

IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

FAO No.3640 of 2014 (O&M)
Date of Decision:08.01.2015.

Union of India

....Appellant

Versus

M/s Maverick Developers and Colonizers Private Ltd.

....Respondent

CORAM: HON'BLE MS. JUSTICE NAVITA SINGH

Present: Mr. Rajiv Sharma, Advocate for the appellant.

NAVITA SINGH, J.

CM No.10970-CII of 2014

In view of the reasons given in the application and the accompanying affidavit, CM is allowed and the delay of 99 days in refiling the appeal is condoned.

CM No.10971-CII of 2014

For the reasons mentioned in the CM, the same is allowed.

FAO No.3640 of 2014

1. Counsel for the appellant argued only on the point that interest awarded by the Arbitrator at the rate of 12% per annum was on the higher side whereas it should have been between 6% and 9%. No other point was urged.

2. Reference was made to the award of the Arbitrator where it was mentioned that the amount was required to be refunded along with simple interest at the rate of 12% per annum from the date of recovery till actual payment. Counsel for the appellant submitted that no reason was given and he referred to Rajasthan State Road Transport Corporation Vs. Indag Rubber Ltd.

2007 (1) RCR (Civil) 47.

3. The reported case will not help the appellant as it was mentioned in the concluding para by the Supreme Court that the interest was being reduced from 12 to 6% per annum “looking to the peculiar facts and circumstances” of the case. The Supreme Court did not lay down any universal rule that interest would not be charged at any rate higher than 6% per annum. Under the Arbitration and Conciliation Act, the Arbitrator has a discretion to award interest at the rate deemed appropriate in the given facts and circumstances.

4. In the instant case, the reason was given by the Arbitrator and the same was that rescission of the contract was erroneous and illegal for the reasons given in the award and interest was awarded at the rate of 12% per cent per annum.

5. It cannot be said that in the given facts and circumstances, the Arbitrator did not exercise the discretion judiciously.

6. The appeal is dismissed.

(NAVITA SINGH)
JUDGE

08.01.2015
ishwar