

MUNICIPAL CORPORATION OF GREATER MUMBAI

No. : MGC/F/8659 Dtd. 07.09.2019.

Sub : Arbitration clause in the Standard General Conditions of Contract for Construction Works, 2016.

In one of the cases of W.S.P. regarding arbitration dispute, a note was submitted by DyLaw Officer (High Court, Suit & PIL) and subsequently the report is submitted by Jt. M.C. (Vig.) vide No. Jt.M.C./Vig./69/MC dtd. 21-8-2019 proposing a process to deal with the arbitration matters as per the Law & Judiciary, Govt. of Maharashtra, policy for institutional arbitration vide it's G.R. dtd. 13-10-2016 and the report submitted by Jt. M.C. (Vig.) is approved by Hon'ble M.C. on 17-8-2019.

There is a provision of arbitration clause in the Standard General Condition of Contract for Construction Works, point no. 13 (e) reads as follows :-

**13.e) Arbitration and Jurisdiction:**

If the Commissioner shall fail to give notice of the decision as aforesaid within a period of 90 days after being requested as aforesaid, or if the Contractor be dissatisfied with any such decision, then and in any such case the Contractor may within 90 days after receiving notice of such decision or within 90 days after the expirations of the first named period of 90 days (as the case may be) require that the matter or matters in dispute be referred to arbitration as hereinafter provided. All disputes or differences in respect of which the decision (if any) of the Commissioner has not become final and binding as aforesaid shall be finally settled by arbitration as follows:

Arbitration shall be effected by a single arbitrator agreed upon the parties. The arbitration shall be conducted in accordance with the provisions of the Arbitration Act, 1996 or any statutory modifications thereof, and shall be held at such place and time within the limits of Brihan Mumbai as the arbitrator may determine. The decision of the arbitrator shall be final and binding upon the parties hereto and the expense of the arbitration shall be paid as may be determined by the arbitrator. Performance under the Contract shall, if reasonably be possible, continued during the arbitration proceedings and payment due to the Contractor by the Employer shall not be withheld unless they are the subject matter of arbitration proceedings. The said arbitrator shall have full power to open up, review and revise any decision, opinion, direction, certification or valuation of the Commissioner and neither party shall be limited in the proceedings before such arbitrator to the evidence or arguments put before the Commissioner for the purpose of obtaining his said decision.

No decision given by the Commissioner in accordance with the foregoing provisions shall disqualify him from being called as a witness and giving evidence before the arbitrator on any matters whatsoever relevant to the disputes or difference referred to the arbitrator as aforesaid.

All awards shall be in writing and for claims equivalent to 5,00,000 or more such awards shall state reasons for amounts awarded. The expenditure of arbitration shall be paid as may be determined by arbitrator.

In case of any claim, dispute or difference arising in respect of a contract, the cause of action thereof shall be deemed to have arisen in Mumbai and all legal proceedings in respect of any claim, dispute or difference shall be instituted in a competent court in the City of Mumbai only.

As per Hon'ble M.C's approval dtd. 17-8-2019, the existing clause is now replaced as follows :

### 13.e Arbitration and Jurisdiction

If the Commissioner fails to give notice of the decision as aforesaid within a period of 90 days after being requested as aforesaid or if the Contractor is dissatisfied with any such decision, then the Contractor may within 90 days after receiving notice of such decision or within 90 days after the expiration of the first named period of 90 days (as the case may be) require that the matter or matters in dispute be referred to arbitration as hereinafter provided.

i) In case of a contract where the contract price and/ or contract value is less than Rs. 5,00,00,000/- (Rupees Five Crore Only), any dispute arising out of or in connection with this contract, including any question regarding its existence, validity or termination, shall be referred to a mutually agreed arbitral tribunal in accordance with the Arbitration and Conciliation Act, 1996 (amended upto date). The arbitral tribunal shall consist of a sole arbitrator, as mutually agreed upon by the parties and the said dispute shall be finally resolved by the said arbitral tribunal. The decision of the arbitral tribunal shall be in writing (with reasons) and which will be final and binding upon the parties hereto and the expenses of the arbitration shall be paid as may be determined by the arbitral tribunal. The seat of the arbitration shall be Mumbai. The venue of arbitration shall be within the limits of Brihan Mumbai. The language of the Arbitration shall be English.

If the parties fails to appoint mutually agreed arbitral tribunal, within the period of 30 days from the date of application seeking arbitration in the dispute,

the arbitral tribunal shall be appointed by the recognised arbitral institution i.e. Mumbai Centre for International Arbitration (approved by Government of Maharashtra under G.R. no. ARB/Case No. 1,2017/D-19 dtd. 28.02.2017) as per the Arbitration Rules of the Mumbai Centre for International Arbitration then in force ("MCIA Rules").

(ii) In case of contract where the contract price and/ or contract value is Rs.5,00,00,000/- (Rupees Five Crore Only) or more, any dispute arising out of or in connection with such a contract, including any question regarding its existence, validity or termination, shall be directly referred to and finally resolved by the recognized arbitral institution i.e. Mumbai Centre for International Arbitration (approved by Government of Maharashtra under G.R. no. ARB/Case No. 1,2017/D-19 dtd. 28.02.2017) as per the Arbitration Rules of the Mumbai Centre for International Arbitration then in force ("MCIA Rules"). The arbitral tribunal shall consist of a sole arbitrator. The seat of the arbitration shall be Mumbai. The language of the Arbitration shall be English.

In either case, the law governing this arbitration agreement and the contract shall be Indian Law.

All the HoDs are hereby directed to note the revised clause in G.C.C. as mentioned above and ensure that the same is included in the tenders invited from 15-1-2019 onwards. If the tenders are already invited before 15-1-2019 and the Packet 'A' is not opened, then the corrigendum shall be issued so as to see that all the new tenders accepted/invited after 15-9-2019 shall include this revised condition and will become a part of the contract for all such works.

Sd/-22.08.2019  
Dir. (E.S. & P.)  
P

Sd/-29.08.2019  
A.M.C. (P)

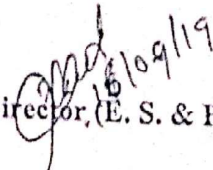
Sd/-06.09.2019  
M.C.

No.. : DIR/ES&P/919/MC dtd. 16.09.2019.

Copy to :

Asstt. Comm. Ward / City Engineer/Ch.Eng.(Roads & Traffic) / Ch.Eng. (Bridges) / Ch.Eng. (WSP) / Ch.Eng. (S.P.) / Ch.Eng. (MSDP) / Ch.Eng. (BM) / Ch.Eng. (Vig) / Ch.Eng. (M&E) / Ch.Eng. (D.P.) / Ch.Eng. (SWD) / Ch.Eng. (SWM) / Ch.Eng. (CTIRC) / Ch.Eng. (Coastal Roads) / Dy. Ch.Eng. (HIC) / Dy. Ch.Eng. (SIC), Supdt. of Gardens / CA (F) / CA (WSSD) / CA (CPD)

Forwarded for information and necessary action please.

  
Director, (E. S. & P.)