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**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

**FAO-1529-2017 (O&M)
Date of decision: 29.04.2026**

**EXECUTIVE ENGINEER, HARYANA STATE AGRICULTURE
MARKETING BOARD, JHAJJAR**

...Appellant(s)

VERSUS

OM PARKASH AND ANOTHER

...Respondent(s)

CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI

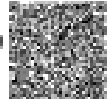
Present:- Mr. Anil Chawla, Advocate
for the appellant.

Mr. Saurabh Dalal, Advocate
for respondent No.1.
(Through Video Conferencing)

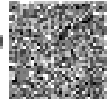
JASGURPREET SINGH PURI, J. (Oral)

1. The present appeal has been filed under Section 37 of the Arbitration and Conciliation Act, 1996 (hereinafter referred to as 'the Act') challenging the judgment dated 25.10.2016 passed by the learned Additional District Judge, Jhajjar, whereby the objections filed by the appellant under Section 34 of the Act were dismissed.

2. Mr. Anil Chawla, learned counsel for the appellant submitted that there was an agreement between the appellant and respondent No.1 and in pursuance of the said agreement, the matter was referred to the learned Arbitrator for adjudication in accordance with the provisions of the Act. He further submitted that the learned Arbitrator passed the award dated 05.01.2016,



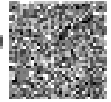
in which the learned Arbitrator directed setting aside of the order of recovery of Rs.5,84,328/- and after adding some amount which was stated to be recoverable from the appellant, the total amount decreed was Rs.6,24,495/-. He further submitted that the learned Arbitrator has gone beyond the terms of the contract in so far as the aforesaid amount of Rs.5,84,328/-, which was recovered from respondent No.1-Contractor, was set aside by the learned Arbitrator. He further submitted that although the appellant had extended the time for completion of the contract, especially when time was the essence of the contract, the rate of bitumen in the meantime had increased and the appellant had to pay more for the purchase of bitumen, which was required for completion of the project and for the aforesaid increase in the rate of bitumen, the total amount of Rs.5,84,328/- was recovered from respondent No.1-Contractor, which was thereafter set aside by the learned Arbitrator. He further submitted that it was not the fault of the appellant and the delay was caused at the behest of respondent No.1-Contractor and if the delay was caused by respondent No.1-Contractor, then the appellant was not liable for the difference in the rates of bitumen. Apart from the above, an amount of Rs.50,000/- towards litigation fee, Rs.37,000/- towards the fee of the learned Arbitrator and other small amounts were also directed to be paid by the appellant, which were added to Rs.5,84,328/- and therefore, the total awarded amount came out to be Rs.6,24,495/-. He also submitted that the aforesaid award was in violation of the terms and conditions of the contract and therefore, the same was liable to be set aside. However, when objections were filed by the appellant under Section 34 of the Act, the same were dismissed by the learned Additional District Judge,



Jhajjar erroneously without properly appreciating the facts of the case and the award and therefore, both the award as well as the impugned judgment dated 25.10.2016 passed by the learned Additional District Judge, Jhajjar, are liable to be set aside.

3. Learned counsel for the appellant submitted that during the pendency of the present appeal, the entire decretal amount has already been paid to respondent No.1-Contractor during the execution proceedings.

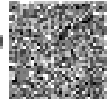
4. On the other hand, Mr. Saurabh Dalal, learned counsel for respondent No.1, who has joined the proceeding through video conferencing, submitted that the argument raised by the learned counsel for the appellant is misconceived in view of the fact that it is clear from the arbitral award itself that although time was the essence of the contract and the work was to be completed within a period of six months i.e. upto 14.04.2008, but twice the appellant itself extended the time and granted extension and thereafter, the work was ultimately completed within the extended time i.e. on 30.12.2008 and this aspect has been discussed by the learned Arbitrator and once the appellant itself had extended the time for execution of the work, then no such amount on account of escalation in the rate of bitumen, which was required to be supplied by the appellant to respondent No.1-Contractor could have been recovered from respondent No.1-Contractor and therefore, the learned Arbitrator has rightly directed that the aforesaid recovery made from respondent No.1-Contractor be set aside. He further submitted that the scope of Section 34 of the Act is very limited and that of Section 37 of the Act is also further limited and in the present case no ground is made out for interference in the appeal under Section



37 of the Act. He also submitted that the entire decretal amount has already been paid to respondent No.1-Contractor and the decree stands satisfied.

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

6. The present is an appeal filed under Section 37 of the Act challenging the judgment dated 25.10.2016 passed by the learned Additional District Judge, Jhajjar, while deciding the objections under Section 34 of the Act. A perusal of the award which has been attached along with the present appeal as Annexure A-1 would show that the learned Arbitrator has so specifically observed that the time for completion of the project by respondent No.1-Contractor was initially six months i.e. upto 14.04.2008 but the project was not completed within the stipulated period. Then on the basis of the recommendations of the appellant itself, time was granted by the competent authority on the basis of cogent reasons of delay not attributable to respondent No.1-Contractor, firstly upto 30.06.2008 and then upto 31.12.2008. It was thereafter that the work was ultimately completed on 30.12.2008, which was well within the final extended period upto 31.12.2008. In this way, the project stood completed within the extended period of time, although time was the essence of the contract. In the meantime, when there was escalation in the rate of bitumen which was supplied by the appellant, the same was recovered by the appellant from respondent No.1-Contractor but the recovery of Rs.5,84,328/- was set aside by the learned Arbitrator on the ground that nothing could be attributable to respondent No.1-Contractor because the time was extended twice by the appellant itself and thereafter, the work was completed within the aforesaid extended time.

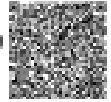


7. When the objections under Section 34 of the Act were filed by the appellant, the aforesaid aspect was considered by the learned Additional District Judge, Jhajjar and apart from the above, the learned Additional District Judge, Jhajjar was also of the view that the case of the appellant did not fall within any of the parameters contained for setting aside an arbitral award under Section 34 of the Act. This was also a reason for dismissal of the objections under Section 34 of the Act.

8. This Court is of the considered view that the scope of Section 34 of the Act is limited only to the extent of the grounds incorporated therein. Similarly, the scope of Section 37 of the Act is also very narrow. Hon'ble Supreme Court in **M/s C and C Constructions Limited versus IRCON International Limited, 2025 (4) SCC 234** held that the scope of interference in an appeal under Section 37 of the Act is well settled and reference was made to the earlier judgments passed by Hon'ble Supreme Court in **Larsen Air Conditioning and Refrigeration Company versus Union of India and others, (2023) 15 SCC 472** and also in **Konkan Railway Corporation Limited versus Chenab Bridge Project Undertaking, (2023) 9 SCC 85**. The relevant portion of the aforesaid judgment in **M/s C and C Constructions Limited's case (Supra)** is reproduced as under:-

*“34. As far as scope of interference in an appeal under Section 37 of the Arbitration Act is concerned, the law is well settled. In **Larsen Air Conditioning & Refrigeration Co. v. Union of India**, this court held thus: (SCC P.478)*

“15. The limited and extremely circumscribed jurisdiction of the court under Section 34 of the Act, permits the court to interfere with an award, sans the



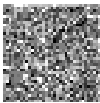
grounds of patent illegality i.e. that illegality must go to the root of the matter and cannot be of a trivial nature; and that the Tribunal must decide in accordance with the terms of the contract, but if an arbitrator construes a term of the contract in a reasonable manner, it will not mean that the award can be set aside on this ground [ref : Associate Builders, SCC p. 81, para 42]. The other ground would be denial of natural justice. In appeal, Section 37 of the Act grants narrower scope to the appellate court to review the findings in an award, if it has been upheld, or substantially upheld under Section 34.”

(emphasis in original and supplied)

35. In *Konkan Railway Corpn. Ltd. v. Chenab Bridge Project* in para 18, this court held thus: (SCC P.93)

*“18. At the outset, we may state that the jurisdiction of the court under Section 37 of the Act, as clarified by this Court in *MMTC Ltd. v. Vedanta Ltd.*, is akin to the jurisdiction of the court under Section 34 of the Act. Scope of interference by a court in an appeal under Section 37 of the Act, in examining an order, setting aside or refusing to set aside an award, is restricted and subject to the same grounds as the challenge under Section 34 of the Act.”*

9. After hearing the learned counsels for the parties and considering the aforesaid law laid down by Hon’ble Supreme Court, this Court is of the view that the learned counsel for the appellant has failed to bring anything on the record to show as to how the aforesaid award which has been passed by the learned Arbitrator can be interfered with in an appeal under Section 37 of the Act. The contract itself was completed within the stipulated period as extended



from time to time and the extension was granted by the competent authority itself. It is also a settled law that mere small aberrations in the contract or mere small erroneous interpretation of the contract itself does not constitute a ground for setting aside the award. The scope of interference under Section 34 and Section 37 of the Act is very limited. The Court is not to appreciate or re-appreciate the award, which has been passed by the learned Arbitrator. Even otherwise also, as per both the learned counsels for the parties, the entire decretal amount has already been paid to respondent No.1-Contractor and the decree stands satisfied. Considering the doctrine of minimal judicial intervention in the arbitral proceedings and the aforesaid facts and circumstances, this Court is of the view that the present appeal is devoid of any merit and the same is hereby dismissed.

10. Miscellaneous applications, if any, shall also stand disposed of since the main case has been decided.

29.04.2026
Chetan Thakur

(JASGURPREET SINGH PURI)
JUDGE

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