

# Punjab State Civil Supplies ... vs Ganpati Rice Mills on 20 October, 2021

**Bench: Sanjiv Khanna, Bela M. Trivedi**

1

IN THE SUPREME COURT OF INDIA  
CIVIL APPELLATE JURISDICTION

Civil Appeal No(s). /2021  
(@ SLP(C) No. 36655/2016)

PUNJAB STATE CIVIL SUPPLIES CORPORATION  
LIMITED (PUNSUP) & ANR.

Appe

VERSUS

GANPATI RICE MILLS & ANR.

Respo

O R D E R

Heard learned counsel for the parties. Leave granted.

The issue in the present appeal is limited to rate of interest.

The Arbitrator had granted interest at the rate of 18% per annum from 01.01.2003 till the date of realization.

On consideration of the objections under Section 34 of the Arbitration and Conciliation Act, 1996 (Arbitration Act) filed by the respondent(s), the rate of interest was reduced to 12% per annum.

In the first appeal preferred by the respondent(s) before the High Court, vide the impugned order dated 22.07.2016, the rate of interest has been reduced to 9% per annum.

We do not think that the High Court was justified and correct in reducing the rate of interest to 9 % per annum. The judgment of this Court in “A.P. State Trading Corporation Ltd. Vs. G.V. Malla Reddy and Company”, 2010 SCC OnLine SC 1081 relied upon by the High Court, pertained to arbitration proceedings under the Arbitration Act of 1940, whereas the present dispute relates to arbitration under the Arbitration Act 1996. Per contra, Section 31 (7) of the Arbitration Act, 1996 grants substantial discretion to the arbitrator in awarding interest. No reason and grounds have been given to reduce the rate of interest. On fact, the appellants have referred to certain clauses of the agreement, to contend that interest @ 21% per annum could be awarded. We need not examine this aspect, as the appellants had accepted the decision of the District Judge reducing the rate of

interest to 12% per annum.

In view of the aforesaid position, we restore the rate of interest as awarded by the judgment dated 22.11.2011 passed by the District Judge, Chandigarh, i.e. interest at the rate of 12% per annum w.e.f. 01.01.2003 till realization.

The appeal is partly allowed in the aforesaid terms. Pending application(s), if any, stand disposed of.

.....J. (SANJIV KHANNA) .....J. (BELA M. TRIVEDI) NEW DELHI 20th OCTOBER, 2021 ITEM NO.25 Court 16 (Video Conferencing) SECTION IV-B S U P R E M E C O U R T O F I N D I A RECORD OF PROCEEDINGS Petition(s) for Special Leave to Appeal (C) No(s). 36655/2016 (Arising out of impugned final judgment and order dated 22-07-2016 in FAO No. 5622/2012 passed by the High Court of Punjab & Haryana at Chandigarh) PUNJAB STATE CIVIL SUPPLIES CORPORATION LIMITED (PUNSUP) & ANR. Petitioner(s) VERSUS GANPATI RICE MILLS & ANR. Respondent(s) Date : 20-10-2021 This petition was called on for hearing today. CORAM :

HON'BLE MR. JUSTICE SANJIV KHANNA HON'BLE MS. JUSTICE BELA M. TRIVEDI For Petitioner(S) Mr. Sanchar Anand, Adv.

Mr. Anant Kumar Vatsya, Adv. Mr. Shiv Kumar, Adv.

Mr. Ashish Kumar Sinha Mr. Devendra Singh, AOR For Respondent(s) Mr. Arun K. Sinha, AOR UPON hearing the counsel the Court made the following O R D E R Leave granted.

The appeal is partly allowed in the aforesaid terms. Pending application(s), if any, stand disposed of.

(BABITA PANDEY)  
COURT MASTER (SH)

(RAM SUBHAG SINGH)  
BRANCH OFFICER