

IN THE HIGH COURT FOR THE STATES OF PUNJAB AND
HARYANA AT CHANDIGARH

C.R. No.6403 of 2016 (O&M)

Date of Decision.26.09.2016

Union of India and another

.....Petitioners

Vs.

Shri Sarup Singh (deceased)

.....Respondents

Present: Dr. Ashwinie Kumar Bansal, Advocate
for the petitioners.

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AMIT RAWAL J. (ORAL)

The counsel for the petitioners contends that the calculation submitted before the Arbitrator amounts to inclusion of interest on the principal which is not the scope of the Award as per the provisions of the Arbitration and Conciliation Act, 1996.

He submits that the Award dated 11.05.1988 was challenged in this Court and vide order dated 13.12.1993 (Annexure P-1), 50% of the awarded amount along with interest within two months was ordered to be paid. The interest accrued on principal amount from 25.5.1988 to 24.1.1994 to the tune of ₹4,01,898/- was paid on 29.05.1994. Thereafter, the petitioners have not been able to pay interest on the half of the principal amount. The calculation contains the payment of interest on the principal, which cannot be scope of the arbitral award.

I have heard learned counsel for the petitioners and appraised the paper book. The impugned order under challenge reads thus:-

“Calculation again submitted by DH. Heard on fact of outstanding amount if any against the JD. Admittedly, principal amount is ₹4,78,499.46 and is to be paid from 25.05.1988 till payment along with interest @ 12% per annum.

Part payment of ₹4,01,898/- was made on 29.05.1994 and ₹10,14,315/- on 24.05.2015 by JD. Payment of ₹4,01,898/- made on 29.05.1994 was pursuant to order dated 13.12.1993 of Hon'ble High Court. JD made the payment and adjusted the same against 50% of principal amount to reduce the principal amount and interest thereafter, was calculated on said 50% of principal amount. Payment of ₹4,01,898/- was to be adjusted against the entire outstanding amount i.e. principal plus interest. Calculation of amount due towards JD are as under:

<i>Sr.No.</i>	<i>Particulars</i>	<i>Amount</i>
<i>1</i>	<i>Decretal amount</i>	<i>₹4,78,499.46</i>
<i>2</i>	<i>Interest @ 12% P.A, w.e.f 25.05.1988 to 29.05.1994</i>	<i>₹3,44,556/-</i>
<i>3</i>	<i>Total liability on 29.05.1994</i>	<i>₹8,23,055.46</i>
<i>4</i>	<i>Payment made on 29.05.1994</i>	<i>₹4,01,898/-</i>
<i>5</i>	<i>Liability as on 29.05.1994</i>	<i>₹4,21,157.46</i>
<i>6</i>	<i>Interest @ 12% p.a from 30.05.1994 to 01.05.2015</i>	<i>₹10,57,023/-</i>
<i>7</i>	<i>Liability as on 01.05.2015</i>	<i>₹14,78,180.46</i>
<i>8</i>	<i>Payment made on 01.05.2015</i>	<i>₹10,14,315/-</i>
<i>9</i>	<i>Liability as on 01.05.2015</i>	<i>₹4,63,865/-</i>
<i>10</i>	<i>Interest @ 12% p.a from 01.05.2015 to 31.08.2016</i>	<i>₹74,421/-</i>
<i>11</i>	<i>Total Liability on 31.08.2016</i>	<i>₹5,38,285/-</i>

Liability as on 01.05.2015 of ₹4,63,865/- includes principal amount and interest also. Question is if interest is to be paid on interest. If payment of interest is delayed then it merges into principal and interest be also paid over interest. Some analogy has been applied and liability of JD comes to ₹5,38,285/- as on 31.08.2016. Let, payment of said amount be made on 31.08.2016.

-sd-

*Aashish Abrol, PCS
ACJSD/16.08.2016”*

the Award and the petitioners deposited ₹4,01,898/- on 29.05.1994 by that time on principal amount of ₹4,78,499.46. The interest rate @12% w.e.f. date of the Award i.e. 25.05.1988 to 29.05.1994 had arrived at a figure of ₹3,44,556/-. After deduction of the deposited amount, the balance was ₹4,21,157.46 and thereafter, interest @12% p.a. from 30.05.1994 to 01.05.2015 accrued to ₹10,57,023/- and a payment of ₹10,14,315/- was made on 01.05.2015 against the liability of ₹14,78,180.46.

In my view, the calculation arrived at by the trial Court is perfectly in consonance with the judgment rendered by the Hon'ble Supreme Court in Hyder Consulting (UK) Limitd Vs. State of Orissa through Chief Engineer (2016) 6 SCC 362 wherein the view expressed in M/s Hyder Consulting (UK) Ltd. Vs. Governor, State of Orissa through Chief Engineer 2015 (2) SCC 189 has been reiterated holding that the amount awarded whether with interest or without interest constitutes a sum for which the award is made and therefore, it would not be against the provisions of the 1996 Act.

The impugned order is perfectly legal and just in view of the ratio decidendi referred to above. No ground for interference is made out. The revision petition is dismissed.

(AMIT RAWAL)
JUDGE

September 26, 2016

Pankaj*

Whether reasoned/speaking Yes

Whether reportable No