IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NOS. 8317-8318 OF 2010
[Arising out of SLP(C) No.16599-16600/2010

A.P. STATE TRADING CORPORATION LTD. ....APPELLANT

Versus

G.V. MALLA REDDY & CO. .....RESPONDENT

O R D E R

Mr. M. Vijaya Bhaskar, learned counsel appears on caveat for the respondent. Leave granted. Heard.

2. The arbitrator made an award dated 6.7.1991 allowing claims 1 to 8, 11 and 12 (Note: claims 1,2 and 5 were allowed only in part) and disallowing claims 9, 13 to 20 of the respondent. The arbitrator also granted interest from 10.3.1989 to 6.1.1990 and from the date of award to date of decree at 18% per annum. On the award being challenged, the Civil Court, by judgment dated 19.2.2001 set aside the award on claims 5, 6 and 8. The Civil Court limited the interest awarded (for the periods 10.3.1989 to 6.1.1990 and from date of awarded to date of decree) only in regard to amounts awarded under claims 1 to 4 and 7 and made the award a rule of the Court with further interest at 18% per annum from the date of decree to date of payment on the amounts allowed under claims 1 to 4 and 7. Both

respondent

.....2.

and the appellant challenged the decision of the Civil Court. The High Court, by impugned order dated 30.12.2009, dismissed the appeal and revision filed by the appellant. It allowed the appeal and revision filed by the respondent in part and held that the respondent is entitled to interest from the date of reference to date of award. In other words, in view of the judgment of the High Court, the interest is payable pendente lite and in future at 18% per annum. The said judgment is challenged in these appeals by special leave.

3. The award of the Arbitrator is governed by the Arbitration Act, 1940. This court has been consistently taking a view that in the absence of any specific contract in regard to rate of interest, pendente lite and future interest should not normally exceed 9% per annum. [See *State of Rajasthan & Anr.* Vs. *Ferro Concrete Construction Pvt. Ltd.*, (2009) 12 SCC 1]

4. In view of the above, the appeals are allowed in part and the interest awarded is reduced from 18% to 9% per annum. In all other respects, the judgment of the Civil Court as modified by the High Court is upheld.

......................J.
(R.V. RAVEENDRAN

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New Delhi; ....J.
September 27, 2010. (H.L. GOKHALE)