

1. Background

SAIL has undergone modernization in the past some years making heavy investments to increase capacity, upgrade technology, enhance quality and produce more varieties of steel. For this, SAIL had entered into a large number of contracts which are progressively reaching the stage of closure. During the contract period various disputes have arisen which need to be resolved. The contract provides for dispute resolution mechanism i.e. Amicable Settlement, Conciliation and Arbitration. However, it is observed that the same takes not only a long time but considerable money is also spent, yet one of the parties remains aggrieved.

It is with this background in mind that this Scheme is been brought out, under which the parties may voluntarily submit themselves to avail resolution of disputes prior to resorting to Arbitration/Judicial proceedings under guidance of Experts in various fields relating to contracts. It is believed that the parties in dispute will make best use of this Scheme for early and cheaper disposal of the Contractual/Commercial disputes pending on date as well as those arising in future. Since this Scheme is voluntary in nature, the parties have to agree to the outcome of the exercise of dispute resolution and only upon the same, the dispute resolution would be successful.

2. Purpose of the Scheme

It has been observed in the past that, disputes arising in contracts take a long time to resolve through the process of Conciliation and, in the event of failure of Conciliation, through Arbitration. At times, the party aggrieved by the arbitral award moves the court under the provisions of Arbitration & Conciliation Act. Thus, the resolution/settlement of the dispute takes several years and is not necessarily a mutually satisfying resolution of the dispute. The instant scheme is an endeavour of SAIL to introduce a mechanism wherein parties voluntarily go for resolution of contractual/commercial disputes through Outside Expert Committee. It is the endeavour of SAIL to resolve the contractual/commercial disputes in a time bound manner through the intervention of Experts in the field who have held Senior positions in the Government, Public Sectors or Judiciary and have a robust understanding of the technical, financial, commercial and legal aspects of the issues which need resolution. It is expected that the disputing parties will voluntarily opt for this Scheme for early resolution of the disputes.

3. Scheme

Salient Features of Outside Expert Committee (OEC) in SAIL

A. The Scheme shall be applicable to the Contracting Parties voluntarily for Resolution of Contractual/Commercial Disputes across the Plants/Units of Steel Authority of India Ltd.

However, in case the Clause for Conciliation through OEC Scheme is stipulated in NIT, the said Clause of NIT shall prevail over this Clause. In such a case, if at all Conciliation

is resorted to voluntarily, the same shall be through the mechanism of OEC.

B. Henceforth Provisions to be incorporated in the Tender Documents indicating specifically the voluntary nature of the mechanism (However, for Project Tender Document based on SBD-2020, mechanism for Conciliation through OEC shall be valid). The same shall be uploaded at SAIL Tenders web-site, for communication to all. The respective Plants/Units shall also communicate the same to all the existing Contractors.

C. General Terms:

1. Resolution of Dispute through OEC will be resorted to in cases involving disputed amount above Rs.2 crore and upto Rs.250 crore. The disputed amount will be calculated by considering the amount of Claim and Counter Claim without interest. The amount to be considered is the disputed sum.
2. Parties shall not claim any interest on Claims/Counter Claims from the date of Notice of Resolution of Dispute through OEC till execution of Settlement Agreement, if so arrived at. In case, Parties are unable to reach a settlement, no interest shall be claimed by either party for the period from the date of notice invoking resolution of dispute through OEC till the date of OEC recommendations and 60 days thereafter, in any further proceedings.
3. The Contractor will give a Notice to the Concerned Director I/c / Concerned Director of the Plant/Unit for resolution of dispute through OEC. The Notice shall bring out the points of dispute and the amount claimed with supporting documents. The Contractor shall not raise any issue thereafter with regard to the particular dispute.
4. Upon receipt of the Notice by the Concerned Director I/c / Concerned Director of the Plant/Unit, the same shall be examined on merits by the concerned division in consultation with local Law Department. If the dispute is resolved at this stage, no further action is necessary. However, if the dispute remains unsettled, the same shall be referred by Concerned Director I/c / Concerned Director of the Plant/Unit to Principal Law Officer within 30 days from receipt of Notice from the Contractor, for placing before the Committee of Directors (CoD) for formation of OEC.
5. The Contractor shall not refer the following matters to OEC:
 - a. Any claim, difference or dispute pertaining to contract for purchase of coal.
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