

113
IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

ARB-226-2026 (O&M)
Date of Decision: 15.05.2026

M/S H S CONSTRUCTION COMPANY

....Petitioner(s)

Versus

PUBLIC WORKS DEPARTMENT (B AND R) FARIDABAD AND
OTHERS

.....Respondent(s)

CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI

Present: Mr. Gaurav Arora, Advocate, for the petitioner.

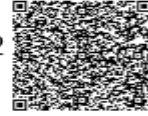
Mr. Udit Garg, Additional Advocate General, Haryana.

JASGURPREET SINGH PURI, J. (Oral)

1. The present petition has been filed under Section 11(6), (7) and (8) of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as 'the Act') for appointment of a Sole Arbitrator.

2. Learned counsel appearing on behalf of the petitioner submitted that there is an agreement between the petitioner and the respondents vide Annexure P-1, which contains a dispute redressal system at clause 24, in which various sub-clauses have been mentioned which have been segregated on the basis of the contract value. He submitted that as per Clause 24.1, in case the contract value is less than Rs. 2 crores, then the matter is to be referred to the concerned authority of Superintending Engineer and in case no decision is taken or the decision taken is to the dissatisfaction of the

contractor, then he can go to the Court after decision of the appeal. He



further submitted that as per Clause 24.2, in case the contract value is more than Rs. 2 crores and less than Rs. 10 crores, then the reference is to be made to a Sole Arbitrator and in case the contract value is more than Rs. 10 crores, then an Arbitral Tribunal is to be constituted.

3. Learned counsel submitted that although the contract value is less than Rs. 2 crores but when a notice was issued to the respondents, then the Executive Engineer replied that first of all 2% amount is to be deposited as a pre-requisite so that the Arbitrator can be appointed. He submitted that since the Executive Engineer has agreed to the appointment of an Arbitrator, any Sole Arbitrator may be appointed in the present case.

4. On the other hand, Mr. Udit Garg, learned Additional Advocate General, Haryana submitted that there is a clear cut dispute redressal system **clause** in the agreement, which does not provide for any arbitration where the contract value is less than Rs. 2 crores. In addition to Clauses 24.1, 24.2 and 24.3, he also referred to Clause 24.6, which is in the tabulated form and which clearly provides that no Arbitrator is required where the contract value is upto Rs. 2 crores. He further submitted that so far as the reply filed by the Executive Engineer, as referred to by the learned counsel for the petitioner is concerned, the petitioner cannot take the advantage of the aforesaid letters issued by the Superintending Engineer or the Executive Engineer because there exists no clause under which an Arbitrator can be appointed in the present case. He submitted that in the absence of an arbitration clause with regard to the subject matter of the present case, no Arbitrator can be appointed under Section 11 of the Act.

5. I have heard the learned counsel for the parties.



6. The relevant clauses of the aforesaid agreement as referred to by learned counsel for the parties i.e. Clauses 24, 24.1, 24.2, 24.3 and the relevant portion of Clause 24.6 are reproduced as under:-

“24.Dispute Redressal System.

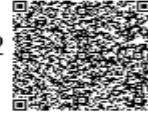
24.1 In case of contract(s) of value lesser than Rs.2 cr., the agency will make an appeal to the Appellant Authority i.e. concerned Superintending Engineer who will decide the issue within 90 days. In case of dissatisfaction on the part of the contractor, he can go to Court after the decision of this appeal or after 90 days in case of no decision from the Appellant Authority.

24.2 In case of contract(s) of value more than Rs.2.00 cr. and less than Rs.10.00 cr., the agency will make an appeal to the Appellant Authority i.e. concerned Superintending Engineer who will decide the issue within 90 days. If the contractor is not satisfied with the Appeal, he can go for Arbitration. Adjudication of the dispute shall be done by Sole Arbitrator to be appointed by the Govt. from the list of Arbitrators approved by the Govt.

24.3 For disputes relating to contract(s) of value higher than Rs.10 cr., the agency may first appeal to the concerned Superintending Engineer. In case the contractor is not satisfied with the appeal he can go for the Arbitration. The arbitration shall be done by three members tribunal with composition as below.

24.6 The Fee and other charges payable to an Arbitrator in arbitration case shall be as given in the schedule below:-

<i>Sr. No</i>	<i>Agreement Amount</i>	<i>Fee Payable of Sole Arbitrator in Tribunal</i>	<i>TA/DA</i>	<i>Charges for computer Operator/C lerk</i>	<i>Reading fee and award writing including typing charges and stationery etc.</i>
<i>1.</i>	<i>Upto Rs. 2.00 crore</i>	<i>No. Arbitrator required</i>			



7. A bare perusal of the aforesaid clauses would show that when the contract value is less than Rs. 2 crores, then there is no provision for appointment of an Arbitrator and a specific segregation has been made in this regard on the basis of the contract value. It is thus clear that when the contract value is less than Rs. 2 crores, no Arbitrator can be appointed, which is also clear from Clause 24.6.

8. It is an admitted case of the parties that the contract value is less than Rs.2 crores. The only argument raised by learned counsel for the petitioner was that since the Executive Engineer and the Superintending Engineer had stated in their replies that first of all 2% pre-requisite amount is to be deposited, then higher authorities can be requested for appointment of an Arbitrator.

9. This Court is of the considered view that in the absence of an arbitration clause for the present subject matter where admittedly the contract value is less than Rs. 2 crores, no Arbitrator can be appointed under the provisions of Section 11 of the Act. The mere fact that the Executive Engineer or the Superintending Engineer stated in their replies that the petitioner should deposit 2% of the claimed amount if he wishes the matter to be resolved through arbitration, so that the higher authorities may be requested does not mean that the respondents have agreed to the arbitration process.

10. In view of the above, the present petition is dismissed.

11. A copy of this order be sent to the Principal Secretary, Public Works Department (B&R), Haryana for his information since the Executive Engineer and the Superintending Engineer in their letters Annexures P-5 and P-6 have used the language which although not conceding to the



arbitration process but giving a choice to the petitioner when *prima facie* there was no arbitration clause. The Principal Secretary may if he so desires take an appropriate action in accordance with law.

15.05.2026

(JASGURPREET SINGH PURI)

rakesh

JUDGE

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