

Civil Revision No.703 of 2002

**IN THE HIGH COURT OF PUNJAB AND HARYANA AT  
CHANDIGARH**

Civil Revision No.703 of 2002

Date of decision: 11.01.2016

State of Punjab

....Petitioner

Versus

Prem Builders (India) Pvt. Ltd.

....Respondent

**CORAM: HON'BLE MR. JUSTICE PARAMJEET SINGH DHALIWAL**

- 1) Whether Reporters of the local papers 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 ?

Present: - Mr. S.S. Chandumajra, Addl. A.G., Punjab.  
None for the respondent.

**PARAMJEET SINGH DHALIWAL, J. (ORAL)**

The instant revision petition has been filed for setting aside the order dated 20.02.1998 passed by learned Sub Judge, First Class, Chandigarh and order dated 04.10.2001 passed by learned Additional District Judge, Chandigarh.

Brief facts of the case are that the proceedings under Sections 14, 17 and 29 of the Arbitration Act, 1940 were initiated against the petitioner. In fact, the petitioner/State of Punjab floated a tender for execution of work regarding construction of V.R. Bridge at R.D. 85.872 Km. of SYL Canal Project, Punjab. This work was allotted to the respondent vide agreement dated 14.08.1996. Thereafter some disputes arose between the parties and as per agreement the matter was referred to

Civil Revision No.703 of 2002

the sole Arbitrator Sh. R.D. Bhargava. The sole arbitrator passed the award dated 30.12.1994. Against the award, petitioner appeared and filed objections under Section 30 read with Section 33 of the Arbitration Act raising objection about validity of the award. After considering the objections raised by the petitioner, specifically with regard to issue of limitation, learned Sub Judge, First Class, Chandigarh, dismissed the objection petition and award dated 30.12.1994 was made a rule of the Court vide order dated 20.02.1998. Against the order dated 20.02.1998, passed by learned Sub Judge First Class, Chandigarh, petitioner preferred an appeal before learned Additional District Judge. Learned Additional District Judge, Chandigarh, which has been dismissed vide judgment dated 04.10.2001. Hence, this revision petition.

I have heard learned counsel for the State and perused the record.

Learned counsel for the State vehemently contended that the objections have not been rightly considered by the Courts below. Learned counsel further contended that award is bad in eyes of law as interest on interest cannot be awarded. Learned counsel for the State further submitted that agreement is dated 14.08.1996, therefore, the provisions of the Arbitration Act, 1940 will apply.

I have considered the contentions raised by learned counsel for the State.

Only objection raised by the State in this revision petition is that interest on interest cannot be awarded. This Court in ***The Punjab***

Civil Revision No.703 of 2002

***State through Executive Engineer, Kharar Construction Division, SYL Canal Project, SAS Nagar (Mohali) v. M/s Amar Nath Aggarwal Constructions (P) Ltd. Panchkula and another***, 1993(3) PLR 1 has held that the argument that interest on interest cannot be awarded does not hold ground for the reason that it is under Section 4 that interest has been awarded or should be deemed to have been awarded.

This Court in ***Union of India v. M/s Harbans Singh Tuli & sons Builders (P) Ltd.***, AIR 2000 (P&H) 313 examined identical issue and held as under: -

*“10. In view of the law laid down by their Lordships of the Supreme Court in 1999(4) SCC 327 : (AIR 1999 SC 1614) (supra), holding that the arbitrator had power to grant interest on the amount of interest which may be termed as interest on damages or compensation for delayed payments, which would also become part of the principal sum adjudged, in my opinion, the petitioner-Union of India was liable to pay interest even on the pendente lite interest, which would be taken as damages or compensation of delayed payment and in this manner it would also become part of the principal sum adjudged. In this view of the matter, the authorities, (1996) 2 Pun LR 398 : (AIR 1996 Punj & Har 195), AIR 1981 Ori 32 and AIR 1982 Ori 263 (supra), relied upon by the learned counsel for the petitioner, would be of no help to petitioner-Union of India, nor on the basis of these authorities could it be said that the pendente lite interest could not be included in the principal sum adjudged for the purpose of granting future interest, in view of the law laid down by their Lordships of the Supreme Court in (1999) 4 SCC 327 (supra).”*

Civil Revision No.703 of 2002

This revision petition was admitted on the statement of the parties that the connected Civil Revision No.780 of 2001 stood admitted. The said revision petition has already been dismissed on 06.05.2005.

In view of the law laid down by this Court referred to above, I do not find any illegality or perversity in the impugned orders.

Dismissed.

**(Paramjeet Singh Dhaliwal)**  
**Judge**

**January 11, 2016**  
**R.S.**