

206-3

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

CWP-4034-2019

Date of decision: 09.08.2022

M/S RAJ RICE MILLS AND ANR.

...Petitioners

VERSUS

UNION OF INDIA AND OTHERS

...Respondents

CORAM: HON'BLE MS. JUSTICE JAISHREE THAKUR

Present:- Mr. Daman Dhir, Advocate
for the petitioners.

Mr. Rajesh Garg, Senior Advocate with
Ms. Neha Matharoo, Advocate
for respondent Nos.1 and 2.

Ms. Deepali Puri, Addl. A. G., Punjab.

JAISHREE THAKUR, J. (Oral)

This is a petition that has been filed under Article 226 of the Constitution of India seeking a writ in the nature of certiorari for quashing the impugned demand of interest amounting to Rs.7,73,154/- imposed upon petitioner No.1 and amounting to Rs.10,91,542/- imposed upon petitioner No.2, as served upon the petitioners herein by respondent No.7, on account of alleged delayed delivery for the Kharif Marketing Season 2013-14.

The petitioners herein are Millers, who have been allocated paddy for milling and delivering the Custom Milled Rice (CMR) for the Kharif Marketing Season 2013-14. In terms of the Custom Milling Policy (Annexure P-1), the Millers were to deliver CMR in the Central Pool of FCI within the

stipulated time frame as mentioned in the policy and the extended period as allowed by the Government of India/FCI. The petitioners were successful in delivering CMR within the extended time as allowed by FCI, however, have been served with demand notice, as issued by respondent No.7. Aggrieved against the said demand, which is interest on the alleged late delivery of CMR, the petitioners herein have approached this Court.

Learned Senior Advocate for respondent Nos.1 and 2 would submit that the instant writ petition is not sustainable on account of the fact that within the policy, clause 19 would prescribe for arbitration of any dispute between the procurement agency and the Miller and, therefore, the petitioners herein ought to invoke arbitration clause and appointment of an Arbitrator. He would submit that similar issue already stands decided in *CWP No.23099 of 2016* titled as “*Satnam Agro Industries versus Union of India and Others*”, on 03.05.2019, wherein, all matters which have a dispute between the procurement agency and the Miller have been referred for arbitration.

I have heard learned counsel for the parties and have also gone through the Custom Milling Policy 2013-14 and have perused clause 19 of the same, which is reproduced as under:-

“19. All the disputes and differences arising out of or in any manner touching or concerning the agreement whatsoever shall be referred to the sole arbitration of the concerned Managing Director or any person appointed by him in this behalf. There shall be no objection to any such appointment by the miller that the person appointed is or was an employee of the concerned agency or that he had to deal with the matters to which the contract relates and that in the course of his duties such an employee of the concerned agency had expressed views on all or any of the matters in

disputes or difference. The award of such arbitration shall be final and binding on the parties to this contract. It is a term of this contract that in the event of the Arbitrator being transferred, or vacating his office or being unable to act for any reason, the Managing Director concerned at the time of such transfer, vacation of office, death or inability shall appoint another person to act as Arbitrator. Such a person shall be entitled to proceed with reference from the stage where it was left by his predecessor.”

In view of the fact that there is an arbitration clause, it would be appropriate that all disputes arising between the procurement agency and the Miller-petitioners, be it legal or otherwise, should be referred to the Arbitrator.

Consequently, the instant petition is disposed of and petitioners are relegated to appear before the Arbitrator, to be appointed by the Managing Director of the concerned agency on 10.10.2022, in terms of the decision rendered in CWP No.20885 of 2016, decided on 04.10.2016 and CWP No.23099 of 2016, decided on 03.05.2019.

09.08.2022
Chetan Thakur

(JAISHREE THAKUR)
JUDGE

Whether speaking/reasoned : *Yes/No*

Whether reportable : *Yes/No*