

A STATE OF KARNATAKA & ANR.  
v.  
G.R. NADAGOUDA (DEAD) BY LRS. & ANR.  
(Civil Appeal Nos. 2547-2548 of 1998)

B JANUARY 05, 2010

**[TARUN CHATTERJEE AND AFTAB ALAM, JJ.]**

*Interest – Payment of – Suit between parties decreed – Direction by High Court to State authorities to deposit the decretal amount within the prescribed time – In case of default, State liable to pay interest @ 15% p.a. to respondents from the date of the order up to the date on which the amount actually tendered – Rate of interest – Challenge to – Held: Rate of interest modified to 10% p.a. from the date of the order till the time specified, failing which, State liable to pay interest @15% p.a.*

**The question which arose for consideration in these appeals is whether the High Court was justified in directing the State Authorities to pay interest @ 15% p.a. to the respondents from the date of its order up to the date on which the amount was actually tendered in the Court.**

**Disposing of the appeals, the Court**

**HELD: The judgment of the High Court is modified to the extent that the respondents are to be paid interest at the rate of 10 per cent per annum and not 15 per cent from the date of the order passed by High Court. It is further directed that in the event, the said amount is not paid by the State within six months from the date of supply of a copy of this order to it by the respondents, the State shall be liable to pay interest at the rate of 15 per cent per annum as directed by the High Court. [Para 5] [133-E-F-G]**

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(DEAD) BY LRS.

CIVIL APPELLATE JURISDICTION : Civil Appeal Nos. A  
2547-2548 of 1998.

From the Judgment & Order dated 15.11.1996 of the High  
Court of Karnataka, Bangalore in Civil Revision Petition Nos.  
714/1992 C/W 2867 of 1991. B

Sanjay R. Hedge, Amit Kr. Chawla, A. Rohen Singh,  
Vikrant Yadav, Anil Verma for the Appellants.

S.K. Kulkarni, Sangeeta Kumar for the Respondents.

The Judgment of the Court was delivered by C

**TARUN CHATTERJEE, J.** 1. This is an old litigation  
carried on by the State of Karnataka and the dispute centers  
around a long history of sixty years. But it is unnecessary for  
this Court, as rightly pointed out by the High Court in the D  
impugned Judgment, to recount the various developments and  
the manner in which the present position has arisen as now it  
is confined within a very narrow ambit. From the arguments  
advanced by Mr. Sanjay R. Hegde, learned counsel appearing E  
on behalf of State of Karnataka, the appellant herein, we only  
need to consider the penultimate directions in the impugned  
order. Accordingly, for the proper disposal of the present  
appeals, that portion of the impugned Judgment of the High  
Court may be reproduced as under :-

"The State authorities are accordingly directed to deposit F  
the amount in question in the trial Court within an outer limit  
of three months from today. The petitioners would  
undoubtedly be required to pay the requisite court fees on  
the amount in question, but the trial Court will have to take G  
note of the fact that under normal circumstances, the Court  
fee is payable on the date when the suit is filed or in those  
of the cases, where for any reason, the Court fee is  
directed to be paid when the decree is passed, then, it is  
these two dates that have been taken into consideration. H

- A In this case, the suit was filed in the year 1955, the decree came to be passed in the year 1957 and it is therefore, on the basis of Court fees that would have been payable as on that date, that the petitioners would be liable. The Trial Court shall accordingly this factor into account. It shall
- B be open to the petitioners to either tender the Court fee separately or to pray to the trial Court to adjust the same while releasing the payments to them. It is made clear however, that if the State commits any default in depositing the amounts within the prescribed period of time, which I
- C have deliberately kept sufficiently long, that in the event of any such default, *the State shall be liable to pay interest quantified at the rate of 15% p.a. to the petitioners from the date of this order namely, 15.11.1996 upto the date on which the amount is actually tendered in Court.*"
- D (Emphasis supplied)

2. Before us, the only submission that was raised by Mr. Sanjay R. Hegde, learned counsel appearing for the State of Karnataka is whether the judgment of the High Court directing the State to pay interest at the rate of 15 per cent per annum
- E to the respondents from the date of its order i.e. 15th of November, 1996 up to the date on which the amount was actually tendered in the Court, was justified.

3. In view of the aforesaid stand taken by the learned
- F counsel appearing for the appellants, we need not go into the facts of these appeals in detail nor are we concerned with any other ground except the ground mentioned earlier. On behalf of the appellants, Mr. Hegde contended that in view of the nature of the claim and in view of the fact that the State of Karnataka had diligently pursued these litigations all through, it was
- G improper on the part of the High Court to hold that the State was liable to pay interest at the rate of 15% P.A. as the said rate of interest if accepted and if the State is directed to pay it to the respondents, would have the effect of nearly tripling the decretal amount. Accordingly, it was submitted that the rate of
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interest may be modified to 6% P.A.

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4. On the question of rate of interest, we have also heard Mr. S.K. Kulkarni, learned counsel appearing for the respondents, who duly contested the submission of Mr. Hegde. According to him, the High Court in its discretion was fully justified in granting interest at the rate of 15% P.A. from the date mentioned in the impugned judgment. It was further submitted by Mr. Kulkarni, learned counsel appearing on behalf of the respondent, that the entire litigation carried on by the State against the respondent was fictitious and therefore, it was justified for the High Court to award interest at the rate mentioned above. Mr. Kulkarni further submitted that in view of the admitted facts of the present case, the question of reducing the interest from 15% to 6% does not arise at all. Accordingly, he submitted that the appeals shall be dismissed with exemplary costs in favour of the respondents.

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5. Having heard the learned counsel appearing for the parties and after going through the impugned judgment and the directions to the State to pay interest at the rate of 15% P.A. w.e.f. 15th of November, 1996, we are of the view that the impugned judgment of the High Court may be modified to the extent that the respondents be paid interest at the rate of 10 per cent per annum and not 15 per cent from the date mentioned in the impugned judgment of the High Court. Accordingly, we dispose of these appeals with the above modification and we further direct that in the event, the amount, as directed above, is not paid by the State within six months from the date of supply of a copy of this order to it by the respondents, the State shall be liable to pay interest at the rate of 15 per cent per annum as directed by the High Court.

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6. With this modification, these appeals are disposed of with no order as to costs.

N.J.

Appeals disposed of.

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