(2026:HHC:13808)

IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

Arb. Case No.325 of 2025
Date of Decision:- 24.04.2026

Ram Rattan Sharma **....Petitioner**

Versus

State of Himachal Pradesh & another **....Respondents**

Coram
The Hon'ble Mr. Justice G.S. Sandhawalia, Chief Justice
Whether approved for reporting?[1]

For the Petitioner	:	Mr. Tarunjeet Singh Bhogal and Ms. Rinki Kashmiri, Advocates.
For the Respondents	:	Mr. Navlesh Verma, Additional Advocate General, for respondent No.1-State.

G.S. Sandhawalia, Chief Justice *(Oral).*

The present petition has been filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 for appointment of an Arbitrator on account of disputes having arisen for the work pertaining to "special repair of the A.E. Mechanical office building workshop and the construction of a toilet block at Nogli in Tehsil Rampur, District Shimla".

2. It is the case of the petitioner that the notice was sent on 10.01.2025 **(Annexure P-2)** for the balance payment of

---

[1] Whether reporters of Local Papers may be allowed to see the judgment?

Rs.17,76,711/- against the work executed. Counsel has pointed out that the first running bill had been made during the course of the execution of the work and outstanding as such was the amount as mentioned above.

3. The work had been completed on 18.02.2020 and multiple times/assurances have been made that the payment would be made. A representation dated 22.11.2024 was also made prior to the service of the notice and three names were thus proposed while initiating the arbitration proceedings.

4. The respondents-State has contested by filing the reply and stated that the petition seeking appointment of Arbitrator is barred by limitation on the ground that the tender process was initiated on 04.01.2019 for an amount of Rs.28,46,246/-. The petitioner has failed to execute the work in terms of the agreement executed between the parties within stipulated period of four months and the work was completed after a period of about one year in February, 2020. The two running bills were prepared and an amount of Rs.11,35,023/- was paid to the petitioner in first running bill and Rs.13,71,423/- was paid to the petitioner in second running bill and thus total amount of Rs.25,06,423/- was paid to the petitioner. It was admitted that an amount of Rs.2,89,811/- remains to be paid to

the petitioner but the plea was taken that there was no dispute and the payment would be made at the earliest point of time on completion of formalities and on receipt of funds from the Government. It is thus pleaded that there was no existing dispute between the parties.

5. Counsel for the respondents-State has placed reliance upon the judgment of the Apex Court in ***Civil Appeal No.4320 of 2026,*** titled ***State of West Bengal & Others Vs. M/s B.B.M. Enterprises,*** decided on 09.04.2026 to submit that there was a considerable delay and the work as such had to be completed in the year 2020.

6. A perusal of the reply would also go on to show that the second running bill was only paid on 31.03.2021 and there was no response as to the representation which was served on 22.11.2024 for payment as such to release the amount as claimed. The stand of the respondents-State itself is that there was an outstanding amount. In such circumstances, reliance placed upon ***M/s B.B.M. Enterprises*** case (supra) is not justified since that was a case pertaining to the claim itself which was hopelessly time barred. The notice had been issued after a period of 21 years and the commencing of the arbitration proceedings by the High Court was then set aside by the Apex

Court, while noting the fundamental principle that law favours the diligent and not the indolent. The limitation as such was also held to be three years under Article 18 of the Limitation Act, 1963.

7. In such circumstances, if the cumulative effect is seen from the last bill and the representation as such which was not acted upon and the legal notice was served, this Court is of the considered opinion that the matter can only be resolved by way of arbitration, since the payment of balance outstanding and the interest element would also have to be kept in mind, which has to be taken into consideration by the Arbitrator. The dispute is to be thus settled *inter se* the parties by way of arbitration and the objection raised against the appointment of the Arbitrator is rejected.

8. Resultantly, the application is allowed and Mr. B.L. Soni, Advocate of this Court is appointed as an Arbitrator (Mobile No.9418310629) to adjudicate the dispute between the parties, after his disclosure in writing is obtained in terms of Section 11(8) of the Act and only after receipt thereof, his appointment, as an Arbitrator, shall come into force.

9. On his giving consent to arbitrate the dispute between the parties as an Arbitrator, Mr. B.L. Soni shall enter into reference, and shall pass an award in accordance with law.

10. Copy of this order be furnished to the learned counsel for the parties and also be furnished to the learned Arbitrator. The learned Arbitrator so appointed shall be entitled to fee as per stipulation contained in 4th Schedule appended to the Arbitration and Conciliation Act, 1996.

11. Accordingly, the application is disposed of alongwith pending miscellaneous application(s), if any.

(G.S. Sandhawalia)
Chief Justice

24th April, 2026
(Munish Thakur)