

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

FAO No.5622 of 2012 (O&M)

Date of decision : 22.07.2016

M/s Ganpati Rice Mills, Talwandi Sabu Road, Mansa

...Appellant

Versus

Punjab State Civil Supplies Corp. Ltd. Chandigarh and others

...Respondents

CORAM: HON'BLE MR. JUSTICE AMIT RAWAL.

1. Whether reporters of local newspapers may be allowed to see judgment ?
2. To be referred to reporters or not ?
3. Whether the judgment should be reported in the Digest ?

Present: Mr. Naresh Kumar Joshi, Advocate for the appellant.

Ms. Deepali Puri, Advocate for respondent Nos.1 and 2.

AMIT RAWAL, J. (Oral)

The appellant-Miller is aggrieved of the dismissal of the objection petition bearing No.31 of 2005 filed under Section 34 of the Arbitration and Conciliation Act, 1996 for setting aside of the award dated 11.04.2005.

It is conceded position on record that against the aforementioned award, two objection petition No.31 of 2005 at the instance of the appellant-Miller and objection petition No.257 of 2006 at the instance of the PUNSUP were filed. The Arbitrator awarded the amount of compensation to the tune of ₹6,43,145/- along with interest at the rate of

18% p.a., though the claim of the PUNSUP was on account of the non-supply. It is in this context, cross-objection at the instance of PUNSUP has been filed.

Mr. N.K. Joshi, learned counsel submits that though Objecting Court has reduced the amount of interest from 18% to 12% p.a. whereas it should have been 9% p.a. and his client is willing to pay entire outstanding amount in case order is passed to deposit the amount.

Ms. Deepali Puri, learned counsel appearing on behalf of PUNSUP submits that once contract envisages penalty of 25% which is sacrosanct but Arbitrator cannot on its own reduce the amount and, therefore, award is not in consonance with the terms and conditions of the contract and thus urges this Court for increase of the amount of interest at the rate of 21% p.a.

I have learned counsel for the parties and appraised the paper book and of the view that interest of 12% p.a. is liable to be reduced to 9% p.a.. Award of the Arbitrator is based upon preponderance of the evidence. Arbitrator has irresistibly affirmed the amount payable by the Miller. However, the amount of interest has been granted as per the provision of Section 31(7) but the fact remains that in view of law laid down by the Hon'ble Supreme Court in *A.P. State Trading Corporation Ltd. Vs. G.V. Malla Reddy and Company*, 2011(1) RCR (Civil) 568, it has been held that interest factor can only be looked into whether it is beneficial or for the purpose of profiting. I am of the view that as per the judgment rendered by Hon'ble Supreme Court, awarding of interest is to the tune of 9% p.a. Accordingly, award qua the amount of outstanding amount of ₹6,43,145/- is

upheld but modified vis-a-vis the element of interest instead of 12% as modified by the Objecting Court it shall be 9% p.a. till realisation.

Appeal stands disposed of.

22.07.2016

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**(AMIT RAWAL)
JUDGE**