IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

Date of Decision: September 01, 2016

1. F.A.O.No.5992 of 2013

M/s Devi Dayal Rice Mills, Mehal Kalan, District Sangrur

...Appellant

Versus

The Managing Director, PUNSUP, Sector 34-A, Chandigarh & others

...Respondents

2. F.A.O.No.4598 of 2014

Punjab State Civil Supplies Corporation Limited, Chandigarh & another

...Appellants

Versus

M/s Devi Dayal Rice Mills, Mehal Kalan, District Sangrur & others

CORAM: HON'BLE MR.JUSTICE AMIT RAWAL, JUDGE

Present: Mr.Tribhawan Singla, Advocate,
for the appellant in FAO No.5992 of 2013 &
for respondent No.1 in FAO No.4598 of 2014.

Mr.Aman Chaudhary, Advocate,
for respondent Nos.1 & 2 in FAO No.5992 of 2013 &
for the appellants in FAO No.4598 of 2014.

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AMIT RAWAL, J. (Oral)

This order of mine shall dispose of two F.A.O.Nos. 5992 of 2013 and 4598 of 2014 as the common questions of law and fact are involved in both the appeals. The facts are taken from FAO No.5992 of 2013.

Appellant-Miller is aggrieved of the findings rendered by the Arbitration qua awarding of phenomenal rate of interest, i.e., @ 21% entitling the procuring agency to receive the bags.

Mr.Tribhawan Singla, learned counsel for the appellant-Miller submits that an agreement dated 17.10.1994 was entered into between the miller and the procuring agency for the crop year 1994-1995. The entire milled rice was supplied. In the meantime, the policy of the Government dated 16.6.1995 was promulgated and the Arbitrator found that some rice was delivered and as per the policy, rest of the paddy was to be sold in open auction and the amount so realised was deposited and, therefore, there was no shortage. Since certain bags were ordered to be returned, imposition of phenomenal rate of interest, i.e., 21% is on higher side. He, thus, confines his prayer to reduction of rate of interest.

Mr.Aman Chaudhary, learned counsel for the respondent-PUNSUP submits that interest is ordered as per the terms and conditions of the agreement and cannot be said to be exorbitant, much less it was a commercial transaction and, thus, urges this Court for affirming the findings.

I have heard the learned counsel for the parties and appraised the paper book.

Shorn of the facts, as noticed above, are not in dispute. The dispute arose due to awarding of interest on the return of the bags @21% over and above the price of the paddy, which is phenomenal, much less exorbitant. It could not have been more than 9%, i.e., prevailing bank rates. The award of the Arbitrator is modified and the rate of interest is reduced from 21% to 9%. Rest of the award with regard to return of the bags is upheld.

Mr.Chaudhary also submits that the objections against the award were also filed on behalf of the procuring agency on the ground that on physical inspection, it was found that 37616 bags remained unmilled and revised claim was filed, but the Arbitrator failed to take into consideration the same. The objections were falling with the realm of Section 34 of 1996 Act, but the same have been declined by the Objecting Court.

Per contra, Mr.Singla disputes the same. I am not in agreement with the contention of Mr.Chaudhary, for, the factum of physical verification, though noticed by the Arbitrator had not been proved on record and, therefore, rightly so the claim of the procuring agency has been declined.

Consequently, FAO No.5992 of 2013 stands allowed, whereas FAO No.4598 of 2014 is dismissed.

September 01, 2016 **(AMIT RAWAL)**
ramesh **JUDGE**

Whether speaking/reasoned **Yes/No**

Whether Reportable: **Yes/No**