NEUTRAL CITATION
2026:GUJHC:50285-DB

Reserved On : 25/06/2026
Pronounced On : 06/08/2026

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
R/LETTERS PATENT APPEAL NO. 427 of 2026
In R/SPECIAL CIVIL APPLICATION/11824/2023
With
CIVIL APPLICATION (FOR STAY) NO. 1 of 2026
In R/LETTERS PATENT APPEAL NO. 427 of 2026

FOR APPROVAL AND SIGNATURE:

HONOURABLE THE CHIEF JUSTICE MRS. JUSTICE SUNITA AGARWAL
and
HONOURABLE MR.JUSTICE D.N.RAY

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Approved for Reporting	Yes	No
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M/S MAHAKALI FOODS PVT. LTD. (UNIT-2)
Versus
GUJARAT STATE CIVIL SUPPLIES CORPORATION LTD. & ORS.

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Appearance:
MR. MIHIR JOSHI, SR. ADV. WITH MR SAURABH G AMIN(2168) WITH MS. DIMPLE A. THAKER for the Appellant(s) No. 1
MS DIMPLE A THAKER(6838) for the Appellant(s) No. 1
MR. SHALIN MEHTA, SR. ADV. WITH MS. RHES SEWAK, MR. KUNAL VYAS, MR. YASH MODI FOR GANDHI LAW ASSOCIATES(12275) for the Respondent(s) No. 1
MR. SANJAY UDHWANI, ASSISTANT GOVERNMENT PLEADER for the Respondent(s) No. 3,4

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CORAM: **HONOURABLE THE CHIEF JUSTICE MRS. JUSTICE SUNITA AGARWAL**
and
HONOURABLE MR.JUSTICE D.N.RAY

CAV JUDGMENT
(PER : HONOURABLE THE CHIEF JUSTICE MRS. JUSTICE SUNITA AGARWAL)

This intra-court appeal is directed against the judgment and order dated 10.12.2025 passed by the learned single Judge issuing directions to the MSME Council (Madhya Pradesh Micro and Small

Enterprises Facilitation Council), namely the respondent No.2 before the writ court, to adjudicate and decide afresh the claim of the respondent No.1, namely the appellant herein, being communication dated 13.03.2023, by adopting appropriate adjudicatory process and in consonance with the principles of natural justice after giving due and effective hearing to the petitioner, namely the respondent herein and thereafter to pass a reasoned order. While directing so, the learned single Judge has set aside the communication dated 13.04.2023 issued by the Industries Commissioner, MSME Council, Bhopal, M.P. and also the consequential notices dated 29.05.2023 and 28.06.2023 issued by the Collector under Section 200 of the Gujarat Land Revenue Code, 1879.

2. We may note that the present proceedings are arising of an MSME award dated 11.09.2014, whereunder an amount of Rs. 5,21,47,402/- (Rs. 2,22,61,940/- + Rs. 2,98,85,462/-) has been directed to be paid to the appellant herein namely M/s. Mahakali Foods Pvt. Ltd. (award holder) by the original petitioner, namely Gujarat State Civil Supplies Corporation Ltd. (GSCSCL) (award-debtor). A perusal of the operative portion of the award at Page No. '311' of the paper book indicates that in case of non payment of the awarded amount within the time period of 30 days prescribed therein, compound interest with monthly rests as per Section 16 of the Micro, Small and Medium Enterprises Development Act, 2016 (in short' the MSMED Act, 2006) is payable. The award records that it would be open for the aggrieved party to file application under Section 19 in accordance with the provisions of Section 19 of the Act, 2006.

3. The original petitioner, namely (GSCSCL) filed an appeal before the District Court at Gandhinagar by depositing an amount of Rs. 4,34,67,597/- being 75% of the total awarded amount alongwith interest as on 10.12.2014.

4. By order dated 21.10.2015, the District Court, Gandhinagar had allowed the appellant herein, namely M/s. Mahakali Foods Pvt. Ltd., to withdraw the amount of Rs. 2,02,95,940/-, i.e. 50% of the deposited amount towards principal. While permitting withdrawal, in its order dated 21.10.2015, the District Court made observations that "the question of remaining amount would be decided at the time of hearing the application under Section 34 of the Arbitration and Conciliation Act, 1996 filed by the Corporation:".

5. The appeal filed by the petitioner GSCSCL has been dismissed vide order dated 20.08.2018. Being dissatisfied with the order of dismissal of application under Section 19 of MSMED Act, 2006 read with Section 34 of the Arbitration Act, 1996, the petitioner filed appeal under Section 37 of the Act, 1996, which was dismissed vide judgment and order dated 13.11.2019 of this Court. The petitioner filed SLP (Civil) No. 12884 of 2020 wherein the Apex Court has passed the following order :-

> “The balance 25 per cent which has not yet been deposited may be deposited with the Registrar of the High Court of Gujarat within a period of four weeks. Shri Nakul Dewan may thereafter withdraw what is deposited on furnishing a Bank Guarantee of a nationalised Bank to the satisfaction of the Registrar of the High Court.”

6. There is no dispute about the fact that pursuant to the order

dated 27.10.2020 of the Apex Court, the petitioner had deposited the balance 25% of amount towards principal only, to the tune of Rs. 1,44,89,199/- before the Registry of this Court vide receipt No. 244 dated 27.11.2020. It is to be noted here that the balance 25% has not been deposited with up-to-date interest as per the MSME award dated 11.09.2014, whereunder compound interest under Section 16 of the MSMED Act, 2006 is payable to the appellant herein, the award holder.

7. The SLP(C) No. 12884 of 2020 though was converted into Civil Appeal on the leave granted by the Apex Court, but has been dismissed vide judgment and order dated 31.10.2022.

8. The dispute between the parties remained is about the liability of the original petitioner, namely GSCSCL, i.e. the award-debtor, towards the MSME award dated 11.09.2014. It seems that after the conclusion of the proceedings before the Apex Court the award holder, namely M/s. Mahakali Foods Pvt. Ltd. had initiated proceedings for recovery under the arbitral award.

9. It seems that as part of the recovery proceedings,, the original petitioner received a letter from the Mamlatdar, Gandhinagar dated 02.02.2023 for making payment to the appellant herein, namely M/s. Mahakali Foods Pvt. Ltd. A reply was sent by the original petitioner dated 10.02.2023 to the Collector stating that the petitioner had deposited the entire amount towards its liability under the MSME award dated 11.09.2014 under the orders issued by the Courts in the proceedings drawn by the original petitioner to challenge the award and hence, no further payments are due. The Mamlatdar

was requested to close the case.

10. It is stated in the writ petition that it seems that on the letter dated 10.02.2023 of the petitioner, the Collector, Gandhinagar wrote to the MSME Council, Bhopal seeking guidance on closure of the proceedings.

11. However, the petitioner received a letter dated 13.04.2023 from the Industries Commissioner, MSME Council, Bhopal, MP, wherein the Collector, Gandhinagar was directed to recover the amount of Rs. 34,89,19,321/- from the petitioner GSCSCL to be paid to the appellant namely M/s. Mahakali Foods Pvt. Ltd. on the basis of the interest calculation prepared by the Chartered Accountant of the respondent No.1 M/s. Mahakali Foods Pvt. Ltd..

12. It was the case of the petitioner before the writ court that before making calculation towards the outstanding interest communicated to the Collector by letter dated 13.04.2023, the Industries Commissioner, Bhopal, MP had not given opportunity of hearing to the petitioner. The petitioner, therefore, replied to the Secretary MSME vide letter dated 06.05.2023 reporting compliance and that no further amount was due towards the appellant namely M/s. Mahakali Foods Pvt. Ltd.. A copy of the said letter was also sent to the Collector, Gandhinagar and the Mamlatdar, Gandhinagar.

13. It was the case of the petitioner before the writ court that inspite of giving compliance report to the Industries Commissioner, MSME Council, Bhopal, the Collector, Gandhinagar and

Mamlatdar, Gandhinagar issued two separate letters to the petitioner dated 29.05.2023, wherein the Mamlatdar, Gandhinagar issued notice for land Revenue Recovery and at the same time, the Collector, Gandhinagar kept the hearing on 01.06.2023 with regard to the letter dated 13.04.2023 received from the Industries Commissioner, MSME Bhopal, M.P..

14. It was the case of the petitioner, as stated in the writ petition, that the petitioner submitted written submission vide letter dated 12.06.2023 before the Industries Commissioner, MSME, Bhopal, M.P. and also wrote to the Collector, Gandhinagar and Mamlatdar Gandhinagar on 16.06.2023. However, the recovery notice dated 28.06.2023 under Section 200 of the Gujarat Land Revenue Code, 1879 was issued by the Mamlatdar seeking recovery and hence, the petitioner was constrained to approach this Court,.

15. It was the case of the petitioner in the writ petition that the petitioner had already paid the entire outstanding towards the MSME award dated 11.09.2014 as per the prevailing RBI interest rate and the order of the MSME council, Bhopal, MP. The amounts deposited before the District Court under its order and the High Court under the order of the Apex Court satisfies the decree, i.e. the Award. However, the appellant, namely M/s. Mahakali Foods Pvt. Ltd., submitted an application before the MSME Facilitation Council, Bhopal, M.P. on 13.03.2023 for getting amount as per the interest calculation prepared by its Chartered Accountant, upon which without granting any opportunity of hearing, the Industries Commissioner, MSME Council straightway wrote to the Collector to recover the amount communicated by the Chartered Accountant of the appellant to the tune of Rs. 34,89,19,321/- as arrears of the

land revenue. The consequential proceedings with the issuance of the notice dated 28.06.2023 under Section 200 of the Gujarat Land Revenue Code, 1879, thus, were liable to be quashed.

16. We may note from the judgment impugned that the writ court taking note of the communications issued by the Industries Commissioner, MSME and claim of the appellant M/s. Mahalaxmi Foods Pvt. Ltd. for outstanding interest on the awarded amount, agitating that the awarded amount has not been paid to the appellant till date and the interest was still due, has noted that the interest liability is seriously disputed by the petitioner. The learned single Judge further records that it was the duty of the MSME Council to adjudicate the outstanding interest, as claimed by the appellant M/s. Mahalaxmi Foods Pvt. Ltd. by due application of mind accompanied with cogent reasons, more so when Section 16 of the MSMED Act provides for rate of interest and makes the buyer liable for payment of compound interest.

17. The learned single Judge having noticed that the petitioner made deposits towards MSME award before the District Court as well as the High Court and there is a communication from the Collector indicating that the amount in terms of revenue recovery certificate dated 31.12.2024 has been deposited, came to the conclusion that the MSME Council had an onerous responsibility of adjudicating the application preferred by the appellant, namely M/s. Mahalaxmi Foods Pvt. Ltd., for payment of interest, which according to it was due and payable.

18. It was noted by the learned single Judge that the case of the appellant herein is that even though the amount as per award has

been deposited partly in the District Court as well as in the High Court, but since the said amount has yet not been received by the appellant/original respondent No.1 therein, the appellant is entitled for payment of interest on the awarded amount till its actual receipt of the awarded amount by the appellant.

19. The learned single Judge has, thus, concluded that the final amount of interest as claimed by the appellant M/s. Mahalaxmi Foods Pvt. Ltd., is still not quantified by the MSME Council, Bhopal, M.P.. Despite the claim of the award holder, the MSME Council has simply forwarded the certified statement issued by the Chartered Accountant as a post office without any application of mind. The MSME Council has not performed its important part of adjudication to come to a conclusion and quantifying the amount payable by the petitioner since the payment of interest is inseparable part of the award. The communication dated 13.04.2023 of the Industries, Commissioner MSME Council, Bhopal for recovery initiated by the award holder is based upon the calculation made by the Chartered Accountant and blind acceptance of the same is not permissible in law.

20. It was held that the MSME Council was obligated to adjudicate the said claim of the award holder by following the principles of natural justice and was required to hear the petitioner since the post-award interest becomes part and partial of "sum awarded". It was concluded by the learned single Judge that MSME Council could not have abdicated its task of decision making by adjudicating certified statement as issued by the Chartered Accountant in toto without even passing order. If such a course of action is approved, it would undermine the very objective of the

MSMED Act and the Legislative intent.

21. It was, thus, observed in paragraph No. '12' as under :-

> "12. Under the MSMED Act, the unpaid amount as per the award is liable to be recovered as arrears of land revenue, it is, therefore, imperative that such an amount which is liable to be recovered as arrears of land revenue must undergo the process of adjudication for quantification and fixation of the liability to pay. Once the liability to pay is fixed in an adjudicatory process, thereafter it is the duty of the adjudicatory body to quantify such an amount which is liable to be recovered as arrears of land revenue. Once such adjudication takes place and liability is fixed and the amount is quantified, only thereafter the provisions of the Gujarat Land Revenue Code, 1879 could be invoked and the requisite amount can be recovered as arrears of land revenue. In the present case, no such process has been done."

22. It was also noted by the learned single Judge that the revenue authorities, namely the Mamlatdar, Gandhinagar was wrong in straightway issuing notice for attachment with revenue recovery certificate being issued for the said amount. It was imperative upon the revenue authorities before issuing notice to the petitioner that it had arrived at a satisfaction that there was a substantive order of quantification of proper amount after appropriate adjudication. The notice issued by the Mamlatdar, Gandhinagar and the Collector, Gandhinagar under the provisions of the Gujarat Land Revenue Code, 1879 after receipt of the letter of Industries Commissioner, MSME Council without there being any substantive order for such a recovery, cannot be sustained. With this view of the matter, the learned single Judge has reached at the conclusion that the communication dated 13.04.2023 of the Industries Commissioner, MSME and the notice dated 29.05.2023 and 28.06.2023 issued by the revenue authorities are liable to the quashed. The MSME Council, Bhopal, M.P. is directed to

adjudicate and decide afresh the claim of the award holder made by the communication dated 13.04.2023 by adopting adjudicatory process in line with the principles of natural justice.

23. The challenge to the impugned order of the learned single Judge in the present appeal is on various grounds including the maintainability of the writ petition itself. However, during the course of arguments, the learned senior counsel for the parties have confined their arguments on the aspects namely :-

> (i) whether the MSME Council, Bhopal, M.P. still left with any adjudicatory power as to the issue on the satisfaction of the award or the outstanding towards the MSME award dated 11.09.2014 by acting as an executing court;
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> (ii) as to whether the award holder can claim recurring interest over the amount deposited by the award-debtor before the District Court in the proceedings under Section 19 of the MSMED Act, 2006, where 75% of the awarded amount had been deposited with up-to-date compound interest under the MSME award dated 11.09.2014 as per section 16 of the MSMED Act, 2006.

24. We may note, at the outset, that during the course of argument, Mr. Shalin Mehta, the learned senior advocate appearing for the respondent herein/award-debtor/original petitioner has fairly submitted that the deposits made before the Registry of the High Court under the order dated 27.10.2020 of the Apex Court, i.e. balance 25%, had not been deposited alongwith the up-to-date interest. The award-debtor, thus, is liable to pay interest

as per the award towards the balance 25% of the deposited amount. The dispute remains with regard to 75% of the awarded amount deposited by the petitioner alongwith up to date interest on 10.12.2014 before the District Court at Gandhinagar for maintaining application under Section 19 of the MSMED Act, 2006 read with Section 34 of the Arbitration Act, 1996.

25. While dealing with the arguments of the learned senior counsel for the parties about the aforesaid outstanding amount of interest, we would like to answer the first issue first, (i) whether the power rests with the MSME Council to adjudicate upon the claims of the award holder about the outstanding amount as against the MSME award dated 11.09.2014, i.e. in other words, whether the MSME Council has jurisdiction to adjudicate the question of execution of its award within the Scheme of the MSMED Act, 2006 or whether it can adjudicate that the payment made under the award passed by it stands satisfied or not, like an executing court executing decree or award under the Code of Civil Procedure.

26. Ultimately, we have to answer whether the directions issued by the learned single Judge to the MSME Council to undertake adjudicatory process to decide on the outstanding amount as per the claim of the award holder, can be given effect to.

27. To answer the above question, we may go through the Scheme of the MSMED Act, 2006, which is enacted for facilitating the promotion and development and enhancing the competitiveness of micro, small and medium enterprises for matters connected therewith or incidental thereto. Chapter-V of the MSMED Act,

2006 is relevant for our purposes, which contains the provisions for recovery of payments due to micro or small enterprises, defined as 'supplier' under Section 2(n) of the Act, 2006. Sections 15 to 20 and Section 24 contained in Chapter-V, relevant for our purposes are quoted hereinunder :-

> "**15.Liability of buyer to make payment.—**Where any supplier supplies any goods or renders any services to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or, where there is no agreement in this behalf, before the appointed day:
>
> Provided that in no case the period agreed upon between the supplier and the buyer in writing shall exceed forty-five days from the day of acceptance or the day of deemed acceptance.
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> **16.Date from which and rate at which interest is payable.—** Where any buyer fails to make payment of the amount to the supplier, as required under section 15, the buyer shall, notwithstanding anything contained in any agreement between the buyer and the supplier or in any law for the time being in force, be liable to pay compound interest with monthly rests to the supplier on that amount from the appointed day or, as the case may be, from the date immediately following the date agreed upon, at three times of the bank rate notified by the Reserve Bank.
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> **17. Recovery of amount due.**—For any goods supplied or services rendered by the supplier, the buyer shall be liable to pay the amount with interest thereon as provided under section 16.
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> **18.Reference to Micro and Small Enterprises Facilitation Council.—**(1) Notwithstanding anything contained in any other law for the time being in force, any party to a dispute may, with regard to any amount due under section 17, make a reference to the Micro and Small Enterprises Facilitation Council.
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> (2) On receipt of a reference under sub-section (1), the Council shall either itself conduct mediation itself or refer the matter to any mediation service provider as provided under the Mediation Act, 2023.
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> (3) The conduct of mediation under this Section shall be as per the provisions of the Mediation Act, 2023.
>
> (4) Where the mediation initiated under sub-section (3) is not successful and stands terminated without any settlement between the parties, the Council shall either itself take up the dispute for

arbitration or refer it to any institution or centre providing alternate dispute resolution services for such arbitration and the provisions of the Arbitration and Conciliation Act, 1996 (26 of 1996) shall, then apply to the dispute as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section(1) of section 7 of that Act.

(5) Notwithstanding anything contained in any other law for the time being in force, the Micro and Small Enterprises Facilitation Council or the centre providing alternate dispute resolution services shall have jurisdiction to act as an Arbitrator or Mediator under this section in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India.

19.Application for setting aside decree, award or order.—No application for setting aside any decree, award or other order made either by the Council itself or by any institution or centre providing alternate dispute resolution services to which a reference is made by the Council, shall be entertained by any court unless the appellant (not being a supplier) has deposited with it seventy-five per cent of the amount in terms of the decree, award or, as the case may be, the other order in the manner directed by such court:

Provided that pending disposal of the application to set aside the decree, award or order, the court shall order that such percentage of the amount deposited shall be paid to the supplier, as it considers reasonable under the circumstances of the case, subject to such conditions as it deems necessary to impose.

20.Establishment of Micro and Small Enterprises Facilitation Council.—The State Government shall, by notification, establish one or more Micro and Small Enterprises Facilitation Councils, at such places, exercising such jurisdiction and for such areas, as may be specified in the notification."

"24.Overriding effect.—The provisions of sections 15 to 23 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force."

28. Sections 15 to 18 provides for the liability of a 'buyer', defined in Section 2(d) as, 'whoever buys any goods or receives any services from a supplier for consideration'. Section 15 provides for a time line within which the buyer has to make payment to the supplier. Section 16 further provides the consequences of failure to make payment to the supplier as required under Section 15 and imposes liability upon the buyer to pay compound interest with

monthly rests at three times of the bank rate notified by the Reserve Bank to the supplier on the due amount from the appointed day defined in Section 2(b) of the Act, 2006, or as the case may be, from the date immediately falling the date agreed upon. Section 17 provides for the liability of the buyer to pay the amount with interest as provided under Section 16, for any goods supplied or services rendered by the supplier.

29. Section 18 provides mechanism for determination of any dispute with regard to any amount due under Section 17, by making a reference to Micro and Small Enterprises Facilitation Council (in short referred to as 'the MSME Council'). As provided in sub-section(2) of Section 18, on receipt of a reference under sub-section(1), the Council is required to conduct conciliation either by itself or seek assistance of any institution or center providing alternative dispute resolution services (ADR services) by making reference to such institution or center for conducting conciliation. In a case where the conciliation initiated under sub-section(2) is not successful and no settlement is arrived at, the Council shall take up the dispute for arbitration either by itself or refer to any institution or center providing services for arbitration.

30. In such arbitration proceedings, then the provisions of the Arbitration and Conciliation Act, 1996 shall apply to the dispute, as if the arbitration was in pursuance of an arbitration agreement referred to in sub-section(1) of Section 7 of the Arbitration Act, 1996. Sub-section(4) of Section 18 of the Act, 2006 categorically gives overriding power confering jurisediction upon the MSME Council or the center providing ADR services, to act as an Arbitrator or Conciliator under Section 18 in a dispute depending upon location of the supplier though the buyer may be located

anywhere in India. Sub-section(5) provides the time line of 90 days within which the reference made under Section 18 is to be decided.

31. Section 19 provides remedy to the person aggrieved against any decree, award or order made by the MSME Council or by any institution or center providing alternative dispute resolution services, to which a reference is made by the Council. It is provided that no such challenge will be entertained unless the appellant (not being a supplier) has deposited 75% of the amount in terms of the decree or award, as the case may be, before the Court wherein challenge is brought, in the manner directed.

32. Sections 20 and 21, as contained in Chapter-V of the MSMED Act, 2006, provide for establishment and composition of the MSME Council. Sections 22 and 23, as such, are not of any relevance for us. Section 24 gives overriding effect to the provisions of Sections 15 to 23 as contained in Chapter-V of the MSMED Act, 2006.

33. Apart from the above, there are no other provisions which would guide or confer powers on the MSME Council to conduct any other proceeding other than the reference proceedings under Section 18 for conciliation and arbitration in case of failure of conciliation with regard to any dispute relating to the amount due under Section 17 towards the buyer.

34. From a careful reading of Section 18(3) of the MSMED Act, 2006, it may be noted that where the dispute is referred for the arbitration by the MSME Council, and taken up by the Council or any institution or center providing ADR for such arbitration, the said dispute shall be adjudicated in accordance with the provisions of the Arbitration and Conciliation Act, 1996. The provisions of the

Arbitration and Conciliation Act, 1996 are applicable in so far as they are not inconsistent with the provisions of Sections 15 to 21 of the MSMED Act, 2006, which have been given overriding effect to any other law by virtue of Section 24 of the MSMED Act, 2006. Sub-section(4) of Section 18 which starts with a Non-abstante clause confers jurisdiction upon the MSME Council in a departure from the general provisions of the Arbitration and Conciliation Act, 1996, as to the jurisdiction of the arbitrator appointed under the said Act which is generally governed by the agreement between the parties to the dispute.

35. The challenge to the award, decree or order made by the MSME Council or the institution referred to by it, will lie only as per Section 19 of the MSMED Act, 2006, where the grounds of challenge would be same as are available under Section 34 of the Arbitration and Conciliation Act, 1996.

36. In the Civil Appeal filed by the respondent herein/original petitioner against the judgment and order dated 13.11.2019 passed by this Court, vide reported judgment and order dated 31.10.2022, namely **Gujarat State Civil Supplies Corporation v/s. Mahakali Foods Pvt. Ltd. [(2023) 6 SCC 401],** the Apex Court has asnwered the question as to whether the provisions of Chapter-V of the MSMED Act, 2006 would have the effect overriding the provisions of the 1996 Act.

37. It was considered that the MSMED Act, 2006 was enacted, for promotion and development of Micro, Small and Medium Enterprises. It has repealed the "Interest on Delayed Payments to Small Scale and Ancillary Industrial Undertakings Act, 1993", where the small enterprises had to file suit and to follow the

contractual terms as contained in the arbitration agreement for the recovery of their dues.

38. Chapter-V pertains to the delayed payments to micro and small enterprises and the provisions of Sections 15 to 20 and 24 were considered therein to record that :-

> (i) Chapter-V is "parties specific", inasmuch as, the party, i.e. "a buyer' and "supplier" as defined under Section 2(d) and Section 2(n); respectively, are governed under the said Chapter.
>
> (ii) Specific provision is made fastening the liability on the buyer to make payment of the dues of the supplier, in respect of the goods supplied or services rendered to the buyer, as also the liability to pay compound interest at three times of the bank rate notified by the Reserve Bank, if buyer fails to make payment within the prescribed time limit. The said liability to pay the compound interest is irrespective of any agreement between the parties or of any law for the time being in force.
>
> (iii) A dedicated statutory forum, i.e. Micro and Small Enterprises Facilitation Council (MSME Counsel) is established to enable any party to a dispute with regard to any amount due under Section 17, to make a reference to the MSME Council.
>
> (iv) A specific procedure has been prescribed to be followed by the MSME Council once the reference is made to it by any party to the dispute.

(v) The Facilitation Council or the Center providing ADR services has been conferred with the jurisdiction to act as an Arbitrator or a Conciliator under sub-section(4) of Section 18, notwithstanding anything contained in any other law for the time being in force, in a dispute between the supplier located within the jurisdiction of the MSME Council.

(vi) The provisions of the Arbitration Act, 1996 have been made applicable to the dispute only after the Conciliation initiated under sub-section(2) of Section 18 does not succeed and stands terminated without any settlement between the parties.

(vii) Sub-section(1) and sub-section(4) of Sectino 18 start with *non obstante* clause gives an effect overriding the other law for the time being in force,

(viii) As per Section 24, the provisions of Sections 15 to 23 have been given overriding effect, in case of any inconsistency with the provisions contained in any other law for the time being in force.

39. The result is that any dispute with regard to non-payment of any amount due under Section 17, about the liability of the buyer to make payment for any goods or services rendered by the supplier within the meaning of the MSMED Act, 2006, such dispute is to be referred to the MSME Council, as against any other provisions of law for the time being in force. Once reference is made, the dispute is to be dealt with by the MSME Council, acting as a Counciliator and Arbitrator, if conciliation fails, as per the Scheme

of Section 18 of the MSMED Act, 2006. The *non obstante* clause in sub-section(4) of Section 18 empowers the MSME council or the center providing ADR services having jurisdiction to adjudicate the dispute between the supplier located within its jurisdiction and the buyer located anywhere in India, as an Arbitrator or Conciliator under the said Section.

40. It is further noted by the Apex Court in **Gujarat State Civil Supplies Corporation (supra)**, that as against the provisions of the MSMED Act, 2006 which are specific to the nature of dispute and the parties, the provisions of Arbitration Act, 1996 are general provisions, as the Arbitration Act, 1996 has been enacted with an object to consolidate and amend the law relating to domestic arbitration, international commercial arbitration and enforcement of the foreign awards and further to define the law relating to the conciliation. The main objectives amongst others of the Act, 1996 is to make provisions for an arbitral procedure which is effective, efficient and capable to meet the needs to specific arbitration and to minimise the supervisory role of the Courts of arbitral process, as also to promote the arbitral tribunal to use mediation, conciliation or other procedures during the arbitral proceedings for the settlement of disputes etc..

41. It was noted that having regard to the entire Scheme of the Arbitration Act, 1996, it appears to be a general law relating to the domestic arbitration, international commercial arbitration and for conciliation. It does not specify any specific dispute or specific class or category of persons to whom the Act, 1996 shall apply, as against the MSMED Act, 2006. The MSMED Act, 2006 is a special law governing specific nature of disputes arising between the specific categories of persons and the Arbitration Act, 1996

being a general law, the provisions of MSMED Act, 2006 would have precedents over or prevail over the Arbitration Act, 1996.

42. It was further noted that even if the Arbitration Act, 1996 is treated as a special law govering the arbitration proceedings, then also the MSMED Act, 2006 having been enacted subsequently in point of time, i.e. in the year 2006, would have an overriding effect, more particularly in view of Section 24 of the MSMED Act, 2006, which specifically gives an overriding effect to the provisions of Sections 15 to 23 of the said Act over any other law for the time being force, which would also include the Arbitration Act, 1996. Thus, it was concluded that considering the overall purposes, objects and scheme of the MSMED Act, 2006 and the unambiguous expressions used therein, the provisions of Chapter-V of the MSMED Act, 2006 shall have an effect overriding the provisions of the Arbitration Act, 1996.

43. In light of the abovenoted law laid down by the Apex Court, while going through Chapter-V of the MSMED Act, 2006, we may note that the MSMED Act, 2006 provides a specific procedure of adjudication of dispute through a specific forum, namely the MSME Council, but does not confer any power upon the MSME Council to enforce its own award or to adjudicate any dispute relating to the post-award payment made under the award declared by it.

44. Since the provisions of the Arbitration and Conciliation Act, 1996 apply to the disputes adjudicated by the MSME Council as per the provisions of sub-section(3) of Section 18, we may note that with the declaration of the final arbitral award by the MSME Council, as pe**r sub-section(1) and sub-section(**3) of Section 32 of the Arbitration Act, 1996, the arbitral proceedings shall be

terminated subject to Section 33 and sub-section(4) of Section 34 and the mandate of the arbitral tribunal (MSME Council) shall also be terminated with the termination of the arbitral proceedings. The result is that the only jurisdiction left with the MSME Council is to make corrections in the award or interpreting award or make an additional award in accordance with Section 33 of the Act, 1996.

45. Upon a challenge to the MSME award under Section 19 of the MSMED Act, 2006, the provisions of sub-section(4) of Section 34 of the Arbitration Act, 1996 shall apply where the MSME Council being the arbitral tribunal will have to act further as per the provisions contained therein.

46. In other words, the interplay of the Arbitration Act, 1996 and the MSMED Act, 2006 will enable the MSME council established under the MSMED Act, 2006 to act as an Arbitrator and to render the arbitral award in a proceeding which will be governed by the Arbitration and Conciliation Act, 1996.

47. However, apart from making an arbitral award in accordance with the provisions of the Arbitration Act, 1996, the MSME Council has not been conferred any power or jurisdiction to deal with any dispute in relation to enforcement of the award, so as to see that the award rendered is duly enforced.

48. Such a course has also not been provided to the arbitral tribunals constituted under the Act, 1996, inasmuch as, enforcement of the arbitral award under the Act, 1996 is within the jurisdiction of the Civil Court of competent jurisdiction, inasmuch as, the award rendered under the Arbitration and Conciliation Act, 1996 has been held to be enforced in accordance with the

provisions of the Code of Civil Procedure, as if the decree of the Court, under Section 36 as contained in Chapter VIII of the Arbitration and Conciliation Act, 1996.

49. In any case, no ADR institution even under the general law of the Arbitration and Conciliation Act, 1996 has been conferred with the powers to enforce its own award. We are, thus, of the opinion that once the arbitral award has been made by the MSME Council or the ADR institutions on a reference made by the MSME Council, with the termination of the arbitral proceedings, the MSME Council or the ADR institutions, as the case may be, becomes *functus officio*, and cannot be approached to adjudicate any dispute arising between the parties at the post-award stage. The MSMED Act, 2006 being a special enactment providing specific mechanism to enable the party to a dispute with regard any amount due under Section 17 by making a reference to MSME Council, in absence of any specific provision conferring powers or jurisdiction upon the MSME Council to enforce its award or order, in our considered opinion, after declaration of the award or order passed by the Council, the MSME Council will have no jurisdiction to entertain any application seeking for enforcement of the award or adjudication on the issue as to whether the payments made under the award satisfying the award passed by it.

50. In view of the above, we arrive at an irresistible conclusion that the directions issued by the learned single Judge to the MSME Council to adjudicate the claim of the award holder raised by the application dated 13.03.2023, on the question of post-award interest by following the principles of natural justice, cannot be given effect to. The learned single Judge has missed out the Scheme of the MSMED Act, 2006 and the interplay of the MSMED

Act, 2006 and the Arbitration and Conciliation Act, 1996 while concluding that the MSME Council had abdicated its task of decision making by adjudicating certified statement of the Chartered Accountant of the appellant and that if such a course of action is approved, it would undermine the very object of the MSMED Act, 2006 and the Legislative intent.

51. In view of the above, the first question posed by us about the jurisdiction of the MSME Council to adjudicate upon the question of enforcement of award or the outstanding towards the MSME award by acting as an executing court, is answered in negative.

52. It seems that for the reason that the MSME Council is not empowered to adjudicate of any dispute pertaining to the outstanding amount under its award at the post-award stage, the communication dated 13.04.2023 was sent by the Industries Commissioner, MSME Council, Bhopal simply forwarding the application of the award holder based on the calculation made by the Chartered Accountant without any adjudication on the same. A perusal of the communication dated 13.04.2023 sent by the Industries Commissioner, MSME Council, Bhopal indicates that it only refers to the decision in the Special Leave to Appeal No. 12884 of 2020 filed by the respondents/original petitioner herein and that the award holder has provided copy of the award dated 11.09.2014, the order of the Apex Court dated 31.10.2022 with the Chartered Accountant certificate dated 24.03.2023, which was duly forwarded to the Collector, Gandhinagar therein. The said communication further records the amount deposited by the award-debtor in this High Court on 23.12.2020 and the claim of the appellant that the deposited amount was not received by him. The said communication further writes to the Collector to see that the

payments claimed by the appellant (award holder) in the computation sheet prepared by the Chartered Accountant dated 24.03.2023 uptill 31.03.2023, are paid in accordance with law.

53. However, it seems that the said communication was treated as a final word on the payment due to the award holder/appellant herein from the Industries Commissioner, MSME Council, which has led to issuance of notice dated 29.05.2023 and 28.06.2023 from the office of the Mamlatdar and Collector for recovery under Section 200 of the Gujarat Land Revenue Code, 1879, and resulted in filling of the writ petition by the award-debtor seeking for quashing of the communication dated 13.04.2023 issued by the Industries Commissioner, MSME Council, Bhopal and the consequential notices issued by the Mamlatdar, Gandhinagar for recovery.

54. Having held that the MSME Council became *functus officio* with the termination of the arbitral proceedings after declaration of the award dated 11.09.2014 and there is no adjudicatory powers with the MSME Council to adjudicate upon the post-award dispute raised herein by the award holder with respect to the post-award interest on the awarded amount deposited before the District Court in the appeal under Section 17 of the MSMED Act, 2006, we proceed to deal with the second issue namely, "whether the award holder can claim recurring interest over the amount deposited by the award holder before the District Court in the proceedings under Section 19 of the MSMED Act, 2006, where 75% of the awarded amount has been deposited with up to date compound interest under the MSME award dated 11.09.2014 as per Section 16 of the MSMED Act, 2006".

55. On the second issue, Mr. Mihir Joshi, the learned senior counsel for the appellant heavily relied upon the decision of the Apex Court in **P.S.L. Ramanathan Chettiar and Others v/s. O.R.M.P.R.M. Ramanathan Chettiar [(1968) SCC OnLine 28]** to submit that the deposit in the appellate court to maintain the application under Section 19 of the MSMED Act, 2006 were not available to the appellant herein, namely the award holder. The submission is that the Apex Court in **P.S.L. Ramanathan Chettiar (supra)** has specifically rejected the contention of the judgment-debtor therein that the decree holder cannot claim any amount by way of interest after the deposit of money in Court. It was held therein that because of the deposit in the said case, which was not unconditional and the decree holder was not free to withdraw it whenever he liked even after the deposit of the amount and further in case he wanted to do so, he has to give security in terms of the order of the court, the deposit was not in terms of Order XXI Rule 1, CPC and as such, there was no question of stoppage of interest after the deposit.

56. It was vehemently argued that three Judges Bench of the Apex Court was dealing with two conflicting decisions on the issue namely; one view that the amount deposited in the Court was primarily a deposit of security rather than a deposit of a decreetal debt and the decree-holder can not claim it as his own unless the judgment-debtor fails fails to satisfy the decree by payment of the money under the decree. It was observed therein that depositing a sum in the Court by the judgment-debtor to purchase peace by way of stay of execution of decree on terms that the decree holder can draw it on furnishing security, does not pass title to the money to the decree holder. He can, if likes, take the money out in terms of the order, but so long he does not do it, there is nothing to prevent

the judgment-debtor from taking it out by furnishing security, say, of immovable property, if the Court allows him to do so and on his losing the appeal putting the decreetal amount in Court in terms of Order XXI Rule 1, CPC in satisfaction of the decree.

57. The real effect of deposit of money in the Court, as was done in the said case, was to put the money beyond the reach of the parties pending disposal of the appeal. The decree holder could only take it out on furnishing security which means that the payment was not in satisfaction of the decree and the decree could be proceeded against by the judgment-debtor in case of his success in the appeal. Pending determination of the same, it was beyond the reach of the judgment-debtor. Consequently, the decree holder could not be deprived of money which has been put into the Court to obtain the stay of the execution of the decree as but for the order the decree- holder could have levied execution and obtain satisfaction of the decree even before the disposal of the appeal.

58. Another view noticed therein was that the decree had become satisfied by payment of money into the Court. It was opined that the effect of the order directing stay of the execution on the terms of a deposit being made was that "the money was paid into Court to give security to the plaintiff that in the event of their succeeding in the appeal, the should obtain the fruits of their success" and "the money which was paid into the Court belonged to the appellant who might be eventually found entitled to the sum".

59. The Apex Court in **P.S.L. Ramanathan Chettiar (supra)**, however, upheld the first view that the deposit of the money in court to obtain stay of the execution of the decree and the deposited money was available to the decree-holder on furnishing

security in terms of the order, but the deposit was not in terms of Order XXI Rule 1, CPC and as such, there was no question of stoppage of interest after deposit.

60. Relying on the principle laid down in the said decision, it was vehemently argued by the learned senior counsel for the appellant that deposits made by the award- debtor (original petitioner) were not available to the appellant (award holder) and hence, the award-debtor cannot argue that the decree to the extent of deposits made by it to maintain the application under Section 19 would be treated as part satisfaction of the decree. It was argued that the deposits made by the award- debtor not being in terms of the Order XXI Rule 1, CPC, i.e. the amount not being available to the award holder, the interest even after the deposit and the conditional reference of the part amount would accrue on the unpaid amount towards the award to the award holder.

61. It is submitted that the said view has been followed by the Gujarat High Court in **MCA No. 1 of 2018 in R/First Appeal No. 2817 of 2010 (Gujarat State Electricity Corporation Limited v/s. Multiplex Trading & Industrial Company Ltd.)** decided on 02.11.2018.

62. Relying upon the decision of the Apex Court in **Delhi Development Authority v/s. Bhai Sardar Singh and Sons** [**(2023) 17 SCC 671]**, the contentions about the accrual of interest upon the deposited amount of 75% by the award-debtor to maintain the application under Section 19 of the MSMED Act, 2006, are reiterated.

63. It was submitted that the Division Bench judgment of the

Delhi High Court in **Delhi Development Authority v/s. Bhai Sardar Singh & Sons [2009 (109) DRJ 384 (DB)** was subject matter of challenge before the Apex Court in **Delhi Development Authority (supra)**, wherein it was held that the act of making payment to the decree holder under Order XXI Rule 1 requires a positive act. Mere deposit of the decree amount in a Court other than an executing court can never amount to payment. The real effect of deposit of money in the Court is to pay the money beyond the reach of the parties pending the disposal of the appeal. The amount lying in deposit in the disposed appeal is not a deposit made in the executing court and the deposit as a condition for grant of stay for execution of the decree does not stop interest running from the date of deposit. The submissions of the judgment-debtor that the mere deposit of the amount in the appeal resulted in the stoppage of accrual of any further interest from the date of deposit, was held meritless.

64. The Division Bench of the Delhi High Court has relied on the decision of the Apex Court in **P.S.L. Ramanathan Chettiar (surpa)** while noticing that the amount deposited in appeal therein was not released to the decree holder and it was lying deposited in the deposits of appeal, which could not be construed as proper payment made to the decree holder.

65. It may be noted that the deposits were made therein in an appeal preferred against the order of dismissal of objections by the learned single Judge therein. The appellate court in an interim application stayed the execution of the decree subject to the appellant depositing the amount due and payable under the decree within a period of four weeks. During the pendency of the appeal, the respondent moved an interim application to seek withdrawal of

the amount deposited by the appellant. The counsel for the appellant repeatedly sought time to file objections to the said application of the respondent. While the application seeking withdrawal of the deposited amount remained pending, the appeal was eventually allowed and the impugned judgment of rejection of appellant's objection to the award, was set aside. The appellate court held that the objections to the award ought to have been considered by the Court. The objections were revived and the learned single Judge therein was directed to decide the objections afresh according to law. It was noted that no order was passed on the application of the respondent for withdrawal of the deposited amount and obviously when the appeal was allowed and the objections were rejected, there was no question of withdrawal of the deposited amount by the respondent therein. Ultimately, the objections preferred by the appellant before the learned single Judge, were also dismissed.

66. Consequently, the respondent was held to be entitled to receive the awarded amount with interest w.e.f. the date of making of the award. The award therein was, thus, affirmed with the only variation with regard to the rate of interest granted in favour of the respondent therein, with the condition that the concession granted to the appellant in the rate of interest would be available upon the amount being paid within six weeks from the date of the judgment.

67. In light of these facts, it was noted by the Division Bench that the appellant did not intimate the Court about the amount deposited in appeal at the time when the learned single Judge has finally rejected its objection and held the respondent entitled to payment of awarded amount. Since the amount deposited in appeal was not available to the respondent and it was not paid to

him towards the award, the appellant cannot claim that the interest in terms of decree had stopped running from the date of deposit.

68. The Division Bench ultimately held that the respondent will be entitled to payment of only so much of the amount lying in deposit in the Court, as is necessary to satisfy the decree in favour of the respondent for the awarded amount + interest with effect from the date mentioned in the award upto the date of release of the amount in favour of the respondent after taking into account the amount released in terms of the interim order. However, the balance amount, if any, deposited in the Court shall be released to the appellant. These directions contained in the order whereunder the respondent has been held entitled to the decreetal amount with interest uptill the date of the order passed on 27.04.2006 was modified by the Apex Court and the respondent has been held entitled to interest from the date mentioned in the award till the final payment made under the judgment and order dated 15.07.2005 passed by the learned single Judge rejecting the objections of the appellant and holding the respondent entitled to the decreetal amount/awarded amount.

69. Further reliance is placed on the decision of the Division Bench judgment of the Delhi High Court in **Engineering Projects (India) Ltd. v/s. Arvind Construction Company Ltd. [2009 (111) DRJ 364 (DB)]** to submit that it is held by the Division Bench therein that the deposit of the decreetal amount by the judgment-debtor as a condition for obtaining the stay of decree, could not be treated at par with the payment to the decree-holder and the interest continues to run against the judgment-debtor till the decree holder actually receives the money. It was argued that the Division Bench of the Delhi High Court relying upon the P.S.L.

Ramanathan Chettiar (supra) has held therein that the deposit in Court has to be before the Court which has to execute the decree. The executing court is the Court which has passed the decree and not the appellate court.

70. Further reliance is placed on the decision of the Delhi Court in **Hindustan Construction Corpn. v/s. Delhi Development Authority [2002 (65) DRJ 43]** to submit that the payment under Order XXI Rule 1, CPC satisfies a decree holder whereas the deposit in the Court to avoid execution, which keeps the amount beyond the reach of the decree holder, i.e. the amount deposited for obtaining the stay is not payment to the decree-holder in terms of Order Xxi Rule 1, CPC and as such, the decree-holder will be well within his right to claim interest from the date of the award till the date of payment in terms of the orders passed by the Courts in his favour.

71. Mr. Shalin Mehta, the learned senior counsel appearing for the respondent herein, namely the original petitioner, in rebuttal, would rely on the Constitution Bench decision of the Apex Court in **Gurpreet Singh v/s. Union of India [(2006) 8 SCC 457]**, to submit that it is held therein that one of the mode for paying the money under the decree is deposit of the amount in the Court. Where the money was paid into the Court by the judgment-debtor in satisfaction of a decree, the interest on the decree will cease from the date of payment in proportion to the amount paid, although such amount may not in fact be the whole amount due under the decree. While considering the object and reasons for amendment in Order XXI Rule 1, CPC under the Amendment Act No. 104 of 1976, it is held therein that the Legislative intent in enacting the said sub-rule(4) and sub-rule(5) under Order XXI is

clear that interest should cease on the deposit being made and or on the notice being tendered outside the Court in the manner provided under Order XXI Rule 1, CPC. Much emphasis has been laid on the observations in paragraph No. '27' of the decision of the Constitution Bench in **Gurpreet Singh (supra)**, to submit that it is held therein that the position regarding execution of money decree has become clear in light of the amendments to Order XXI Rule 1, CPC the Act No. 104 of 1976 to hold that there was no obligation on the judgment-debtor to pay interest on that part of the principal which he has already paid or deposited.

72. Further reliance has been placed on the decision of the Apex court in **Himachal Pradesh Housing and Urban Development Authority and Another v/s. Ranjit Singh Rana [(2012) 4 SCC 505]**, to assert that considering the Scheme of Arbitration and Conciliation Act, 1996 therein on the issue of post-award interest under Section 31(7)(b), it was held therein that where the entire awarded amount has been deposited in the Court, the said date would be the date of payment under the award within the meaning of Section 37(1)(b) which would mean that the liability arising under the award stands extinguished. It signifies satisfaction of the award and that the deposit of the amount into the Court is nothing but a payment to the credit of the decree-holder. It was held that once the awarded amount was deposited in the High Court in the proceedings under Section 34(3) of the Arbitration Act, 1996, the liability of post-award interest from the date of deposit shall cease. No further interest shall be paid to the award-holder from the date of deposit.

73. Further, relying upon the decision of the Apex Court in **Union of India and Another v/s. M.P. Trading and Investment**

RAC. Corporation Limited [(2016) 16 SCC 699], it was submitted that the sole dispute before the Apex Court was with regard to the payment of interest when the proceedings under Section 34 of the Arbitration Act, 1996 was pending before the High court. In the said case, in the matters pending before the High Court, there was a direction to deposit the principal amount before the High Court, which was duly deposited and subsequently on the request made by the respondent therein, the Court had directed the deposits to be made as a fixed deposit in the Nationalised bank. Ultimately, application under Section 34 was dismissed and the award-holder/appellant pleaded that once the amount is deposited in the Court, there was no law to pay the interest in terms of the award. The decision of the Apex Court in **Ranjit Singh Rana (supra)** was considered therein to note the meaning of the word “payment” under Section 37(1)(b) and the decision therein that the deposit made in the Court signifies satisfaction of the award. It was held that since the entire amount had not been deposited by the award-holder, the award-holder shall be entitled to interest as per award from the date of the award till the principal amount was deposited in the High Court and that the respondent shall be entitled to only to the interest accrued on the principle amount in terms of the fixed deposit made as per the directions of the High Court. However, the respondent shall also be entitled to interest in terms of the award on the balance awarded amount which the appellant fails to deposit in the Court, as per the award.

74. Reliance is further placed on the Division Bench judgment of Delhi High Court in **PCL STICCO (JV) v/s. National Highways Authority of India (2025:DHC3296-DB)** dated 05.05.2025, wherein it was observed that the judgment-debtor had deposited

the amount in the Court and the award-holder had due notice of the deposit made by the judgment-debtor. However, the judgment-debtor had not secured any order interjecting or preventing the award holder from withdrawing the said amount.

75. In view of the above, it was held that the interest on the amount deposited would stop running with effect from the date of deposit in the Court.

76. Reliance is further placed on the decision of the Delhi High Court in **Ramacivil India Constructions Pvt. Ltd. v/s. UOI (2024 SCC OnLine Del 4899]** to submit that it is held by the Delhi High Court that the date of deposit of the awarded amount in the Court by the judgment-debtor is the date when the interest liability would stop and the decree-holder is not entitled to interest on the amount deposited by the judgment debtor before the Court in terms of the order, except to the extent of the fixed deposit interest with the amount as earned between the date of such deposit and the date when it was released to the petitioner. No additional interest on the said amount as per the award under enforcement, can be granted to the petitioner.

77. It was, thus, argued by the learned senior counsel for the respondent that the claim of the appellant for payment of interest on the 75% of the awarded amount deposited in the appellate court under Section 19 application, satisfies the award and no further interest is payable as the interest would stop running on the date of deposit. However, on the remaining 25% wherein only principal amount has been deposited in the High Court under the order of the Apex Court, the liability of interest as per Section 16 of the MSMED Act, 2006 as post-award interest under the arbitral award

dated 11.09.2014, would continue to accrue and the respondent is liable to pay interest on the principal amount to the said extent.

78. Considering all the submissions of the learned senior counsels appearing for the parties, we have to remind ourselves, at this juncture, that we have noticed the interplay of the MSMED Act, 2006 (a special Act for special purpose with special remedy) and the Arbitration and Conciliation Act, 1996, governing the arbitral proceedings conducted by the MSME Council in accordance with sub-sections (3) and (4) of Section 18 of the MSMED Act, 2006, once the conciliation between the parties fail. We have reached at the opinion that the MSME Council established under the MSMED Act, 2006 shall act as an Arbitrator rendering the award in a proceeding which will be governed by the Arbitration and Conciliation Act, 1996. However, apart from making arbitral award in accordance with the provisions of the Arbitration Act, 1996, the MSME Council has not been conferred any power or jurisdiction to deal with any dispute in relation to the enforcement of the award, i.e. to examine whether the award rendered by it is duly enforced or not.

79. Keeping in mind the above, when we look to the provisions of Sections 15 to 17 of the MSMED Act, 2006, we find that the compound interest with monthly rests payable to the supplier, shall accrue from the date of failure of the buyer to make payment of the amount to the supplier as required under Section 15. Section 15, as contained in Chapter-V, with the title “delayed payments to the micro and small enterprises” provides that where any supplier, supplies any goods or renders any service to any buyer, the buyer shall make payment therefor on or before the date agreed upon between him and the supplier in writing or where there is no

agreement in this behalf, before the appointed date. Proviso to Section 15 further states that in no case the period agreed upon between the supplier and the buyer in writing shall exceed 45 days from the date of acceptance or the date of deemed acceptance. The "appointed date" as been defined in Section 2(b) means the date falling immediately after the expiry of the period of 15 days from the date of acceptance or the date of deemed acceptance of goods or any service by a buyer from a supplier. Explanation to Section 2(b) further clarifies that :-

> "Explanation.—For the purposes of this clause,—
> (i) "the day of acceptance" means,—
> (a) the day of the actual delivery of goods or the rendering of services; or
> (b) where any objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day on which such objection is removed by the supplier;
> (ii) "the day of deemed acceptance" means, where no objection is made in writing by the buyer regarding acceptance of goods or services within fifteen days from the day of the delivery of goods or the rendering of services, the day of the actual delivery of goods or the rendering of services;

80. Section 16, however, provides the consequence of failure to discharge the liability of buyer to make payment to the supplier as per Section 15 and contains non-obstante clause providing that in case of failure to make payment of the amount to the supplier as required under Section 15, notwithstanding anything contained in any agreement between the buyer and the supplier or any law for the time being in force, the buyer shall be liable to pay compound interest with monthly rests at three times of the bank rate notified by the Reserve bank to the supplier on the amount from the appointed day or as the case may be, from the date immediately falling the date agreed upon.

81. It is, thus, evident that the compound interest liability as provided in Section 16 would only incur in case of failure on the part of the buyer to make payment of amount to the supplier as required under Section 15.

82. In the instant case, there was a dispute with regard to the payments claimed by the supplier and the determination has been made only under the award dated 11.09.2014. The post-award interest liability as per Section 16 of the MSMED Act, 2006 has been laid upon the award-debtor by the Arbitrator, namely the MSME Council under the award dated 11.09.2014, which means that the liability of compound interest at the rate prescribed in Section 16 would incur upon the awarded amount in case of failure to make payment of the said amount to the supplier, by the buyer.

83. In the instant case, the buyer, namely the award-debtor, had challenged the MSME Council award dated 11.09.2014 by filing an application under Section 19 within the prescribed time while complying with the conditions of making deposits in the Court under Section 19 by depositing 75% of amount amount in terms of the decree/award. There is no dispute about the fact that the deposits made under the MSME award dated 11.09.2014 by the award holder in the Court as on 10.12.2014, were in accordance with the statutory provisions incorporated in Section 19 and in satisfaction of the Court. Proviso to Section 19 further confers discretion upon the Court dealing with the application under Section 19 to order for such percentage of the amount deposited, to be paid to the award holder/supplier, as it considers reasonable under the circumstances of the case, and subject to such conditions as it deems necessary to impose.

84. In the instant case, the appeal was presented by the original petitioner, namely GSCSCL before the District Court at Gandhinagar by depositing 75% of the total awarded amount alongwith interest as on 10.12.2014. The District Court, Gandhinagar vide order dated 21.10.2015 has permitted the appellant award holder to withdraw 50% of the deposited amount towards the principal and while permitting withdrawal, it was observed in the order dated 21.10.2015 that the question of remaining amount would be decided at the time of hearing of the application under Section 34 of the Arbitration Act, 1996 filed by the Corporation (GSCSCL). The said amount, thus, remained deposited in the Court in Section 19 proceedings. The challenge further continues in an appeal under Section 37 filed by the petitioner (GSCSCL) before this Court and further in the Special Leave Petition before the Apex Court, wherein further direction was issued to deposit the balance 25% of the awarded amount before the Registry of this High Court, while permitting the award holder to withdraw the said deposited amount on furnishing bank guarantee of any Nationalised bank to the satisfaction of the Registry of the High Court.

85. However, the fact remains that the 75% of the deposits made in the application under Section 19 of the MSMED Act, 2006 were to the satisfaction of the Court, and 75% of the total awarded amount with up-to-date interest was deposited by the award debtor while challenging the validity/correctness of the award. In this scenario, the circumstances of failure of the buyer (award-debtor) to make payment to the supplier (award-holder) as contemplated in Section 16 of the MSMED Act, 2006, to further incur the compound interest as per the said provision, would not arise. In other words, there is no occasion of failure on the part of the buyer (award-

debtor) to make payment to the supplier, namely the award holder, so as to incur further liability to pay compound interest as per Section 16 of the MSMED Act, 2006 beyond the date of deposits in the Court. The MSME award has levied Section 16 interest in favour of the award-holder from the date when the amount was due towards the buyer (award-debtor) till the date of actual payment. However, once the buyer or the award-debtor had deposited 75% of the total awarded amount with up-to-date interest, the “interest clock” on the said deposited amount would stop running.

86. At this stage, we may also refer to the provisions of Section 31(7)(b) of the Arbitration Act, 1996 with regard to the post-award interest liability. In **Ranjit Singh Rana (supra)** and **M.P.Trading and Investment Co. (supra)**, on the issue of post-award interest under Section 31(7)(b), the Apex Court has held that the date of deposit of the awarded amount in the Court would be the date of payment under the Award within the meaning of Section 31(7)(b) which would mean that the liability arising under the award stands extinguished. It is held that the deposits signify satisfaction of the award and that the deposit of the amount into the Court is nothing but a payment to the credit of the decree holder; the liability of post-award interest from the date of deposit shall cease.

87. In light of the above, all the above noted decisions relied upon by the learned Senior Counsel for the appellant (award-holder) on the interpretation of the provisions of Order XXI Rule 1, CPC, re: execution of the money decree and liability of post-award interest beyond the date of deposit into the Court, on the premise that the deposited amount was not available to the appellant (award-holder), are inapplicable in the present case where the interest liability is governed by the specific provisions of Section 16

of the MSMED Act, 2006, which is a special enactment. In other words, the ratio of law laid down by the Apex Court interpreting general law of execution of a money decree under Order XXI Rule 1, CPC cannot be applied to interpret the special provisions of the MSMED Act, 2006, re: post-award interest liability of the award-debtor.

88. However, as regards 25% of the remaining amount, since only the principal amount has been deposited under the order of the Apex Court, the liability of interest as per the MSME award dated 11.09.2014 would accrue on the said deposited amount.

89. The interest liability towards 25% of the principal amount deposited in the High Court, thus, has to be computed by the office of the Collector after giving opportunity to both the parties to present their computation sheets, as per the award dated 11.09.2014 and the recovery certificate be accordingly issued, in case the award-debtor fails to make payment to the award-holder upon final determination.

90. In other words, the recovery proceedings for the unpaid amount, as per the observations made hereinabove, shall be conducted by the office of the Collector strictly in accordance with law only after determination of the said unpaid amount after giving notice and opportunity to both the parties.

91. For the sake of clarity, it is noted that all amounts deposited in the District Court, Gandhinagar and the High Court under the orders of the said courts have already been withdrawn by the award-holder.

92. With the above, while modifying the directions contained in the judgment and order dated 10.12.2025 of the learned single Judge to the above extent, the impugned letters/communications dated 13.04.2023 issued by the Industries Commissioner, MSME Council, Bhopal and the notices dated 29.05.2022 and 28.06.2023 issued by the office of the Collector and Mamlatdar, Gandhinagar, are hereby quashed.

93. The writ petition stands allowed to the above extent. The office of the Collector is required to conduct the recovery proceedings afresh strictly in accordance with the directions given hereinabove.

94. The appeal stands disposed of subject to the observations and directions contained hereinabove. The Civil Application (for stay) stands disposed of, accordingly.

(SUNITA AGARWAL, CJ)

(D.N.RAY,J)

C.M. JOSHI/pps