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IN THE HIGH COURT OF PUNJAB AND HARYANA  
AT CHANDIGARH

ARB-634-2025

Date of decision: 24.12.2025

SUDHIR KUMAR RANA

...Applicant(s)

VERSUS

STATE OF HARYANA AND OTHERS

...Respondent(s)

CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI

Present:- Ms. Sidhi Bansal, Advocate and  
Ms. Ridhi Bansal, Advocate  
for the applicant.

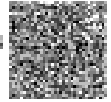
Mr. Chirag Wadhwa, DAG, Haryana.

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**JASGURPREET SINGH PURI, J. (Oral)**

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

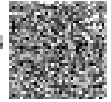
2. Learned counsel for the applicant submitted that there was a lease deed between the parties which has been attached along with the present application as Annexure P-1. She submitted that the aforesaid lease deed contains an arbitration clause i.e. Clause 17, which provides that in case of any dispute, the matter may be referred by either party for arbitration to the Director General, State Transport, Haryana, whose decision would be binding on both the parties. She further submitted that although an arbitration clause exists, but



the person nominated as an Arbitrator cannot act as such, as it is a settled law that an interested party cannot become an Arbitrator, particularly in view of the statutory provisions of Section 12(5) of the Act and also in view of the judgment passed by Hon'ble Supreme Court in **Perkins Eastman Architects DPC and another versus HSCC (India) Limited, (2020) 20 SCC 760**. She also submitted that a notice invoking the arbitration clause was served upon the respondents vide Annexure P-4 dated 23.07.2025, but no response was received from the respondents.

3. Learned counsel further submitted that in the meantime, due to the cancellation of the lease, the applicant filed a writ petition before this Court and by an interim order dated 31.01.2024, a Division Bench of this Court directed the Transport Commissioner, Haryana to take a final decision with respect to compensation for cancelling the tender of the petitioner before the next date of hearing and till the decision is taken, the petitioner shall operate cycle stand and this order has been reproduced at para No.4 of the reply filed on behalf of the respondents. She also submitted that thereafter the aforesaid writ petition was dismissed as withdrawn.

4. Ms. Bansal further submitted that the aforesaid direction was issued to the Transport Commissioner, Haryana to take a final decision, whereas on 16.04.2024, the Principal Secretary to Government of Haryana, Transport Department, Chandigarh, to whom directions were not issued appointed the aforesaid Transport Commissioner, Haryana to whom the directions were issued as an Arbitrator. She submitted that on the face of it, the aforesaid order which was passed on 16.04.2024 was in total violation of the directions issued by a

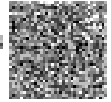


Division Bench of this Court. She further submitted that be that as it may, even otherwise also, an interested person cannot be appointed as an Arbitrator in view of the settled law and also in view of the statutory provisions of Section 12(5) of the Act and therefore, even if any order has been passed by the Principal Secretary to Government of Haryana, Transport Department, Chandigarh on 16.04.2024 appointing the Transport Commissioner, Haryana as an Arbitrator, the same is *void ab initio, non est* in the eyes of law and therefore, an independent Sole Arbitrator may be appointed by this Court.

5. On the other hand, Mr. Chirag Wadhwa, DAG, Haryana submitted that in pursuance of the directions issued by a Division Bench of this Court on 31.01.2024, the Principal Secretary to Government of Haryana, Transport Department, Chandigarh had appointed the Transport Commissioner, Haryana, as an Arbitrator and therefore, the present application under Section 11 of the Act is not maintainable.

6. I have heard the learned counsels for the parties.

7. All the essential conditions for appointment of a Sole Arbitrator under Section 11 of the Act stand satisfied since there is no dispute with regard to the existence of an arbitration clause and also invocation of the said arbitration clause by way of issuance of a notice vide Annexure P-4. The only objection which has been taken by the learned State counsel is that in pursuance of the directions issued by a Division Bench of this Court on 31.01.2024 to the Transport Commissioner, Haryana to take a final decision with respect to the compensation for cancelling the tender of the applicant, an order has now been passed on 16.04.2024 by the Principal Secretary to Government of Haryana,



Transport Department, Chandigarh, vide which the Transport Commissioner, Haryana has been appointed as an Arbitrator.

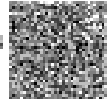
8. This Court is of the considered view that the aforesaid submission made by the learned State counsel is not sustainable and is rejected in view of the statutory provisions of Section 12(5) of the Act and also in view of the settled law since on the face of it, the person who has been appointed as an Arbitrator is an interested person. The aforesaid order dated 16.04.2024 passed by the Principal Secretary to Government of Haryana, Transport Department, Chandigarh, is also reproduced as under:-

***HARYANA GOVERNMENT  
TRANSPORT DEPARTMENT  
ORDER***

*Shri Sudhir Rana was allotted a tender for operating cycle stand at Bus Stand, Jagadhri, District-Yamuna Nagar for the period from 01.08.2022 to 31.03.2025. It is proposed to set up electrical charging station for electric buses on the site of parking lot, hence, the Government cancelled the contract allotted to Shri Sudhir Rana for operating cycle stand at Bus Stand, Jagadhri, District-Yamuna Nagar.*

*Shri Sudhir Rana has challenged the same before Hon'ble Punjab & Haryana High Court, Chandigarh and filed CWP No. 2060 of 2024 titled as Sudhir Kumar Rana Vs State of Haryana and others. Hon'ble Punjab & Haryana High Court, Chandigarh passed orders dated 31.01.2024 in abovesaid CWP and directed to take a final decision w.r.t compensation for cancelling the tender of the petitioner before the next date of hearing.*

*In compliance with the directions of Hon'ble Court and in accordance with the provisions made in clause (xxii)*



*of the Auction Policy, 2022-2025, the Governor of Haryana is pleased to appoint Transport Commissioner, Haryana, Chandigarh as Arbitrator in said case to take a final decision with respect to compensation for cancelling the tender of the petitioner.*

*s/d*

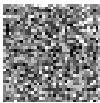
**NAVDEEP SINGH VIRK**

*Dated Chandigarh  
the 16-04-2024*

*Principal Secretary to Government of Haryana  
Transport Department, Chandigarh*

9. A perusal of the last paragraph of the aforesaid order would show that the Transport Commissioner, Haryana has been appointed by virtue of the aforesaid arbitration clause as an Arbitrator. Therefore, the aforesaid order which has been passed by the Principal Secretary to Government of Haryana, Transport Department, Chandigarh, is liable to be ignored for the purpose of considering the present application under Section 11 of the Act for the appointment of an Arbitrator.

10. At this stage, both the learned counsels for the parties have brought to the notice of the Court that after the aforesaid order was passed by the Principal Secretary to Government of Haryana, Transport Department, Chandigarh on 16.04.2024, by which the Transport Commissioner, Haryana was appointed as an Arbitrator, an order was passed on 07.05.2024 by the Transport Commissioner, Haryana, whereby she has observed that the applicant is not entitled for any compensation. The aforesaid order has been passed on 07.05.2024 which has been attached along with the reply filed on behalf of the respondents as Annexure R-1 would also be of no consequence for determining as to whether the present application under Section 11 of the Act is maintainable or not. The order dated 07.05.2024 (Annexure R-1) is not in the



nature of an award and it is only an order which has been passed pertaining to the rights of the applicant as to whether the applicant is entitled or not and it is not an award under the provisions of the Act and therefore, this order is also liable to be ignored.

11. Consequently, the present application is allowed. Ms. Amita Khanna, Advocate, resident of House No.83, Sector 20-A, Chandigarh, Mobile No.-9463188483, e-mail ID-khannaamita09@gmail.com, 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.

12. Parties are directed to appear before the learned Arbitrator on date, time and place to be fixed and communicated by the learned Arbitrator at her convenience.

13. Fee shall be paid to the learned Arbitrator in accordance with the Fourth Schedule of the Arbitration Act, as amended.

14. Learned Arbitrator is also requested to complete the proceedings as per the time limit prescribed under Section 29-A of the Act.

15. A request letter alongwith a copy of the order be sent to Ms. Amita Khanna, Advocate.

24.12.2025  
Chetan Thakur

(JASGURPREET SINGH PURI)  
JUDGE

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