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IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

CR-6263-2025 (O&M)
Date of decision: 16.01.2026

STATE OF HARYANA AND OTHERS

...Petitioner(s)

VERSUS

KCC BUILDCON PVT. LTD.

...Respondent(s)

CORAM: HON'BLE MR. JUSTICE JASGURPREET SINGH PURI

Present:- Mr. Chirag Wadhwa, DAG, Haryana
for the petitioners.

Mr. Amit Jhanji, Senior Advocate with
Mr. Rajat Khanna, Advocate and
Mr. Vijay Pratap Singh, Advocate
for the respondent.

JASGURPREET SINGH PURI, J. (Oral)

1. The present Civil Revision Petition has been filed under Article 227 of the Constitution of India for setting aside the impugned order dated 08.07.2025 (Annexure P-1) passed by the learned Additional District Judge, Narnaul, vide which the learned Additional District Judge has ordered to pay a sum of Rs.11,27,43,037/- as on 01.07.2025, whereby interest on interest has been allowed, which is against the mandate of award dated 27.12.2016 (Annexure P-2), while deciding calculations of both the parties in Execution Petition No.EXE/28/2021 titled as *KCC Buildcon Private Limited versus State of Haryana and others*.



2. Mr. Chirag Wadhwa, DAG, Haryana submitted that an award was passed against the petitioners-State by the learned Arbitrator and thereafter, objections under Section 34 of the Arbitration and Conciliation Act, 1996 were filed by the petitioners-State, which were dismissed. He further submitted that the respondent had filed an execution application before the learned Additional District Judge, Narnaul and by way of the impugned order dated 08.07.2025 (Annexure P-1), the prayer of the petitioners-State/judgment debtors with regard to the calculation of the outstanding amount has been wrongly decided and therefore, the present petition has been filed challenging the aforesaid order passed by the learned Additional District Judge, Narnaul vide Annexure P-1.

3. Learned State counsel further submitted that in the award which was passed, 12% per annum simple interest on the claims was awarded with effect from 90 days after the expiry of the agreement i.e. 18.04.2012 till the date of the award, with a further direction that if the payment of arbitral award is made within a period of three months from the receipt of a signed copy thereof, then no future interest would be payable, however, if the same is not settled within the aforesaid period of three months, then the claimant shall also be entitled to future interest at the rate of 12% per annum simple interest till the actual date of payment. He further submitted that it is undisputed that the amount has not been paid by the petitioners/judgment debtors to the respondent/deeree-holder at the time of the passing of the impugned order. He also submitted that the present petition has been filed on the ground that when simple interest @ 12% per annum was granted from 90 days after the expiry of the agreement i.e. 18.04.2012 till the date of the award, then after passing of the



award if any interest is to be paid, the same has to be paid on the basis of calculation made on the principal amount and it cannot be calculated on the basis of cumulative sum amount i.e. the principal amount plus interest, which has accrued from the date as aforesaid till the passing of the award because that would amount to interest on interest and therefore, the aforesaid order passed by the learned Additional District Judge, Narnaul vide Annexure P-1 was erroneous as interest on interest cannot be charged.

4. On the other hand, Mr. Amit Jhanji, learned Senior Counsel appearing on behalf of the respondent submitted that the aforesaid issue as to whether the grant of interest would amount to interest on interest, as well as the meaning and scope of the expression “sum” under Section 31(7)(a) of the Arbitration and Conciliation Act, 1996, is no longer *res integra*. In this regard, he referred to the judgment of Hon’ble Supreme Court in **Hyder Consulting (UK) Limited versus Governor, State of Orissa, (2015) 2 SCC 189** to contend that when interest is awarded from an earlier date till the passing of the award, then the interest which has accrued till the passing of the award will merge into the principal amount and therefore, it becomes the sum due under the provisions of Section 31(7)(a) and Section 31(7)(b) of the Arbitration and Conciliation Act, 1996. He also relied upon the judgment passed by this Court in **Quadrant Televentures Limited versus Elevar Digital Infrastructure Private Limited, CR-6626-2024**, decided on **20.08.2025**, wherein the aforesaid judgment of Hon’ble Supreme Court was considered and followed. He also submitted that since the aforesaid issue stands settled by Hon’ble Supreme Court in the aforesaid judgment, the present petition is liable to be dismissed.



5. I have heard the learned counsels for the parties.

6. The only issue involved in the present case is as to whether the interest accrued to the respondent/decreed-holder from the date fixed by the learned Arbitrator till the passing of the award would become a sum amount under the scope of Section 31(7)(a) of the Act as a total sum or not. This issue has been settled by Hon'ble Supreme Court in *Hyder Consulting (UK) Limited's case (Supra)*. Relevant portion of the aforesaid judgment is reproduced as under:-

“26. Section 31(7)(a) of the Act deals with grant of pre-award interest while sub-clause (b) of Section 31(7) of the Act deals with grant of post- award interest. Pre-award interest is to ensure that arbitral proceedings are concluded without unnecessary delay. Longer the proceedings, would be the period attracting interest. Similarly, post-award interest is to ensure speedy payment in compliance of the award. Pre-award interest is at the discretion of Arbitral Tribunal, while the post-award interest on the awarded sum is mandate of statute- the only difference being that of rate of interest to be awarded by the Arbitral Tribunal. In other words, if the Arbitral Tribunal has awarded post-award interest payable from the date of award to the date of payment at a particular rate in its discretion then it will prevail else the party will be entitled to claim post-award interest on the awarded sum at the statutory rate specified in clause (b) of Section 31(7) of the Act, i.e., 18%. Thus, there is a clear distinction in time period and the intended purpose of grant of interest.

27. Section 31(7)(a) employs the words "...the arbitral tribunal may include in the sum for which the award is made interest...". The words "include in the sum" are of utmost



importance. This would mean that pre-award interest is not independent of the "sum" awarded. If in case, the Arbitral Tribunal decides to award interest at the time of making the award, the interest component will not be awarded separately but it shall become part and parcel of the award. An award is thus made in respect of a "sum" which includes within the "sum" component of interest, if awarded.

28. Therefore, for the purposes of an award, there is no distinction between a "sum" with interest, and a "sum" without interest. Once the interest is "included in the sum" for which the award is made, the original sum and the interest component cannot be segregated and be seen independent of each other. The interest component then loses its character of an "interest" and takes the colour of "sum" for which the award is made.

29. There may arise a situation where, the Arbitral Tribunal may not award any amount towards principal claim but award only "interest". This award of interest would itself then become the "sum" for which an award is made under Section 31(7)(a) of the Act. Thus, in a pre-award stage, the legislation seeks to make no distinction between the sum award and the interest component in it.

30. Therefore, I am inclined to hold that the amount awarded under Section 31(7)(a) of the Act, whether with interest or without interest, constitutes a "sum" for which the award is made.

31. Coming now to the post-award interest, Section 31(7)(b) of the Act employs the words, "A sum directed to be paid by an arbitral award...". Sub-clause (b) uses the words "arbitral award" and not the "arbitral tribunal". The arbitral award, as held above, is made in respect of a "sum" which includes the interest. It is, therefore, obvious that what



carries under Section 31(7)(b) of the Act is the "sum directed to be paid by an arbitral award" and not any other amount much less by or under the name "interest". In such situation, it cannot be said that what is being granted under Section 31(7)(b) of the Act is "interest on interest". Interest under sub-clause (b) is granted on the "sum" directed to be paid by an arbitral award wherein the "sum" is nothing more than what is arrived at under sub-clause (a).

32. Therefore, in my view, the expression "grant of interest on interest" while exercising the power under Section 31(7) of the Act does not arise and, therefore, the Arbitral Tribunal is well empowered to grant interest even in the absence of clause in the contract for grant of interest.

33. My aforesaid interpretation of Section 31(7) of the Act is based on three golden rules of interpretation as explained by Justice G.P. Singh - Interpretation of Statute (13th Edition- 2012) where the learned author has said that while interpreting any Statute, language of the provision should be read as it is and the intention of the legislature should be gathered primarily from the language used in the provision meaning thereby that attention should be paid to what has been said as also to what has not been said; second, in selecting out of different interpretations "the Court will adopt that which is just, reasonable, and sensible rather than that which is none of those things" ; and third, when the words of the Statute are clear, plain or unambiguous, i.e., they are reasonably susceptible to only one meaning, the Courts are bound to give effect to that meaning irrespective of the consequence (see pages 50, 64, and 132). I have kept these principles in mind while interpreting Section 31(7) of the Act.



7. Thereafter again, Hon'ble Supreme Court in **Civil Appeal No.3657 of 2022** titled as **"Delhi Airport Metro Express Private Limited versus Delhi Metro Rail Corporation"**, decided on **05.05.2022** has reiterated the aforesaid proposition of law and the relevant portion of the same is reproduced as under:-

"13. It could thus be seen that the majority view of this Court in the case of Hyder Consulting (UK) Limited (supra) is that the sum awarded may include the principal amount and such interest as the Arbitral Tribunal deems fit. It is further held that, if no interest is awarded, the "sum" comprises only the principal amount. The majority judgment held that clause (a) of sub-section (7) of Section 31 of the 1996 Act refers to the total amount or sum for the payment for which the award is made. As such, the amount awarded under clause (a) of sub-section (7) of Section 31 of the 1996 Act would include the principal amount plus the interest amount pendente lite. It was held that the interest to be calculated as per clause (b) of sub-section (7) of Section 31 of the 1996 Act would be on the total sum arrived as aforesaid under clause (a) of sub-section (7) of Section 31 of the 1996 Act. S.A. Bobde, J. in his judgment, has referred to various authorities of this Court as well as Maxwell on the Interpretation of Statutes. He emphasized that the Court must give effect to the plain, clear and unambiguous words of the legislature and it is not for the Courts to add or subtract the words, even though the construction may lead to strange or surprising, unreasonable or unjust or oppressive results."

8. Hon'ble Supreme Court in **Civil Appeal No.3461 of 2025** titled as **M/s Interstate Construction versus National Projects Construction Corporation Limited**", decided on **15.05.2025** has again discussed the aforesaid



proposition of law. The relevant portion of the aforesaid judgment is reproduced as under:-

“44. It has been held that the sum awarded would mean the principal amount plus the interest awarded from the date of cause of action upto the date of the award. The sum awarded in Section 31(7)(a) would mean principal amount plus the interest awarded. Thereafter, as per Section 31(7)(b) of the 1996 Act, the sum (principal amount+interest) would carry further interest at the rate of 2 per cent higher than the current rate of interest prevalent on the date of the award to the date of payment.”

9. The provision of Section 31(7)(a) of the Act is reproduced 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.”

10. This Court also dealt with the aforesaid issue in **Quadrant Televentures Limited's case (Supra)** and observed that there can be no distinction between a ‘sum with interest’ and a ‘sum without interest’. It was specifically observed by Hon’ble Supreme Court in **Hyder Consulting (UK) Limited's case (Supra)** that once the interest is included in the sum for which the award is made, then the original sum and the interest component cannot be segregated and can not be seen independent of each other. It was further



observed that the interest component then loses its character of “interest” and takes the color of “sum” for which the award is made.

11. In view of the aforesaid facts and circumstances, it is very clear that the aforesaid interest, which is to be charged on the principal amount as decided by the learned Arbitrator till the date of the passing of the award, includes not only the principal amount but also the interest accrued thereon so as to constitute a sum due under Section 31(7)(a) of the Arbitration and Conciliation Act, 1996 and therefore, the argument raised by the learned State counsel is misconceived and contrary to the law.

12. Consequently, finding no merit in the present Civil Revision Petition, the same is hereby dismissed.

(JASGURPREET SINGH PURI)
JUDGE

16.01.2026
Chetan Thakur

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No