

SUPREME COURT OF INDIA

Seth Mohanlal Hiralal

Vs.

State of M.P.

(V.N. Khare, H.K. Sema and S.B. Sinha JJ.)

19.08.2003

ORDER

1. The appellant herein is a partnership firm and it has undertaken a contract with the respondent for construction of a flood protection wall in Hoshangabad town in the year 1974-1975.
2. It is alleged that the appellant has done some extra work and it was not paid its dues and therefore the appellant filed a suit under Section 20 of the Arbitration Act in the District Court at Hoshangabad. The learned District Judge appointed an Arbitrator. The Arbitrator after hearing the parties gave an award on 28th November, 1985 wherein the respondent was required to pay a sum of Rs. 1,04,200. The said award was filed before the District Court for being made Rule of the Court.
3. However, the respondent filed an objection stating that the Arbitrator has committed misconduct as he has gone outside the purview of the contract. The Court was of the view that since the Arbitrator has gone but of the purview of the contract and has not considered relevant clauses of the agreement and therefore he has committed misconduct. Accordingly, the Award was set aside and the District Court reduced the amount payable from Rs. 1,04,200 to Rs. 16,400.
4. Aggrieved, the appellant preferred the appeal before the High Court which was dismissed.
5. It is against the said judgment, the appellant has urged that since the Award is a non-speaking Award and non-consideration of relevant clauses of the contract would not constitute misconduct on the part of the Arbitrator and the view taken by the High Court is erroneous. We do not find any merit in the submissions.
6. In *K.P. Poulouse v. State of Kerala*, it was held by this Court that misconduct under Section 30(a) has not a connotation of moral lapse. It comprises legal misconduct which is complete if the Arbitrator on the face of the Award arrives at an inconsistent conclusion even on his own finding or arrives at a decision by ignoring very material documents which throw abundant light on the controversy to help a just and fair decision.

7. In the instant case the Arbitrator has misconducted the proceedings by ignoring the two very material documents to arrive at a just decision to resolve the controversy between the Department and the contractor.

8. In that view of the matter, we do not find any merit in this appeal. It is dismissed accordingly. Since no one has appeared on behalf of the respondent, there shall be no order as to costs