

**GOVERNMENT OF INDIA
ROAD TRANSPORT AND HIGHWAYS
LOK SABHA**

STARRED QUESTION NO:109
ANSWERED ON:08.08.2011
DISPUTES/ARBITRATION CASES IN NH PROJECTS
Kodikunnil Shri Suresh;Mani Shri Jose K.

Will the Minister of ROAD TRANSPORT AND HIGHWAYS be pleased to state:

- (a) whether several National Highway (NH) Projects under implementation are embroiled in court cases / arbitration;
- (b) if so, the amount locked up and the number of cases pending in courts / arbitration tribunals alongwith the steps taken by the Government / NHAI to resolve such disputes expeditiously;
- (c) whether it is proposed to institutionalise a mechanism to deal with such disputes / arbitration cases; and
- (d) if so, the details thereof?

Answer

THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS (DR. C.P. JOSHI)

(a) to (d) A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 109 TO BE ANSWERED ON 8TH AUGUST, 2011 ASKED BY SHRI JOSE K. MANI AND SHRI KODIKUNNIL SURESH REGARDING DISPUTES / ARBITRATION CASES IN NH PROJECTS.

(a) Yes, Madam.

(b) to (d) As on 31-7-2011, an amount of Rs 879.08 crores has been involved in 541 number of disputes pending in Courts. The amount involved in disputes pending in Arbitral Tribunals is Rs. 10,226.65 crores, for a total of 1105 disputes.

There is a strategic action plan to control such disputes for proper execution of National Highway (NH) projects. In this regard, the Prime Minister's Office had appointed a Committee headed by Shri B.K. Chaturvedi, Member-Planning Commission for revised strategy for implementation of National Highways Development Project (NHDP). The recommendations of Chaturvedi Committee were vetted by Solicitor General of India (SGI). The matter was approved by National Highways Authority of India (NHAI) Board and later by Empowered Group of Ministers (EGoM). Brief details of report / decision are as follows:

i) One time settlement of pending disputes may be offered to contractors adopting a bucket-based approach to drop all Category A cases (amount claimed is less than Rs.10 crores or 5% of contract price whichever is lower) after a review on case-to-case basis by an Independent Expert Group consisting of retired High Court Judge (Head of the Committee), a retired Deputy Comptroller & Auditor General, a former Vigilance Commissioner and a Technical Expert of high integrity.

ii) NHAI may carefully review the cases other than category A in general. The award of Arbitral Tribunal may be accepted in category B cases (amount involved is between Rs.10 crores to Rs.100 crores).

iii) Accountability and credibility of Disputes Resolution Board (DRB) recommendations may be ensured by way of a test check by a technical team.

iv) The time for DRB recommendation may be raised to 84 days (existing period is 56 days) and that of referring DRB recommendation to Arbitration to 60 days (existing 28 days).

v) Review of Detailed Project Report (DPR) may be made more intensive.

vi) Cost associated with time extension may be duly quantified.

vii) General conditions and COPA (Conditions of Particular Applications) may be standardized.