

I/6748/2022

F. No. 11/22/2021-Th.II
Government of India
(Bharat Sarkar)
Ministry of Power
(Vidyut Mantralay)

Shram Shakti Bhawan, Rafi Marg
New Delhi, the May, 2022

OFFICE MEMORANDUM

Subject: Dispute Resolution through Conciliation for Contractual Disputes in Projects implemented by CPSUs / Statutory Bodies under the administrative control of Ministry of Power – Induction of the coal-mining expert Member in the CCIE – regarding.

In terms of this Ministry's Office Memorandum of even number dated 29.12.2021 (**Annex-I**), three nos. Conciliation Committee of Independent Experts (CCIE) were constituted vide this Ministry's OM of even number dated 22.03.2022 (**Annex-II**) for conciliation of contractual disputes of CPSUs / Statutory Bodies under Ministry of Power executing power projects.

2. Keeping in view the demand of thermal sector CPSU / entities, the aforesaid OM dated 29.12.2021 was amended to the extent to provide for empanelment of a coal-mining sector expert Member in the existing CCIE(s), vide this Ministry's OM of even number dated 29.04.2022 (**Annex-III**).

3. In view of above, Shri Tapas Kumar Nag, Ex-CMD, NCL is empanelled as coal-mining expert Member in the CCIE(s).

4. The coal-mining expert Member shall function as per the Standard Operating Procedure enumerated in the CCIE guidelines issued vide OM of even number dated 29.12.2021 read with OM of even number dated 29.04.2022. Moreover, the tenure, remuneration and other terms and conditions of the engagement of Shri Nag shall also be governed by the same OM dated 29.12.2021.

This issues with the approval of competent authority.

(R. P. Pradhan)
Director

1. Chairperson, CEA
2. Chairperson, CWC
3. CMDs / Chairman(s) of all the CPSUs / Statutory Bodies / Autonomous Bodies under the Ministry of Power

Copy to:

1. PS to Hon'ble Minister of Power & NRE

2. PS to HMoS for Power
3. Sr. PPS to Secretary (Power)
4. Sr. PPS to As (SKG) / Sr. PPS to AS (VKD)/ Sr. PPS to AS & FA
5. PPS to All Joint Secretaries in Ministry of Power
6. PPS to EA
7. All Directors / Deputy Secretaries / Under Secretaries / Deputy Directors, MoP

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Government of India
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Ministry of Power
(Vidyut Mantralay)

Shram Shakti Bhawan, Rafi Marg,
New Delhi, Dated 29th December, 2021

OFFICE MEMORANDUM

Subject: Dispute Resolution through Conciliation for Contractual Disputes in Projects implemented by CPSUs / Statutory Bodies under the administrative control of Ministry of Power – Constitution of Conciliation Committee of Independent Experts (CCIE) – Reg.

CPSUs / Statutory Bodies (Developer) executing power projects, have been raising concerns that the present modalities of dispute resolution are not adequate to expeditiously and effectively address the disputes between the Developer and the Contractors. The delay in resolution of such contractual disputes has been identified as one of the major reasons impacting timely completion of power sector projects. The existing mechanism of dispute resolution through Dispute Resolution Boards or Arbitration Tribunal often takes considerable time, which leads to sub-optimal cash flow for the contractors and in time and cost overrun of the projects.

In this context, a Committee of Board Level Officers of CPSUs was constituted to study the field level issues and the difficulties in resolving the issues. The Committee submitted its report, which was deliberated upon in this Ministry in consultation with Central Electricity Authority and the CPSUs. It was observed that several disputes have been arising under the contracts which are not only involving exorbitant legal costs, but also causing diversion of precious human resources of both parties involved in disputes. Early amicable resolution of these disputes is in the interest of all the stakeholders.

2. After careful consideration, Government of India in the Ministry Power have decided to constitute Conciliation Committees of Independent Experts (CCIE), for settlement of disputes arising in contracts of CPSUs / Statutory Bodies executing power projects. There shall be three CCIEs. Each CCIE shall have three members having high level of integrity and proven track record. The Members shall be appointed from amongst the following categories:-

- I. Former Officers of the rank of Secretary / Additional Secretary to the Govt. of India.
- II. Sector Experts having substantial domain knowledge of project development and O&M of power projects.
- III. Experts in Finance with experience in senior positions of Financial Institutions.

Provided that one of the members in each CCIE should be from the category mentioned at 2(II) above i.e. Sector Expert having substantial domain knowledge of project development and O&M of power projects.



3. Broad Terms and Conditions:

3.1 The panel of the Independent Experts shall remain valid for a period of three years from the date of its formation and the validity of panel can be extended but not beyond total tenure of 5 years. Depending on the response from the contesting parties and the work-load, the number of panels may be suitably increased from time to time.

3.2 Each member of CCIE would be paid a sum of Rs. 50,000/- as sitting fee per sitting. In addition, Rs. 5,000/- per sitting will be paid for local transport charges for each day of proceeding. The conciliation proceedings shall be completed in each case through 5 sittings in a period of not more than three months from the date the reference made to the CCIE. In exceptional cases, if any dispute so merits, the time period may be extended at the discretion of Conciliation Committee (with reasons to be recorded in writing), for a further period of three months. In case, a particular dispute requires more than 5 sittings, the same may be held at the discretion of the CCIE but with a cap on payment of fee for 5 sittings only. The local transport charges shall, however, be paid as provided for each day of sitting beyond the 5 sittings. The CCIE shall hold day to day sitting at a suitable place (preferably the headquarter of the Developer or New Delhi) and may hold as many sittings every month as it deems appropriate keeping in view the volume of work. All expenditure incurred on the conciliation proceedings including payment of fees to the Conciliators, office space, logistic, secretarial assistance and other incidental expenses etc. shall be borne by the Developer CPSE/Statutory Body initially. Thereafter it shall be shared equally by both parties on completion of the conciliation process.

3.3. There shall not be any conflict of interest for the members of the CCIE due to their past assignments. Individuals appointed as CCIE members shall submit an undertaking in this regard. It shall be ensured that they have not been engaged for providing any services to any of the parties i.e. either Developer organisation or the Contractor in the last five years.

3.4. The procedure of CCIE shall not be treated as alternate arbitration proceedings where both parties come with Statement of claims/defence, arguments/counter arguments, rejoinders, written submissions etc., aided by their respective lawyers. The forum of CCIE is a conciliation forum, where mutual give and take constitutes the essence, rather than strict legal positions of the parties. Hence, the parties are expected to be brief and to the point before the committee with regard to their respective stance and view the exercise in the spirit of conciliation / settlement.

4. Standard Operating Procedure:

4.1 On receipt of a reference from the Contractor for conciliation of dispute, the concerned Head of Project (Developer) shall send a communication within 7 working days thereby inviting the Contractor to depute a team of their representatives to interact with the Contract Department (Developer). The template of the communication is enclosed at Annex, which may be modified as per requirement.

4.2 The Contract Department (Developer) will obtain the details and examine the correspondence of either parties relating to disputes, normally within 30 days. They may hold discussions with the team of Contractor and Head of Project to crystallise the issues; prepare the agenda containing the gist on each dispute and set up suitable meetings in an effort to