

Scope of interference under Section 34 and Section 37 of the Arbitration Act is extremely limited, and the Court does not sit in appeal over the findings of the Arbitrator and cannot re-appreciate evidence or substitute its own interpretation merely because another view is possible

The **High Court of Chhattisgarh** in the case of **South Eastern Coalfields Limited vs M.K. Chatterjee [ARBA No. 27 of 2018] dated April 07, 2026**, has ruled that the Arbitrator is the final authority on facts as well as interpretation of contract, unless the view taken is wholly unreasonable or beyond the scope of the contract. Thus, the scope of interference under Section 34 and Section 37 of the Arbitration Act is extremely limited, and the Court does not sit in appeal over the findings of the Arbitrator and cannot re-appreciate evidence or substitute its own interpretation merely because another view is possible. Interference is permissible only when the award is vitiated by patent illegality, perversity, or is in conflict with the fundamental policy of Indian law or the most basic notions of justice or morality.

The Court found that the Sole Arbitrator minutely examined the entire material available on record, including oral and documentary evidence, and rendered a reasoned award. Further, the Commercial Court rightly found that the cause of action arose on June 30, 1994, which was the extended period of contract, and the respondent invoked the arbitration clause on July 27, 1996, which was within three years from the date when the cause of action arose.

Further, the Court noted that the Arbitrator did not ignore the vital/substantial evidence led by the parties and minutely appreciated the oral and documentary evidence, deciding every claim as per the evidence and entitlement of the respondent company. There is nothing on record to demonstrate that the Arbitrator has ignored vital evidence, taken into account irrelevant material, or rendered findings which are so arbitrary or irrational that no reasonable person would arrive at such conclusions.

The award reflects a plausible and reasoned view based on the material before the Arbitrator, and no valid ground was raised by the appellants which provides under Sections 34 and 37 of the Arbitration Act, added the Court.

Thus, in light of the principles laid down by the Supreme Court in *Associate Builders vs. Delhi Development Authority [(2015) 3 SCC 49]*, the Court said that the Court cannot interfere with an arbitral award merely on the ground that another interpretation is possible or that the evidence could have been appreciated differently. The Arbitrator is the final authority on facts as well as interpretation of contract, unless the view taken is wholly unreasonable or beyond the scope of the contract.

The Court explained that the Commercial Court has rightly recorded its finding that reasons mentioned by the Sole Arbitrator were genuine and the approach of the Arbitrator is neither arbitrary nor capricious. The award is well reasoned and is in great detail on the basis of material facts and the finding rendered by it are those which fall within the terms and conditions of the contract. The findings of the Sole Arbitrator do not suffer from any patent illegality.