

Indian Institute of Technology Mandi (Kamand) Vs. Central Public Works Department (CPWD) and another.

Item No. (S-5)

LPA No.121 of 2026

16.03.2026

Present: Mr. Akhil Mittal, Advocate (through video conferencing) and Mr. Abhinav Purohit, Advocate, for the appellant.

Mr. Balram Sharma, Deputy Solicitor General of India with Mr. Rajeev Sharma, Advocate, for respondent No.1.

Inter alia submits that the application for being impleaded before the Arbitrator was rejected vide order dated 18.04.2025 (**Annexure P-8**), despite observing therein that in a Civil Suit, the present appellant could be a proper party but not in the arbitration proceedings while further noting that the financial liability as such to the extent of Rs.6,89,00,000/- may fall upon the present appellant also.

2. It is further contended that vide Memorandum of Understanding (MoU) dated 25.08.2011, the Central Public Works Department (CPWD) had taken on the responsibility of calling for the tenders to be carried out in consultation with the present appellant for the construction of Academic and Residential Complex alongwith necessary infrastructures for IIT Mandi at Kammand, Himachal Pradesh. As per clause 6.7 of the said MoU, a Joint Committee with members and Chairman was to be nominated by the Director of the present appellant to monitor the progress of work at frequent intervals preferably once a week, by holding regular site/co-ordination meetings and to take decisions accordingly.

3. While placing reliance upon clause 7.16 of the said MoU, it was further pointed out that the present appellant would have to pay claims upheld by an arbitrator or Court of law relating to the work and the same also provided that the appellant could instruct in writing to Central Public Works Department (CPWD) not to continue with the work.

4. It is thus the contention of the counsel(s) that on the necessary instructions of the appellant, the show-cause notices as such had been issued. Eventually, on account of the work being not completed in the year 2015, the extension was denied and the claim of the Contractor for extension was rejected in March, 2020.

5. The balance work was then referred to M/s Mathura Dass Ahuja and Sons, who also did not complete the project which led to passing an Award of Rs.3,79,52,929/- and the present appellant has also been directed to deposit the said amount by the Central Public Works Department (CPWD) subject to the final decision of Section 34 of the Arbitration & Conciliation Act, 1996.

6. While referring to paragraph 31 of the Claim Petition filed by the Contractor averments regarding frequent changes in designs and drawings both by the Central Public Works Department (CPWD) and IIT Mandi have been pointed out. Moreover, attention is also invited to averments pertaining to severe disruption of the project work caused by the present appellant on account of delay in revising designs

which took nearly two years to resolve.

7. It is thus submitted that in sum and substance, it is the appellant who was the beneficiary of the project and would have to bear the burden of the award if any, plus to raise valid defence pleas. Besides the appellant would also be liable to pay in terms of the Contract entered into with the Central Public Works Department (CPWD). Hence, it is contended that the appellant was necessary party to be impleaded and in light of the aforesaid orders passed which are now subject matter of challenge are not sustainable.

8. Notice. Mr. Rajeev Sharma, Advocate, appears and waives service of notice on behalf of respondent No.1.

9. Issue notice to respondent No.2, on taking steps within one week, returnable within four weeks.

10. In the meantime, further proceedings before the learned Arbitrator shall remain stayed.

11. Accordingly, the proceedings are deferred for **06.05.2026.**

(G.S. Sandhwalia)
Chief Justice

(Bipin C. Negi)
Judge

16th March, 2026
(Munish Thakur)