

The Punjab State Vs Sadhu Singh and Company

Civil Revision No"s. 4457, 4458 and 4459 of 1996 and 473 of 1997

Court: High Court Of Punjab And Haryana At Chandigarh

Date of Decision: Oct. 12, 2010

Hon'ble Judges: Hemant Gupta, J

Bench: Single Bench

Final Decision: Dismissed

Judgement

Hemant Gupta, J.

The State of Punjab is in revision aggrieved against the order passed by the learned first Appellate Court on 14.6.1996,

whereby the Award dated 11.5.1990 announced by an Arbitrator was ordered to be made as Rule of the Court. All the above mentioned

petitions give rise to common questions of law and facts, therefore, all these cases are taken up for hearing together.

2. The dispute between the parties was referred to the Superintending Engineer, Anandpur Sahib Hospital Project as an Arbitrator. The Arbitrator

announced his Award on 11.5.1990. The State filed objections to the said Award sought to be made Rule of the Court. The objection was that

the work was completed on 12.8.1984 and the payment was made on 11.5.1987, therefore, award of interest from January, 1985 to May, 1987

to the tune of Rs. 43,670/- is illegal, wrong and not permitted under Clause 19 of the conditions of agreement. The learned trial Court accepted the

objections and set aside the Award holding that the Award by the Arbitrator is illegal, but the first Appellate Court while relying upon the judgment

of the Hon"ble Supreme Court in Secretary, Irrigation Department, Government of Orissa and others Vs. G.C. Roy, , partly allowed the appeal

and held that there is no term in the agreement prohibiting grant of interest.

3. Clause 19 of the agreement, reads as under:

Any excess payment made to the contractor is advertently or otherwise for this work or any work may be deducted from any sum whatsoever

payable by the department to the contractor. No claim of the contractor shall be entertained due to any disruption or delay.

4. In view of the judgment of the Hon"ble Supreme Court in Secretary, Irrigation Department, Government of Orissa and others Vs. G.C. Roy, ,

the Arbitrator is competent to grant interest even if there is no stipulation regarding grant of such interest. It has been held in the said judgment that

interest is compensation for delayed payment and therefore, such interest is payable.

6. In Indian Hume Pipe Co. Ltd. Vs. State of Rajasthan, , it has been held that the Arbitrator has the competence, jurisdiction and power to award

interest for the period from the date of award to the date of payment as also for pre-reference, pendente lite and post award. It has further been

held that the only caveat is that the amount of interest so awarded should be reasonable and agreement between the parties should not prohibit

grant of such interest.

7. In view of the above, I do not find any patent illegality of material irregularity in the impugned order, which may warrant interference by this

Court in exercise of its revisional jurisdiction.

8. Hence, present petitions are dismissed.