IN THE HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

MONDAY, THE THIRTY FIRST DAY OF JULY
TWO THOUSAND AND TWENTY THREE

PRESENT

HONOURABLE SRI JUSTICE T MALLIKARJUNA RAO

APPEAL SUIT No. 74 of 2009
IN/AND
I.A.No.4 of 2009 (CROSS OBJECTIONS 12414 of 2009)

APPEAL SUIT No. 74 of 2009

Appeal filed under Order XLI Rule 1 R/w Section 96 of C.P.C, aggrieved by the decree and Judgment dated 18-9-2008 in OS.No.31 of 2005 on the file of the IV Additional District Judge, Kurnool, Kurnool District.

Between:

The Project Officer, ITDA (PTG-Chenchu), Srisailam, Kurnool District.

...Appellant

AND

1. Mahalakshmi Trading Company, Rep by its Proprietor B.Ramanjaneyulu, D.No. 2-4-1021/125, 3rd Floor, Beside Purinapals Public School, Nimboli Adda, Kachiguda, Hyderabad.
2. The State of Andhra Pradesh, Rep by the District Collector, Kurnool.
3. The Commissioner, Tribal Welfare, Masab Tank, Hyderabad.

   (Respondents 2 and 3 are not necessary parties)

4. Bysani Ranga Sailaja, W/o. Mallikarjuna, aged about 40 years, Occ: Business, R/o. H.No.2-4-945, 1st Floor, R.K.Apartments, Nimboliadda, Kachiguda, Hyderabad.

   (As per the court order dated 04.01.2023 in I.A.No.1 of 2022 in AS No.74 of 2009, the petitioner as Respondent No.4 impleaded)

...Respondents

I.A. NO: 1 OF 2009(ASMP. NO: 222 OF 2009)

Petition under Section 151 CPC praying that in the circumstances stated in the affidavit filed in support of the petition, the High Court may be pleased to stay the operation of the Judgment and decree in O.S.No. 31/2005 dated 18-9-2008 on the file of IV Additional District Judge, Kurnool, Kurnool District.

Counsel for the Appellant : Sri M K Raj Kumar

Counsel the Respondent No.1 : Sri E V V S Ravi Kumar

Counsel the Respondent No.4 : Sri A S C Bose

I.A. NO: 4 OF 2009(CROSS OBJECTIONS No.12414 OF 2009)

Between:

Mahalakshmi Trading Company, Rep by its Proprietor B.Ramanjaneyulu, S/o.Venkateshwarlu, aged about 46 years, D.No. 2-4-1021/125, 3rd Floor, Beside Purinapals Public School, Nimboli Adda, Kachiguda, Hyderabad.

...Cross Objector/Respondent No.1

AND

1. The Project Officer, ITDA (PTG-Chenchu), Srisailam, Kurnool District.

...Respondent/Appellant

2. The State of Andhra Pradesh, Rep by the District Collector, Kurnool.
3. The Commissioner, Tribal Welfare, Masab Tank, Hyderabad.

(Respondents 2 and 3 are not necessary parties)

...Respondents/Respondents 1 & 2

Cross Objections under Order 41, Rule 22 of CPC in A.S.No.74 of 2009 in OS.No.31 of 2005 on the file of the IV Additional District Judge, Kurnool, Kurnool District.

Counsel for the Appellant : Sri E V V S Ravi Kumar

Counsel for the Respondent No.1 : Sri M K Raj Kumar

The Court made the following:

THE HON'BLE SRI JUSTICE T.MALLIKARJUNA RAO

APPEAL SUIT NO.74 OF 2009

IN/AND

I.A.No.4 OF 2009 (X-OBJS.12414 OF 2009)

JUDGMENT:

1. The Appeal, under Section 96 of the Code of the Civil Procedure, 1908 (for short 'C.P.C.'), is filed by the appellant/3rd defendant challenging the decree and Judgment dated 18.09.2008 in O.S. No.31 of 2005 passed by the learned IV Additional District Judge, Kurnool (for short, 'the trial court'). Contrary to the Appeal Suit, the 1st respondent/plaintiff filed cross objections questioning not granting interest by the trial Court.

2. 1st respondent is the plaintiff, who filed the suit in O.S. No.31 of 2005 seeking recovery of Rs.24,35,638/- being the principal and interest due to the plaintiff for the supply of wooden dining tables and wooden dining benches to the 3rd defendant office with future interest at 12% p.a. Respondents 2 and 3 are defendants 1 and 2 in the said suit. Per the orders in I.A. No.1 of 2022, dated 04.01.2023, the 4th respondent is impleaded in this Appeal.

3. The parties will hereinafter be referred to as arrayed before the trial Court.

4. The facts leading to the present Appeal, in a nutshell, are as under:

(a) The plaintiff is engaged in the manufacturing and selling of wooden furniture in the name and style of 'Mahalakshmi Trading Company at Hyderabad'. The 3rd defendant called for quotations re-

garding the supply of long wooden dining benches and wooden dining tables to the Ashram Schools under their control. The plaintiff submitted their quotations specifying the rates of the required material. The 3rd defendant accepted the plaintiff's quotation and placed an order for 265 sets of wooden dining tables and dining benches. The specification for the furniture was set at 6 feet in length, 1½ feet in width, and 2 ½ feet in height. It is also stipulated that the supplied stock must meet the specified requirements, and the payment would be made two months after the material was delivered, subject to budget availability.

(b) After receiving the material, the 3rd defendant verified the quality and quantity acknowledged the receipt and issued proceedings Rc.No.A/5796/01-iii on 21.08.2002, officially sanctioning the order. In compliance with the 3rd defendant's instructions, the plaintiff then delivered the wooden material to the Ashram Schools under proper acknowledgment from the Headmasters of the respective schools. The plaintiff supplied 265 sets of dining tables as per the order. However, the 3rd defendant made only payments for 100 sets of dining tables. The 3rd defendant failed to pay 165 sets amounting to Rs.18,17,640/- including the sales tax payable to the Commercial Tax Dept., which accounts for Rs.1,34,640/-. The plaintiff demanded the defendants several times for payment of the outstanding amount. But their efforts were in vain. The 3rd defendant, in response, asked for additional information regarding the transaction through their letters dated

17.03.2005. The plaintiff wrongfully provided all the required information, but the 3rd defendant failed to pay despite receiving the necessary details. Finally, the plaintiff issued a legal notice under section 80 of C.P.C. on 14.03.2005, demanding the defendant settle the balance. However, the defendants neither replied to the notice nor complied with the payment demand.

5. The 3rd defendant filed a written statement, adopted by defendants 1 and 2, contending that the 3rd defendant called for quotations for the supply of wooden dining tables and wooden dining benches to the Ashram Schools. The plaintiff has submitted the quotations at higher rates. The then Project Officer formed a committee and placed a supply order 09.05.2002 for 265 sets of wooden dining tables with certain specifications. Still, the Divisional Manager, G.C.C., has called for the quotations, and the purchasing committee has accepted the rates. It is a fact that the lowest rates had been accepted, and a supply order was placed by the then Project Officer and the plaintiff supplied poor-quality material. The plaintiff, the then Project Officer and other purchasing committee members colluded with purchases to inflate the purchase rates. The Commissioner of Industries, AP, constituted a Multi-Disciplinary Committee (for short 'MDC') with the District Legal Officer on 27.12.2003. According to the MDC's assessment, the correct rate for each set was determined to be Rs.4,400/-. Accordingly, the total amount for 165 sets supplied would be Rs.3,30,000/-. However, the Department has paid Rs.13,55,804/-, resulting in the excess payment of Rs.9,74,834/- to the plaintiff. The plaintiff

failed to respond to the notice issued by the department on 09.06.2005. The plaintiff has not given a legal notice, and the sending of a reply notice does not arise. The supply orders did not include any stipulation for payment of interest.

6. Based on the above pleadings, the trial Court framed the following issues:

(1) Whether the plaintiff has supplied the material to the 3rd defendant as per the specifications and standards mentioned in the supply order placed by the third defendant?

(2) Whether the plaintiff is entitled to recover the suit amount?

(3) To what relief?

7. During the trial, on behalf of the plaintiff, P.Ws.1 and 2 were examined and got marked Exs.A1 to A.26. On behalf of the defendants, D.Ws.1 and 2 were examined and got marked Exs.B1 to B.13.

8. After completion of the trial and hearing the arguments of both sides, the trial Court partly decreed the suit with proportionate costs for Rs.16,83,000/- against the 3rd defendant with interest thereon at 6% per annum from the date of suit till the date of realization.

9. The learned counsel for the appellant/3rd defendant contends that the trial Court ought to have directed both the parties to substantiate the respective rates of wooden tables for Rs.10,200/- and Rs.4,400/- particularly concerning the variety of wood on the date of supply, i.e., on 07.02.2002. The trial Court committed a grave error in applying the 'Principle of Estoppel' based on an officer's admission regarding the condition of the goods.

10. *Per contra*, the plaintiff enterprises/cross objector filed cross-objections in this Appeal, contending that the appellant *vide*s proceedings dt.09.05.2002 called for material supply to the Ashram Schools. One of the conditions clearly states that the payment will be made after two months, subject to budget availability, following the material supply. Therefore, it is the appellant's responsibility to make the payments within the stipulated time frame. In light of the appellant's failure to make payment, the plaintiff claims they are entitled to receive the due amount along with 12% interest from the date of supply until the date of realization. Hence, the trial court erred in not granting the interest that the cross objector is entitled to.

11. Having regard to the pleadings in the suit, the findings recorded by the Trial Court and in light of the rival contentions and submissions made on either side before this Court, the following points would arise for determination:

I. ***Whether the plaintiff supply the material without deviation from the specifications and standards mentioned in the supply order?***

II. ***Whether the trial Court justified in not awarding the interest at 12% per annum from the date of supply to the date of realization?***

POINT NO.I:

12. The following facts are either admitted or undisputed:

a. The plaintiff is engaged in the business of manufacturer and sale of furniture. The 3rd defendant called for quotations for the supply of wooden dining benches and tables to the Ashram Schools under its control. The plaintiff submitted quotations for the required articles,

specifying the rates of the material. Based on the proceedings in Ex.A.1, issued by the Project Officer, it is evident that the plaintiff's submitted quotation was reviewed, and a decision was made to place an indent for the supply of 265 sets of wooden dining tables and wooden dining benches to I.T.D.A. (Indian Tribal Development Agency).

b. The indent is subject to certain terms and conditions, which are as follows:

   a. The stock should be handed over to the I.T.D.A. with transportation.
   b. The quality of the stock should be as per the specified specifications.
   c. If any deviation in the quality of the stock, it will be rejected.
   d. Payment will be made only after satisfaction with the supplied stock.
   e. Payment will be made after two months, subject to budget availability, after the material has been supplied.
   f. Sales tax will be deducted and remitted to the Government.
   g. The stock should bear the I.S.I. brand.

c. Exs.A.2 to A.19, which are the proceedings of the Project Officer, I.T.D.A., provide evidence that the plaintiff company offered lower rates compared to other firms. Subsequently, the plaintiff company successfully supplied the required materials, and the received stock was in good condition. The Project Officer sanctioned a payment by referring the amount in each proceeding to the plaintiff company for the supplied materials to the Ashram Schools under I.T.D.A.'s control. The stock was received in good condition by the

respective Ashram Schools, and the same was entered in the stock register.

d. On verification of the receipts issued by Head Masters of the respective schools, the Project Officer/3rd defendant passed the sanctioned orders by issuing Ex.A.2 to A.19 proceedings.

13. The defendants' contention is that the plaintiff supplied materials of inferior and substandard quality. In response to these allegations, a Multi Disciplinary Committee (MDC) was formed by the Commissioner of Tribal Welfare. The MDC inspected the respective schools to verify the supplied materials and assessed the rates based on the wood quality provided. The MDC concluded that the appropriate rate for each set of materials was Rs.4,400/-, significantly lower than the Rs.10,200/- claimed by the plaintiff enterprises.

14. During the cross-examination of PW.1 (Sri B.Ramanjaneyulu), the suggestion was made that the amount payable to the plaintiff company was only Rs.3,30,300/- and the defendants made payment of Rs.13,55,804/- for the supply of wooden dining tables and wooden dining benches and the defendants demanded a refund of Rs.9,74,834/- from the plaintiff company. Notice was issued to the plaintiff company on 09.06.2005, requesting the repayment of the excess amount, but the plaintiff did not respond.

15. It is noteworthy that the defendants did not file a counterclaim as per the requirements of Order 8 Rule 6(a) C.P.C. The counterclaim would

have necessitated the disclosure of the date of cause of action, and the defendants would have been required to pay the court fee for the counterclaim. Since no counterclaim was made, the defendant's demand for the refund of Rs.9,74,834/- can be considered vague and unsupported.

16. DW.1, E. Ravindra Babu, the Project Officer representing the 3rd defendant, contended that the plaintiff enterprises managed the then Project Officer to approve the rates for supplying 265 sets of wooden dining tables and benches. According to the proceedings of the Commissioner, Industries Department, Andhra Pradesh (Ex.B5), a Multi-Disciplinary Committee (MDC) was formed for joint inspection of the materials purchased from April 2001 to October 2002. During the inspection process, DW.1 visited the location where the materials were supplied. In his observation, he noticed that the suppliers, including the plaintiff enterprises, were not registered contractors under A.P.G.S.T. (Andhra Pradesh General Sales Tax) and had fabricated bills to acquire Government funds unlawfully.

17. Additionally, the tender schedule in Ex.B.1 does not require mandatory registration for participation. As per the trial court's observation, the invited quotations did not contain any condition that parties/suppliers should be registered firms. The only condition mentioned was regarding the stock delivery at the specified places within the given timeframe. The documents Exs.A.2 to A.19 also include a direction for the Accounts Officer to deduct and remit the A.P.G.S.T. amount to the Government account.

18. During cross-examination, DW.1 confirmed that while making payments to the supplier, the tax payable to the Government is deducted

at the source, implying no tax evasion issue. Therefore, the defendants cannot now argue that the plaintiff is not a registered contractor, especially after accepting the quotation and placing an order for supply.

19. According to DW.1's testimony, the MDC assessed the actual price of the supplied materials by consulting authorized suppliers. The MDC arrived at Rs.3,30,300/-, including sales tax, for the above-supplied materials. DW.1 also stated that the MDC visited eight to ten schools across four districts from March 2005 to May 2005. The visits took place six years after the plaintiff supplied materials.

20. Based on the minutes of the Review Committee, it is evident that a Purchase Committee was constituted to procure materials for Ashram Schools. This committee included the Project Officer, I.T.D.A., as Chairman, along with the Divisional Manager, G.C.C Ltd., Asst. Project Officer (E.D.N.), I.T.D.A and Asst. Project Officer (G), I.T.D.A., and Srisailam are its members. DW.1 confirmed that before obtaining sanction and approval from the Government for material purchase, the Purchase Committee was involved in entering into contracts with suppliers. It is undisputed that the Purchase Committee participated in receiving quotations and finalizing rates for the material supply. Only after this process was completed did the then Project Officer place supply orders with the plaintiff enterprises. Moreover, the same type of Dining tables and benches were ordered for supply from the Plaintiff Company, Sainatha Enterprises, and Sreelakshmi Enterprises at the same rates.

21. During cross-examination, DW.1 admitted that the sanction order, Ex.A.1, did not specify the type of wood to make the Dining tables and benches. The materials were received by 06.09.2002, but DW.1 stated that the schools did not use them due to a payment dispute between the plaintiff and the 3rd-defendant. However, the defendants did not present any evidence from the Headmasters or Correspondents of the respective schools to support this claim. DW.1 did not provide evidence to show that the materials were of poor or substandard quality, and it is not the defendants' case that the Headmasters and Correspondents complained about the quality of the materials.

22. The defendants have not provided the names of the Carpenters who supposedly assessed the furniture value. Additionally, no statements from the Carpenters were recorded, and no quotations were obtained from Furniture shop owners to assess the value of the supplied materials. The MDC team maintained inspection notes, but DW.1 admitted that they had not filed the inspection notes in Court.

23. From DW.1's evidence, it becomes evident that no statements were recorded from the Carpenters or any individuals with expertise in assessing wood quality to support the MDC's contention. Had these statements been recorded, the plaintiff would have had an opportunity to cross-examine them to establish their case. It is surprising that the defendants also failed to provide the names of the Furniture shop owners consulted to assess the prevailing market rate of a particular type of wood.

24. DW.2, B. Naveen Kumar, who served as Deputy Director of Industries, testified that he participated in the MDC's enquiry conducted to inspect purchases made by I.T.D.A., Srisailam, from April 2001 to October 2002. The purpose of the inspection was to investigate certain irregularities committed by the then officials of I.T.D.A. DW.2 was appointed as a member of the MDC by the General Manager of District Industries, appointed by the Commission of Industries. In the cross-examination, DW.2 revealed that the inspection occurred one year and four months after the MDC's formation. The plaintiff was not issued any notice or informed about the inspection, and the inspection did not take place in the presence of the plaintiff. During the inspection, some of the supplied material was being used by the schools, while some were not in use. However, DW.2 admitted that his report, Ex.B.9, did not mention that some of the wooden material was not under use and did not provide a specific reason for this omission.

25. Furthermore, DW.2 acknowledged that neither he nor any members of the MDC possessed expert knowledge about assessing the quality of wood materials. He did not record statements from carpenters or suppliers to assess the material value. When asked, he could not provide the names of the carpenters or suppliers who were consulted to determine the value of the wood material. The inspection notes prepared by DW.2 were not filed in Court. DW.2 was uncertain whether the wooden furniture carried the 'I.S.I.' brand, which raised questions about the quality and standard of the supplied materials. Moreover, DW.2 admitted that suppliers

tend to quote lower rates for bulk orders and higher rates for smaller quantities, indicating the influence of quantity on pricing. The failure to seek assistance from experts to assess the wood quality when they lacked such expertise is also notable.

26. DW.2's testimony reveals that he did not examine the then Project Officer and the members of the Purchasing Committee during his inspection. This lack of examination raises concerns about the fairness and thoroughness of the inspection process. The evidence presented by DW.2 indicates that no opportunity was provided to the plaintiff and the members of the Purchasing Committee to explain their stand or defend against the serious allegations made against them. The defendants accused the Project Director, I.T.D.A., and the members of the Purchasing Committee of colluding with the plaintiff and other firms. However, no substantial evidence or material was produced to establish such collusion. Mere allegations without cogent and convincing evidence are insufficient to prove such serious accusations. Notably, there is no document or proof on the record to indicate that any disciplinary action was initiated against the alleged erring officials. DW.1 testified that the then Project Officer and Superintendent were suspended from services, and others were called for an explanation. However, no supporting documentary evidence was filed to support this claim. Moreover, DW.2 admitted that he does not know whether any departmental action was initiated against the members of the Purchasing Committee. The evidence on record supports the contention made by the plaintiff's counsel that the I.T.D.A. Project Director and Superintendent re-

ceived promotions, whereas the other members are working in their respective departments. The absence of any documentation or evidence regarding the initiation of departmental proceedings against the I.T.D.A. Project Director and other members of the Purchasing Committee raises doubts about the credibility of the defendant's claims. Overall, the lack of proper examination of key individuals and the absence of supporting evidence for serious allegations cast doubts on the fairness and validity of the defendant's contentions against the plaintiff and the Purchasing Committee members.

27. According to the evidence placed, there is no implied warranty or condition regarding the quality or fitness of the materials supplied by the plaintiff. The defendants took the materials without any protest, and DW.2 admitted that he had no knowledge of whether the wooden furniture carried the I.S.I. brand or not. The defendants did not claim that the materials supplied by the plaintiff did not meet the required measurements. However, the defendants failed to provide any material before the Court on which the MDC assessed the value of the supplied materials. They did not examine witnesses to establish that the dining tables were made with inferior and substandard quality material. Despite the availability of the materials in the Ashram Schools, the defendants did not return them, even though there was a direction in Exhibit B.13 letter from the Commissioner of Tribal Welfare to do so. DW.1 did not issue any written intimation to the plaintiff asking for the return of the goods, nor did he explain the reason for not providing written notice. The defendants also did not take any steps

to file an appropriate application before the Court to examine the material through experts with expertise in assessing its quality. Although the materials were received by the department between 06.09.2002 to 30.09.2002, and despite the plaintiff's statutory notice (Ex.A.20) under Section 80 of the C.P.C., dated 14.03.2005, the defendants did not pay the amount for the supplied materials. The evidence of DWs.1 and 2 shows that they lacked knowledge in assessing the quality of wooden furniture and its value, and none of the members of the MDC possessed expert knowledge in this regard. The MDC concluded that the plaintiff supplied substandard material without making any independent enquiry with experts in furniture shops or seeking the assistance of individuals with expertise in the field. Furthermore, it is observed from Exs.A.2 to A.19 orders that the stock was received in good condition. Therefore, it is unclear how the defendants are entitled to reduce the contract rate offered, especially after accepting the goods without any protest and continuing to use them. The Court views that the defendants are not entitled to raise a dispute about the quality of the material three years after using the goods, mainly when the plaintiff demanded payment according to the agreed-upon terms. The defendants' clear admission shows non-payment of the amount for 165 sets of wooden tables at the agreed contract rate. Given the defendants' failure to establish that the plaintiff supplied substandard material, the plaintiff is entitled to the value of the costs of 165 sets of wooden dining tables and benches, amounting to Rs.16,83,000/-. This point is therefore answered in favour of the plaintiff.

POINT NO.II:

28. According to Ex.A.1 proceedings, the payment to the plaintiff was supposed to be made within two months after the supply of the material, subject to budget availability. The record indicates that the plaintiff supplied the material between 06.09.2002 and 30.09.2002. However, the defendants have not claimed that the budget allocations were not made within two months after the plaintiff's supply. Furthermore, they have not asserted that the payment could not be made due to a lack of budget allocation. Instead, the defendants' defence is based on the allegation of the plaintiff supplying substandard material, deemed unacceptable by the Court. The Court rejected the defendant's plea regarding the substandard material, and therefore, it is established that the defendants were liable to pay the amount by the end of November 2002. However, they failed to make the payment, despite their defence being unsupported.

29. Regarding the issue of interest, the trial court did not allow interest on the grounds that there was no agreement between the parties to pay interest.

30. The Hon'ble Supreme Court, in the case of the ***Indian Council for Enviro-legal Action V. Union of India and others***[1] discussed different case laws. A few of the paragraphs, i.e., para Nos.152, 153, 154, 155 & 156, are reproduced herein below:

> *152. Unjust enrichment has been defined by the Court as the unjust retention of a benefit to the loss of another or the retention*

[1] (2011) 8 SCC 161

of money or property of another against the fundamental principles of justice or equity and good conscience. A person is enriched if he has received a benefit, and he is unjustly enriched if retention of the benefit would be unjust. Unjust enrichment of a person occurs when he has and retains money or benefits which, in justice and equity, belong to another.

153. Unjust enrichment is "the unjust retention of a benefit to the loss of another, or the retention of money or property of another against the fundamental principles of justice or equity and good conscience." A defendant may be liable "even when the defendant retaining the benefit is not a wrongdoer" and "even though he may have received [it] honestly in the first instance."

154. Unjust enrichment occurs when the defendant wrongfully secures a benefit or passively receives a benefit which would be unconscionable to retain. In the leading case of Fibrosa Spolka Akcyjna v. Fairbairn Lawson Combe Barbour Ltd. [1942] 2 All ER 122, Lord Wright stated the principle thus :

> *"....(A)ny civilized system of law is bound to provide remedies for cases of what has been called unjust enrichment or unjust benefit, that is, to prevent a man from retaining the money of, or some benefit derived from another which it is against conscience that he should keep. Such remedies in English law are generically different from remedies in contract or in tort, and are now recognized to fall within a third category of the common law which has been called quasi-contract or restitution."*

155. Lord Denning also stated in Nelson v. Larholt, [1947] 2 All ER 751 as under:-

> *".....It is no longer appropriate, however, to draw a distinction between law and equity. Principles have now to be stated in the light of their combined effect. Nor is it necessary to canvass the niceties of the old forms of action. Remedies now depend on the substance of the right, not on whether they can be fitted into a particular frame- work. The right here is not peculiar to equity or contract or tort, but falls naturally within the important category of cases where the court orders restitution, if the justice of the case so requires."*

156. The above principle has been accepted in India. This Court, in several cases, has applied the doctrine of unjust enrichment.

31. In ***Ganuga Ranganath Vs. Hotel Garudadri (Private) Limited***[2], the composite High Court of Andhra Pradesh at Hyderabad held that:

> *56. The question as to whether the interest can be awarded in the absence of any stipulation contained in the contract came up for consideration before a Division Bench of this Court to which one of us (V.R.S.J.) was a party, reported in Apollo Health and Lifestyle Limited v. Anupam Saraogi of Indian Inhabitant, 2017 (3) ALT 602. After a detailed consideration of the origin and evolution of the Interest Act of 1978, this Court held in paragraph 80 of its Judgment that both in England and in India, Courts have treated interest as a payment which becomes due as compensation for the deprivation. This Court also took note of the decision of the Constitution Bench in Central Bank of India v. Ravindra, (2002) 1 SCC 367 and held that the Court is entitled to award interest on such a rate as the Court considers reasonable unless the Court is satisfied that there are special reasons why interest should not be allowed.*
>
> *57. We are of the considered view that the defendant should be directed to pay interest at 9% p.a.*

32. In ***Block Development Officer, Panchayat Samithi, Prathipadu, Guntur District and another V. M.Sambaiah***[3], the Composite High Court of Andhra Pradesh at Hyderabad observed that:

> *8.(a). .....Courts have held that the interest can also be awarded by a court on equity. In order to invoke the doctrine of equity, it is necessary for the first instance to establish the existence of circumstances which attract equitable jurisdiction, such as non-performance of control of which equity requires specific performance or whether the owner is deprived of his property without paying the price thereof, or where money has been improperly detained and not paid to the person who is entitled to it or, where an employer withholds terminal benefits of an employee even after retirement without any valid reason etc.*

33. In **Aditya Mass Communications (P) Ltd., V. A.P.S.R.T.C.**[4], the Hon'ble Apex Court observed that:

> *8.....If a court comes to the conclusion on a given set of facts, a party has been wrongly denied the use of its own money, it is the duty of the*

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[2] 2018 3 A.L.D. 40
[3] 2003 (4) ALD 396 (DB)
[4] (2003) 11 S.C.C. 17

Court to see that the said party is appropriately compensated. In the instant case, we are of the opinion that the respondent has deprived the appellant of its rightful use of the money.....

34. In accordance with the settled legal position and considering the money held by the appellants/defendants, this Court deems it appropriate to grant an interest rate of 9% per annum from 06th December 2002 until the date of filing of the suit while allowing the cross objections in part. As for the pendent lite and post-lite interest, it is at the judicial discretion of the Court. The Trial Court exercised its jurisdiction. No sufficient grounds were made out to alter the interest rate. However, the plaintiff's request for interest at the rate of 12% per annum from the date of the suit until the date of realization is not granted.

35. In conclusion, the Appeal is dismissed without costs, and the cross objection is partially allowed. Consequently, the respondent/plaintiff is entitled to claim interest at 9% on Rs. 16,83,000/- from 06th December 2002 to the date of filing the suit. The decree passed by the trial court, which awards Rs.16,83,000/- against the 3rd defendant with interest at the rate of 6% per annum from the date of the suit, until the date of realization, is confirmed.

36. Miscellaneous petitions pending, if any, in this Appeal shall stand closed.

Sd/-S.V.S.R.MURTHY
JOINT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To

1. The IV Additional District Judge, Kurnool, Kurnool District. **(with records)**
2. One CC to Sri M K Raj Kumar, Advocate [OPUC]
3. One CC to Sri A S C Bose, Advocate [OPUC]
4. One CC to Sri E V V S Ravi Kumar, Advocate [OPUC]
5. The Section Officer, VR Section, High Court of Andhra Pradesh at Amaravathi. **(to despatch the lower court records)**
6. Two CD Copies

TK

HIGH COURT

DATED:31/07/2023

JUDGMENT+DECREE

AS.No.74 of 2009
AND
CROSS OBJECTION No.12414 of 2009

Scopies
10/11

DISMISSING THE APPEAL SUIT
AND
ALLOWING THE CROSS OBJECTION IN PART

IN THE HIGH COURT OF ANDHRA PRADESH AT AMARAVATI

MONDAY, THE THIRTY FIRST DAY OF JULY
TWO THOUSAND AND TWENTY THREE

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HONOURABLE SRI JUSTICE T.MALLIKARJUNA RAO

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   (As per the court order dated 04.01.2023 in I.A.No.1 of 2022 in AS No.74 of 2009, the petitioner as Respondent No.4 is impleaded)

...Respondents

Appeal filed under Order XLI Rule 1 R/w Section 96 of C.P.C, aggrieved by the decree and Judgment dated 18-9-2008 in OS.No.31 of 2005 on the file of the IV Additional District Judge, Kurnool, Kurnool District.

I.A. NO: 4 OF 2009(CROSS OBJECTIONS No.12414 OF 2009)

Between:

Mahalakshmi Trading Company, Rep by its Proprietor B.Ramanjaneyulu, S/o.Venkateshwarlu, aged about 46 years, D.No. 2-4-1021/125, 3rd Floor, Beside Purinapals Public School, Nimboli Adda, Kachiguda, Hyderabad.
...Cross Objector/Respondent No.1

AND

1. The Project Officer, ITDA (PTG-Chenchu), Srisailam, Kurnool District.
...Respondent/Appellant

2. The State of Andhra Pradesh, Rep by the District Collector, Kurnool.

3. The Commissioner, Tribal Welfare, Masab Tank, Hyderabad.

(Respondents 2 and 3 are not necessary parties)
...Respondents/Respondents 1 & 2

Cross Objections under Order 41, Rule 22 of CPC in A.S.No.74 of 2009 in OS.No.31 of 2005 on the file of the IV Additional District Judge, Kurnool, Kurnool District.

This appeal and Cross Objections coming on for hearing and upon perusing the Memorandum of grounds of appeal, the Judgment and Decree of the Lower Court and the material papers in the case and upon hearing the arguments of Sri. M K Raj Kumar for the appellant, in AS No.74 of 2009 and Respondent No.1 in Cross Objection IA.No.4 of 2009 and of Sri. E V V S Ravi Kumar, Advocate for Respondent No.1 in AS No.74 of 2009 and Cross Objectors in Cross Objection IA.No. 4 of 2009 and of Sri A S C Bose for Respondent No.4 in AS No.74 of 2009.

This Court doth order and decree as follows:

1. That the Appeal Suit be and is hereby dismissed without costs.
2. That the Cross Objection filed by the Respondent No.1 /Cross Objector be and is hereby partially allowed.
3. That the respondent/plaintiff is entitled to claim interest at 9% on Rs. 16,83,000/- from 06th December 2002 to the date of filing the suit.
4. That the decree passed by the trial court, which awards Rs.16,83,000/- against the 3rd defendant with interest at the rate of 6% per annum from the date of the suit, until the date of realization, be and is hereby confirmed.
5. That there be no order as to costs in this appeal.

Sd/-S.V.S.R.MURTHY
JOINT REGISTRAR

//TRUE COPY//

SECTION OFFICER

To

1. The IV Additional District Judge, Kurnool, Kurnool District.
2. Two CD Copies

TK

HIGH COURT

DATED:31/07/2023

DECREE

AS.No.74 of 2009
AND
CROSS OBJECTION No.12414 of 2009

4 copies
Plaintiff 10/4

DISMISSING THE APPEAL SUIT
AND
THE CROSS OBJECTION IS PARTIALLY ALLOWED