

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

FAO No.3346 of 2011 (O&M)

Date of Decision.04.08.2016

Union of India/UT Administration through its Executive Engineer
.....Appellant

Vs.

M/s Shanti Builders and ConsultantsRespondent

Present: Mr. Amit Arora, Addl. Standing Counsel
for the Union of India/UT Admn.

Mr. Mukand Gupta, Advocate
for the respondent.

CORAM:HON'BLE MR. JUSTICE AMIT RAWAL

1. Whether Reporters of 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?

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AMIT RAWAL J.

Appellant-U.T. Administration is aggrieved of the impugned order dated 03.10.2009 whereby the objections filed under Section 34 of the Arbitration and Conciliation Act, 1996 for setting aside of the Award dated 7.8.2000, have been dismissed.

Mr. Amit Arora, learned counsel appearing for the appellant submits that the respondent was awarded with the contract of the value of ₹95,94,000/- for construction of 60 number of police houses Type III in Sector 46D, Chandigarh. As per the agreement, the work was to start on 30.06.1995 and completed within 12 months but respondents could complete it only to the tune of ₹24.07 lacs upto 11.06.1996 and thereafter, left the work unfinished. Resultantly, the agreement was cancelled as penalty and remaining work was got done at the risk and cost of contractor.

In this regard, the appellant lodged a claim of ₹24,92,654/-. Even respondent also lodged the claim by invoking the arbitration clause and the matter was referred to the Arbitrator.

He further submits that the Arbitrator has not assigned reasons on which the Award based, in view of the provisions of Section 31(3) of the Arbitration and Conciliation Act, 1996 and thus, liable to be set aside. All the objections had been taken before the Objecting Court but the Objecting Court has also committed illegality and perversity in passing the impugned order by upholding the Award passed by the Arbitration and therefore, urges this Court to set aside the Award and the impugned order under challenge by allowing the appeal.

Mr. Mukand Gupta, learned counsel appearing for the respondent submits that the Award passed by the Arbitrator is perfectly in consonance with the respective claims. The appellant has rightly been directed to pay the balance payment of the work done and extra payment of carriage and materials, cost of material as well as interest.

I have heard learned counsel for the parties and appraised the paper book and of the view that the Award passed by the Arbitrator is not in consonance with the provisions of law as there is no application of mind. Time and again, the Hon'ble Supreme Court and this Court have held that the Award of the Arbitrator has to be backed by reasons. Even the statute also prescribes the same. None of the arguments or documents of the respective parties has been taken into consideration. It is the most sketchy and mechanical Award which is not sustainable in the eyes of law.

Accordingly, I set aside the award. Both the parties have given consent that in order to save the cost of litigation as well as time spent in

seeking appointment of Arbitrator, this Court may appoint the Arbitrator with a direction to *ex facie* dispose of the claim as early as possible. With the consent of both the parties, Mr. H.S. Sawhney, learned Senior Counsel of this Court is appointed as Arbitrator. He is requested to give Award within a period of four months. He shall decide his fees and place of sitting with the consent of both the parties and the fee shall be paid by both the parties in equal shares. The original records shall also be sent to the Arbitrator for adjudication of controversy.

The appeal is disposed of with the above directions.

(AMIT RAWAL)
JUDGE

August 04, 2016
Pankaj*

Whether speaking/reasoned	Yes
Whether reportable	No