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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of decision: 23.04.2026

+ ARB.P. 697/2026

M/S GYAN CHAND

.....Petitioner

Through: Mr. Abhishek Pandey and Mr.
Ramesh Pandey, Advocates.

versus

GOVERNMENT OF NCT OF DELHI

.....Respondent

Through: Mr. Pramod Kumar, Panel
Counsel for PWD (GNCTD).

CORAM:

**HON'BLE MR. JUSTICE HARISH VAIDYANATHAN
SHANKAR**

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JUDGEMENT (ORAL)

1. The present Petition has been filed under Section 11 of the Arbitration and Conciliation Act, 1996 [“Act”], seeking appointment of a Sole Arbitrator for adjudication of disputes *inter se* the parties arising out of the Agreement bearing No. 57/EE/SRDProject-1/PWD/2024-2025 dated 19.12.2024 [“Agreement”], as executed between the parties.

2. The material on record reflects that the Agreement stipulates a dispute resolution mechanism, which contemplates reference of disputes thereunder, *inter se* the parties, to Arbitration. The relevant stipulation is contained in Clause 25 of the Agreement [“Arbitration Clause”]. The relevant portion of the same reads as follows:-



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“Clause 25

Settlement of Conciliation and Arbitration.

Except where otherwise provided in the contract, all questions and disputes relating to the meaning of the specifications, designs, drawings and instructions hereinbefore mentioned and as to the quality of workmanship or materials used in the work or as to any other question, claim, right, matter or thing whatsoever in any way arising out of or relating to the contract, designs, drawings, specifications, estimates, instructions, orders or otherwise concerning the works or the execution or failure to execute the same whether arising during the progress of the work or after the cancellation, termination, completion or abandonment thereof shall be dealt with as mentioned hereinafter.

25.1 Conciliation: If the contractor considers any work demanded of him to be outside the requirements of the contract, or disputes any drawing, record or decision given in writing by the Engineer-in-Charge; or if the Engineer-in-Charge considers any act or decision of the contractor on any matter in connection with or arising out of contract or carrying out of the work to be unacceptable and disputed; such party may promptly refer such disputes and amount claimed for each dispute to the conciliator Conciliator (Special Director General or the Additional Director General concerned with the work, as applicable) in the performa prescribed in Appendix XVII mentioned in Schedule F, under intimation to the other party. The Conciliator may then request each party to submit to him a brief written statement describing the disputes and the points at issue. Each party shall send a copy of such statement to the other party. At any stage of the conciliation proceedings, the Conciliator may request a party to submit to him such additional information as he deems appropriate. When it appears to the conciliator that there exists elements of settlement which may be acceptable to the parties, he shall formulate the terms of a possible settlement and submit them to the parties for their observations. After receiving the observations of the parties, he may re-formulate the terms of a possible settlement in the light of such observations. If the parties reach agreement on a settlement of the disputes, they may draw up and sign a written settlement agreement on non-judicial stamp paper as per Stamp Act. The Conciliator shall authenticate the settlement agreement and furnish a copy thereof to each party. The termination of conciliation proceedings shall be in accordance with Section 76 of The Arbitration and Conciliation Act, 1996. No party shall be represented before the said Conciliator by an advocate or legal counsel. The conciliation proceedings shall be completed within 45 days from the receipt of reference. This time may be enlarged by



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15 days by the Conciliator. The conciliation proceedings shall be deemed to have been terminated at the end of 60 days from the receipt of reference.

25.2 Arbitration:

If the aforesaid conciliation proceedings fail or the Conciliator fails to give proposal for settlement within the aforesaid period, either party may promptly give notice in the proforma prescribed in Appendix-XVIII, under intimation to the other party, to the Chief Engineer or the Superintending Engineer concerned with the work (as applicable), hereinafter referred to as the Arbitrator Appointing Authority as indicated in Schedule F, for appointment of Arbitrator.

However, a party may seek appointment of Arbitrator without taking recourse to the process of conciliation mentioned in subclause 25.1 above.

In the event of either party giving a notice to the Arbitrator Appointing Authority for appointment of Arbitrator, the said Authority shall appoint Arbitrator as per the procedure given below and refer such disputes to arbitration.

(a) Number of Arbitrators: If the contract amount is less than Rs.100 crore, the disputes may be referred for adjudication by a sole Arbitrator. If the contract amount is Rs. 100 crore or more, the disputes may be referred to an Arbitral Tribunal of three Arbitrators.

(b) Qualification of Arbitrators: It is a term of this contract that each member of the Arbitral Tribunal shall be Graduate Engineer with experience in execution of public works engineering contracts, and he should have worked earlier at a level not lower than the Chief Engineer (equivalent to level of Joint Secretary to the Government of India).

The aforesaid educational qualification and work experience shall be mandatory for appointment as Arbitrator. The age of Arbitrator at the time of appointment shall not exceed 75 years, An Arbitrator may be appointed notwithstanding the total number of active arbitration cases with him.

(c) Parties to select Arbitrator: Based on the criteria specified above, a list of empanelled Arbitrators has been prepared in PWD and the parties shall have option to select an Arbitrator from the list sent to them.

25.3 Appointment of Sole Arbitrator: The parties may opt for



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appointment of the Arbitrator of the Ministry of Housing and Urban Affairs. In such cases, the party seeking arbitration has to submit an agreement in writing as per Appendix XIX towards waiver of Section 12(5) of the Arbitration and Conciliation Act, 1996 along with the notice for appointment of Arbitrator in the proforma prescribed in Appendix XVIII, under intimation to the other party. The Arbitrator Appointing Authority shall, within 30 days of receipt of the said notice, appoint Arbitrator of the Ministry of Housing and Urban Affairs as Arbitrator in the matter, provided the other party also submits waiver of Section 12(5), ibid in Appendix XIX within 7 days of the receipt of the said notice.

Where any one of the parties does not opt for the Arbitrator of the Ministry of Housing and Urban Affairs, or does not submit the waiver agreement, the Arbitrator Appointing Authority shall propose five Arbitrators from the list of PWD Empanelled Arbitrators to the party seeking arbitration under intimation to the other party within 15 days of receiving the notice. The party seeking arbitration shall give his choice for one of them within 15 days of receiving the list, and the Arbitrator Appointing Authority shall appoint the chosen persons as the Sole Arbitrator within 15 days of the receipt of choice.

It is a term of this arbitration agreement that if the parties fail to select, within the period prescribed above, an Arbitrator of their choice from the list of PWD Empanelled Arbitrators forwarded to them, the Arbitrator Appointing Authority shall himself select and appoint Arbitrator from the said list.

25.4 Appointment of Arbitral Tribunal of three Arbitrators:

The Arbitrator Appointing Authority shall prepare two separate lists of five Arbitrators each from the list of PWD Empanelled Arbitrators, and send one to the party seeking arbitration and other to the responding party, within 15 days of the receipt of notice. The parties will then choose any one Arbitrator from the list provided to them within 15 days of receipt of the list, The Arbitrator Appointing Authority shall then appoint those chosen by the respective parties as Arbitrators and also a third Arbitrator from the list of PWD Empanelled Arbitrators to act as presiding Arbitrator within 15 days of receipt of choice from both the parties.

It is a term of this arbitration agreement that if the parties fail to select, within the period prescribed above, an Arbitrator of their choice from the list of PWD Empanelled Arbitrators forwarded to them, the Arbitrator Appointing Authority shall himself select and appoint Arbitrator from the said list.

25.5 Applicable Law: The provisions of the Arbitration and



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Conciliation Act, 1996 (Act 26 of 1996) and any further statutory modification or re-enactment thereof shall be applicable. Further, the fast-track procedure for arbitration contained in Section 29B of the said Act shall **apply**.

25.6 Fee payable to Arbitrator(s): The fee payable to the arbitral tribunal shall be as-per CPWD OM No.2/2006/SE[TLC/CSO/137 dated 19.11.2019 (or latest amendment),decided by the Competent Authority and shall be shared equally by both the parties.

25.7 Place of Arbitration: The place of arbitration shall preferably be as mentioned in Schedule F.

However, the Arbitral Tribunal may decide the place in consultation with both the parties.

25.8 Terms of reference: The Arbitral Tribunal shall adjudicate on only such disputes as are referred to it by the Arbitrator Appointing Authority and give separate award against each dispute referred to him and shall give reasons for the award in all cases where the total amount of the claim by any party exceeds Rs.1,00,000/-.

25.9 Interest on Arbitration award: It is also a term of this arbitration agreement that where the Arbitral award against any dispute is for the payment of money, no pre-suit and pendent-elite interest shall be payable on any part of the Arbitral award.”

3. The material on record further reflects that the statutory requirement of issuing a Legal Notice under Section 21 of the Act, invoking the aforestated Arbitration Clause, stands duly complied *vide* Legal Notice dated 17.03.2026.

4. At the outset, learned counsel for the parties submit that they are *ad idem* that the disputes, *inter se* the parties, may be referred for adjudication by a Sole Arbitrator.

5. Learned counsel appearing on behalf of the parties would submit that the qualification of the Arbitrator as prescribed in Clause 25.2(b) of the Agreement shall be a Graduate Engineer with experience in execution of public works engineering contracts, and he



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should have worked earlier at a level not lower than the Chief Engineer (equivalent to level of Joint Secretary to the Government of India) and pray that a learned Sole Arbitrator may be appointed who has qualifications corresponding to the conditions as set out in the Agreement.

6. At this juncture, it is apposite to note that the legal position governing the scope and standard of judicial scrutiny under Section 11(6) of the Act is no longer *res integra*. A three-Judge Bench of the Hon'ble Supreme Court in *SBI General Insurance Co. Ltd. v. Krish Spinning*¹, after taking into consideration the authoritative pronouncement of the seven-Judge Bench in *Interplay Between Arbitration Agreements under Arbitration Act, 1996 & Stamp Act, 1899, In re*², comprehensively delineated the contours of judicial intervention at the stage of Section 11 of the Act. The excerpt of *Krish Spg (supra)* reads as under:-

“(c) Judicial interference under the 1996 Act

110. The parties have been conferred with the power to decide and agree on the procedure to be adopted for appointing arbitrators. In cases where the agreed upon procedure fails, the courts have been vested with the power to appoint arbitrators upon the request of a party, to resolve the deadlock between the parties in appointing the arbitrators.

111. Section 11 of the 1996 Act is provided to give effect to the mutual intention of the parties to settle their disputes by arbitration in situations where the parties fail to appoint an arbitrator(s). The parameters of judicial review laid down for Section 8 differ from those prescribed for Section 11. The view taken in **SBP & Co. v. Patel Engg. Ltd., (2005) 8 SCC 618** and affirmed in **Vidya Drolia v. Durga Trading Corpn., (2021) 2 SCC 1** that Sections 8 and 11, respectively, of the 1996 Act are complementary in nature was legislatively overruled by the introduction of Section 11(6-A) in 2015. Thus, although both these provisions intend to compel parties to abide by their mutual intention to arbitrate, yet the scope

¹ (2024) 12 SCC 1

² (2024) 6 SCC 1



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of powers conferred upon the courts under both the sections are different.

112. The difference between Sections 8 and 11, respectively, of the 1996 Act is also evident from the scope of these provisions. Some of these differences are:

112.1. While Section 8 empowers any “judicial authority” to refer the parties to arbitration, under Section 11, the power to refer has been exclusively conferred upon the High Court and the Supreme Court.

112.2. Under Section 37, an appeal lies against the refusal of the judicial authority to refer the parties to arbitration, whereas no such provision for appeal exists for a refusal under Section 11.

112.3. The standard of scrutiny provided under Section 8 is that of prima facie examination of the validity and existence of an arbitration agreement. Whereas, the standard of scrutiny under Section 11 is confined to the examination of the existence of the arbitration agreement.

112.4. During the pendency of an application under Section 8, arbitration may commence or continue and an award can be passed. On the other hand, under Section 11, once there is failure on the part of the parties in appointing the arbitrator as per the agreed procedure and an application is preferred, no arbitration proceedings can commence or continue.

113. The scope of examination under Section 11(6-A) is confined to the existence of an arbitration agreement on the basis of Section 7. The examination of validity of the arbitration agreement is also limited to the requirement of formal validity such as the requirement that the agreement should be in writing.

114. The use of the term “examination” under Section 11(6-A) as distinguished from the use of the term “rule” under Section 16 implies that the scope of enquiry under Section 11(6-A) is limited to a prima facie scrutiny of the existence of the arbitration agreement, and does not include a contested or laborious enquiry, which is left for the Arbitral Tribunal to “rule” under Section 16. The prima facie view on existence of the arbitration agreement taken by the Referral Court does not bind either the Arbitral Tribunal or the Court enforcing the arbitral award.

115. The aforesaid approach serves a twofold purpose — firstly, it allows the Referral Court to weed out non-existent arbitration agreements, and secondly, it protects the jurisdictional competence of the Arbitral Tribunal to rule on the issue of existence of the arbitration agreement in depth.

117. In view of the observations made by this Court in *Interplay Between Arbitration Agreements under the Arbitration Act, 1996 & the Stamp Act, 1899, In re, (2024) 6 SCC 1*, it is clear that the scope of enquiry at the stage of appointment of arbitrator is limited



to the scrutiny of prima facie existence of the arbitration agreement, and nothing else. For this reason, we find it difficult to hold that the observations made in *Vidya Drolia v. Durga Trading Corpn.*, (2021) 2 SCC 1 and adopted in *NTPC Ltd. v. SPML Infra Ltd.*, (2023) 9 SCC 385 that the jurisdiction of the Referral Court when dealing with the issue of “accord and satisfaction” under Section 11 extends to weeding out ex facie non-arbitrable and frivolous disputes would continue to apply despite the subsequent decision in *Interplay Between Arbitration Agreements under the Arbitration Act, 1996 & the Stamp Act, 1899, In re*, (2024) 6 SCC 1.

119. The question of “accord and satisfaction”, being a mixed question of law and fact, comes within the exclusive jurisdiction of the Arbitral Tribunal, if not otherwise agreed upon between the parties. Thus, the negative effect of competence-competence would require that the matter falling within the exclusive domain of the Arbitral Tribunal, should not be looked into by the Referral Court, even for a prima facie determination, before the Arbitral Tribunal first has had the opportunity of looking into it.

120. By referring disputes to arbitration and appointing an arbitrator by exercise of the powers under Section 11, the Referral Court upholds and gives effect to the original understanding of the contracting parties that the specified disputes shall be resolved by arbitration. Mere appointment of the Arbitral Tribunal does not in any way mean that the Referral Court is diluting the sanctity of “accord and satisfaction” or is allowing the claimant to walk back on its contractual undertaking. On the contrary, it ensures that the principle of arbitral autonomy is upheld and the legislative intent of minimum judicial interference in arbitral proceedings is given full effect. Once the Arbitral Tribunal is constituted, it is always open for the defendant to raise the issue of “accord and satisfaction” before it, and only after such an objection is rejected by the Arbitral Tribunal, that the claims raised by the claimant can be adjudicated.

121. Tests like the “eye of the needle” and “ex facie meritless”, although try to minimise the extent of judicial interference, yet they require the Referral Court to examine contested facts and appreciate prima facie evidence (however limited the scope of enquiry may be) and thus are not in conformity with the principles of modern arbitration which place arbitral autonomy and judicial non-interference on the highest pedestal.

122. Appointment of an Arbitral Tribunal at the stage of Section 11 petition also does not mean that the Referral Courts forego any scope of judicial review of the adjudication done by the Arbitral Tribunal. The 1996 Act clearly vests the national courts with the power of subsequent review by which the award passed by an



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arbitrator may be subjected to challenge by any of the parties to the arbitration.

126. The power available to the Referral Courts has to be construed in the light of the fact that no right to appeal is available against any order passed by the Referral Court under Section 11 for either appointing or refusing to appoint an arbitrator. Thus, by delving into the domain of the Arbitral Tribunal at the nascent stage of Section 11, the Referral Courts also run the risk of leaving the claimant in a situation wherein it does not have any forum to approach for the adjudication of its claims, if its Section 11 application is rejected.

127. Section 11 also envisages a time-bound and expeditious disposal of the application for appointment of arbitrator. One of the reasons for this is also the fact that unlike Section 8, once an application under Section 11 is filed, arbitration cannot commence until the Arbitral Tribunal is constituted by the Referral Court. This Court, on various occasions, has given directions to the High Courts for expeditious disposal of pending Section 11 applications. It has also directed the litigating parties to refrain from filing bulky pleadings in matters pertaining to Section 11. Seen thus, if the Referral Courts go into the details of issues pertaining to “accord and satisfaction” and the like, then it would become rather difficult to achieve the objective of expediency and simplification of pleadings.

128. We are also of the view that ex facie frivolity and dishonesty in litigation is an aspect which the Arbitral Tribunal is equally, if not more, capable to decide upon the appreciation of the evidence adduced by the parties. We say so because the Arbitral Tribunal has the benefit of going through all the relevant evidence and pleadings in much more detail than the Referral Court. If the Referral Court is able to see the frivolity in the litigation on the basis of bare minimum pleadings, then it would be incorrect to doubt that the Arbitral Tribunal would not be able to arrive at the same inference, most likely in the first few hearings itself, with the benefit of extensive pleadings and evidentiary material.”

(emphasis supplied)

7. The decision in *Krish Spinning (supra)* thus unequivocally reiterates that the Referral Court, while exercising jurisdiction under Section 11 of the Act, is required to confine itself to a *prima facie* examination of the existence of a valid Arbitration Agreement and nothing beyond. The Court’s role is facilitative and



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procedural, *namely*, to give effect to the parties' agreed mechanism of dispute resolution when it has failed, without embarking upon an adjudication of contentious factual or legal issues, which are reserved for the Arbitral Tribunal.

8. In view of the law as laid down by the Hon'ble Supreme Court in *Krish Spinning (supra)*, the scope of this Court's jurisdiction under Section 11 of the Act is extremely circumscribed. All the contentions sought to be raised herein are matters that can appropriately be urged before the learned Arbitrator, who is legally empowered and competent to adjudicate upon the same.

9. At this stage, having considered the submissions advanced, the material placed on record and the consent accorded by both the parties, this Court is of the view that the disputes between the parties warrant reference to arbitration, and that it would be appropriate to appoint a Sole Arbitrator for adjudication of the disputes *inter se* the parties.

10. Material on record indicates that the valuation of the subject matter of the disputes is stated to be approximately Rs. 50,00,000/-.

11. Accordingly, this Court hereby requests **Mr. Anand Kumar, Chief Engineer, (e-mail : jan11anand@gmail.com and Mobile No. 9716753377)**, to enter upon the reference and adjudicate the disputes *inter se* the parties.

12. The learned Arbitrator may proceed with the arbitration proceedings, subject to furnishing to the parties the requisite disclosures as required under Section 12(2) of the A&C Act.

13. The learned Arbitrator shall be entitled to a fee in accordance with the Fourth Schedule of the A&C Act or as may otherwise be



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agreed to between the parties and the learned Arbitrator.

14. The parties shall share the learned Arbitrator's fee and arbitral costs equally.

15. All rights and contentions of the parties in relation to the claims/counter claims are kept open, to be decided by the learned Arbitrator on their merits, in accordance with law.

16. Needless to state, nothing in this order shall be construed as an expression of opinion of this Court on the merits of the controversy.

17. Let the copy of the said order be sent to the learned Arbitrator through all permissible modes, including electronic mode as well.

18. Accordingly, the present Petition stands disposed of in the aforesaid terms.

HARISH VAIDYANATHAN SHANKAR, J.
APRIL 23, 2026/tk/va