

**LOK SABHA
UNSTARRED QUESTION No. 1173
TO BE ANSWERED ON 10TH FEBRUARY, 2020**

Expert Committee on Disputes

**1173 : SHRI SYED IMTIAZ JALEEL
SHRI ASADUDDIN OWAISI**

पेट्रोलियम एवं प्राकृतिक गैस मंत्री

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) Whether oil and gas sector in the country have been affected hard by disputes from cost recovery to production targets leading to arbitration;
- (b) If so, whether the Government has decided to set up an Expert Committee for time-bound resolution on exploration and production disputes;
- (c) If so, the details thereof and the terms and conditions of the panel; and
- (d) the extent to which this step of the Government is likely to minimize the arbitration and save the cost to oil and gas sector?

ANSWER

पेट्रोलियम एवं प्राकृतिक गैस मंत्री (धर्मन्द्र प्रधान)

**MINISTER OF PETROLEUM & NATURAL GAS
(SHRI DHARMENDRA PRADHAN)**

(a) to (c): To increase exploration activities, attract domestic and foreign investment and to promote ease of doing business, Government vide Notification dated 28.02.2019 decided to constitute a Committee of External Eminent Persons/Experts for dispute resolution. Pursuant to decision, Government vide Notification dated 16.12.2019 constituted a Committee comprising three External Eminent Persons/Experts for dispute resolution.

Salient terms and conditions of the Committee are as under:-

- i. Tenure of Members: The tenure of the members of the Committee shall be three years.
- ii. Powers and Functions of Members: The Committee shall exercise all powers and discharge all functions necessary for carrying out conciliation and mediation proceedings for resolution of the disputes between the parties as per the provisions of the Arbitration and Conciliation Act, 1996 and endeavor that the parties arrive at a Settlement Agreement within three months from the date of the first meeting of the Committee.
- iii. The Committee acting as conciliator or mediator may take services of third party/expert agency to aid and assist it in discharge of its functions as and when required.

- iv. Any dispute or difference arising out of a contract relating to exploration blocks/ fields of India can be referred to the Committee, if both parties to the contract agree in writing for conciliation or mediation and further agree to not invoke arbitration proceedings thereafter.
- v. Upon receipt of a request referring dispute for resolution, the Committee shall conduct the conciliation/ mediation proceedings. The proceedings shall be based on the principles of fairness, justice and good conscience. For procedural aspect, the Committee may take assistance of the principles and regulation as mentioned in Part III of the Arbitration and Conciliation Act, 1996.
- vi. The parties will represent their case before the Committee acting as conciliators or mediators only through their employees or executives. Advocates or Consultants shall not participate in the conciliation proceedings, unless the Committee on application filed by a party to the proceedings finds that some issue of legal nature or an issue requiring highly specialized knowledge is in dispute requiring clarification/interpretation by an Advocate or Consultant and takes a view that in absence of such assistance or participation the party's interests shall not be adequately represented in the conciliation or mediation proceedings.
- vii. Parties shall not claim any interest on claims and counter-claims from date of notice for conciliation or mediation till execution of the Settlement Agreement, if so arrived at.
- viii. All costs and expenses incurred on the conciliation or mediation proceedings before the Committee including fees of the members of the Committee, third party/expert agency shall be borne equally by the parties. However, the party requesting for engagement of an Advocate or Consultant shall bear the fees charged by such Advocate or Consultant.
- ix. Pendency of arbitral or judicial proceedings shall not constitute any bar on commencement of conciliation or mediation proceedings before the Committee, even if the conciliation or mediation proceedings are on the same subject matter/issue as the arbitral or judicial proceedings.

(d) Setting up of the Panel/Committee is likely to reduce the arbitration and save the cost to oil and gas sector through Conciliation or Mediation proceedings by the Committee, if both parties to the contract agree in writing for conciliation or mediation and further agree not to invoke arbitration proceedings further.
