 2026:HHC:49142

IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

Arb. Case No. : 173 of 2026

Decided on : 02.11.2026

Shakuntla and others ...Applicants

Versus

Union of India and others ...Respondents

Coram

The Hon'ble Mr. Justice Virender Singh, Judge.

Whether approved for reporting?[1] *Yes*

For the applicants : Mr. Y.P. Sood, and Mr. Praveen Chauhan, Advocates.

For the respondents : Mr. Vaibhav Kanwar, Advocate, for respondents No. 1 and 2.

Mr. H.S. Rawant and Mr. Mohinder Zharaick, Additional Advocates General, for respondent No. 3.

Virender Singh, Judge. *(Oral)*

Applicants have filed the present application under sub-Sections (4) and (5) of Section 29A of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as 'the Act'), against the order dated 05.04.2023, passed by the Divisional Commissioner, Mandi, (hereinafter

[1] *Whether Reporters of local papers may be allowed to see the judgment? Yes.*

referred to as 'the Arbitrator') in Arbitration Case No. 303/2018, titled as Shakuntala & others versus National Highway Authority of India & Anr. (Petition under Section 3-G (V) of the National Highway Act, 1956).

2. The present application has been filed, on the ground, that the land of the applicants was acquired by respondent No. 1, vide Award No. 12, dated 01.06.2015, passed by Competent Authority-cum-Land Acquisition Collector-cum-SDM (Rural), Shimla, for the purpose of four-laning, maintenance and operation of National Highway (Solan-Shimla Section).

3. As per the case of the applicants, being dissatisfied with the quantum of compensation, assessed by the competent authority, they filed petition, under Section 3G (V) of the National Highway Act, before the Arbitrator (respondent No. 3), for re-determination of compensation. However, the learned Arbitrator, vide order, dated 05.04.2023, closed the arbitral proceedings, due to the termination of the mandate, as provided, under Section 29A (1) of the Act.

4. The order passed by the learned Arbitrator is stated to be illegal, wrong and arbitrary, as, without any fault on the part of the applicants, mandate of arbitration has been terminated by the learned Arbitrator.

5. It is the further case of the applicants that in case, the learned Arbitrator was of the view that the proceedings could not be completed within the prescribed period, in that event, he could have obtained consent of the parties to extend the period for completion of the arbitral proceedings.

6. According to the applicants, there are sufficient grounds to extend the period to pass the award by the learned Arbitrator. As such, a prayer has been made to extend the period to pass arbitration award.

7. On the basis of above facts, a prayer has been made to extend the time, with a direction to the Arbitrator to decide the matter in a time bound manner.

8. When put to notice, the application has been contested by respondents No. 1 and 2, on the ground that the present application is highly belated and suffers from gross and unexplained delay. According to respondents

No. 1 and 2, the applicants admittedly had knowledge of the impugned order, dated 05.04.2023, whereby the arbitral proceedings were ordered to be closed by the learned Arbitrator, however, the applicants have approached this Court in the year 2026, after an unexplained delay of more than three years.

9. As per the further stand of respondents No. 1 and 2, the applicants have not disclosed any sufficient or cogent explanation as to why the order, dated 05.04.2023 remained unchallenged for such a prolonged period. According to respondents No. 1 and 2, the applicants cannot be permitted to remain silent for more than three years after passing of the order and thereafter, seek to unsettle the same by filing the present proceedings.

10. Supporting the order passed by the learned Arbitrator, it is the case of respondents No. 1 and 2 that the provisions of Section 29A of the Act prescribe a statutory time limit for completion of the arbitral proceedings and passing of the arbitral award and upon expiry of the period prescribed under the said provisions, the mandate of the arbitral Tribunal stands terminated.

11. Prayer for extension of time has also been opposed on the ground that the such an unexplained long delay does not deserve any indulgence. As such, a prayer has been made to dismiss the application.

12. In nutshell, it is the case of respondents No. 1 and 2 that the applicants have failed to make out a case for extension of time, in the present application, which, has been filed after a delay of more than three years.

13. The Hon'ble Supreme Court in **Tata Sons Pvt. Ltd. (Formerly TATA Sons Ltd.) versus Siva Industries and Holdings Ltd. and others,** reported in **2023 (1) SCALE 793,** has discussed the provisions of Section 29A of the Act. Relevant paragraphs 24 and 26 of the judgment, are reproduced as under:-

> *"24 The provisions of Section 29A, as originally introduced into the statute, mandated that all awards shall be made within a period of twelve months from the date on which the arbitral tribunal enters upon the reference. The explanation clarified when the arbitral tribunal would be deemed to have entered upon the reference, namely, the date on which the arbitrator has received written notice of the appointment. The mandatory nature of the provisions of Section 29A(1) and their application to all arbitrations conducted under the Act, domestic or international commercial, was evident*

from the use of the word "shall". ***In terms of Section 29A(4), in case the arbitral award was not rendered within the twelve or eighteen month period as the case may be, the mandate of the arbitrator(s) would stand terminated, unless on an application made by any of the parties, the court extended time on sufficient cause being shown.***

xxx xxx xxx

26. Sub-section (3) of Section 29A empowers parties, by consent, to extend the period specified in sub-section (1) for making the award by a further period not exceeding six months. Thereafter, if the award is not made within the period which is specified in sub-section (1) or the extended period specified in sub-section (3), the mandate of the arbitrator shall terminate unless the court has extended the period either prior to or after the expiry of the period so specified. In other words, the ***timeline of twelve months for making the award (in matters other than international commercial arbitration), is qualified by the consensual entrustment to the parties*** *under sub-section (3) to extend the period by six months after which the court is empowered in terms of sub-section (4) to extend the period for making the award. The submission of the second respondent is that the provisions of sub-section (3) and sub-section (4) must also apply to an international commercial arbitration. This would merit close scrutiny. The legislature has not expressly excluded the applicability of sub-sections (3) and (4) of Section 29A to an international commercial arbitration.* ***But, at the same time, it must be noticed that the rationale underlying sub-section (3) is to ensure that despite the stipulation of twelve***

> ***months for the making of an arbitral award in the domestic context, parties may by consent agree to an extension of time by a further period of six months. Such an extension of six months is envisaged in the case of a domestic arbitration since there is a mandate that the award shall be made within a period of twelve months. A further extension has, however, been entrusted to the court in terms of sub-section (4) of Section 29A****. However, insofar as an international commercial arbitration is concerned, the statutory regime is clear by the substantive part of sub-section 1 of Section 29A in terms of which the timeline of twelve months for making an arbitral award is not applicable to it. In an international commercial arbitration, the legislature has only indicated that the award should be made as expeditiously as possible and that an endeavour may be made to dispose of the matter within a period of twelve months from the completion of pleadings."*
>
> *(emphasis supplied)*

14. The applicants are before this Court, under Section 29A (4) and (5) of the Act. The relevant provisions of Section 29A of the Act, are reproduced, as under:

> *"**29A. Time limit for arbitral award. —** (1) The award in matters other than international commercial arbitration shall be made by the arbitral tribunal within a period of twelve months from the date of completion of pleadings under sub-section (4) of section 23.*
>
> *Provided that the award in the matter of international commercial arbitration may be made as expeditiously as possible and endeavor may be made to dispose of the*

matter within a period of twelve months from the date of completion of pleadings under sub-section (4) of section 23.

(2) If the award is made within a period of six months from the date the arbitral tribunal enters upon the reference, the arbitral tribunal shall be entitled to receive such amount of additional fees as the parties may agree.

(3) The parties may, by consent, extend the period specified in sub-section (1) for making award for a further period not exceeding six months.

(4) If the award is not made within the period specified in sub-section (1) or the extended period specified under sub-section (3), the mandate of the arbitrator(s) shall terminate unless the Court has, either prior to or after the expiry of the period so specified, extended the period:

Provided that while extending the period under this sub-section, if the Court finds that the proceedings have been delayed for the reasons attributable to the arbitral tribunal, then, it may order reduction of fees of arbitrator(s) by not exceeding five per cent. for each month of such delay:

Provided further that where an application under sub-section (5) is pending, the mandate of the arbitrator shall continue till the disposal of the said application:

Provided also that the arbitrator shall be given an opportunity of being heard before the fees is reduced.

(5) The extension of period referred to in sub-section (4) may be on the application of any of the parties and may be granted only for sufficient cause and on such terms and conditions as may be imposed by the Court.

> *(6) While extending the period referred to in sub-section (4), it shall be open to the Court to substitute one or all of the arbitrators and if one or all of the arbitrators are substituted, the arbitral proceedings shall continue from the stage already reached and on the basis of the evidence and material already on record, and the arbitrator(s) appointed under this section shall be deemed to have received the said evidence and material.*
>
> *(7) In the event of arbitrator(s) being appointed under this section, the arbitral tribunal thus reconstituted shall be deemed to be in continuation of the previously appointed arbitral tribunal.*
>
> *(8) It shall be open to the Court to impose actual or exemplary costs upon any of the parties under this section.*
>
> *(9) An application filed under sub-section (5) shall be disposed of by the Court as expeditiously as possible and endeavour shall be made to dispose of the matter within a period of sixty days from the date of service of notice on the opposite party."*

15. The bare perusal of sub-clause (4) of Section 29A of the Act demonstrates that the period can be extended either prior to or after the expiry of the period, so specified. Meaning thereby, the time limit for passing the arbitral award can be extended by this Court, even after the expiry of the period, so specified, in Section 29A (1) and (3) of the Act.

16. The provisions of Section 29A (4) and (5) have elaborately been discussed by the Hon'ble Supreme Court in its recent decision in **Rohan Builders (India) Private Limited versus Berger Paints India Limited,** reported in **(2025) 10 Supreme Court Cases 802.** Relevant paras-19 to 23 of the said judgment, are reproduced, as under:

> *"19. Rohan Builders (India) (P) Ltd. v. Berger Paints India Ltd. 2023 SCC OnLine Cal 2645, highlights that an interpretation allowing an extension application post the expiry period would encourage rogue litigants and render the timeline for making the award inconsequential. However, it is apposite to note that under Section 29-A(5), the power of the court to extend the time is to be exercised only in cases where there is sufficient cause for such extension. Such extension is not granted mechanically on filing of the application. The judicial discretion of the court in terms of the enactment acts as a deterrent against any party abusing the process of law or espousing a frivolous or vexatious application. Further, the court can impose terms and conditions while granting an extension. Delay, even on the part of the Arbitral Tribunal, is not countenanced {H.P. Singh v. Northern Railways, 2023 SCC OnLine J&K 1255}. The first proviso to Section 29-A(4) permits a fee reduction of up to five per cent for each month of delay attributable to the Arbitral Tribunal.*
>
> *20. Lastly, Section 29-A(6) does not support the narrow interpretation while deciding an of the expression "terminate". It states that the court extension application under Section 29-A(4) - may substitute one or all the arbitrators. Section 29-A(7) states that if a new arbitrator(s) is appointed, the reconstituted Arbitral Tribunal shall be deemed to be in continuation of the previously appointed Arbitral Tribunal. This obliterates the need to file a fresh application*

under Section 11 of the A&C Act for the appointment of an arbitrator. In the event of substitution of arbitrator(s), the arbitral proceedings will commence from the stage already reached. Evidence or material already on record is deemed to be received by the newly constituted tribunal. The aforesaid deeming provisions underscore the legislative intent to effectuate efficiency and expediency in the arbitral process. This intent is also demonstrated in Sections 29-A(8) and 29-A(9). The court in terms of Section 29-A(8) has the power to impose actual or exemplary costs upon the parties. Lastly, Section 29-A(9) stipulates that an application for extension under sub-section (5) must be disposed of expeditiously, with the endeavour of doing so within sixty days from the date of filing.

21. As per the second proviso to Section 29-A(4), the mandate of the Arbitral Tribunal continues where an application under sub-section (5) is pending. However, an application for extension of period of the Arbitral Tribunal is to be decided by the court in terms of sub-section (5), and sub-sections (6) to (8) may be invoked. The power to extend time period for making of the award vests with the court, and not with the Arbitral Tribunal. Therefore, the Arbitral Tribunal may not pronounce the award till an application under d Section 29-A(5) of the A&C Act is sub judice before the court. In a given case, where an award is pronounced during the pendency of an application for extension of period of the Arbitral Tribunal, the court must still decide the application under sub-section (5), and may even, where an award has been pronounced, invoke, when required and justified, sub-sections (6) to (8), or the first and third proviso to Section 29-A(4) of the A&C Act.

22. While interpreting a statute, we must strive to give meaningful life to an enactment or rule and avoid cadaveric consequences that result in unworkable or impracticable scenarios. 26 An interpretation which produces an unreasonable result is not to be imputed to a statute if there is

> *some other equally possible construction which is acceptable, practical and pragmatic.*
>
> *23. In view of the above discussion, we hold that an application for extension of the time period for passing an arbitral award under Section 29-A(4) read with Section 29-A(5) is maintainable even after the expiry of the twelve-month or the extended six-month period, as the case may be. The court while adjudicating such extension applications will be guided by the principle of sufficient cause and our observations in para 19 of the judgment."*
>
> *(Self emphasis)*

17. The term 'sufficient cause' has nowhere been defined in the Act, however, 'sufficient cause' means the situation or the reason, which is beyond the ordinary control of the litigant/parties to the proceedings.

18. The present application has been filed on 03.08.2026, i.e. after a lapse of more than three years, from the date of termination of the mandate on 05.04.2023. In the application, there is not even a single word to explain as to what prevented the applicants from moving the application within time. Neither any details have been mentioned, nor, any documentary proof of the same has been annexed. If such type of plea is accepted to extend the period to conclude the arbitration proceedings, then, there would be no end to the litigation, as every litigant would approach the Court, with a prayer to extend

the time, as and when, he deems fit to do so, which cannot be permitted, as, the same would be against the legislative intent in enacting Section 29A of the Act.

19. It is no longer *res integra* that the term 'termination', as mentioned in Section 29A(4) of the Act, is to be considered in the broader context of the provision. The word 'termination', as per Section 29A(4) of the Act, must not be considered absolutistic, as, a window has been provided by the legislature, by adding the proviso to Section 29 (5) of the Act, in terms of which, the time can be extended only for sufficient cause.

20. When the legislature, in its wisdom, has qualified the term 'sufficient cause' with the word 'only', then, the 'sufficient cause' is to be interpreted in view of the scheme of Section 29A. The extension cannot be granted merely on the filing of an application and it has to be kept in mind that the judicial discretion of the Court, in terms of the enactment, acts as a deterrent, against any party abusing the process of law or espousing a frivolous or vexatious application.

21. At the cost of repetition, if the scheme of Section 29A of the Act, is seen, then, initially the timeline is twelve months, which can be extended with the mutual consent of the parties and thereafter, time can be extended only on 'sufficient cause'.

22. While deciding the application for extension of time, this Court has to see the fact, as to whether, the applicants are able to make out a case, which falls within the definition of 'sufficient cause' for extension of time, as the legislative intent to expeditious resolution should be kept in mind, which is the fundamental principle.

23. As held in the preceding paras, if the application is allowed, merely on the asking of the party, then, there would be no end to litigation and the object of Section 29A of the Act would be defeated by allowing the application, which is filed after a long gap of time.

24. In view of the discussion made above and considering the decision of Hon'ble Supreme Court in **Rohan Builders'** case (supra), this Court is of the view that the applicants are not able to bring out their case within the purview of 'sufficient cause', to exercise the

jurisdiction, vested in this Court, to extend the time to conclude the arbitration proceedings.

25. Consequently, the present application is dismissed.

(Virender Singh)
Judge

November 02, 2026
(rajni)