



HC-KAR

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 10TH DAY OF APRIL, 2026

BEFORE

THE HON'BLE SMT. JUSTICE LALITHA KANNEGANTI

WRIT PETITION NO. 11560 OF 2024 (GM-DRT)

BETWEEN:

SMT. SARVAMANGALA
W/O SRI APPU RAO M.S.
MAJOR IN AGE
(40 YEARS)
R/ANO 22, SRI RAYARA NIVASA
ROY SINGH LAYOUT, HOSAKOTE
BENGALURU RURAL - 562 114

...PETITIONER

(BY SRI. SWAROOP S., ADVOCATE)

AND:

1. STATE OF KARNATAKA
REPRESENTED BY PRINCIPAL SECRETARY
REVENUE DEPARTMENT,
ROOM NO 627, 6TH FLOOR,
GATE - 1, M.S.BUILDING
DR. B.R.AMBEDKAR VEEDHI
BENGALURU - 560 001
2. SUB REGISTRAR
HOSAKOTE SUB- REGISTRAR OFFICE
HOSAKOTE
BENGALURU-562 114
3. M/S CANARA BANK
BY AUTHORISED OFFICER
MANAGEMENT BRANCH - 1
AT 2ND FLOOR,
CO- BUILDING NO.86,
SPENCER TOWERS, M.G. ROAD,





BENGALURU - 560 001

4. ASSISTANT COMMISSIONER AND
COMPETENT AUTHORITY
VINIVINK ORGANIZATION INVESTOR,
CLAIMS ENQUIRY DIVISION
BENGALURU
5TH FLOOR, VISHVESWARAYYA KENDRA,
DR. AMBEDKAR VEEDHI
BENGALURU - 560 001
5. UNDER SECRETARY TO GOVERNMENT
REVENUE DEPARTMENT
(SPECIAL CELL)
VIDHANA SOUDHA
BENGALURU - 560 001

...RESPONDENTS

(BY SRI.MAHANTESH SHETTAR, AGA FOR R1, R2 & R5
SRI.VIGNESH SHETTY, ADVOCATE FOR R3
SRI.VEERESH BUDIHAL, ADVOCATE FOR R4)

THIS WRIT PETITION IS FILED UNDER ARTICLES 226
AND 227 OF THE CONSTITUTION OF INDIA, PRAYING TO-
DIRECT SETTING ASIDE THE ENDORSEMENT DATED:
10.04.2024 BEARING NO. KRA.SA.U.NO.KA/12/2024-25
ISSUED BY THE R-2 (ANNEXURE-C) AND ETC.

THIS PETITION, COMING ON FOR 'DICTATING
JUDGMENT', THIS DAY, ORDER WAS MADE THEREIN AS
UNDER:

CORAM: HON'BLE SMT. JUSTICE LALITHA KANNEGANTI



ORAL ORDER

The present writ petition is filed seeking the following prayer:

"PRAYER

WHEREFORE the petitioner prays that this Hon'ble court may be pleased to:

a) Issue a writ in the nature of certiorari or any other appropriate writ or direction setting aside the endorsement dated 10.04.2024 bearing No. Kra.Sa.U.No.Ka/12/2024-25 issued by the Respondent No.2. (Annexure-C)

b) Issue a writ in the nature of mandamus or any other appropriate writ or direction on the Respondent No.2 to register the sale certificate dated 30.03.2024 bearing Ref.No.RO/DEV/SC/SS/30032023 issued by the Respondent No.3. (Annexure-A)

c) Issue a writ in the nature of certiorari or any other appropriate writ or direction setting aside the ghezette notification dated 15.03.2023 and 29.03.2023 both bearing No.E-RD 22 GRC 2022 issued by the Respondent No.5 in so far the schedule property at its Sl. No.1 in Annexure-1 is concerned. (Annexure-D)

d) Issue a writ in the nature of certiorari or any other appropriate writ setting aside the direction dated 12.06.2023 bearing No.NGR/CR/01/2023-24 issued by the Respondent No.4 to the Respondent No.2 in so far as the Schedule Property is concerned. (Annexure-E)

e) Grant any other order or direction as may deem fit in the circumstances of the case.

f) In the alternative, issue a writ of mandamus or any other appropriate writ or direction to the respondent No.3 to refund the Auction Consideration of Rs.7,10,66,000/- to the Petitioner along with interest at the rate of 18% per annum from the date of payment of the said amount i.e., on 30.03.2024 till the date of actual realization along with damages as determined by this Hon'ble Court."

2. Initially, the writ petition was filed seeking to set aside the endorsement dated 10.04.2024 issued by respondent No.2



attaching the schedule property. A prayer was also made seeking direction to respondent No.2/Sub-Registrar to register the sale certificate dated 30.03.2024 issued by respondent No.3. As per order dated 17.02.2026, the petition was amended to add a prayer for refund of the Auction Consideration of Rs.7,10,66,000/- along with interest at 18% per annum from the date of payment of the amount i.e., on 30.03.2024 till the date of actual realization along with damages as determined by the Court.

3. The facts of the case are that one late Sri. Shiv Kumar was the absolute owner of the property and he had availed a loan from Syndicate Bank now Canara Bank by securing the same through the schedule property. The loan availed by the said owner came to be defaulted. To recover the outstanding amount, the Canara Bank had auctioned the property and the petitioner had participated in the said auction and emerged as the successful bidder by placing a bid for a sum of Rs.7,10,66,000/-. The petitioner had deposited the entire consideration of an amount of Rs.7,10,66,000/- in favour of respondent No.3. Accordingly, the sale certificate dated



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30.03.2024 came to be executed in favour of the petitioner. When the petitioner requested the Sub-Registrar to register the said sale certificate, respondent No.2 issued an endorsement dated 10.04.2024, wherein the registration of the scheduled property was denied on the ground that the KPID authority had issued a gazette notification dated 15.03.2023 and 29.03.2023 prohibiting the registration of the schedule property. Hence, the petitioner has come before this Court seeking the above prayers and the amended prayers. It is stated that a portion of the auction consideration i.e., Rs.7,10,66,000/- was raised by way of overdraft loan from the same Canara Bank. For availing such OD, an interest of 9.15% is levied on the petitioner.

4. Learned counsel appearing for the petitioner submits that in view of the fact that auction conducted by the Canara Bank is flawed on account of there being attachment of KPID authority, the entire amount may be refunded to the petitioner. The rate of interest levied by Canara Bank for the OD may be levied on them to provide complete justice and set off the loss caused to the petitioner. It is stated that the petitioner innocently attempted to purchase the scheduled property by



paying huge consideration and she is subjected to the litigations for over two years for no fault of hers. It is stated that the petitioner neither has the property nor the money. Hence, learned counsel for the petitioner submits that there may be a direction to the Canara Bank to refund the auction consideration of Rs.7,10,66,000/- along with interest at the rate of 18% payable by Canara Bank from the date of the sale certificate i.e., on 30.03.2024 till the date of actual realisation.

5. Learned Additional Government Advocate appearing for respondent Nos.1, 2 and 5 had relied on the judgment of the Apex Court in case of ***National Spot Exchange Ltd. Vs. Union of India and others***¹ and submits that the Apex Court considering the Maharashtra Protection of Interest of Depositors Act, while considering the provisions of the same and the provisions of the SARFAESI Act had held that no priority of interest can be claimed by the secured creditors against the properties attached under the MPID Act and the provisions of the MPID Act would override any claim for priority of interest by the secured creditors in respect to the property

¹ 2025 INSC 694



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which have been attached under the MPID Act. It is also observed that considering the pith and substance of the State and the Central Legislations in question, the Central Legislations i.e., SARFAESI Act or RDB Act cannot be permitted to prevail over the State Legislation i.e., MPID Act merely because the Central Legislations are enacted by the Parliament. The Apex Court had further held that since all these Acts have separate field of operations, provisions of the SARFAESI Act or RDB Act cannot be permitted to override the provisions of the MPID Act, which is a validly enacted State Legislation, otherwise it would tantamount to violation of federal structure doctrine envisaged in the Constitution. If provisions of SARFAESI Act or RDB Act are permitted to override the provisions of MPID Act, then the legislative powers of the State Legislature would be denuded which would tantamount to subverting the law enacted by the State Legislature. Relying on the said judgment, it is submitted that with regard to the property in question a notification is issued by the competent authority and in view of the judgment of the Apex Court, the Bank cannot claim priority interest and the KPID Act will prevail



over the SARFAESI Act. As such, the property cannot be registered in favour of the petitioner.

6. Learned counsel appearing for respondent No.3/Bank submits that the Bank is a secured creditor and it has first charge over the property and the KPID Act cannot have an overriding effect on the SARFAESI Act which is the Central Legislation. The SARFAESI Act has overriding effect on all other Acts. It is submitted that the petitioner cannot seek the refund of the amount. Further, he cannot seek the interest at the rate of 9.15%. The prayer as sought by the petitioner cannot be considered. Hence, it is submitted that the writ petition is liable to be dismissed as far as the refund of the amount is concerned.

7. Having heard the learned counsels on either side, perused the entire material on record. The petitioner has sought a relief to register the sale certificate and also some other reliefs are sought. However, now the petitioner confines the prayer for the refund of the amount which is paid by her. It is the submission that she has taken the overdraft facility from the Canara Bank and they have charged 9.15% interest and



the amount must be refunded and the Bank may be directed to pay the interest at 9.15% from the date of issuance of the sale certificate till the actual date of realisation. Now, as the competent authority has issued the notification, a charge is created over the property. Whether the Bank has a first charge over the property as per the order passed by the authorized officer, in the light of the law laid down in ***National Spot Exchange Ltd.***'s case referred supra, the KPID Act will prevail over the SARFAESI Act. In that view of the matter, there cannot be any direction to the Sub-Registrar to register the property as already the notification is issued in respect of the property.

8. Coming to the request of the petitioner that she wants the refund of the amount, in view of the charge created over the property, the property cannot be registered and the petitioner does not want to go ahead with the litigation. She is entitled for refund of the amount and once the amount is refunded as it is lying with the bank from the year 2024, the petitioner has taken the overdraft facility and as per the same, they are charging interest of 9.15% on the said amount. In that



view of the matter, the petitioner is entitled for refund of the amount and interest on the said amount at the rate of 9.15%. Further, the petitioner has taken the loan for the purpose of paying the amount to the Bank. This Court deems it appropriate to direct the Bank to adjust the amount towards the loan amount and any amount over and above the petitioner is entitled, the same shall be returned to him. Hence, this Court is passing the following order:

ORDER

- i. The respondent No.3/Bank is directed to adjust the amount of Rs.7,10,66,000/- towards the loan amount.
- ii. The amount shall carry interest at the rate of 9.15% from the date of sale certificate i.e., 30.03.2024 till the date of realisation.
- iii. If the petitioner is entitled for any amount over and above the same shall be refunded to her.
- iv. Accordingly, the writ petition is ***partly allowed***.



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**NC: 2026:KHC:20318
WP No. 11560 of 2024**

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

**SD/-
(LALITHA KANNEGANTI)
JUDGE**

MEG
List No.: 1 Sl No.: 0