



IN THE HIGH COURT OF HIMACHAL PRADESH, SHIMLA

CMPMO No.262 of 2025
Decided on : 05.03.2026

Himachal Pradesh Power Corporation Ltd. ...Petitioner.
 Versus
Arvind Kumar BansalRespondent.

Coram

Hon'ble Mr. Justice Romesh Verma, Judge.

Whether approved for reporting?¹

For the petitioner: Mr. Hamender Singh Chandel, Advocate.
 For the respondent: Ms. Kiran Kanwar, Advocate.

Romesh Verma, Judge (oral)

The present petition arises out of the order as passed by the Learned District Judge, Nahan, Distt. Sirmour, H.P dated 01.04.2025, whereby the objections as preferred by the JD/present petitioner were ordered to be dismissed.

2. The facts of the case are that the arbitration proceedings commenced between the parties and an award was passed by the sole member of the Arbitrator Tribunal Mr. Satish Sagar. The Arbitrator vide its award dated 10.08.2018 allowed the claim petition as preferred by the DH/respondent and award amounting to Rs.75,22,300/- was passed in favour of the respondent and against the present petitioner to be paid within a period of 90 days from the date

¹ Whether reporters of Local Papers may be allowed to see the judgment?

of award and it was further ordered that in case of failure on the part of the respondent/petitioner in making the payment, the claimant will also be entitled to future interest @18% for the period with effect from 10.08.2018 till the date of actual payment over and above the principle amount.

3. Feeling aggrieved and dissatisfied, the present JD/petitioner filed Arbitration Case bearing No.100/2018 under Section 34 of the Arbitration & Conciliation Act objecting to the award dated 10.08.2018 passed by the sole Arbitrator Mr. Satish Sagar. Vide judgment dated 31.10.2022, this Court dismissed the arbitration case and the objections as preferred by the JD/petitioner and the award as passed by the learned Arbitrator was affirmed.

4. It will be pertinent to mention here that when the arbitration case/objections under Section 34 of the Arbitration and Conciliation Act were preferred by the JD/present petitioner, this Court on 21.11.2018 issued notice to the respondent/DH and on the said date, the learned counsel for the respondent appeared and waived notice on behalf of the respondent. In the stay application, it was ordered by this Court that operation of the impugned award dated

10.08.2018 passed by the Sole Arbitrator is stayed subject to the deposit of the entire awarded amount along with up to date interest as awarded by the learned Arbitrator within a period of eight weeks from 21.11.2018.

5. The case file contains application, whereby the JD/petitioner on 10.01.2019 filed an application before the Registrar General of this Court for seeking permission to deposit the demand draft bearing No.866641, drawn on Bank of Baroda, New Shimla, for a sum of Rs.81,04,712/- only in the present case. It reveals that the JD/petitioner complied with the order, which was passed by this Court on 21.11.2018 and within the stipulated period, the entire awarded amount along with up to date interest was deposited in the Registry of this Court.

6. The present respondent/DH filed an application bearing **OMP No.920 of 2022** in the Arbitration case bearing **No.100/2018** for the release of the said awarded amount, which was lying deposited in the Registry of this Court.

7. This Court vide its order dated 28.12.2022 allowed the application bearing OMP No. 920 of 2022 and the amount deposited by the non-applicant/present petitioner in

the Registry of this Court with up to date interest was ordered to be released in favour of the present respondent/Decree Holder.

8. Though, in the application for release, it was averred that the present JD/petitioner has deposited only a sum of Rs.81,04,712/-and without prejudice to the rights, the applicant/DH shall file execution for the release of the balance awarded amount. After receipt of the said amount, the DH/respondent filed application under Section 37 of the Arbitration and Conciliation Act on 03.08.2023 in the Court of learned District Judge, Nahan, Distt. Sirmour, H.P. The present petitioner vide (**Annexure P-9**) filed the objections to the said execution and it was pointed out that entire awarded amount along with interest stands deposited in the High Court and therefore the execution petition, which has been preferred, is not maintainable against the present JD. In para 4 of the reply, the details of the payment of the amount, which was deposited before this Court have been mentioned as follows:-

“It is submitted that the fact of deposit of the awarded amount of Rs.75,22,300/-@ 18% w.e.f 10.08.2018 to 31.10.2022 comes to Rs.1,29,38,356/- out of that the

decree holder has received an amount of Rs.99,36,023/-only and remaining amount of Rs.30,02,333/- due against the judgment debtor as per the provisions of the CPC.”

9. The learned District Judge, vide its impugned order dated 01.04.2025, rejected the objections as preferred by the present petitioner and it was ordered that the amount as mentioned in the execution be deposited or to be paid to the DH and thereafter the case was listed for compliance.

10. I have heard learned counsels for the parties. Mr. Hamender Singh Chandel, learned counsel for the petitioner/JD submits that the impugned order as passed by the learned District Judge is not sustainable in the eyes of law keeping in view the provisions of Order 21 Rule 1 (2) and in view of the judgment as passed by the **Hon'ble Apex Court in case titled as *HP Housing & Urban Development Authority and Anr. v. Ranjit Singh Rana (2012) 4 SCC 505.***

He submits that the learned District Judge has not construed the provision of Order 21 Rule 1(2) in its true perspective and the order as passed by the Learned District Judge/ Executing Court is in conflict with the judgment of the Hon'ble Apex Court as referred herein above. He submits that since the

entire awarded amount along with up to date interest stood deposited in the Registry of this Court on 10.01.2019 in pursuance to the directions passed by this Court on 21.11.2018, therefore, the provisions of Order 21 Rule 1 (2) stands complied with. He submits that the provisions of Arbitration and Conciliation Act are in the nature of special statute and the provisions of CPC are only for the purpose of helping the special statute. He submits that once the compliance Under Section 37 1(b) has been done, therefore, it is presumed that the deposit of the award amount in the Court, is a payment to the credit of the DH.

11. On the other hand, Ms. Kiran Kanwar, learned counsel for the respondent has defended the impugned order passed by the learned District Judge and she has vehemently opposed the submission of Mr.Chandel. She submits that since the provision of Order 21 Rule 1(2) CPC has not been complied with, therefore, the impugned order is valid and sustainable in the eyes of law.

12. From the perusal of the record, it reveals that the present petitioner/JD preferred objections under Section 34 of the Arbitration and Conciliation Act by filing Arbitration case

No.100/2018. The said case came up before this Court on 21.11.2018, whereby the impugned award passed by the Sole Arbitrator was stayed, subject to deposit of the entire awarded amount along with up to date interest. In pursuance to the said order, the JD/petitioner deposited a sum of Rs.81,04,712/- in the Registry of this Court.

13. Interestingly, as rightly pointed out by Mr. Chandel on the said date i.e. on 21.11.2018, the DH/respondent was duly represented by his learned Counsel and this order was very much in the knowledge of the respondent/DH. Thereafter, when the application was preferred for the release of awarded amount, the entire amount was ordered to be released to the DH on 28.12.2022.

14. Now the contention of the respondent that there is non-compliance of order 21 Rule 1 (2) CPC does not hold good in view of the judgment as passed by the Hon'ble Apex Court in **Ranjit Singh's case (supra)**, whereby the Hon'ble Apex Court has held as follows:-

7. There is no dispute that the entire amount due under the award dated 14-2-2001 was deposited by the appellants before the High Court on 24-5-2001. The question that arises for determination before us is, whether deposit of the entire

award amount by the appellants on 24-5-2001 into the High Court amounts to payment to the respondent and the appellants' liability to pay interest @ 18% p.a. from the date of the award ceased from that date.

8. Section 31 (7)(a) and (b) of the Act read as under:-

31.(7)(a) Unless otherwise agreed by the parties, where and insofar as an arbitral award is for the payment of money, the Arbitral Tribunal may include in the sum for which the award is made interest, at such rate as it deems reasonable, on the whole or any part of the money, for the whole or any part of the period between the date on which the cause of action arose and the date on which the award is made.

(b) A sum directed to be paid by an arbitral award shall, unless the award otherwise directs, carry interest at the rate of eighteen per centum per annum from the date of the award to the date of payment.”

9. The above provision has been recently considered by this Court in *State of Haryana v. S.L. Arora & Co.* This Court held as under: (SCC p.699 para 23).

“23.....In a nutshell, in regard to pre-award period, interest has to be awarded as specified in the contract and in the absence of contract, as per discretion of the Arbitral Tribunal. On the other hand, in regard to the post-award period, interest is payable as per the discretion of the Arbitral Tribunal and in the absence of exercise of such discretion, at a

mandatory statutory rate of 18% per annum.”

This Court further observed in para 24.6 as under:)SCC p.701)

“24.6.... But if the award is silent in regard to the interest from the date of award, or does not specify the rate of interest from the date of award, then the party in whose favour an award for money has been made, will be entitled to interest at 18 % per annum from the date of award. He may claim the said amount in execution even though there is no reference to any post-award interest in the award. Even if the pre-award interest is at much lower rate, if the award is silent in regard to post-award interest, the claimant will be entitled to post-award interest at the higher rate of 18% per annum.”

15. The word “payment” may have different meaning in different context but in the context of Section 37 (1)(b); it means extinguishment of the 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 24-5-2001, the liability of post-award interest from 24-5-2001 ceased. The High Court, thus, was not right in directing the appellants to pay the interest @ 18% p.a. beyond 24-5-2001.

15. Similarly, the Coordinate Bench of this Court while dealing with the similar issues in Civil Revision No.149

of 2019 decided on 13.11.2024 has dealt with both the issues including the applicability of the Code of Civil Procedure in arbitration proceedings. The Hon'ble Coordinate Bench has dealt with in detail and has come to the conclusion that deposit of the amount in the Court tantamounts to the credit of the awarded amount in the deposit of the DH. To the similar extent, the Coordinate Bench in its judgment Para No.28 and 29 has held as follows:-

“28. Whereas in the case at hand payment was made interms of Section 31 (7)(b) of the Act while the Section 34 application was pending adjudication. As was the case in H.P.Housing & Urban Development Authority v. Ranjit Singh Rana, (2012) 4 SCC 505. The deposit in the case at hand can

be equated to a payment of money in an appeal made against a money decree by the appellant, within such time as the Appellate Court may allow in terms of provisions of Order 41 Rule 1 sub-rule 3 CPC. Order 41 Rule 1 sub-rule 3 CPC reads as follows;

“ORDER XLI

APPEALS FROM ORIGINAL DECREES

(3) Where the appeal is against a decree for payment

of money, the appellant shall, within such time as the Appellate Court may allow, deposit the amount disputed in the appeal or furnish such security in respect thereof as the Court may think fit.”

29. Order 21 Rule 1 sub-rule 2 CPC cannot be invoked in the in the case at hand as the payment in the case at hand was not deposited in the executing Court after the award had attained finality in terms of section 36 of the Act. Award amount in the case at hand was deposited while the Section 34 application made for setting aside the award was pending adjudication and

the application had been filed within the prescribed period of limitation. In the case at hand, the award attained finality in terms of section 36 of the Act as it then existed after the Section 34 application had been dismissed. It is then that it became enforceable like a decree. Prior to 23.10.2015 filing of an application under Section 34 of the Act for setting aside an award was sufficient to stay the execution of the award. Despite the same, in the case at hand, the award amount was deposited in terms of the order of the Court while the section 34 application for setting aside the award was pending adjudication. Order 21 Rule 1 CPC which deals with the Modes of paying money under decree reads as follows;

“ORDER XXI

EXECUTION OF DECREES AND ORDERS

Payment under decree

1. Modes of paying money under decree.—

(1) All money, payable under a decree shall be paid as follows, namely:

(a) by deposit into the Court whose duty it is to execute the decree, or sent to that Court by postal money order or through a bank; or (b) out of Court, to the decree-holder by postal money order or through a bank or by any other mode wherein payment is evidenced in writing; or (c) otherwise, as the

Court which made the decree, directs.(2) Where any payment is made under clause (a) or clause (c) of sub-rule (1), the judgment-debtor shall give notice thereof to the decree-holder either through the Court or directly to him by registered post, acknowledgment due.”

16. Therefore, in view of the exposition of law as laid down by the Hon'ble Apex Court, which has been followed by this Court, this Court is of the opinion that the deposit of award amount in the Court amounts to payment to the credit of the decree holder. Therefore, once the entire awarded amount along with interest was deposited before this Court on 10.01.2019, therefore, liability of past award interest from 10.01.2019 ceased. The executing Court has erred by holding that no notice was given to the Decree Holder as per mandate of Order 21 Sub Rule (2) of the CPC. Further findings of the Executing Court are not sustainable by holding that interest has not ceased to run on mere deposit of amount in the Registry of High Court in view of the Law Laid down by the Hon'ble Supreme Court. The impugned order as passed by the learned District Judge is not sustainable in the eyes of law. Therefore, the present petition deserves to be allowed and the impugned order as passed by the learned District

Judge/Executing Court is quashed and set aside and consequently the Execution Petition is ordered to be dismissed.

17. As held by the Hon'ble Coordinate Bench of this Court, the applicability of the CPC would only be directory or whereas the provisions of the Arbitration and Conciliation Act are essentially to be first applied. The Arbitration and Conciliation Act is a self-contained act, therefore, the provisions of CPC will apply only in case the same are not inconsistent with the spirit and with the provisions of Arbitration and Conciliation Act. Whereas, in terms of Section 36 (1) of the Arbitration and Conciliation Act wherein the expression used is in accordance with the provision of CPC, the applicability of the CPC has been held to be mandatory.

18. In view of the above, the present petition is allowed and the impugned order dated 01.04.2025 (Annexure P-11) is quashed and set aside. Pending miscellaneous application(s), if any, shall also stand disposed of.

**(Romesh Verma)
Judge**

March 05, 2026
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