



OD-6

**IN THE HIGH COURT AT CALCUTTA
CIVIL APPELLATE JURISDICTION
IN APPEAL FROM AN ORDER PASSED IN ITS
ORDINARY ORIGINAL CIVIL JURISDICTION
ORIGINAL SIDE**

**IA No. GA/6/2026
WITH AP/215/2018
In APO/10/2025**

HINDUSTAN STEELWORKS CONSTRUCTION LIMITED

-Vs-

M/S NARMADA EQUIPMENT AND SPARES COMPANY

BEFORE:

The Hon'ble JUSTICE DEBANGSU BASAK

-AND-

The Hon'ble JUSTICE MD. SHABBAR RASHIDI

For the Appellant : Mr. Arik Banerjee, Adv.
Mr. Jit Rai, Adv.
Mr. S. Pal Choudhuri, Adv.
Ms. Shilpi Paul, Adv.

For the Respondent : Mr. Sabyasachi Chowdhury, Sr. Adv.
Mr. Sounak Mukhopadhyay, Adv.
Mr. Sanjib Dawn, Adv.
Mr. Deepesh Sharma, Adv.

HEARD ON : 30.03.2026

DELIVERED ON : 30.03.2026

DEBANGSU BASAK, J.:-

1. IA No. GA/6/2026 is an application for restoration.



2. For the interest of justice, causes shown in the application for restoration are accepted as sufficient. IA No. GA/6/2026 is allowed.
3. Order dated February 5, 2026 dismissing the appeal, is recalled. The appeal being APO/10/2025 is restored to its file and number.
4. Appeal is treated as on the day's list and is taken up for final hearing by consent of the parties.
5. Appeal is directed against the order dated August 14, 2024 passed in AP/215/2018 IA No. GA/1/2024.
6. By the impugned order, the learned Trial Judge dismissed the application under Section 34 of the Arbitration and Conciliation Act, 1996.
7. Learned advocate appearing for the appellant submits that, the disputes between the parties were taken up for adjudication by the Micro, Small and Medium Enterprises Facilitation Council under the provisions of the Micro, Small and Medium Enterprises Development Act, 2006.
8. He submits that, the Council purported to pass an award delegating the calculation of interest to a third party. He submits that, the same is not permissible. Moreover, the Council purported to relegate the calculation of idle labour charges to a third party, again, the same is not permissible. In support of such contention he relies upon **AIR 1996 CAL 806 (Juggobundhu Saha -Vs- Chand Mohan Saha)**



- 9.** Learned advocate appearing for the appellant draws the attention of the Court to the letter of demand issued by the advocate for the respondent dated February 12, 2018. He submits that, the respondent, in addition to the principal amount awarded, added two heads of interest calculated by the empanelled chartered valuer and also claimed a sum of Rs.15,00,000/- for the price of the crusher plant, motor, cable switch gear, additional jaw. He submits that, such claims are beyond the award passed by the Council.
- 10.** Learned advocate appearing for the respondent submits that, the respondent is giving up its claim on account of idle labour charges as also the sum of Rs.15,00,000/- as noted in the letter dated February 12, 2018. He submits that, the claim of the respondent is limited to the principal amount awarded being Rs.20,23,887.40 together with interest as appearing in the award.
- 11.** As a Court exercising powers under Section 37 of the Act of 1996, we are to evaluate as to whether or not the learned Judge, exercising powers under Section 34 of the Act of 1996, applied the parameters under Section 34 of the Act of 1996 correctly or not.
- 12.** In the facts and circumstances of the present case, challenge to the award passed by the MSME Council was negated by the learned Single Judge by the impugned order.



- 13.** Before the learned Single Judge, the appellant before us, challenged the award on two grounds. Firstly, the respondent was registered as a micro and small industry after the transaction and therefore, the Council under the Act of 2006 did not possess jurisdiction to take up the arbitration. Secondly, the contract from which the disputes arose being a work contract, also did not come within the purview of the Act of 2006.
- 14.** The ground urged before us is that, the Council traversed its powers in directing the calculation of interest by an empanelled chartered valuer and delegating the authority to calculate idle labour charges to such valuer.
- 15.** Records placed on record establish that between 2010 and 2012 the appellant placed four work orders on the respondent. Respondent raised bills on the appellant for the work done. A portion of the bills were paid, leaving a portion unpaid.
- 16.** The respondent approached the Council for settlement of the disputes. Initially reconciliation was attempted. On its failure, Council undertook arbitration.
- 17.** On a reference made to the Council, constituted under the provisions of Section 20 of the Act of 2006, such Council passed an award dated September 18, 2017. After receipt of the request of modification of the clerical and typographical errors in the award dated September 18, 2017, Council made and published an additional award dated October 24, 2017.



- 18.** Contents of the award dated October 24, 2017 are placed before us and it is contended that, the Council exceeded the authority in delegating calculation of the interest and idle labour charges to be quantified by the empanelled chartered valuer.
- 19.** We find from the record that, such contention was not canvassed before the learned Judge, under Section 34 of the Act of 1996. Without entering into the arena as to whether or not any new ground can be canvassed under Section 37 of the Act of 1996, which were not canvassed in the proceeding under Section 34 of the Act of 1996, we deem it prudent to consider such contention on merits.
- 20.** Council, by the award dated October 24, 2017, quantified the principal amount which, the appellant is liable to pay. It also quantified the rate of interest on such principal amount being three times of the bank rate of Reserve Bank of India compounded monthly, under Section 36 of the Act of 2006. It identified the period for which the interest is liable to be paid i.e. from the due date of payment. It further directed the quantification of such interest to be done by the empanelled chartered valuer.
- 21.** In our view, the liability of the appellant to pay interest at the rate on a quantified principal amount was adjudicated upon and pronounced by the award dated October 24, 2017. Council merely delegated the arithmetical calculation on the head of interest to



be done by the empanelled chartered valuer. Empanelled chartered valuer calculated interest in terms of the award dated October 24, 2017. Quantum was notified to the appellant. Nothing is placed before us to establish that such quantification is contrary to the award.

- 22. Juggobundhu Saha (Supra)** was rendered by the Co-ordinate Bench, in a suit for partition. In the facts and circumstances of that case, it was found that the decree of the subordinate Judge was on the basis of an award. It noticed that the source and limits of the arbitrator's authority and the award both in substance and in form must conform to the submission of the dispute to arbitration. It also held that, if the award extends to matters not within the scope of the submission, it was void as regards the portion in excess of the submission. Such factual scenario does not obtain in the present case.
- 23.** Issue as to the liability of the appellant was before the Council. Council quantified the principal amount to be paid by the appellant under the Act of 2006. The appellant is liable to pay interest at the rate three times of the bank rate of RBI compounded on monthly basis which the Council directed. Therefore, such direction by the Council as contained in the award dated October 24, 2017 cannot be said to be de hors the Act of 2006, under which such Council was operating.



24. In view of the discussion above, we find no merit in the present appeal.
25. APO/10/2025 is dismissed without any order as to costs.
26. The Court is informed that a portion of the amount covered under the award stands deposited with the Registrar, Original Side by the appellant.
27. In view of the dismissal of the appeal, respondent is at liberty to withdraw such amount from the Registrar, Original Side.
28. Registrar, Original Side is directed to make over the sum lying to the credit of the present appeal to the respondent along with accrued interest thereon, after deducting necessary charges therefrom. If necessary, Registrar, Original Side, will encash the fixed deposit, if any made, prematurely.
29. Prayer for stay of the judgment and order passed today, is considered and rejected.

(DEBANGSU BASAK, J.)

30. I agree

(MD. SHABBAR RASHIDI, J.)