IN THE HIGH COURT OF PUNJAB AND HARYANA

AT CHANDIGARH

FAO No.4764 of 2010(O&M)
Date of decision: 09.03.2015

M/s Satluj Cotton Factory

….. Appellant

versus

Managing Director, Punjab State Civil Supplies Corporation Limited and others

……Respondents

CORAM: Hon'ble Mr.Justice Kuldip Singh

Present: Mr. Mukund Gupta, Advocate for the appellant
Mr.Rakesh Gupta, Advocate for the respondents

1. Whether Reporters of Local Newspapers may be allowed to see the judgment ?
2. To be referred to the Reporters or not ?
3. Whether the judgment should be reported in the Digest?

Kuldip Singh, J. (Oral)

This appeal has been filed against judgment dated 10.4.2009, passed by the learned Additional Sessions Judge, Chandigarh, whereby while deciding the objections filed by the appellant under Section 34 of the Arbitration and Conciliation Act, 1996, the learned Additional Sessions Judge set aside the award and directed as under:-

"Nonetheless, since the impugned award has been set aside only on technical reasons and is not intended to exonerate the miller of his contractual obligations/ liabilities arising out of the agreement dated 4.10.2005 the Managing Director, Punsup would be at liberty to deal with the dispute afresh in consonance with the agreement

> *dated 4.10.2005. The miller is required to attend the office of Managing Director, Punsup on 30.5.2009 at 10.00 a.m., sharp for being apprised with the decision of the Managing Director, Punsup in dealing with the matter further. On this point, there is Apex Court judgment ruled in C.R. No.5196 of 2006 titled Chandan Rice Mills vs. Markfed decided by the Hon'ble High Court of Punjab and Haryana on 2.11.2006. Memo of costs be prepared. File be consigned to the record room."*

Against the said order, the appellant/ objectors have filed the present appeal.

Before this Court, learned counsel for the appellant has stated that the appellant has already deposited the principal amount and now the dispute is only regarding rate of interest. It is stated that there is a clause in the agreement for awarding 21% per annum interest, whereas the Apex Court in the case of *Rajasthan State Road Transport Corpon. v. Indag Rubber Ltd, 2007(1) RCR (Civil) 47,* awarded 6% per annum interest. Similarly, this High Court in the case of *State of Haryana and others v. M/s Ajit Construction Company, Karnal, 2012(5) RCR (Civil) 213,* also awarded 7% per annum interest. Therefore, a prayer has been made for reducing the rate of interest.

On the other hand, learned counsel for the respondent has relied upon another judgment of this Court in the case of *S.S.Cotton Mills Private Limited v. Punjab State Civil Supplies Corporation and another, FAO No.637 of 2013 decided on*

16.9.2013, wherein 12% per annum interest was allowed.

After hearing learned counsel for both the parties, I am of the view that in this case award passed by the Arbitrator has been set aside by the learned Additional Sessions Judge, Chandigarh. It means that the fresh award is required to be passed. Therefore, this Court cannot comment as to how much interest is to be awarded by the Arbitrator. Only when an award has been passed that the Court can interfere in the rate of interest. Therefore, the prayer of the appellant cannot be entertained at this stage. It also comes out that the matter is already pending before the Managing Director, PUNSUP for fresh arbitration. It being so, the appellant shall be at liberty to produce the authorities of the Supreme Court and of this Court before the Arbitrator to seek concession in the interest. The authorities, if produced, shall be dealt with by the Arbitrator and the matter regarding interest shall be decided on merits by passing a speaking order. There is no ground to interfere in the impugned order.

Accordingly, the appeal is dismissed with above noted observations and the appellant is relegated to seek appropriate remedy before the Managing Director, PUNSP/ Arbitrator.

09.03.2015 **(Kuldip Singh)**
gk **Judge**