

SUPREME COURT OF INDIA

U.O.I & Anr.

Vs.

M.P Trading & Investment Rac

C.A.No.8077-8079 of 2015

(Kurian Joseph and Arun Mishra,JJ.,)

28.09.2015

JUDGMENT

Kurian Joseph,J.,

1. Leave granted.

2. The sole dispute in these cases is with regard to the payment of interest when the proceedings under Section 34 of the Arbitration and Conciliation Act, 1956 were pending before the High Court. In the case before us, we find that the award was passed on 02.03.2001. When the matters were pending before the High Court, there was a direction vide order dated 04.02.2003 to deposit the Principal amount before the High Court. The amount was deposited on 03.03.2003. Subsequently, by order dated 22.05.2003, the High Court, on the request made by the respondent, directed the Court deposit to be made as a Fixed Deposit in a nationalist bank. Ultimately, the objections were rejected on 02.06.2006 and the appeal thereon was also dismissed on 27.09.2006. Placing reliance on the decision of Himachal Pradesh Housing and Urban Development Authority and Anr. Vs. Ranjit Singh Rana reported in (2012) 4 SCC 505, it is contended by the learned counsel appearing for the appellants that once the amount is deposited in Court, there is no liberty to pay interest in terms of the award.

3. Paragraph 15 of the Judgment reads as under :-

“The word 'payment' may have different meaning in different context but in the context of Section 37(1)(b); it means extinguishment of liability arising under the award. It signifies satisfaction of the award. The deposit of the award amount into the Court is nothing but a payment to the credit of the decree-holder. In this view, once the award amount was deposited by the appellants before the High Court on May 24, 2001, the liability of post-award interest from May 24, 2001 ceased. The High Court, thus, was not right in directing the appellants to pay the interest @18% p.a. beyond May 24, 2001.” In the present case, we find that the amount was to be deposited in a Fixed Deposit at the request made by the respondent and it is not seen that the

respondent has made any request before the High Court for withdrawal of the amount deposited as per the directions by the High Court. However, it is submitted that the appellants have not deposited the full amount in terms of the award.

4. In the above facts and circumstances of the case, we are of the view that the appellants shall be entitled to interest as per award from the date of award till the principal amount was deposited in the High Court on 03.03.2003. From the said date of 03.03.2003 till it was withdrawn, the respondent shall be entitled only to the interest accrued on the principal amount in terms of the Fixed Deposit made as per the direction by the High Court. However, the respondent shall be entitled to the interest in terms of the award on the balance of the award amount which the appellants failed to deposit in Court, as per the award.

5. The impugned Judgment of the High Court is modified to the above extent. The Civil Appeals are disposed of with no order as to costs.