

Food Corporation of India and Another

Vs

Great Eastern Shipping Co. Ltd

Civil Appeals Nos. 1500-01 of 1988

(Sabyasachi Mukharji, S. Ranganathan JJ)

28.03.1988

JUDGMENT

SABYASACHI MUKHARJI, J. –

1. Special leave granted and the appeals are disposed by the judgment herein.
2. These two appeals are directed against the judgment and order of the Division Bench of the High Court of Bombay confirming the decision of the learned Single Judge dismissing the application for setting aside the award. It appears that there was a Charter Party Agreement entered into between the parties in December 1981 signed by the representative of the President of India and the respondent, Shipping Company for transportation of bulk cargo from Australia to India. Thereafter in February 1982 the agreement was sent to the President's representative at New Delhi for signing the same. The said cargo was delivered at the port of Tuticorin and not at Calcutta. The respondent company raised disputes regarding several items and claimed an amount of Rs. 9,06,854.86 as demurrage and Rs. 7881.43 against overtime charges. As per the said agreement, the disputes were referable to arbitration by joint arbitration of two arbitrators one each to be appointed by each of the parties. The appellant appointed one Shri J. L. Puri as its arbitrator with a specific condition that he shall give reasons for the award. The respondent company appointed one Shri P. S. Gokhale as its arbitrator. Thereafter the award was made and the same signed by Shri Gokhale at Bombay on June 11, 1986 and Shri J. L. Puri at Calcutta on June 18, 1986.
3. The award did not speak. As such there is no reason apparent from the award. The award, however, directed the appellant Corporation to pay lump sum of Rs. 6,22,589 to the respondent company. The award was filed in the High Court of Bombay. Notice of such filing was received by the appellant Corporation at Delhi. The appellants filed objection petition before the High Court of Bombay for setting aside the award. It was contended that the High Court of Bombay had no jurisdiction to entertain the filing of the award since no cause of action arose at Bombay. The appellants contended that the award was liable to be set aside for reasons of misconduct, irregularity and lack of competence.
4. In both the appeals similar claims have been made. It appears, however, that there is a specific finding made by the learned Single Judge that the agreement was signed at Bombay which was affirmed by the Division Bench. We find no material to impeach this finding. It was next contended as it has been contended before the Division Bench that there was a mandate given to the arbitrators to state reasons for the award but it was not complied with. It is true that the appellants had written a letter to their arbitrator stating that he should record reasons for the award. Copies of this letter were also sent to the arbitrator appointed by the respondents. There was, therefore, no mandate given by

both parties to the arbitration agreement to both arbitrators to state reasons. The arbitrators could not act on the mandate of one of the parties. This contention of the appellants cannot be accepted. It was next contended that the arbitrators should have given reasons. Unreasoned award is bad. It is true that the recent trend is to have reasoned awards. Indeed a matter is pending in this Court on this aspect. The appointed arbitrators were men of commerce and they arrived at a consensual figure. Though the recent trend is that the award should be a reasoned award and that would be in consonance with the principles of natural justice, in a case of this nature where two men of commerce in respect of money claim under Charter Party Agreement entered into arbitration and the award has awarded a lump sum amount, it appears to us, that the reasons are not far to seek. It is really an accounting of the rival claims of the parties.

5. In that view of the matter and in the facts of this case, we find that there is no legal misconduct as such in not giving reasons. In the premises, the High Court was right in dismissing the objections. Both the appeals are disposed of accordingly. There will be no order as to costs.

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