

(2002) 02 SC CK 0042
In the Supreme Court Of India
Case No : Civil Appeal 1285 of 2002

Channa Bros. and Co.

APPELLANT

Vs

Union of India (UOI)

RESPONDENT

Date of Decision : 14-02-2002

Acts Referred:

Arbitration Act, 1940 — Section 30
Interest Act, 1978 — Section 3, 4

Citation : (2003) 1 ARBLR 157 : (2002) 2 JT 643

Hon'ble Judges : M. B. Shah, J;B. N. Agrawal, J

Bench : Division Bench

Final Decision : Dismissed

Judgement

1. Leave granted.
2. Heard the learned counsel for the parties.
3. By the impugned judgment and decree dated 8.9.2000 passed in first appeal from order No. 839 of 1997, the High Court of Allahabad modified the judgment and decree dated 30.5.1997 passed by the civil judge (senior division), Allahabad and directed that the appellant shall be entitled to interest at the rate of 6 per cent for the entire period i.e. prior to the date of making reference. The court directed that the respondent shall also be entitled to the interest at the same rate for the period prior to making of reference and pendente lite thereafter as decreed by the court below. Against that judgment and order, this appeal is filed on behalf of the contractor.
4. In the present case, the appellant and the respondent Union of India entered into an agreement for constructing buildings at new cantonment, Allahabad in the year 1989. The construction work was to be completed within the specified time in the agreement. Certain disputes arose between the parties and the matter was referred to the sole arbitrator. The arbitrator gave the award on 30.12.1995 and awarded amount of Rs. 4,40,182.44 to the appellant with 18 per

cent interest on such amount for the period between 25.3.1991 to 30.12.1995. The arbitrator also accepted the claim of the respondent and awarded a sum of Rs. 1,02,450.73 but had not granted any interest on the said amount. In the appeal, the High Court decided only a limited question pertaining to interest. Hence, in this appeal we are required to confine ourselves only to the part of the order which pertains to interest.

5. At the time of hearing of this matter, it has been pointed out that the question involved in this appeal is dealt with and decided by this Court in I.A. No. 1 in civil appeal No. 2337 of 1999 titled M/s, Vidyawati Construction Co. v. Union of India & Ors. decided on 27.11.2001.

6. In our view, the issue involved in the present case is squarely covered by the above decision. Hence, it is held that the award passed by the arbitrator granting 18 per cent interest on the amount awarded for the period between 25.3.1991 to 30.12.1995 was not required to be in any way altered by the High Court and it is ordered that the appellant would be entitled to have interest at the rate of 18 per cent as awarded by the arbitrator. However, it is made clear that the respondent would also be entitled to have interest at the rate of 18 per cent on the sum awarded i.e. Rs. 1,02,450.73.

7. In the result, it would mean that the appellant would be entitled to have a sum of Rs. 3,37,731.71 with 18 per cent interest from 25.3.1991 to 30.12.1995 and thereafter on the said amount interest would be at the rate of 6 per cent as awarded by the civil judge, Allahabad. The appeal stands disposed of accordingly with no order as to costs.