

SUPREME COURT OF INDIA

Nand Contr. Engr.

Vs.

Northern Coal Field Ltd.

C.A.No.6262 of 2012

(K.S.Radhakrishnan and Dipak Misra,JJ.)

04.09.2012

JUDGMENT

K.S. Radhakrishnan,J.

1. Leave granted.

2. We may take up Civil Appeal arising out of Special Leave Petition (C) No.24337 of 2009 as a lead case which arises out of a common judgment dated 14.11.2007 of the High Court of Madhya Pradesh at Jabalpur. In the first three appeals, we are concerned with the claim on interest alone and, in the other two appeals, the question involved is with regard to the claim for interest, water charges and the cost of plaster of paris.

3. The appellant was awarded the work relating to the construction of residential and non-residential building at Central Excavation Training Institute (CETI) vide work order dated 25.2.1987 for an amount of Rs.68,91,589/-. Appellant submits that for want of final drawings and delay in the supply of cement and other construction materials, including supply of water, the work was delayed, but completed on 1.4.1989 and handed over the buildings to the respondent. There was delay on the part of the respondents in preparing and sanctioning the final bills which gave rise to various disputes and ultimately the matter was referred to a sole arbitrator. The arbitrator passed an award dated 30.10.1999 on the claims made by the appellant including claims for water charges and plaster of paris. So far as the claim for interest is concerned, the arbitrator awarded simple interest @ 15% per annum from six months of the date of completion i.e. 1.4.1989 on all the amounts awarded till the date of payment. Further, it was also ordered that in case the payment was delayed beyond three months of the date of the award, interest be paid @ 18% per annum from the date of payment. No payment was made within three months from the date of the award. Hence, according to the appellants, as per the award he was entitled for 15% interest from six months

of the date of completion i.e. 1.4.1989 on the amounts awarded by the Arbitrator till the date of payment.

4. Award passed by the Arbitrator was challenged by the respondent before the First Additional District Judge, Sidhi who did not upset the award on merits, but modified the interest awarded by the Arbitrator and substituted with 12% per annum simple interest from the date of the award i.e. 31.10.1999 till the date of payment. Aggrieved by the said order, appeals were preferred by the appellant before the High Court. The High Court disposed of all the appeals, reducing the interest to 10% per annum. The High Court has also set aside the award on the claim for water charges and plaster of paris. Being aggrieved by the judgment, as already stated, these appeals have been preferred by the appellant.

5. We have heard Shri Rohit Arya and Shri Mahabir Singh, learned senior counsel, appearing for the appellant and respondents, respectively. Mr. Rohit Arya, learned senior counsel submitted that the High Court as well as the District Court were not justified in interfering with the well considered award passed by the Arbitrator. Learned senior counsel submitted that the reasons stated by the High Court are incorrect and contrary to the terms of contract as well as documents produced before the arbitrator. Learned senior counsel submitted that the Arbitrator was justified in allowing the claim of water charges to the tune of Rs.1,68,890.25. Reference was also made to clauses 5(a) and (b) of General Conditions applicable to the contract and submitted that it is the responsibility of the respondents to supply the water at their costs. Learned senior counsel also submitted the claim for plaster of paris which was rightly allowed by the arbitrator and there was no reason to interfere with the same.

6. Shri Mahabir Singh, learned senior counsel appearing for the respondents, on the other hand, submitted that there is no reason to interfere with the judgment of the High Court which has rightly rejected the claims on water charges and plaster of paris and also reduced the rate of interest. Further, no question of law arises for consideration in these appeals.

7. We are of the view that the dispute between the parties lies in a narrow compass. We find that the arbitrator has awarded simple interest @ 15% per annum from six months of the date of completion i.e. 1.4.1989 on the amounts awarded till the date of payment. The High Court thought it fit to reduce the rate of interest to 10% per annum, which we find no reason to disturb. The period for which the Arbitrator has awarded the interest will remain the same. The appellant, therefore, would be entitled to get interest at the rate of 10% per annum from 1.4.1989 till the date of payment.

8. We are of the view that the High Court was not justified in interfering with the amount awarded in respect of the water charges which comes to Rs.1,68,890.25. Going by the

general terms and conditions of the contract, in our view, the department was bound to supply water, so found by the arbitrator, in our view, rightly. Therefore, that part of the award of the Arbitrator, with regard to the water charges, is upheld. However, the High Court, in our view, rightly denied the claim with regard to plaster of paris, therefore, not interfered with. Appeals are disposed of accordingly, subject to the above modification of the judgment of the High Court. However, there will be no order as to costs.

