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IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

ARB-466-2024(O&M)
Date of Decision: 11.08.2025

M/S NAWANSHAHR POWER PRIVATE LIMITED

....Petitioner(s)

Versus

**THE NAWANSHAHR COOPERATIVE SUGAR MILLS LTD.AND
ANOTHER**

.....Respondent(s)

CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI

Present: Mr. Sangram S. Saron, Advocate, for the petitioner.

Mr.Vikas Singh, Advocate, for respondent No.1.

Mr. Somesh Arora, Addl. A.G, Punjab, for respondent No.2.

JASGURPREET SINGH PURI, J. (Oral)

1. The present petition has been filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as 'the Act') praying for appointment of an independent Arbitrator to adjudicate the disputes and differences which have arisen between the parties pertaining to an agreement entered into between the parties.

2. Learned counsel for the petitioner submitted that it is a case where there was an agreement between the respondent No.1 and respondent No.3 and thereafter, there was an irrevocable agreement between respondent No.3 and the petitioner, which has been attached with the present petition as Annexure P-8 pertaining to the irrevocable assignment of agreement and in this way, the petitioner has now stepped into the shoes of respondent No.3



regarding which there is no dispute. Respondent No.3 now stands deleted from memo of parties. He submitted that in this way, the agreement and the arbitration clause are binding upon the petitioner and also upon respondent No.1. He submitted that the agreement was pertaining to setting up of a Co-generation Power Plant within the premises of Nawanshahr Co-operative Sugar Mills (Respondent No.1) and for modernizing and expanding the existing capacity of Nawanshahr Co-operative Sugar Mills to 3000 TCD projects. He submitted that a dispute arose between the parties and in terms of the arbitration clause which is so incorporated in the aforesaid Memorandum of Understanding (Annexure P-1), in clause 11 dispute resolution mechanism has been prescribed and as per clause 11.2, all disputes arising under the contract shall be referred to an Arbitrator, who will be the Registrar, Cooperative Societies, Punjab, who shall act in accordance with the provisions of the Act.

3. He further submitted that the aforesaid Sole Arbitrator so incorporated in the arbitration clause being the Registrar, Cooperative Societies is an interested party having a conflict of interest pertaining to neutrality provisions and could not have been designated as a Sole Arbitrator unilaterally in view of the law laid down by Hon'ble Supreme Court and also in view of Section 12(5) of the Act. He submitted that respondent No.1 in terms of the aforesaid clause appointed Additional Registrar, Cooperative Societies, who is a nominee of the aforesaid Registrar, Cooperative Societies as a Sole Arbitrator and the petitioner immediately protested with regard to the same by way of letter (Annexure P-6) by which the petitioner submitted to the Additional Registrar,



Cooperative Societies that he cannot become an Arbitrator being ineligible by operation of law because of the aforesaid reasons. He submitted that since no action was taken by the aforesaid Arbitrator, the petitioner has filed the present petition under Section 11 of the Arbitration and Conciliation Act, 1996 for appointment of an independent Arbitrator since the Registrar, Cooperative Societies or the Additional Registrar, Cooperative Societies is ineligible for being appointed as a Sole Arbitrator by operation of law. He submitted that when respondent No.1 had appointed the aforesaid Arbitrator, a notice was issued to the present petitioner vide Annexure P-5 and therefore, the petitioner is clearly a party to the agreement being an assignee of interest regarding which there is no dispute and therefore submitted that an independent Sole Arbitrator be appointed in this regard because the Registrar, Cooperative Societies or the Additional Registrar, Cooperative Societies is not competent to be appointed as an Arbitrator.

4. On 24.07.2025, learned State counsel had sought short adjournment to seek instructions from the Registrar, Cooperative Societies as to how the Registrar can be a Sole Arbitrator where one of the parties is a Cooperative Society, more so when the Registrar was stated to be on the board of the society and also has supervisory capacity.

5. Learned Additional Advocate General, Punjab has filed an affidavit of the Registrar, Co-operative Societies, Punjab dated 11.08.2025 in the Court today of which a copy has been supplied to the learned counsel for the petitioner. The affidavit is hereby taken on record.

6. Learned Additional Advocate General, Punjab while referring to the aforesaid affidavit submitted that continuation of the Registrar as an



Arbitrator in such circumstances may create conflict of interest and violate neutrality provisions strictly enforced under the Act and it was submitted in the affidavit that it may not be legally advisable for the Registrar or the Additional Registrar to act as an Arbitrator in disputes where one of the parties is a non-member entity and the Registrar has a governance or supervisory relationship with the society involved. Learned State counsel submitted that in view of the aforesaid affidavit filed by the Registrar, Cooperative Societies, neither the Registrar, Cooperative Societies nor the Additional Registrar, Cooperative Societies can act as an Arbitrator considering the law pertaining to conflict of interest and neutrality provisions and therefore, the State has got no objection in case any independent Sole Arbitrator is appointed in this regard.

7. Learned counsel appearing on behalf of respondent/Nawanshahr Cooperative Sugar Mills submitted that once the learned Registrar has so withdrawn from the arbitration proceedings, another impartial and independent Arbitrator may be appointed by this Court so as to adjudicate the dispute between the parties regarding which he has got no objection. He also submitted that any Retd. District & Sessions Judge may be appointed as a Sole Arbitrator in the present case. He also submitted that it is not disputed that the petitioner is the assignee of interest and has stepped into the shoes of the respondent No.3 particularly in view of the fact that the petitioner is also arrayed as respondent in the claim petition (Annexure P-3) and therefore, respondent- Nawanshahr Cooperative Sugar Mills does not dispute aforesaid position with regard to assignment of interest and agreement being binding upon both petitioner and respondent No.1.



8. After considering the aforesaid submissions made by the respective parties and the fact that now the Registrar/Additional Registrar, Cooperative Societies as per his affidavit has already withdrawn from being an Arbitrator as being incompetent by the operation of law, the present petition deserves to be allowed and an independent Sole Arbitrator is required to be appointed for the adjudication of dispute between the parties.
9. In view of the above, the present petition is allowed. Hon’ble Mr. Justice (Retd.) Harinder Singh Sidhu, a former Judge of this Court, resident of House No.15, Sector 2-A, Chandigarh-160001, Mobile No.8558809912, is nominated as the Sole Arbitrator to adjudicate the dispute between the parties, subject to compliance of statutory provisions including Section 12 of the Act.
10. Parties are directed to appear before the learned Arbitrator on date, time and place to be fixed and communicated by the learned Arbitrator at his convenience.
11. Learned Arbitrator is also requested to complete the proceedings as per the time limit prescribed under Section 29-A of the Act.
12. A request letter alongwith a copy of the order be sent to Hon’ble Mr. Justice (Retd.) Harinder Singh Sidhu, a former Judge of this Court.

11.08.2025

rakesh

(JASGURPREET SINGH PURI)

JUDGE

Whether speaking	:	Yes/No
Whether reportable	:	Yes/No