



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

Sr. No. 215-1

**CR-7698-2016 (O&M)
Date of Decision:21.01.2025**

M/S PADDA AGRO INDUSTRIES & ANR

...Petitioners

VERSUS

**PUNJAB AGRO FOODGRAINS CORPORATION LTD. AND
OTHERS**

...Respondents

Sr. No. 215-2

**CR-7699-2016 (O&M)
Date of Decision:21.01.2025**

M/S MAHESHWARI RICE & GENERAL MILLS AND ANOTHER

...Petitioners

VERSUS

**PUNJAB AGRO FOODGRAINS CORPORATION LTD. AND
ANOTHER**

...Respondents

CORAM: HON'BLE MS. JUSTICE LAPITA BANERJI

**Present: Mr. Arun Abrol, Advocate
for the petitioners in both the petitions.**

**Mr. Anupam Singla, Advocate and
Mr. Lalit Goyal, Advocate
for respondent No.1 in both the petitions.**

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LAPITA BANERJI, J.(ORAL)

1. This order will dispose of two civil revisions i.e. CR-7698-2016, “M/S Padda Agro Industries & Anr. vs. Punjab Agro Foodgrains Corporation Ltd. and Others and CR-7699-2016, M/s Maheshwari Rice & General Mills, Dera Baba Nanak, District Gurdaspur and Anr. vs. Punjab Agro Foodgrains Corporation Ltd. and Anr.”.

2. The facts in brief are taken from CR-7698-2016.



Learned counsel appearing on behalf of the petitioners submits that learned Arbitrator vide impugned order dated 16.09.2016 (Annexure P-7), should have adjudicated the application under Section 16 of the Arbitration and Conciliation Act, 1996, (for short '1996 Act'), challenging his jurisdiction under 1996 Act, on merits as the statement of defence had not been filed by the petitioners (herein) prior to the filing of the application under Section 16 of 1996 Act.

3. Though the learned Arbitrator had recorded in the impugned order that more than 12 opportunities were granted for filing of statement of defence to the respondent-petitioner herein but it had not done so. He went on to dismiss without considering the application under Section 16 of 1996 Act, on merit. Hence, he had committed error of law on the face of the record.

4. Learned counsel appearing on behalf of the respondent-authorities submits that even though a brief reference has been made to an application under Section 16 of 1996 Act not being maintainable after filing of the statement of defence, the said statement was only a passing reference on the point of law. The learned Arbitrator went on to decide the application under Section 16 of 1996 Act, on merits, by recording that he had perused the agreement between the parties and also the letter dated 11.04.2012 and the various receipts issued by the petitioners and received by the respondents, which evidenced that the petitioners (herein) had accepted 22,750 qntls. of paddy for shelling even though some of it was by way of transfer from Shiva Foods and not originally given to it by the respondent-corporation.

5. I have heard learned counsel for the parties and perused the material on record.



6. It appears that some ambiguity has been created by the following statement, which reads as under:-

“Section 16 of the Act is very clear that application u/s 16 should be filed not later than the submission of statement of defence. The Arbitrator was appointed on 01.07.2015 and since then more than dozen opportunities were given”

7. In view of such ambiguity being created, this Court sets aside the impugned order dated September 16, 2016 (Annexure P-7) and requests the Arbitrator to consider the application under Section 16 of 1996 Act afresh and pass a reasoned order thereon.

8. With the aforesaid direction, **CR-7698-2016, ‘M/s Padda Agro Industries and Anr. vs. Punjab Agro Foodgrains Corporation Ltd. and Ors.’** and **CR-7699-2016, ‘M/S Maheshwari Rice & General Mills, Dera Baba Nanak, District Gurdaspur and Another’** stand disposed of.

9. Interim directions, if any, stand vacated.

10. Pending application(s), if any, shall also stand disposed of.

(LAPITA BANERJI)
JUDGE

21.01.2025
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Whether speaking/reasoned? **Yes/No**

Whether reportable? **Yes/No**