soon as she returned the loan amount along with accrued interest as well as the security amount given by the Plaintiffs at the time of execution of the lease deed dated 21.08.2012.

7. Subsequently, the Plaintiffs gave a Legal Notice dated **26.09.2014** to the Defendant seeking return of Rs.17,04,000/- towards the loan amount with up to date interest and Rs.8,00,000/- towards the security amount, ***totaling to Rs.25,04,000/-.*** However, instead of repaying the said amount, the Defendant made frivolous Complaints dated 08.10.2014 and 09.10.2014 before SHO, P.S. Krishna Nagar and DCP, East Delhi. She also forwarded the said Complaints to Plaintiff No.1 as counterblast, so as to create pressure on the Plaintiffs so that they would not demand back the money.

8. The Plaintiffs, thereafter, on **29.09.2014** approached the Defendant to settle the issue, but she claimed that she had handed over the papers of the Suit Property to some interested buyer and that she shall dispose of the property shortly and leave the place, so that no one can search for her.

9. The Plaintiffs thus, *filed the Suit for Recovery against the Defendant for recovery of Rs.25,25,000/- along with interest @ 1.75% per annum* and also sought *Permanent Injunction* to restrain the Defendant from creating third party interest in the Suit property.

10. The **Defendant/Appellant** in her **Written Statement** claimed that the Suit filed by the Plaintiffs was based on concocted facts and that it did not disclose any cause of action. **On merits,** she admitted that the Suit property was taken on rent by the Plaintiffs for a period of two years, at a monthly rent of Rs.2,500/-, for which she had received a security amount of Rs.8,00,000/-. She, however, denied that she took a loan of Rs.12,00,000/- or agreed to pay the interest @ 1.75% per annum. *She denied all the allegations made in the Plaint and claimed that the Suit was liable to be dismissed.*

11. The Plaintiffs in their **Replication** reaffirmed the assertions as made in the Plaint

12. The learned Trial Court **framed the following issues**, on 14.07.2015:

> *(i) Whether the plaintiffs are entitled to a decree for recovery of an amount of Rs.25,25,000/-? OPP*
> *(ii) Whether the plaintiffs are entitled for interest on the abovesaid amount to the extent of 1¾% per month, as prayed for? OPP*
> *(iii) Whether the plaintiffs are entitled to a decree for permanent injunction against the defendant, restraining her as well as her legal heirs/representatives/ attorneys etc. from selling, transferring, alienating or creating any third party interest in respect of the property, bearing No.F-13/15 (Block No.F-13, Plot No.15), Krishna Nagar, Delhi-110051, comprising of three rooms set on second floor, more specifically, shown as red colour in the site plan attached with the plaint? OPP*

(iv) Whether the plaintiffs have filed the present suit on the basis of the forged documents, which were executed by way of fraud? OPD
(v) Whether the documents alleged by the plaintiffs including the receipt and lease deed are not executed and signed by the defendants? OPD
(vi) Relief.

13. *Plaintiff No. 1, Narender Kumar Anand* examined himself as **PW1** and reiterated his assertions as made in the Plaint.

14. He also examined ***PW2**, Sh. Prabhat Yadav* who produced the Statement of the Joint Account of the Plaintiffs.

15. ***PW3**, Ram Tirath* Record Keeper from the office of Sub-Registrar VIII, Geeta Colony was also examined. He proved the Lease Deed dated 21.08.2022, executed between the Plaintiffs and the Defendant.

16. The *Defendant, Mrs. Kanchan Batra* examined herself as **DW1** and produced the Complaints made by her dated **08.10.2014** and **09.10.2014** in support of her case.

17. The Defendant also examined ***DW2**, Shri Ashok Ahuja* who denied having any knowledge of any transactions between the Plaintiffs and the Defendant.

18. The *Learned District Judge after appreciation of the evidence de3creed the Suit by* holding that loan amount of Rs.12,00,000/- which was taken by the Defendant from the Plaintiffs at a rate of interest of 1.75%, was liable to be returned along with pre-suit interest totaling to Rs.17,25,000/- along with the interest at the rate of 21% per annum. It was further held that the Suit property be handed over to the Defendant and amount of

Rs.8,00,000/- given as security by the Plaintiffs. The Learned District Judge observed that the present case was not a case falling under Section 33 or 35 of the Indian Stamp Act, 1899, and the Lease Deed dated 21.08.2012 *Ex.PW1/1,* was a legally enforceable Contract. Consequently, in terms of the said Lease Deed, the ***Learned District Judge awarded interest at the rate of 21% per annum, with effect from 23.02.2022 till realization***.

19. *Aggrieved by the aforesaid Judgment and Decree* dated 29.04.2023*, the Defendant has preferred the present Regular First Appeal under Section 96 read with Order XLI Rule 1 of CPC.*

20. Initially, the present Regular First Appeal had been filed by the Defendant challenging the Judgment and Decree dated 29.04.2024. However, during the pendency of the present Appeal, the entire principal amount that had been deposited by the Defendant, was directed to be released to the Plaintiffs. ***The present Appeal, therefore, is thus, confined to the grant of rate of interest awarded at the rate of 21% per annum.***

21. Learned counsel for the *Defendant/Appellant* contended that as per the averments made by the Plaintiffs, the loan of Rs. 12,00,000/- was given as a friendly loan on which the prevailing market rate of interest of 6% per annum could have been granted, however, interest at the rate of 21% per annum has been granted by the learned District Judge, which is not tenable. It was further submitted that the Plaintiffs were tenants whose Lease expired in 16.08.2014, despite which they failed to hand over the Possession of the Suit property.

22. Learned counsel for the *Defendant/Appellant* further contended that the husband of the Appellant died in year 2013, i.e. before the expiry of the said Lease period. Her husband had been doing business under her name, about which she had no knowledge. After his demise, many creditors came up with their claims, though she was not aware of any of these loan transactions. She, therefore, intended to sell the Suit Property to pay off all the existing debts. She had even made an offer during the Court proceedings to sell the Suit Property and pay back the amounts to the Plaintiffs, but they failed to vacate the property and the amount could not be realized and repaid to the Plaintiffs.

23. It was further contended that the endorsement of the loan of Rs.12,00,000/-, was based on the Lease Deed being fabricated, though, the same is not being contested at this stage.

24. Learned counsel for the *Plaintiffs/Respondents* on the other hand, argued that the interest of 21% per annum has been rightly granted. Moreover, the security amount of Rs.8,00,000/- as well as the loan of Rs.12,00,000/- which was due and payable by the Defendant, had also not been returned. *The Plaintiffs, therefore, cannot be held responsible for holding over the tenanted premises.*

25. It was further contended that while the Defendant was making an endeavor to sell the property, and it had been recorded in the Court Orders that when the Plaintiffs tried to negotiate with the Defendant, she withdrew her offer, on the pretext that the Suit Property already stood sold. It is the Defendant who is responsible for not returning the amounts due to the Plaintiffs and thus, the interest at the rate of 21% per annum, is fully justified.

Submissions heard and record perused.

26. In the present case, without going into the controversy of whether a Lease Deed had been stamped according to Sections 34, 35, 36 and 61 of the Indian Stamp Act, 1899, this Court finds it apposite to consider the present Appeal on the limited issue of ***"whether the grant of interest at the rate 21% per annum is justified".***

27. It is significant to refer to *Section 34 of the CPC*, pertains to the grant of interest in a decree for payment of money. The Section reads as follows:

> ***"34. Interest.***
> *(1) Where and in so far 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."*

28. A bare reading of *Section 34 CPC* indicates that the power of Courts to award *pendente lite* and future interest in a Decree for payment of money, is a **discretionary power**, *de hors* the contract between the parties.

29. The Supreme Court in the case of *Central Bank of India v. Ravindra & Ors.,*MANU/SC/0663/2001 held that,

> *In a given case if the Court finds that in the principal sum adjudged on the date of the suit, the component of interest is disproportionate with the component of the principal sum actually advanced,* ***the Court may exercise its discretion in awarding interest pendente lite and post-decree interest at a lower rate or may even decline to award such interest****. The*

discretion shall be exercised fairly, judiciously, and for not arbitrary or fanciful reasons.

30. Likewise, in the case of *Tomorrowland Limited vs. Housing and Urban Development Corporation Limited and Ors.,* MANU/SC/0206/2025; 2025:INSC:207, it was held that the power to award interest ought to be exercised judiciously, in alignment with equitable considerations and also ensuring neither undue enrichment nor unfair deprivation. Courts are duty-bound to assess the facts and circumstances of each case, applying the principles of fairness and justice. This discretion must reflect a balanced approach, grounded in reason, and guided by the overarching objective of equity.

31. A similar observation was made in *Small Industries Development Bank of India v. M/s. Sibco Investment Private Limited,* Civil Appeal No. 8 of 2022, wherein it was observed that the award of interest under *Section 34 CPC* **is a discretionary remedy, steeped in equitable consideration.**

32. Similar observations were also made in *K. Ramaswamy, Gomathi Bhawan vs. SBI, Madurai City Branch,* 1984 Supreme (MAD) 478, that *Section 34 CPC* provides for a reasonable rate of interest, to be normally decided by the Court on the facts and circumstances of each case, and that such discretion has to be exercised judicially.

33. In the present case, the exercise of discretion by the Learned District Judge in awarding *pendente lite* and future interest at the rate of 21% per annum, is arbitrary and is contrary to Section 34 of the CPC, which vests the Court with the discretion to award interest, as it deems reasonable.

34. It is pertinent to note that in the present case, the loan of Rs.

12,00,000/- as advanced by the Plaintiff to the Defendant, ***was a friendly loan, a fact which*** ought to have considered by the Learned District Judge.

35. Even otherwise, the rate of interest of 21% per annum as awarded by the Learned District Judge, is unconscionable, as the Learned District Judge while exercising discretion under Section 34 of the CPC, ought to have awarded interest as per market rates prevalent at the time of the impugned Judgment and Decree dated 29.04.2023, as was held by the Supreme Court in the case of *K. Ramaswamy, Gomathi Bhawan (supra).*

36. In view of the aforesaid discussion the rate of interest awarded is *reduced from 21% to 6% per annum*.

37. The present Appeal is **partly allowed** and the interest rate is reduced to 6% p.a. Pending Application(s), if any, are disposed of accordingly.

(NEENA BANSAL KRISHNA)
JUDGE

MAY 22, 2026
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