

255

Government of India
Directorate General of Works
Central Public Works Department

No.DG(W)/CON /81

.....

New Delhi, dated the 6.4.1995.

MEMORANDUM

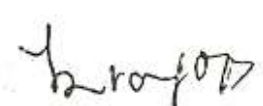
Subject : Reference of disputes to Arbitrator.

Instances have been across where contractors prefer claims on account of loss of profit due to idle labour, idle machinery etc. Such claims are outside the terms of the Agreement. Clause 25 of the Standard Agreement form provides

"Except where otherwise provided in the contract all questions and disputes relating to the meaning of the specifications, designs, drawings and instructions hereinbefore mentioned and as to the quality of workmanship of materials used on the work or as to any other questions claim, right, matter or thing whatsoever in any way arising out of or relating to the contract designs, drawings, specifications, estimates, instructions, orders or these conditions or otherwise concerning the works or the execution or failure to execute the same whether arising during the progress of the work or after the completion or abandonment thereof shall be referred to the sole arbitration of the person appointed by the Chief Engineer CPWD incharge of the work at the time of dispute.

The issue of referring such claims to the Arbitrator was examined in consultation with the Ministry of Law who have opined that "The claims of compensation for establishment expenses, loss of profit during the extended period appear to be incidental to the claims relating to clause 2 of the agreement which is not arbitrable. That being so we feel that these claims may not be referred to the arbitrator."

All the Chief Engineers are requested to follow the instructions strictly.


(S.Satakopan)
F.O. to D.G.(W)