

16.

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

+ W.P.(C) 505/2007

SNEH ENTERPRISES & ORS. Petitioners
Through Mr. Amiet Andlay, Advocate.

versus

UOI & ANR. Respondents
Through Mr. Sanat Kumar, Advocate.

CORAM:
HON'BLE MR. JUSTICE SANJIV KHANNA

% **ORDER**
27.10.2009

1. The petitioners and the respondent No. 2 had entered into a lease agreement dated 1st July, 1997. The petitioners at that time had made a collateral security deposit in the form of FDRs, which have matured and the maturity value of Rs.15,50,957/- was credited in the account of the respondent No. 2. The petitioners claim refund of the said amount, inter alia, pleading that they have fully complied with the lease agreement and have made payments due from them.

2. Respondent No. 2 admits that the lease installments were duly paid but it is stated that the collateral security deposit stands adjusted towards Rs.10,08,343/- recoverable from the petitioner towards interest on the blocked up capital and the balance amount of Rs.5,50,957/- has been adjusted towards residuary cost of the equipment of Rs.5,16,044/- and sales tax payable thereon.

3. Learned counsel for the respondent No.2 has further drawn my attention to the agreement which is an arbitration clause. The said clause reads as under:-

"31. ARBITRATION: (i) If any dispute or difference arises between the Corporation and the Lessee with regard to the construction, meaning and effect of these presents or any part thereof or any other matter under these presents, interpretation or termination of this agreement, the same shall be referred to the Sole Arbitration of the Chairman of the Corporation or such officer as he may appoint to be the Arbitrator. There would be no objection that the Arbitrator is an employee of the Corporation, that he had to deal with the matters to which this agreement relates or that in the course of his duties as an employee of the Corporation he has expressed his views on all or any of the matters in dispute or difference. The award of the Chairman or the officer so appointed by him shall be final and binding on the parties hereto this agreement.

(ii) The venue of the arbitration shall be at Delhi or at any other place where Regional officers of respective Regional Offices alone shall have exclusive jurisdiction."

4. Learned counsel for the respondent No. 2 on the last date of hearing was asked to obtain instructions and states that the respondent No. 2 has no objection to appointment of an arbitrator in terms of the said clause.

5. The writ petition was filed in the year 2007 and has remained pending since then. In these circumstances and in view of the statement made by the learned counsel for the respondent No. 2, the parties are not being relegated to separately invoke Section 11 of the Arbitration and

Conciliation Act, 1996 and the Chairman of the respondent No. 2 corporation is directed to appoint an arbitrator within a period of three weeks from today. It is noticed that the counter affidavit filed by the respondent is supported by an affidavit filed by Branch Manager. The Chairman of the respondent No. 2 corporation will appoint an officer senior to Branch Manager as the sole arbitrator. As the matter has remained pending in this Court for over two years, the learned arbitrator so appointed will make an endeavour and effort to dispose of arbitration proceedings within a period of four months from the date of entering upon reference.

6. With the aforesaid observations, the writ petition is disposed of. There will be no order as to costs.

OCTOBER 27, 2009
VKR

SANJIV KHANNA, J.