

GOVERNMENT OF INDIA
MINISTRY OF ROAD TRANSPORT AND HIGHWAYS

LOK SABHA
STARRED QUESTION NO. 355
ANSWERED ON 12TH DECEMBER, 2019

ARBITRATION CLAIMS

*355. SHRI SYED IMTIAZ JALEEL:
SHRI ASADUDDIN OWAISI:

Will the Minister of ROAD TRANSPORT AND HIGHWAYS

सड़क परिवहन और राजमार्ग मंत्री

be pleased to state:

- (a) whether a large number of arbitration cases are going on with claims of huge amounts specially in road construction sector/highway builders and concessionaires involved in road projects and if so, the details thereof;
- (b) whether in some cases the claims are exorbitant;
- (c) if so, the details thereof along with the reasons therefor;
- (d) the number of such cases resolved and cases pending as on date along with the total amount claimed by developers as arbitration claim; and
- (e) the steps taken/being taken by the Government to minimise such cases and save costs?

ANSWER

THE MINISTER OF ROAD TRANSPORT AND HIGHWAYS

(SHRI NITIN JAIRAM GADKARI)

- (a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 355 FOR ANSWER ON 12.12.2019 ASKED BY SHRI SYED IMTIAZ JALEEL AND SHRI ASADUDDIN OWAISI REGARDING ARBITRATION CLAIMS.

(a) to (d) 318 arbitration cases are ongoing with a claim amount of about Rs. 78653.00 crore. There are few cases where the amount of claim raised by the Contractor/ Concessionaire is more than the total project cost. Main reasons of invocation of arbitration are compensation for delay in handing over of land, damages due to Change in Scope, loss incurred on account of extended stay in the project, delay in distribution of grant/annuity payment, change in law, additional interest paid to lenders, interest on delayed payments, non-achievement of project milestones etc. Award has been published in 694 nos. of arbitration cases, out of which 293 have been settled so far.

(e) Government has resolved that work will not be awarded where 80% of encumbrance free land is not made available for the project. Alternate dispute resolutions through Committee of Conciliation by Independent Experts are constituted to avoid Arbitration.
