

(1999) 07 AP CK 0138

In the Andhra Pradesh High Court

Case No : Civil Revision Petition No. 1694 of 1995

Union of India (UOI) and Others

APPELLANT

Vs

S.B. Patel, Sole Arbitrator and Another

RESPONDENT

Date of Decision : 05-07-1999

Acts Referred:

Citation : (1999) 6 ALT 402

Hon'ble Judges : C.V.N. Sastri, J

Bench : Single Bench

Advocate : G.S. Sanghi, S.C, for the Appellant; P.S. Narayana, for the Respondent

Final Decision : Dismissed

Judgement

C.V.N. Sastri, J.—The only question which arises in this Civil Revision Petition relates to the power of Arbitrator to grant interest on the amounts found to be due to the contractor.

2. It is the contention of the learned Counsel appearing for the petitioner/ Railway that the Clause 16(2) of the Standard General Conditions of Contract prohibits the grant of interest upon the earnest money or the security deposit and the amounts payable to the contractor under the contract and as such, the Arbitrator acted illegally and without jurisdiction in awarding the interest at 18% per annum from the date of Award till the award is made Rule of the Court on the various amounts found due and payable to the contractor. In support of his contention, the learned Counsel for the petitioners sought to place reliance on the judgment of the Supreme Court in Grid Corporation of Orissa Limited and Anr. v. Balasore Technical School, 1999 (3) Supreme To-day 317. In the said judgment it has been held that;

"Except in cases of jurisdictional errors it is not open to the Court to interfere with an award. However when an award is made plainly contrary to the terms of the contract not by misinterpretation but which are plainly contrary to the terms

of the contract would certainly lead to an inference that there is an error apparent on the face of the award and in such a case the Courts can certainly interfere with the award made by the Arbitrator".

There can be no dispute about the above general preposition of law laid down by the Supreme Court. But, the question for consideration in the instant case is, whether Clause 16 (2) of the Standard General Conditions of Contract is a bar for grant of interest by the Arbitrator. This very clause fell for consideration of Division Bench of this Court in N.G. Gunani Vs. The Union of India (UOI) and Another, to which I was a party. On an analysis of the provisions contained in the said clause and the provisions of the other relevant clauses of the contract, the Division Bench held that the said clause contains only a restriction on the departmental officials to allow interest on delayed payments, but, it is not a fetter on the power of Arbitrator to grant interest on the amounts found due and payable to the contractor on adjudication of the disputes between parties. The question raised in this Civil Revision Petition is, therefore, covered by the decision of the Division Bench (2 supra) which is directly in point. Following the said Division Bench judgment, I have no hesitation in rejecting the contention of the learned Counsel for the petitioners.

3. The learned Counsel for the petitioners has further contended that in any case the grant of interest at the rate of 18 per cent per annum by the Arbitrator from the date of award till the date of making the award Rule of the Court, is illegal. It is also contended that the grant of interest on the amounts due amounts to granting damages on damages and it is not permissible in law. I do not, however, find any merit in these submissions also, since the Arbitrator has granted interest only from the date of award, but, not earlier and the lower Court while making the award Rule of the Court, granted future interest from the date of decree till realisation at 6 per cent per annum only. I do not, therefore, find any merit in the Civil Revision Petition and accordingly it is dismissed, but, without costs.