

(2012) 03 SC CK 0063

In the Supreme Court Of India

Case No : SLP (C) No. 29407 of 2010, SLP (C) No. 30764 of 2010 and SLP (C) No. 30776 of 2010

Hyder Consulting (Uk) Ltd.

APPELLANT

Vs

Governer State of Orissa Tr. Chief Eng.

RESPONDENT

Date of Decision : 13-03-2012

Acts Referred:

Arbitration and Conciliation Act, 1996 — Section 31(7)

Citation : (2013) 2 RCR(Civil) 537 : (2012) 3 SCALE 526 : (2013) 2 SCC 719

Hon'ble Judges : R.M. Lodha, J;H.L. Gokhale, J

Bench : Division Bench

Final Decision : Disposed Of

Judgement

1. We have heard Mr. C.A. Sundaram, learned senior Counsel for the Petitioners, and Ms. Kirti Renu Mishra, Learned Counsel for the Respondents.

2. Leave granted.

3. Hearing of the Appeals is expedited.

4. The High Court has relied upon the decision of this Court in State of Haryana and Others Vs. S.L. Arora and Company, and quashed the orders dated February 19, 2009 and March 26, 2009 passed by the District Judge, Khurda, Bhubaneswar.

5. Mr. C.A. Sundaram, learned senior Counsel for the Appellants, submits that the observations in S.L. Arora and Company (supra) that the decisions of this Court in McDermott International Inc. Vs. Burn Standard Co. Ltd. and Others, , and U.P. Cooperative Federation Ltd. Vs. Three Circles, were passed on inadvertent erroneous assumption and these judgments are per incuriam in holding that interest awarded on the principal amount upto the date of award becomes the principal amount and, therefore, award of future interest thereon docs not amount to award of interest on interest are not justified.

6. Mr. C.A. Sundaram, learned senior Counsel, referred to the decisions of this Court in Oil and Natural Gas Commission Vs. M.C. Clelland Engineers S.A., and Central Bank of India Vs. Ravindra and Others, , in support of his argument that the view taken by this Court in S.L. Arora and Company (supra) that Section 31(7) of the Arbitration and Conciliation Act, 1996 (for short, 'the Act') does not authorise and enable arbitral tribunals to award interest on interest from the date of the award is not the correct view.

7. Learned senior Counsel for the Appellants also submitted that the view taken by this Court in S.L. Arora and Company (supra) that the award of interest on cost was not permissible u/s 31(7) of the Act is inconsistent with the decision of this Court in the case of Three Circles (supra).

8. Having regard to the above submissions, we are of the view that it would be appropriate if these Appeals are heard by a Bench of three Judges.

9. Let the papers be placed before Hon'ble the Chief Justice of India for directions for placing the matters before the appropriate Bench.