

No.RW/NH-11052/17/93-DO 1

Dated, the 26th July, 1993

To

The Secretaries of the Public Works Departments of all States/Union Territories

Subject: Award of Arbitration in respect of National Highway works- acceptance regarding

I am directed to say that it has come to the notice of this Ministry that one of the State Public Works Departments has filed an appeal in the High Court against the award of arbitration in respect of a World Bank Project without the knowledge of the Ministry. As the legal proceedings take a considerable time leading to increase in interest liability of the Government, the State Government was asked to arrive at an out of Court negotiated settlement.

2. In order to avoid such situations, it has been decided that whenever any arbitration award is made in respect of a National Highway work, this Ministry must be informed of the position immediately. As a general rule, an arbitration award should be accepted by the State Government concerned unless there is a ground for setting aside the award as specified in Section 30 of the Arbitration Act, 1940. However, if the State Government considers it necessary to go in for appeal against the arbitration award, it should be done only after due consultation and obtaining approval of this Ministry giving adequate and valid reasons. This is particularly important in respect of the World Bank/ADB Projects,

130/83

in view of the unambiguous wording in the contract conditions that "the decision of the arbitrators shall be final and binding as may be determined by the arbitrators".

3. The above policy guidelines may please be brought to the notice of all concerned in your Department for strict compliance and responsibility may be fixed on the erring officials, in case of non-compliance of the above instructions.