



**STANDING COMMITTEE ON  
PETROLEUM & NATURAL GAS  
(2023-24)**

**SEVENTEENTH LOK SABHA**

**MINISTRY OF PETROLEUM & NATURAL GAS**

**LITIGATIONS INVOLVING OIL PSUs**

**TWENTY-FOURTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

***February, 2024 / Magha, 1945 (Saka)***

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**(2023-24)**

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*Presented to Lok Sabha on 08.02.2024*

*Laid in Rajya Sabha on 08.02.2024*



**LOK SABHA SECRETARIAT**  
**NEW DELHI**

*February, 2024/ Magha, 1945 (Saka)*

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**COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM & NATURAL GAS  
(2021-22)**

<b>Sl. No.</b>	<b>Name of Members</b>
<b>LOK SABHA</b>	
<b>Shri Ramesh Bidhuri- Chairperson</b>	
2	Smt. Chinta Anuradha
3	Shri Ramesh Chand Bind
4	Shri Pradyut Bordoloi
5	Shri Girish Chandra
6	Shri Topon Kumar Gogoi
7	Shri Naranbhai Kachhadiya
8	Shri Santosh Kumar
9	Shri Rodmal Nagar
10	Shri Mitesh Rameshbhai (Bakabhai) Patel
11	Shri Unmesh Bhaiyyasaheb Patil
12	Shri M.K. Raghavan
13	Shri Chandra Sekhar Sahu
14	Shri Dilip Saikia
15	Dr. Bharatiben Dhirubhai Shiyal
16	Shri Janardan Singh Sigriwal
17	Shri Lallu Singh
18	Shri Vinod Kumar Sonkar
19	Shri Ajay Tamta
20	Dr. Kalanidhi Veeraswamy
21	Shri Rajan Baburao Vichare
<b>RAJYA SABHA</b>	
22	Shri Birendra Prasad Baishya
23	Shri Ripun Bora
24	Smt. Kanta Kardam
25	Shri Om Prakash Mathur
26	Shri Rambhai Harjibhai Mokariya
27	Shri Surendra Singh Nagar
28	Shri Subhas Chandra Bose Pilli
29	Dr. V. Sivadasan
30	Shri A. Vijayakumar
31	Ch. Sukhram Singh Yadav

(iv)

**COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM & NATURAL GAS  
(2022-23)**

<b>Sl. No.</b>	<b>Name of Members</b>
	<b>LOK SABHA</b>
	<b>Shri Ramesh Bidhuri-Chairperson</b>
2	Smt. Chinta Anuradha
3	Shri Ramesh Chand Bind
4	Shri Pradyut Bordoloi
5	Shri Girish Chandra
6	Shri Topon Kumar Gogoi
7	Shri Naranbhai Kachhadiya
8	Shri Santosh Kumar
9	Shri Rodmal Nagar
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11	Shri Unmesh Bhaiyyasaheb Patil
12	Shri M.K. Raghavan
13	Shri Chandra Sekhar Sahu
14	Shri Dilip Saikia
15	Dr. Bharatiben Dhirubhai Shiyal
16	Shri Janardan Singh Sigriwal
17	Shri Lallu Singh
18	Shri Vinod Kumar Sonkar
19	Shri Ajay Tamta
20	Dr. Kalanidhi Veeraswamy
21	Shri Gajanan Chandrakant Kirtikar
	<b>RAJYA SABHA</b>
22	Shri Shaktisinh Gohil
23	Smt. Kanta Kardam
24	Shri Mithlesh Kumar
25	Shri Pabitra Margherita
26	Shri Rambhai Harjibhai Mokariya
27	Shri Surendra Singh Nagar
28	Dr. Sasmit Patra
29	Shri Subhas Chandra Bose Pilli
30	Dr. V. Sivadasan
31	Shri Ravichandra Vaddiraju

(v)

**COMPOSITION OF THE STANDING COMMITTEE ON PETROLEUM & NATURAL GAS  
(2023-24)**

**Sl. No. Names of Members  
LOK SABHA**

**Shri Ramesh Bidhuri - Chairperson**

- 2 Dr. Ramesh Chand Bind
- 3 Shri Pradyut Bordoloi
- 4 Shri Girish Chandra
- 5 Smt. Chinta Anuradha
- 6 Shri Dilip Saikia
- 7 Shri Topon Kumar Gogoi
- 8 Shri Naranbhai Bhikhabhai Kachhadiya
- 9 Dr. Kalanidhi Veeraswamy
- 10 Shri Santosh Kumar
- 11 Shri Rodmal Nagar
- 12 Shri Mitesh Rameshbhai Patel
- 13 Shri Unmesh Bhaiyyasaheb Patil
- 14 Shri M.K. Raghavan
- 15 Shri Chandra Sekhar Sahu
- 16 Shri Gajanan Chandrakant Kirtikar
- 17 Dr. Bharatiben Dhirubhai Shiyal
- 18 Shri Janardan Singh Sigriwal
- 19 Shri Lallu Singh
- 20 Shri Vinod Kumar Sonkar
- 21 Shri Ajay Tamta

**RAJYA SABHA**

- 22 Shri Shaktisinh Gohil
- 23 Smt. Kanta Kardam
- 24 Shri Mithlesh Kumar
- 25 Shri Pabitra Margherita
- 26 Shri Rambhai Harjibhai Mokariya
- 27 Shri Surendra Singh Nagar
- 28 Dr. Sasmit Patra
- 29 Shri Subhas Chandra Bose Pilli
- 30 Dr. V. Sivadasan
- 31 Shri Ravichandra Vaddiraju

**SECRETARIAT**

- 1 **Shri Y.M. Kandpal** **Joint Secretary**
- 2 **Shri H. Ram Prakash** **Director**
- 3 **Shri Gurpreet Singh** **Committee Officer**

## INTRODUCTION

I, the Chairperson, Standing Committee on Petroleum & Natural Gas (2023-24) having been authorised by the Committee, to submit the Report on their behalf, present this Twenty-Fourth Report on 'Litigations Involving Oil PSUs' of the Ministry of Petroleum and Natural Gas.

2. The Committee took briefing by the representatives of the Ministry of Petroleum & Natural Gas/Oil PSUs in connection with examination of the subject at their sitting held on 28.04.2022 and oral evidence on 04.08.2023.

3. The Report was considered and adopted by the Standing Committee on Petroleum and Natural Gas at their sitting held on 06.02.2024.

4. The Committee wish to express their thanks to the representatives of the Ministry of Petroleum and Natural Gas/PSUs and Oil PSUs for placing their views before them and furnishing the information desired in connection with examination of the subject.

5. The Committee also place on record their appreciation for the valuable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

**New Delhi;**  
**06 February, 2024**  
**17 Magha, 1945 (Saka)**

**RAMESH BIDHURI,**  
**Chairperson,**  
**Standing Committee on**  
**Petroleum & Natural Gas.**

# REPORT

## PART 1

### **INTRODUCTORY**

1.0 India's continued industrialization and urbanization will make huge demands of its energy sector and its policy makers. As per IEA's India Energy Outlook 2021, Energy use on a per capita basis is well under half the global average, and there are widespread differences in energy use and the quality of service across states and between rural and urban areas. An expanding economy, population, urbanization and industrialization mean that India sees the largest increase in energy demand of any country, across all scenarios to 2040.

As per IEA's India Energy Outlook 2021, India's oil demand rises by almost 4 million barrels per day (mb/d) to reach 8.7 mb/d in 2040, the largest increase of any country. In the Sustainable Development Scenario, by contrast, a much stronger push for electrification, efficiency and fuel switching limits growth in the oil demand to less than 1 million barrels per day. Government has set a target to raise the share of natural gas in energy mix to 15% by 2030. At present (in 2021), share of natural gas in primary energy mix is 6.3%.

To meet the increased requirement of hydrocarbon fuel, major strategies adopted inter alia include: attracting investment in Exploration & Production, shifting to gas based economy, technological upgradation to improve refinery processes, energy efficiency and productivity, accelerating bio-fuel economy, expanding overseas oil and gas portfolio, diversifying oil and gas supply sources, etc. Government has taken up development of National Gas Grid, City Gas Distribution Networks to cover major demand centres across the country to provide clean and green fuel.

#### **A. LITIGATION SCENARIO IN OIL PSUS**

1.1 Litigations in Oil and Gas sector are unavoidable and these are unfortunate parts of business and investment life. As far as Indian Oil & Gas PSUs are concerned, though some disputes are resolved amicably, while others cannot be resolved without undergoing litigation process and procedures.

Ministry of Petroleum and Natural Gas regularly monitors and reviews the litigation cases in oil PSUs through the Joint Secretary level Officer nominated for this purpose in the Ministry and directs the concerned PSUs to take appropriate actions periodically. A Committee in terms



of Committee on External Eminent Experts (CEEE)/ DRC has been constituted by MoPNG vide Notification dated 16.12.2019 to reduce litigation. MoP&NG vide its letter No Q-30024/2/2018-ED dated 22.01.2019 addressed to Heads of various Oil PSUs under its administrative control forwarded excerpts of the decision taken in a meeting of the Committee of Secretaries under the Chairmanship of Cabinet Secretary held on 19.12.2018. Further, MoP&NG vide its Letter No R-11024/1/2019-OR-II, dated 12.05.2022 addressed to Heads of Oil PSUs under its administrative control, directing to take suitable steps to get the cases which are pending for more than 10 years and/or cases involving Rs. 25 lacs or less, disposed of expeditiously.

Emphasizing upon the need to undertake measures for disposal of pending litigation cases in Oil PSUs, the representative of the Ministry during oral evidence apprised the Committee as under:

“सर, हमारी कोशिश यही रहेगी कि जो-जो इण्डिविजुअल पीएसयूज की इन्फॉर्मेशन कमेटी चाहती है, वह हम एक निश्चित समय-सीमा में कमेटी को उपलब्ध करवा देंगे। इस मुद्दे को उठाने से आज लाभ जरूर हुआ है। हमारे पीएसयूज हर वक्त बिज़नेस में लगे रहते हैं। हर वक्त यह होता है कि बिज़नेस कर लीजिए, लेकिन इस पर ध्यान कम जाता है। कमेटी ने जैसे सुझाव दिए हैं तो एक यह भी मुद्दा है, जिस पर हमें और ध्यान देने की जरूरत है। हम यह बात स्वीकार करते हैं। चाहे मंत्रालय के लेवल पर हो या कंपनीज के लेवल पर हो, हम अलग-अलग तरीके से करें, उसमें चाहे कंसीलियेशन से कर सकें, लोक अदालत के माध्यम से कर सकें या आउट राइट सेटलमेंट से कर सकें। हम कमेटी को आश्वस्त करना चाहेंगे कि हम इस पर अधिक ध्यान देंगे। हम पीएसयूज की तरफ से यह कहना चाहते हैं”।

### **(i) Litigations in IOCL**

1.2 When the Committee enquired about the reasons behind high volume of pending litigations against IOCL pending before various legal forums, the Ministry have furnished the following written submission.

“IOCL being a market leader in the business of petroleum fuels and products faces higher number of disputes resulting in filing of writs by the aggrieved parties, such as applicants for dealerships, distributorships etc. and also the selected dealers / distributors aggrieved by the imposition of penalties under MDG(Marketing Discipline Guidelines).

Pertinently, OMCs have laid down norms / guidelines for procedures relating to selection of dealership/distributorships, as also the operating guidelines for dealerships/distributors (termed as Marketing Discipline Guidelines) for uniformity of procedures and transparency in the decision making processes. These guidelines are amended from time to time depending on the experience of the OMCs with the stakeholders and statutory requirements.

Indian Oil being a “State” under Article 12 of the Constitution is amenable to writ jurisdiction under Article 226 of the Constitution. As a result, any grievance of the stakeholders regarding the selection process or the violation of the MDG guidelines is prone to being challenged in the various High Courts of the country which is beyond the control of IOCL. Further, the cases filed against IOCL, have been ultimately disposed / dismissed in favour of IOCL (approx. 93%), which reinforces the fact that such litigations”.

1.3 On being asked as to whether the management of IOCL, has taken up the issue of pending litigations for review at the highest level, the Ministry have furnished the following written submission.

“Regular review of pending legal cases are held by the Management of IndianOil at the State Office / Unit level wherein monthly review is undertaken. Further, at the Divisional Head Office and Corporate level also, review is undertaken on periodic basis”.

**(ii) Litigations in HPCL**

HPCL has stated that it has well laid out mechanism for settlement of disputes and handling of litigation before the Courts/Tribunals. HPCL has a detailed procedure for handling legal work at Zonal /Regional Offices / Terminal and other locations(s) which are revised from time to time.

1.4 When the Committee asked about the reasons behind pending cases and the major points of contention behind the litigations in HPCL and procedure being followed by HPCL for handling legal works at various levels, the Ministry in their written reply have furnished the following information.

“There is a periodic review of legal cases on regular basis, wherein instructions are given as to how to handle the cases and for expediting the disposal of cases. The pendency of cases is more due of delay in the court process than the merits of the case. The said fact can be seen by evaluating the statistics of cases filed and disposed, for the period 01.04.2021 till 30.08.2022.

DETAILS OF CASES DISPOSED DURING 01.04.2021 TO 30.08.2022		
PARTICULARS	NO OF CASES	%
Total no. of disposed of cases	816	100
Cases disposed in favour of HPCL	672	82.35
Cases disposed against HPCL	144	17.64
DETAILS OF CASES FILED DURING 01.04.2021 TO 30.08.2022		
PARTICULARS	NO OF CASES	%
Total no. of cases filed	806	100
Total cases filed by others	701	86.97
Total cases filed by HPCL	105	13.07

From the perusal of above table, it can be seen that merely 13% of cases are filed by the Corporation while 86.97% of cases are filed against HPCL, over which HPCL has no control. Further, it is to be noted that only 17.64% of cases are decided against HPCL, whereas HPCL has succeeded in 82.35% cases. This clearly shows that a majority of the cases filed against HPCL are frivolous in nature, and without any basis.

The majority of pending litigations are related to (i) dealership selection matters (ii) land acquisition matters (iii) Cases challenging termination or other penalties for violation of the LPG/Retail dealership agreements (iv) Contract disputes, and (v) Cases under Petroleum & Mineral Pipelines (Acquisition of Right of User in Land) Act, 1962. The dealership selection cases are being filed by unsuccessful candidates challenging the selection process, despite there being a well laid out and documented selection process, which is available online for all to see. The land acquisition/RoU matters are filed by the landowners seeking enhancement of compensation, even though HPCL has deposited compensation as per the Award given by the Collector, and over which we have no control. Likewise, if a dealer breaches the agreement by carrying out some malpractices, then action is taken and these are challenged. The cases take time to come up for hearing and this results in further increase in pendency of cases”.

**(iii) Litigations in Bharat Petroleum Corporation Limited (BPCL)**

1.5 On being asked about the pending litigations in BPCL at various legal forums, the Ministry in their written reply have furnished the following information:

i) Customer grievances in consumer courts	322
ii) Commercial disputes with vendors/ suppliers	56
iii) Workman cases	65
IV) Public tendering related to transportation and procurement of materials	08

**(iv) Litigations in Engineers India Limited (EIL)**

In EIL Litigations are handled through advocates appearing before various forums by filing pleadings, causing appearances and the said activities are monitored closely the Company at all stages”.

1.6 On being asked about year-wise details of cases being handled by EIL, amount involved in compensation along with the details of the forums these cases are pending and the number of cases settled, the Ministry in their written reply have submitted as under:

**A. “EIL**

(a) Year-wise details of Litigation cases being handled by EIL:

Sr. no.	Financial year	No. of litigation cases handled (as on end of financial year)
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1	2019-20	70
2	2020-21	77
3	2021-22	78

(b) Amount of compensation paid by EIL and amount received in compensation:

Sr. no.	Financial year	Amount of compensation paid by EIL in litigation cases (including payment made under settlement) in INR (Lakhs)	Amount received by EIL in compensation in litigation cases in INR (Lakhs)
1	2019-20	562.11	Nil
2	2020-21	Nil	101
3	2021-22	263.84	Nil
4	2022- till date	59.38	Nil

(c) Forum wise details of cases pending as on date before various forums:

Sr. no.	Forum	No of matters
1	Supreme Court of India	4
2	High Courts	29
3	Civil/District Courts & Sessions Court	18
4	Cases before Consumer Forums	4
5	Industrial Tribunals and Labour Courts	6
6	Cases before other forums	8
7	Matters before Arbitral Tribunals	9

(d) Number of Cases Settled:

Sr. no.	Financial year	No of litigation cases settled and attained finality
1	2019-20	3
2	2020-21	Nil
3	2021-22	1
4	2022- till date	1

**(v) Litigations in Gas Authority of India Limited (GAIL)**

1.7 When asked about the major factors responsible for litigation in GAIL pertaining to Right of User (RoU) & Land Acquisition Compensation, the Ministry in their written reply have submitted as under:

“ROU (Right of use) is acquired in line with P&MP (Petroleum & Minerals Pipeline) Act'1962 by following the prescribed process i.e. issuance of 3(i) and 6(i) Gazette notification, and in case of any objections by the land owners/farmers, hearing by the

Competent Authority (CA) appointed by the State Government on deputation basis/additional charge basis to GAIL, who is a Revenue Officer of respective State Government only.

RoU acquisition is not a permanent acquisition of land. After the completion of pipeline laying, the RoU is restored and farmers can continue the agricultural activities as earlier.

The major factor responsible for delay / pendency of litigation related to said RoU acquisition are:

- Involvement of large no of land owners (GAIL is operating More than 15000 Km NG Pipeline and currently executing more than 5000 Km NG Pipeline).
- Reluctant to give RoU to lay the pipeline in anticipation of reduction in market value of their land, restriction of construction of permanent structure in future.
- Unreasonable land rate demand by land owners not in commensuration with the provisions of P&MP Act 1962.
- Dispute in disbursement of Compensation due to non-availability of updated land records / ownership details from Revenue Deptt. of respective State Government.
- As per the provisions of P&MP Act 1962, RoU compensation is arrived by considering the date of 3(i) Notification whereas actual execution of project takes place after 6(i) notification, which is after substantial time gap from 3(i) notification resulting in escalation of market rate of land leading to litigation/ legal cases.
- Development of permanent structure in RoU after 3(i) notification leads to dispute/delay in 6(i) notification”.

1.8 Further, on being asked by the Committee about the measures that have been undertaken to reduce pendency related to land acquisition and RoU cases and to explore feasibility of settling cases related to compensations by offering market determined cost of land to project affected persons, constraints being faced in amending the policy, the compensation policy of GAIL for land acquisition for its projects, the Ministry in their written reply have submitted as under:

a.“GAIL suggested amendments in P&MP Act 1962 to MOP&G from time to time for increase in land compensation from existing 10% as this being one of the major factors for litigation. As per the project requirement for pipeline works, GAIL also undertakes negotiation in presence of State revenue officials with the land owners for deriving market rates for adequate RoU compensation disbursement.

In case of land acquisition for permanent installations of projects, GAIL has internal land acquisition policy according to which preference is given for acquiring Government land. In case of non-availability of Government land, private negotiation is held with landowners and accordingly negotiated rates are paid in line with GAIL’s land acquisition policy. In case of RoU Acquisition for pipeline laying, land compensation is determined as per the provision of P&MP Act 1962.

- b. It is feasible to settle cases related to land compensation/ RoU compensation by offering market-determined cost of land.
- c. GAIL's compensation policy for land acquisition for its projects is elaborated at sl.no (a) above".

1.9 When the Committee asked whether GAIL has been utilizing existing infrastructure created under PM Gati Shakti Programme for laying of gas pipelines for upcoming projects so as to minimize the requirement for land acquisition, the Ministry in their written reply have submitted as under:

"GAIL is laying ~ 700 Km of Mumbai-Nagpur Natural Gas Pipeline Section of MNJPL\* project in Right of Way of Samruddhi Mahamarg or Nagpur-Mumbai Super Communication Expressway (under PM Gati Shakti Programme).  
\*Mumbai-Nagpur Jharsuguda Pipeline (MNJPL)".

1.10 Apprising the Committee about the PM GATI SHAKTI Programme in laying down by Natural Gas pipelines, the representative of the Ministry submitted before the Committee as under :

"सर, पीएम गतिशक्ति प्रोग्राम के तहत हमारी कोशिश यही रहेगी कि हमें पाइपलाइन ले जानी है, वह चाहे हमें लम्बी करनी पड़े। जहां सड़क जा रही है, उसे हम सड़क के साथ-साथ ही लेलें, क्योंकि जब सड़क बनी तो आपने लैंड एक्वायर की थी तो उसी के साथ-साथ कर सकते हैं। अगर हम सबसे छोटा रास्ता लेंगे तो वह पाइपलाइन किसी न किसी के खेत-खलिहान में से जाएगी। सरकार की तरफ से हमारी कोशिश यही है कि पीएम गतिशक्ति के तहत जहां-जहां एग्जिस्टिंग इन्फ्रास्ट्रक्चर बन रहा है या जहां किसी ने लैंड एक्विजिशन कर ली है, उसके साथ ही हमारा एलाइनमेंट लगे, इसमें भले ही पाइन लाइन थोड़ी लम्बी हो रही हो। इससे हमारा समय बचेगा, हमारी कॉस्ट बचेगी और उससे एक समस्या जो आम नागरिक के सामने आ रही है, वह कम होगी।"

1.11 When enquired about the company- wise details regarding number of cases pending at various legal forums along with the period of pendency, the Ministry in their written replies have stated the following information as under:

#### A. BPCL

Forum/Age Profile	0-5 years	5-10 Years	More than 10 years	Total
Supreme court	46	26	16	88
High court	1505	740	323	2568
District courts/consumer forum	878	493	359	1730
Others	60	29	7	96
Total	2489	1288	705	4482

**B. BPRL:**

Forum/Age Profile	Less than 1 year	Less than 2 years	Total
Supreme court	1		1
Arbitration	2		2
National Company Law Appellate Tribunal		4 (connected matters)	4
Total	3	4	7

**C. CPCL****No. of Cases pending as on 31.3.2022**

Forum	< 1 Yr.	3-5 Yrs.	5-10 Yrs.	10-15 yrs	> 15 yrs.	Total
Supreme Court	2	2	-	-	-	4
High Court of Madras	16	22	17	3	1	59
Others (Sub-Court, Tribunals, etc.)	2	3	2	1	7	15
Total	20	27	19	4	8	78

**D. EIL**

Details pertaining to EIL is given below:

Sl. No.	Different Courts/Forum/Tribunal	No. of Cases/ Matter	0-5 years	5-10 years	10-15 years	Above 15 years
1.	Supreme Court	4	3	0	1	0
2.	High Court	29	17	4	3	5
3	Civil Courts	18	12	4	2	0
4	Consumer Forum	4	1	2	0	1
5.	Industrial Tribunal	6	4	1	1	0
6.	Other Forums	8	7	1	0	0
7.	Arbitral Tribunal	9	5	3	0	1
	Total	78	49	15	7	7

**E. NRL**

Pending litigation in NRL with private parties :

Pendency Period (In Years)	Category of Cases	No. of Cases against NRL	No. of Cases by NRL	Total
0-3	Ongoing Arbitration	7	2	9
0-3	Recourse after arbitration	5	1	6

1-4	<i>Money Suit</i>	1	3	4
1-6	<i>Criminal (CR/GR Case)</i>	1	3	4
0-7	<i>Writ Petition</i>	16	2	18
0	<i>MSME Facilitation Council</i>	1	Nil	1
0-7	<i>Appeal / Review in High Courts</i>	8	1	9
1-6	<i>Title / Civil</i>	5	Nil	5
7	<i>Consumer Forum</i>	1	Nil	1
12	<i>ESI Court</i>	Nil	1	1
1	<i>Asstt. Deputy Commissioner Shillong</i>	1	Nil	1
5	<i>In CESTST/Commissioner Taxes</i>	Nil	2	2
	<b>Total =</b>	<b>46</b>	<b>15</b>	<b>61</b>

#### **F. HPCL**

**The list of pending cases of HPCL is as follows:-**

Court Type	Total No. of Pending Cases
Supreme Court	70
High Court	2855
Lower Courts/ Tribunal	2883
<b>Total No. of Pending Cases</b>	<b>5808</b>

**The average pendency of court cases is 7 – 10 years**

#### **G. MRPL**

**Details of pending cases as on 27.09.2022 – 216 Nos.**

Sl. No.	Different Courts/Forum/Tribunal	No. of Cases/ Matter	0-5 years	5-10 years	10-15 years	Above 15 years
1.	Supreme Court	1	1	0	0	0
2.	High Court	146	123	18	5	0
3	District Courts	39	33	6	0	0



4.	Arbitral Tribunal & Others	30	20	10	0	0
5.	Total	216	177	34	5	0

#### H. IOCL

Data inputs are provided in the table appended herein below:

Forum/Age Profile	0-1 years	1-3 years	3-5 years	5-10 years	10-15 years	>15 years	TOTAL
Supreme Court	24	65	20	32	6	0	147
High Court	564	1393	1288	1532	459	223	5459
District Court	243	563	435	561	149	192	2143
Consumer Forum	139	200	186	153	36	7	721
Tribunals / Others	90	166	139	156	55	176	782

#### I. Balmer Lawrie

Total number of litigations pending as on 31<sup>st</sup> March 2022 = 42

Total number of litigations pending before different forums: (excluding taxation matters)

Sl. No.	Courts	Nos.
1.	Supreme Court	1
2.	High Court	41

Pendency of litigations:

Sl. No.	Courts	Nos.
1.	Less than 1 year	2
2.	1-3 years old	12
3.	3-5 years old	8
4.	5-10 years old	7
5.	10-15 years old	4
6.	More than 15 years old	9

## J. GAIL

### Number of court cases involving GAIL pending at various legal forums:-

Sl. No.	Courts	Nos.
1.	Supreme Court	33
2.	0-5 years:	21
3.	5-10 years	12
4.	> 10 years:	-

Sl. No.	Courts	Nos.
1.	High Courts	584
2.	0-5 years:	318
3.	5-10 years	153
4.	> 10 years:	113

Sl. No.	Courts	Nos.
1.	APTEL/PNGRB	44
2.	0-5 years:	16
3.	5-10 years	28
4.	> 10 years:	-

Sl. No.	Courts	Nos.
1.	Subordinate Courts	3167 (including batch cases)
2.	0-5 years:	2975
3.	5-10 years	129
4.	> 10 years:	63
	TOTAL	3828

## K. DGH

There are total 57 ongoing/pending matters at various legal forums, being handled by DGH on behalf of MoPNG (Exploration division only). Period of pendency is between 6 months to 13 years on case-to-case basis.

1.12 Apprising the Committee about the age profile of pending litigation cases of Oil PSUs the representatives of the Ministry during oral evidence submitted as under:

“अगर हम ऐज प्रोफाइल की बात करें कि कितने केस पुराने हैं, तो उसका भी हमने एक आंकलन किया है। हमने देखा है कि जो 23-24 हजार केसेस हैं, वे हमारे पीएसयूज़ में पेंडिंग हैं। इसमें देखने वाली बात यह है कि 50 परसेंट से ऊपर जो केसेस हैं, वे 2 से 10 साल के बीच में हैं। इसका मतलब है कि बहुत ही हाई नंबर है, जो विवाद कोर्ट में पेंडिंग है।”

1.13 On being asked by the Committee as to whether the Government have issued any guidelines for resolution of litigations, the Ministry in their written replies have stated the following information as under:

**A. "NRL**

DPE issued time to time guidelines for resolution of litigations.

NRL abide by DPE guidelines issued vide OM No. 4(1)/2013-DPE(GM)/FTS-1835 dated 22.05.2018, 04.07.2018 and 11.07.2018 on 'Settlement of Commercial Dispute between CPSEs', and D.O. No. DPE-GM-12/0005/2019-FTS-10714 dated September 1<sup>st</sup>, 2022.

**B. ONGC**

MoP&NG vide its Letter No R-11024/1/2019-OR-II, dated 12.05.2022 addressed to Chairmen of PSUs under its administrative control, directing to take suitable steps to get the cases which are pending for more than 10 years and/or cases involving 25 lacs or less, disposed of on early basis. The same is being complied".

1.14 When the Committee asked about the steps taken by MoPNG to reduce litigations in oil PSUs as well as in DGH, OISD, etc, the Ministry in their written reply furnished as under:-

"Ministry of Petroleum and Natural Gas regularly monitors and review the litigation cases in oil PSUs through the Joint Secretary level Officer nominated for this purpose in the Ministry and directs the concerned PSUs to take appropriate actions periodically. The Committee on External Eminent Experts (CEEE) / Dispute Resolution Committee (DRC) has been constituted by MoPNG vide Notification dated 16.12.2019 to reduce litigation. MoP&NG vide its letter No Q-30024/2/2018-ED dated 22.01.2019 addressed to Heads of various Oil PSUs under its administrative control forwarded excerpts of the decision taken in a meeting of the Committee of Secretaries under the chairmanship of Cabinet Secretary held on 19.12.2018. Further, MoP&NG vide its Letter No R-11024/1/2019-OR-II, dated 12.05.2022 addressed to Heads of Oil PSUs under its administrative control, directing to take suitable steps to get the cases which are pending for more than 10 years and/or cases involving Rs. 25 lacs or less, disposed of expeditiously".

1.15 When further asked about the measures taken by the Ministry to improve ease of doing business and reduce litigations, the Ministry in their written reply have submitted the following information as under:

"Whenever any ambiguity arises with respect to interpretation of any Rules, Regulations or Guidelines, this Ministry, after taking opinion of Ministry of Law and Justice, issues clarifications on such Rules, Regulations and other such guidelines".

1.16 Apprising the Committee about the need to find alternatives mechanisms to settle the pending litigations in Oil PSUs, the representative of the Ministry during oral evidence submitted as under:

“माननीय सभापति जी, आपका और माननीय सांसदों का शुक्रगुजार हूँ कि आपने यहां कुछ मुद्दे उठाए और साथ ही कुछ सुझाव भी दिए हैं। मुद्दों से ज्यादा, मेरा ध्यान सुझावों पर जा रहा है और मैं यह सोच रहा हूँ कि कब मैं दफ्तर पहुंचकर इन पर काम शुरू करूँ, क्योंकि बहुत से सुझाव कंस्ट्रक्टिव हैं और इन पर काम हो सकता है। खासकर, चेयरमैन साहब, जैसे आपने कहा है कि 25 लाख रुपये से कम के मामले क्यों लम्बित हैं। उनमें केस लड़ने में भी खर्च होता है, उसके साथ ही जो हमारे अफसर हैं, उनका भी समय खर्च होता है, क्योंकि उतने समय के लिए उनकी तनख्वाह भी जा रही है। अगर हम इन सब को जोड़कर देखें, तो अगर हम केस जीत भी गए तो कितना पैसा मिल जाएगा और अगर हार गए तो कितना नुकसान हो रहा है। इसलिए यह देखा जा सकता है कि 25 लाख रुपये से नीचे के जो मामले हैं, उनको ले-देकर सेटल करना ही उचित है। अगर हम इसके लिए एक लोकअदालत टाइप का मैकेनिज्म बना लें तो शायद हमारी कंपनियों में जो यह इंटेस्ट बन जाता है कि केस चालू रहे, तो वकील की भी फीस बने और हम भी यह दिखा सकें कि हमारे पास बहुत काम है, ये दोनों चीजें कुछ हद तक कम हो सकती हैं। यह बहुत अच्छा सुझाव है”।

## **B. NATURE OF LITIGATIONS**

1.17 When asked about the kind of litigations faced by Oil companies engaged in upstream sector, the Ministry have furnished the following information in their written reply:

### **“BPCL**

Bharat Petro Resources Ltd. (BPRL) a wholly owned subsidiary of BPCL is undertaking production and exploration business of BPCL and required information is given as below :

In India, BPRL is a party to one litigation before Hon'ble Supreme Court and one arbitration before a panel of three arbitrators: both in relation to a claim of BPRL against a defaulting partner for recovery of cash calls under Joint Operating Agreement in respect of Minimum Work Program.

In India, BPRL and its indirect wholly owned subsidiaries BPRL Ventures B.V. and BPRL Ventures Indonesia B.V. are also party to 4 litigations (connected matters) before Hon'ble National Company Law Appellate Tribunal in relation to an application filed by Promoter of Corporate Debtor for inclusion of certain foreign oil and gas assets in information memorandum of Corporate Debtor.

Overseas, BPRL's joint venture company, IBV BrasilPetroleo Ltda. (IBV) is a party to an arbitration dispute in relation to an oil field in Brazil. The arbitration is before a panel of three arbitrators constituted under the aegis of the International Chamber of Commerce (ICC), London.

### **CPCL**

The major types disputes faced by CPCL:

- Disputes relating to land acquisition and enhanced compensation
- Contractual Issues
- Tender related disputes

## **IOCL**

Presently, there is no litigation in upstream sector.

## **GAIL**

GAIL is mainly operating in midstream & downstream sector. However, GAIL has participating interest in few E&P blocks having limited disputes. These disputes are mainly contractual disputes (related to LD/breach of contract).

## **ONGC**

The following broad types of litigations / disputes are faced by ONGC:

- i. Commercial / contractual (including disputes arising out of contracts for hydrocarbon blocks).
- ii. HR / Services,
- iii. Industrial Relations / Labour
- iv. Land Acquisition
- v. Criminal
- vi. Statutory/regulatory

## **OIL**

In OIL, litigations of following kinds are handled:

- a. Environmental Cases
- b. Taxation Cases
- c. Contractual Disputes
- d. Service Matters
- e. Labour and Industrial disputes
- f. Land and allied matters
- g. Recruitment"

### Litigation related to Marketing Policy of OMCs

1.18 On observing that the process of dealership / distributorship is frequently challenged in the Courts by aggrieved parties, the Committee sought to know as to whether there is any proposal by the Ministry/OMCs to review the existing grievance redressal mechanism to deal with the complaints of RO and LPG distributorship applicants, the Ministry have furnished following written submission:

- A. **“MOP&NG:**There is no proposal to review the existing grievance redressal mechanism to deal with the complaints of RO and LPG distributorship applicants.
- B. **BPCL:** There is no proposal in BPCL to review the existing grievance redressal mechanism to deal with the complaints of RO & LPG distributorship applicants.
- C. **IOCL:** There is already a robust and efficient mechanism of grievance redressal which is a part of the selection guidelines laid down by the OMCs and as such, no further proposal is there to review the existing grievance redressal mechanism”.

1.19 Further, When the Committee enquired as to how many applicants of RO dealerships and LPG distributorships have approached courts against decisions of internal complaints mechanism of OMCs and as to how many litigations are still pending in courts of law, the Ministry in their written reply have stated as under:

- A. **BPCL:** There are 909 pending cases pertaining to dealers’ selection before various forums.
- B. **HPCL:** There are 1081 pending cases pertaining to selection of dealers - before various forums.
- C. **IOCL:** Data inputs are provided in the table appended herein below:

Number of Cases wherein RO Dealership Applicant has challenged the decision of IOCL before Courts in 2019-20, 2020-21 & 2021-22	
Total Number of Cases Referred	1209
Total Number of Cases Disposed Off	563
Total Number of Cases Pending	646

Number of Cases wherein LPG Distributorship Applicant has challenged the decision of IOCL before Courts in 2019-20, 2020-21 & 2021-22	
Total Number of Cases Referred	396
Total Number of Cases Disposed Off	204
Total Number of Cases Pending	192

1.20 When the Committee asked about the measures undertaken by OMCs to review the old cases pending at various legal forums including steps taken towards out-of court settlement of such cases and as to whether any timeline has been set for reviewing the old cases, the Ministry in their written reply have furnished the following information:

**A. “BPCL:**

- i) Periodical review of pending cases is being done with special focus on long pending and critical cases.
- ii) Preparation of action taken report and follow up on the report in order to effectively monitor the progress of the steps taken.

iii) Based on the review of the cases, Business function is sensitized and guided to explore the possibility of settlement of court case.

**B.HPCL:** The old cases have been reviewed periodically. However, most of the cases filed against HPCL are frivolous in nature, thus it is difficult to opt for out-of-court settlement.

**C.IOCL:** Periodic reviews are undertaken at State Office / Unit levels/ Divisional and Corporate levels. Most of the cases pertaining to dealership/ distributorship selection etc. are frivolous in nature and thus, possibility of out of court settlement is remote.

**D.MRPL:** All cases are reviewed on a quarterly & annual basis and based on the development & current status appropriate measures are taken for early resolution including out of court settlement”.

1.21 When the Committee enquired as to how many court cases related to violation of Marketing Discipline Guidelines (MDGs) by dealers/distributors of Retail Outlets are pending during the last ten years and as to whether stakeholders are also consulted before formulation of MDGs, the Ministry have furnished the following written submission:

- A. **BPCL:** There are 118 pending cases related to violation of MDG by dealers/distributors before various Courts.
- B. **HPCL:** There are 336 pending cases related to violation of MDG by dealers/distributors before various Courts.
- C. **IOCL:** Data inputs are provided in the table appended herein below:

Number of Court cases related to MDG Violation by Retail Outlet Dealers in last 10 FYs (From 2011-12 To 2021-22)	
Total Number of Cases Referred	456
Total Number of Cases Disposed Off	330
Total Number of Cases Pending	126

Number of Court cases related to MDG Violation by LPG Distributors in last 10 FYs (From 2011-12 To 2021-22)	
Total Number of Cases Referred	420
Total Number of Cases Disposed Off	271
Total Number of Cases Pending	149

1.22 On being asked by the Committee as to how many cases related to eviction proceedings in respect of retail outlet dealers and LPG distributors are pending at various legal forums, the Ministry in their written reply have furnished the following written submission:

A. **BPCL:** The details of pending eviction cases before various forums is as follows:

Forum/Age Profile	0-5 years	5-10 years	More than 10 years	Total
Supreme court	4	0	0	4
High court	31	23	27	81
District courts	70	52	54	176
<b>TOTAL</b>	<b>105</b>	<b>75</b>	<b>81</b>	<b>261</b>

B. **HPCL:** Total 423 eviction cases are pending as on the date before various forums. The average pendency is between 7 to 10 years.

C. **IOCL:** The details are as under :

PENDING CASES WHERE EVICTION PROCEEDINGS FILED BY RO DEALERS						
Forum/Age Profile	0-1 years	1-3 years	3-5 years	5-10 years	>10 years	Total
Supreme Court	0	1	0	1	0	2
High Court	12	33	34	15	12	106
District Court	12	69	44	45	29	199

PENDING CASES WHERE EVICTION PROCEEDINGS FILED BY LPG DISTRIBUTORS						
Forum/Age Profile	0-1 years	1-3 years	3-5 years	5-10 years	>10 years	Total
Supreme Court	0	0	0	0	0	0
High Court	1	0	2	2	1	6
District Court	0	4	2	0	3	9

D. **MRPL:** Case relating to eviction proceedings in relation to land taken on lease in respect of Retail Outlet.

Sl. No.	Company Name	Case Number	Court	Pending Since
1	Nandi Engineering Ltd. (NEL) Vs MRPL	O. S 396/2014	I Addl. Senior Civil Judge and JMFC, Hubballi	12.12.2014
2	MRPL Vs Nandi Engineering Ltd. (NEL)	O.S No. 220/2015	I Addl. Senior Civil Judge and JMFC, Hubballi	31.07.2015
3	Nandi Engineering Ltd. (NEL) Vs MRPL	CRP No.100077/2021	High Court of Karnataka – Dharwad Bench	07.10.2017
4	Nandi Engineering Ltd. (NEL) Vs MRPL	CRP No.100074/2021	High Court of Karnataka – Dharwad Bench	07.10.2017



E. **NRL:** No eviction proceeding case is pending in NRL.

Further for information that presently no Retail Outlet and LPG dealership business exist with NRL”.

1.23 When the Committee sought to know as to whether all OMCs follow same policy regarding land lease related disputes and as to whether the Ministry have any role for handling such litigations, the Ministry have furnished the following written submission:

- A. “OMCs have been directed to frame detailed guidelines on the basis of the broad de-leasing policy guidelines dated 28<sup>th</sup> April, 2010 framed by the MoPNG. MoPNG has no role to play in the day-to-day commercial activities or handling the cases regarding land lease related disputes of Oil Marketing Companies.
- B. **BPCL:** In the land related disputes, they are dealt by the company on case to case basis depending on the issues/disputes involved”.

1.24 Further, When the Committee sought to know whether there is any proposal by the Ministry/Oil PSUs to engage some renowned outside agencies to study and suggest measures for reducing pendency of litigation cases and so, the Ministry in their written reply have furnished the following written submission:

- A. “**MoPNG:** NIL comments from OMC, LPG and OR Section, with respect to proposal to engage outside agency to study and suggest measure for reducing pendency of litigation case.
- B. **BPCL:** BPCL does not have any such proposal as on date.
- C. **NRL:** In NRL no such outside agencies have been engaged to study and suggest measure for reducing pendency of litigation case. NRL conducts annual reviews of the causes of litigations and arranges sessions with the conducting lawyers who handle the cases in the courts/ Arbitrations on behalf of NRL and share feedbacks/experiences and suggest measures for possible reduction of the pending litigations”.

1.25 When the Committee enquired as to whether the Ministry/Oil PSUs have explored the feasibility of setting up a separate legal entity/forum to deal exclusively with legal cases instead of individually contesting of litigation cases by Oil PSUs, the Ministry in their written reply have furnished the following information:

- A. “**MoPNG:** OMC, LPG and OR Section, have not explored the feasibility of setting up a separate legal entity/forum to deal exclusively with legal cases instead of individually contesting of litigation cases by Oil PSUs.
- B. **BPCL:** BPCL already has a Legal Department as a separate Entity within BPCL to contest its cases. There is no proposal, as on date, to set up a separate legal entity at Oil PSU level in BPCL’s knowledge”.

1.26 On being enquired by the Committee about the major issues responsible for litigation in Exploration & Production Sector, Refining Sector, Marketing & Distribution Network in cases

filed against Oil PSUs and cases filed by Oil PSUs, the Ministry in their reply have submitted the following information:

**A. “BPCL**

**i) Exploration & production sector:**

BPRL is facing issue of a defaulting partner for recovery of cash calls under Joint Operating Agreement in respect of Minimum Work Program. Overseas, BPRL is facing issue of breach of duties of Operator under the Joint Operating Agreement.

**ii) Refining sector**

Litigation is primarily with respect to contractual issues and land acquisition.

**iii) Marketing & Distribution network**

Litigations are largely due to (a) challenge to dealership and distributor selection (b) dealership/distributorship termination (c) land related eviction cases and (d) consumer matters.

**B. CPCL**

Major issues responsible for litigation in CPCL (Refining Sector) includes:

- Commercial and Contractual disputes arising out of delay in completion of contracts awarded, mobilization of equipment and release of front, leading to imposition of Liquidated damages as per the Contract clauses for major of Works Contract / Purchase Orders and consequential disputes.
- Demanding payment of Compensation by the landlosers

**C. NRL**

The following major issues are responsible for litigations in NRL as Refining Sector:

Cases against NRL: Issues arises during the tendering process related to techno-commercial evaluation, Employee & Labour issues, issues arises at the time of contract closing due to claims and counter claims, issues due to imposition of Liquidated Damages for delay.

Cases by NRL: issues related to offloading the contract and executing the jobs under risk and cost in terms of contract agreement.

**D. HPCL**

i. Litigation in Refining Sector is primarily either (a) contract related, wherein contractors seek extra claims, or (b) compliance of labour/industrial laws.

ii. Litigation in Marketing and Distribution Sector are largely due to (a) challenge to dealership selection – where unsuccessful candidates try to find flaws in eligibility or application of the successful candidate or (b) dealership termination or (c) contract

related disputes or (d) service matters including people seeking permanent employment or (e) eviction and consumer matters.

#### **E. MRPL**

Refining Sector- Major issues are related to projects tendering and labour matters.

#### **F. IOCL**

i. There is no litigation in upstream sector.

ii. Major issues responsible for litigation in Refining sector pertain to contractual non-performance by Contractors and Project Management Consultants w.r.t delayed completion of projects resulting in levy of price discount, excess claims for additional works, labour/ industrial issues, awarding projects on risk & cost of the defaulting contractor, etc.

iii. Major issues responsible for litigation in Marketing sector pertain to selection of dealerships/ distributorships, imposition of penalties for violation of Marketing Discipline Guidelines (MDG), termination of dealerships/ distributorships, challenges to tender eligibility conditions, challenge to amendments to MDG, land eviction related matters, consumer complaints etc.

#### **G. GAIL**

The major issues responsible for litigation in GAIL are as under:-

##### **(i) Exploration & Production Sector**

a. By GAIL : challenging imposition of Liquidated Damages (LD), non-payment of cash calls etc.

b. Against GAIL : No such instance as of now.

Presently, GAIL has participating interest in 12 E&P blocks at present. Out of these 12 blocks, 10 blocks are in India and 2 are in Myanmar offshore.

The major issues responsible for litigations in exploration and production sector are:

i. Difference in opinion pertaining to nature/type of discovery i.e. oil, gas or non-associated natural gas (NANG)

ii. Determination of Cost of Unfinished Work Program: Often it is observed that there is difference of opinion between DGH and Contractor/JV Consortium in calculation of Cost of Unfinished Work Program resulting in disputes/litigations. Mechanism to understand the methodology of calculating the same may be framed and shared with the Operators.

iii. Interim time extension may be granted to the Operators who have applied for time extension under Excusable Delay instead of forcing contractor to pay Liquidated Damage (LD) for time extension. The time extension under excusable delays are often granted on later date after many statutory, regulatory body clearances, which is beyond the control of Operator/Contractor. In the meantime, Operator/Contractor has

to pay the LD for time extension and seek refund of LD for time extension later on which otherwise were not payable if interim time extension for excusable delays under consideration is granted.

(iv) Refining Sector : Not applicable.

(v) Marketing & Distribution Sector

a. By GAIL : Levy of Take or Pay (ToP) & Ship or Pay (SoP), imposition of Non-APM/APM (Administered Price Mechanism) price.

b. Against GAIL : Gas supply related disputes.

**H. DGH**

Some of the major issues responsible for litigation in the E&P Sector are as under:

1. Non- payment of Govt's share of Profit Petroleum
2. Failure to implement approved Development Programme.
3. Issues related to extension of PSC
4. Issues related to levying of LD
5. Non-completion of work within given deadline in the Contract
6. Issues relating to Unfinished Work Programme

**I.OIL-**To the extent contractual disputes are concerned, the major cause of dispute is delay in contract execution and subsequent breaches.

Further, the major reasons of the delay on organisation part are related to permits/permissions of statutory authorities, besides other, which results in delay from our part in timely execution of contract.

**J. ONGC**

Major issues responsible are as follows:

(i) Exploration and production sector:

- a. Related to recovery of royalty and other statutory levies.
- b. Related to contract cost & cost sharing disputes between Joint Venture partners,
- c. Issues relating to extensions of Production Sharing Contracts (PSCs).
- d. Interpretation of provisions PSC/ non-compliance of PSC provisions

(ii) Refining Sector:

No inputs from ONGC.

(iii) Marketing and Distribution network:

- a. Disputes on pricing mechanism for gas
- b. Disputes challenging regulations related to gas marketing including PNGRB guidelines.
- c. Contract related issues: Minimum Guaranteed Offtake, Force Majeure, Quality issues, ONGC/buyer readiness date, Payment security, Reservoir related issues”.

1.27 Further, when asked as to whether any study has been conducted to identify for simplification of issues prone to litigations, the Ministry in its written reply have furnished the following information:

“During periodic review, various cases where policy intervention is required, are identified in order to simplify the issues and reduce potential litigation. Further, policy framework is in place where litigation below a certain threshold limit is not pursued in order to save cost and efforts”.

1.28 Apprising the Committee about the litigations involving Retail Outlets (ROs), the representative of the Ministry during oral evidence submitted before the Committee as under:

“Then, regarding the point about cheating at ROs, I think we have some fairly detailed guidelines. We have actually launched a lot of prosecutions. We have, in fact, even cancelled licences. But again, I take your point, which is a valid point, about an awareness campaign which should be done. With technology, we are solving many of the traditional problems. Today we know exactly what is being dispensed. In fact, you can actually go to one of our PSUs as a customer and you can fill it up yourself. You go there; you program how much money you require; and you fill it up yourself. There is no human intervention at all, except yourself. So, that is also being tried out very successfully. So, new ways of technology and new ways of working are coming which we are making it possible to eliminate some of the common problems of theft and cheating. But, yes, we would like to spread more awareness about this.

आपका यह सुझाव, जो अवेयरनेस का है, वह इस बारे में है कि जो नई-नई चीजें आ रही हैं, जो हम टेक्नोलॉजी के माध्यम से कोशिश कर रहे हैं कि छोटी-छोटी चोरी न हों और कस्टमर को जो कष्ट होता है, वह कम हो सके। इसके साथ ही इस को हम सब के संज्ञान में ला सकें और जनता में अवेयरनेस हो सके। यह एक सुझाव ऐसा है, जिस पर हम काम करना चाहेंगे।”

### **C. LITIGATION HANDLING SYSTEM IN OIL PSUS (LOP NO. 1, PG. NO.)**

1.29 On being asked by the Committee about Litigation handling system in Oil PSUs, the Ministry in their written replies have submitted the following written submission:

#### **A. “GAIL :**

Litigation in GAIL is broadly divided in two categories i.e. Contractual & Non Contractual disputes.

#### **1. Contractual Disputes :-**

Dispute resolution mechanism is included in all contracts entered by GAIL which includes Conciliation (as per GAIL's Conciliation Rules, 2010) & Arbitration.

However, before resorting to formal dispute resolution mechanism, GAIL has also devised an internal mechanism to avoid occurrence of disputes i.e. Preventive Dispute Resolution Mechanism wherein a Samadhan Committee consisting of members from Technical, Contract & Procurement & Finance Groups is constituted in each case to address the grievance at the very inception.

## 2. Non-Contractual Disputes (RoU/Land related & Writ Petitions)

RoU/Land disputes are mainly related to enhancement of compensation filed by landowners against the determination of compensation by Competent Authority/Special Land Acquisition Officer appointed in terms of Petroleum & Mineral Pipelines (Right of User) Act, 1962/Land Acquisition Act, 1894. The claims filed by the land owners are mostly exaggerated / time barred hence being defended by designated Competent Authority/Special Land Acquisition Officer with assistance of GAIL in different courts.

Further, being State in terms of Article 12 of the Constitution, writ petitions are also filed against GAIL.

To effectively manage the litigation, GAIL has formulated GAIL Litigation Policy which is broadly in line with National Litigation Policy and the same is being implemented.

### B. **BPCL :**

Litigations are handled region wise in BPCL. Legal Head Quarter (HQ) team sits in Mumbai and they handle head quarter related litigations and litigations from the Region which reaches the Supreme Court by engaging advocate. There are Regional Legal Teams which sits in South (Chennai), North (Noida), West (Mumbai), East (Kolkata) and Kochi Refinery. Regional team takes care of litigations of their respective regional states headed by Regional In-charge.

### C. **BPRL:**

In BPRL, there is a separate Legal Department at Corporate level which takes care of all litigation matters.

### D. **CPCL:**

Chennai Petroleum Corporation Limited (CPCL) has taken various dispute resolution measures with a view to reduce pendency of litigation & arbitration cases and include the following:

- Delegation of Authority of CPCL provides for powers to Board of Directors, MD & PPC for an out-of-court settlement depending on the claims, to approve such settlements amicably.
- CPCL has formulated CPCL Conciliation Rules 2018 with a view to provide for an amicable settlement of disputes during which arbitration / litigation cases are put on hold and the matter is attempted to be amicably settled between the parties, with the aid of Conciliators, through process of conciliation. CPCL has empanelled list of conciliators in this connection from various areas of expertise for expediting the Conciliation Process. CPCL Conciliation Rules have also been uploaded in CPCL website.

The minimum threshold limit to refer disputed claims to conciliation is Rs.10 lakhs.

- Standard Arbitration Clauses form part of most of the Agreements entered into by CPCL with Institutional Arbitration under the aegis of SCOPE (Standing Committee of Public Sector Enterprises).
- With a view to reduce disputes of PSUs with Central Government, State Government and other PSUs, the erstwhile Permanent Machinery of Arbitration (PMA), has been recently replaced by DPE with Administrative Mechanism for Redressal of CPSE Disputes (AMRCD). CPCL also follows the said mechanism. Presently no dispute is pending before AMRCD.
- In addition to the above measures, in order to avoid any dispute at the pre-litigation state, CPCL takes prompt response for any kind of legal notice / communication received from the aggrieved party. At the litigation stage, it is ensured that engagement of advocates and submission of replies, etc. is done in a timely manner.
- A close monitoring of all the pending litigations are also undertaken to ensure timely action.
- Engaging Senior Counsels only in the cases where stakes are high and based on need.
- Discussions are also held with the parties for out-of-court settlement.

## **E. NRL**

In NRL, disputes are mainly Arbitration (commercial disputes) and other litigations such as writs, reviews, civil suits, etc.

### Arbitration Procedure:

All commercial disputes of NRL are referred to arbitration in terms of the provisions of the General Clauses of Contract (GCC), General Purchase Conditions (GPC) whereby parties agree that the Managing Director (MD, NRL) shall appoint an independent arbitrator to adjudicate the dispute. The Parties intending to invoke arbitration submits their statement of claims to NRL in writing and accordingly an arbitrator is appointed to adjudicate the disputes in terms GCC/GPC. However, sometimes, the Claimant Party approaches the High Court for appointment of the Arbitrator directly, in such cases,

NRL agrees to such appointment of the Arbitrators. Once the arbitrator is appointed, the arbitration proceedings starts under Arbitration and Conciliation Act 1996.

Out of Court Settlement:

Delegation of Authority (DOA) policy of NRL provides terms of Out of Court Settlement as under:-

Particulars	Authorities	Financial limit	Clarificatory Notes/guidelines
Settlement of claims or demands referred to for arbitration or court of law or civil/criminal suits by or on behalf of the company or against the company	GM (Ops) and GM (F)	All cases	Legal Opinion shall be obtained. All cases above Rs.2 lakhs to be reported to the Board.

Engagement of Counsels and Handling Procedure of litigation:

Delegation of Authority (DOA) policy of NRL provides provisions for handling the litigations as under :

Subject with financial limits	Approval/authority	Clarificatory notes
To represent the company before a Tribunal/Court for defending company action	Officers in HR Dept in JG D & above	In consultation with Heads of HR, Committee of Director (COD) prior approval required if there are financial implications.
To settle disputed claims under legal or solicitor advice outside the courts of law	COD on the advice of Head of HR/Legal Consultant – upto Rs 15 lakhs	All cases above Rs. 15 Lakhs shall be submitted to the Board for approval on the recommendation of COD  All cases above Rs. 5 lakhs to be reported to the Board
Filing/defending a suit	Head of HR in consultation with Legal Deptt./Retainer and concurrence of MD	
Engaging a counsel and payment of legal fees	Head of HR	

Therefore, in terms of the DOA, the Legal Head engages the advocates to conduct the litigations on behalf of NRL in various Courts and Tribunals, on a case-to-case basis,



from a list of advocates as suggested by the Legal Department as per their expertise and experience in the respective courts and subject matters.

#### **F. HPCL**

The litigation in HPCL generally includes disputes related to Contract / Dealership / land, etc. HPCL has laid out mechanism for settlement of disputes and handling of litigation before the Courts / Tribunals. HPCL has its own Conciliation Rules and a conciliation clause has been included in all of its Civil/Construction contracts providing a mechanism for amicable settlement of disputes between the parties.

The Limits of Authority Manual of HPCL provides for authorities up to a financial limit whereby disputes can be amicably settled without approaching Court or the Arbitrator. Dispute with PSU/Govt. are referred to AMRCD as per the Government policy.

The Dealership Agreement/Tripartite Agreement have an arbitration clause with an independent arbitrator, unconnected to either party.

HPCL has a procedure for handling its legal work including engaging advocates, filing replies on time, handling cases and its review, etc.

#### **G. MRPL**

MRPL is handling various disputes/cases among which majority forms cases in the following categories;

1. Commercial disputes/Contract related issues
2. Disputes relating to land acquisition and
3. Labour and service matters
4. Marketing related matters
5. Misc. Matters

Status of pending litigations and efforts made in last three years for reduction of pendency supplemented by figures;

6. The pending litigations in various courts as on 2021-22 are total of 194 cases (incl. arbitrations). We are vigorously pursuing all the litigations and could successfully settle/ get disposal for a number of cases as shown below in the last 3 years;

Year	No. of Litigations disposed
2019-20	32
2020-21	08 (due to COVID-19 lockdown courts were mostly

	closed)
2021-22	40

Status of pending arbitrations and efforts made in last three years for reduction of pendency supplemented by figures;

7. The pending Arbitration cases as on 2021-22 are total of 8 cases. We are vigorously pursuing all the arbitrations and could successfully settle the arbitration cases as shown below in the last 3 years;

Year	No. of arbitrations disposed
2019-20	02
2020-21	01
2021-22	03

Efforts made for reduction of expenses on litigations and arbitrations in last three years.

8. Incorporation of arbitration clause in all our contracts to reduce litigation in commercial matters.

9. Whenever claims/disputes are raised by a party, the same are replied vide reply legal notices or otherwise with proper facts and figures justifying the position taken by MRPL. This itself has served as a deterrent and in some cases the parties have not pursued their claims further. Wherever possible we are also pursuing various ADR models like mediation for settling disputes.

10. Introduction of an **Outside Expert Committee (OEC)** for first stage mediation to avoid litigations or arbitrations.

11. Constituting Negotiation Committee for resolution of disputes and arriving at a settlement.

These measures have prevented many litigations/arbitrations and thus saved the connected litigation expenses.

## H. ONGC

Following are the modes of handling litigation in ONGC:

ONGC strives to avoid litigation wherever possible and to make dedicated efforts towards amicable settlement. With this goal, issues raised by business partners/contractors are first thoroughly examined and deliberated by a Tender Committees (TC) which are foremost responsible to address various issues raised by contractors. Any claim which is found admissible under the contract is accepted and issue is resolved amicably without taking the matter to Court. However, in cases where parties are unable to resolve the disputes mutually, ONGC has a policy in place whereby contractors can request for resolving the disputes by Conciliation through an independent mechanism of Outside Expert Committee ('OEC'). Even in cases where a party has gone to court/ arbitration, wherever possible, efforts are made for negotiation and mutual settlement or referring the dispute to conciliation. In addition to

the internal forums like TC etc., following forums are available for resolution of disputes:-

**i. Independent External Monitors (IEM):**

ONGC maintains a panel of former Government officials, nominated by the CVC for resolving issues pertaining to the Integrity Pact under various tenders. If a contractor has an issue relating to integrity in the tender process, it can refer the issue to IEMs. The IEMs after hearing both parties give their recommendations to ONGC.

**ii. Outside Expert Committee (OEC) - Conciliation:**

For disputes valuing more than Rs. 10 lakhs and upto Rs. 250 crores, ONGC has a policy to resolve the disputes through conciliation by an Outside Expert Committee, provisions of which has been incorporated in most contracts of ONGC. Outside Expert Committee (OEC) is a voluntary process for amicable resolution of disputes by the process of conciliation in a cost effective manner. ONGC maintains a panel of former senior bureaucrats and former senior officers of major Central PSUs as members of the Outside Expert Committee (OEC). The panel is approved by the CMD. The OEC after giving opportunity of hearing to the concerned parties submits its recommendations ("OEC Report") which, if accepted by contractor, is put up to ONGC management for consideration for settlement. It is a voluntary process where the parties retain decision-making rights throughout the entire proceedings and are only bound by the terms of settlement only when they enter into a written agreement concluding the Conciliation. In conciliation the emphasis is on cooperation and communication, on sustainable solutions, this is a win-win for all parties. OEC in ONGC has proven to be successful in reaching amicable solution, in an expeditious and cost effective manner. ONGC was pioneer in developing a model of conciliation through an Outside Expert Committee, which has been instrumental in solving commercial disputes successfully since its inception with a success rate of around 77%.

**iii. Arbitration:**

Arbitration is one of the most common modes of dispute resolution incorporated in contracts of ONGC. The Standard Dispute Resolution Clause of ONGC stipulates that Claims over Rs. 25 lakhs and upto Rs. 100 Crores may be referred to arbitration as under the Arbitration and Conciliation Act, 1996. The delays and procedural technicalities of litigation coupled with the bulging dockets of Courts led to adoption of arbitration as the most preferred and widely chosen mechanism for resolving domestic as well as international commercial disputes. In cases where conciliation has failed between the disputing parties,

then the disputes are referred to arbitration for its resolution in terms of the contract provisions.

iv. Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD):

v. As per Office Memorandum F.No.4(1)/2013-DPE(GM)/FTS-1835 and amendment dated 31.03.2020 thereof issued by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, commercial disputes between ONGC and other CPSEs are to be referred for resolution through Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) having a two tier structure.

vi. At the First level (tier), commercial disputes between CPSEs are referred to a Committee comprising Secretaries of the Administrative Ministries/Departments to which the disputing CPSEs/Parties belong and Secretary- Department of Legal Affairs. The Financial Advisors of the two concerned Administrative Ministries/Departments represent the issues related to the dispute in question, before the above Committee. In case, the two disputing parties belong to the same Ministry/Department, the said Committee will comprise Secretary of the administrative Ministry/Department concerned, Secretary- D/o Legal Affairs and Secretary- Department of Public Enterprises. In such a case, the matter will be represented before the Committee by the Financial Advisor and one Joint Secretary of that Ministry/Department. Appeal against the decision of the Committee shall lie with the Cabinet Secretary, whose decision will be final and binding on all concerned.

vii. **Commercial Courts:**

The Standard Dispute Resolution clause of ONGC stipulates that disputes over Rs.100 Crore shall be referred to Commercial Courts under the Commercial Courts, Commercial Division and Commercial Appellate Division of High Courts Act, 2015”.

1.30 On being asked about disputes valuing more than Rs. 10 lakhs that were referred to Outside Experts Committee in ONGC for settlement through conciliation process in the last three years and also details of disputes finally settled through OEC that were further challenged/appealed in any court of law, the Ministry in their written reply have submitted as under:

- a. “No. of cases referred to OEC valuing more than 10 lakhs: 30.
- b. No. of cases settled through OEC: 12 (Amount involved INR 587.7 Million + USD 1.81 Million (approx.)”.

1.31 When the Committee enquired to know as to whether any other Oil PSUs have evinced interest in model OEC policy of ONGC and have adopted it for implementation, the ministry in their written reply submitted:

“PSUs such as GAIL, SAIL, Oil India, NTPC etc. have earlier approached ONGC for understanding the model and mechanism of OEC. However, details pertaining to its adoption by other Oil PSUs is not available with ONGC.

## **I. BALMER LAWRIE (BL)**

Balmer Lawrie is currently dealing with various disputes/cases which relates to Commercial disputes concerning all the units, disputes relating to land acquisition, labour and service matters, taxes cases and other miscellaneous matters. BL has been following numerous mechanisms to ensure timely resolution of disputes. Taking into consideration the recommendations of the Standing Committee, BL has strived to avoid disputes and expedite the disputes either by way of out-of-court settlement or alternate dispute resolution. In situations where the only way has been the judicial system of the country, prompt steps have been taken to ensure matters are resolved effectively. BL has taken all possible measures to reduce litigations and expenses associated with them. As a proactive step, we have reviewed and analyzed the each and every litigation at the Top Management level and have strategized measures for reducing the litigations and arbitrations. The cases before the Courts/Tribunals are being expedited by the essential conferences with advocates and counsels dealing with the matters. Measures are being taken by respective departments wherein cases that have the possibility of being settled out of court are being analysed. It is important that BL is put in a position of strength to ensure that discussions of out-of-court settlement is not misinterpreted as a position of weakness by private parties. Measures are being taken to limit the expenses of litigations and in the interest of settling difference/disputes amicably BL is actively using all reasonable endeavours to resolve disputes mutually and amicably between the parties. In case of any dispute, initially we are attempting resolution through discussions and negotiations, wherever possible. The same is being done by way of virtual conferences/discussion or negotiation. However, if parties are unable to co-operate in good faith and amicably resolve the dispute within a reasonable period of time, BL is referring the dispute to alternate dispute resolution procedure as applicable. All agreements have arbitration clauses included in them and all disputes between CPSUs are referred to AMRCD as per the applicable rules. All steps are being taken to expedite litigation, viz. timely appointment of advocates, submission of timely replies to notices, ensuring that BL is represented on all the forums, etc.

## **J. OIL**

Litigation in OIL is broadly of two categories:

- i) Court Cases: All court cases are handled by OIL empanelled counsels in Supreme Court, High Courts, District Courts, and Statutory Tribunals. Besides that, in high stake matters, assistance of Government Law Officers and Senior Advocates is also taken.
- ii) Arbitration Cases: All ongoing arbitration cases of OIL are done by appointing arbitrators through mutual consent of the parties. The cases are represented by the empanelled counsels and assistance of Senior Counsel or legal experts are also taken.

Monitoring of these cases is done through online litigation management tool”.

1.32 When the Committee asked as to whether the policy of delegation of authority adopted by ONGC has resulted in reduction in pendency of cases and whether this delegation of authority policy has been adopted by other Oil PSUs also, the Ministry in their written reply have submitted as under :

**A. "BPCL**

Refer reply to 7 above for out of court settlement. BPCL/BPRL delegation of authority given below:

SBU/Entity Head authorized for out of court settlement of Rs 5 Lacs and below in each case for private parties and Rs. 10 Lacs and below in each case for Government/PSUs.

C&MD upto Rs. 25 Lacs in each case. Above Rs. 25 lacs is to be put up to Board. Also each case above 3 Lacs for private parties and each case above Rs. 5 Lacs for Government/PSUs to be reported to Board.

BPRL:

BPRL has a delegation of authority to SCBT for out of court settlement of Rs 5 Lacs and below in each case for private parties and Rs. 10 Lacs and below in each case for Government/PSUs.

Settlements for higher amounts are put up to Board.

Due to less number of cases in BPRL, delegation of authority has not been invoked for settling cases.

**B. ONGC**

Total 4 cases have been settled during the last 3 years.

**C. Balmer Lawrie**

Since this is related to ONGC, the same is not applicable to Balmer Lawrie".

**D. MONITORING OF LITIGATION CASES**

1.33 When asked about the nature of pending cases and issues behind such litigations, the representative of the Ministry during oral evidence submitted before the Committee as under:

"हम लोग हर तीन महीने पर सुप्रीम कोर्ट और हाई कोर्ट के जो मे सर केसेज हैं, उनको रिव्यू करते हैं और कारणों का पता लगाने की कोशिश करते हैं कि किन प्रमुख कारणों से ये केसेज आ रहे हैं। जैसा कि आपको विदित है हमारे मंत्रालय में अपस्ट्रीम से लेकर मार्केटिंग तक जो पूरी प्रोसेस है, उसके हर डिवीजन में कुछ न कुछ बिजनेस टू बिजनेज और बिजनेस टू कंज्यूमर रिलेशन्स होते हैं। हम लोगों ने पहले एक्सप्लोरेशन के कोर्ट केसेज को देखा। उनमें मुख्यतः बीडडॉक्यूमेंट जो पुराने कांट्रैक्ट या ब्लॉक दिए गए थे, उसके लिए चैलेंज होते हैं। जो अवार्ड ऑफ कांट्रैक्ट्स हैं, वे कुछ सालों के बाद उसमें जो परिवर्तन मांगते हैं, उसके लिए केसेज हैं। बहुत बार जो अवार्ड कांट्रैक्ट्स किए गए हैं और जब वे काम नहीं कर पाते हैं, तो चैलेंज करते हैं। उनमें से एक प्रमुख के सवेदांता और यूनियन ऑफ इंडिया का है।

उस केस में हाई कोर्ट ने गवर्नमेंट ऑफ इंडिया के पक्ष में निर्णय दिया था। लेकिन, वेदांता ने उस निर्णय पर सुप्रीम कोर्ट में एसएलपी फाइल की है। उसी तरह नैचुरल गैस मार्केटिंग और प्राइसिंग गाइडलाइन्स के मुद्दे पर कुछ पॉवर प्रोज्यूसर्स ने भी कोर्ट में केस किए हैं”।

1.34 Elaborating further on the pending litigation cases, the representative of the Ministry during oral evidence submitted before the Committee as under:

“सर, एक्सप्लोरेशन के बाद जब हमारी प्रोडक्ट पाइपलाइन में आती है, तो पाइपलाइन ले करने के लिए राइट ऑफ वे और राइट ऑफ यूज ऑफ लैंड करते हैं। उसमें बहुत बार यह देखा गया है कि लैंड एक्वीजिशन एक्ट और राइट ऑफ यूज ऑफ लैंड का जो इंटरप्रेटेशन है, लैंड एक्वीजिशन एक्ट का जो फोर्थ शेड्यूल है, उसमें पाइपलाइन और मिनरल्स एक्ट भी है। उसमें बहुत सारे लोग लैंड एक्वीजिशन के तहत बहुत ज्यादा कंपनसेशन मांगते हैं। उसमें भी हमारे पास केसेज आते हैं”।

1.35 Emphasizing on the need for developing robust monitoring mechanism for review of pending litigation cases, the representative of the Ministry during oral evidence apprised the Committee as under:

“सर, यह बात भी सही है कि हमें अपने पुराने केसेज की मॉनीटरिंग करनी चाहिए, चाहे कपनीज खुद कर लें या हम मंत्रालय में इसकी मॉनीटरिंग करें। हम पूछना शुरू कर सकते हैं कि दस साल या पंद्रह साल से कितने केसेज लम्बित हैं। हम यह नहीं कह रहे हैं कि आप उनको सेटल कीजिए, आप हमें सिर्फ यह बता दीजिए कि जो केसेज दस साल या पंद्रह साल से चल रहे हैं, कहीं वे इस वजह से तो नहीं चल रहे हैं कि अलग-अलग स्टेजेज पर कभी हमने रिप्लाय नहीं दिया या हमारे वकील नहीं पहुंचे। कई बार एडजर्नमेंट्स केवल इसी वजह से हो जाती हैं कि हमारे वकील उस समय कोर्ट में नहीं आ पाए। अगर एडजर्नमेंट्स मिलती रहीं तो हमने उसके लिए क्या कोशिश की कि हमारे केस की सुनवाई हो सके? यह एक अच्छा सुझाव है कि हम पुराने पेंडिंग केसेज की संख्या मंगाकर कपनीज के साथ संवाद करें”।

## **E. DISPUTE REDRESSAL MECHANISM IN OIL PSUS**

### **DISPUTE RESOLUTION COMMITTEE DRC/DRP PANEL**

1.36 When the Committee sought to know about the composition of DRC/DRP, mechanism for nominating members, their tenure, their remuneration, and also the number of cases referred to DRC/DRP since its inception and to what extent it has been able to reduce pending litigation cases, the Committee in their written reply have stated as under:

#### **A. BPCL**

(i) There does not exist a body called “DRC”. However Dispute Resolution Panel (DRP) was in place details of which is given below:

As per provisions under Clause 8.9 of extant Marketing Discipline Guidelines (MDG) for RO-SKO dealerships, in case of orders of Termination in established cases of critical irregularities, the dealer will have the right to appeal within a period of 30 days from the date of receipt of order, before the Appellate authority who will be empowered to decide

the matter and the appeal shall be disposed of preferably within 90 days from the date of filing the appeal in the office of the Appellate Authority.

The Appellate Authority are as under:

- a. Executive Director (Retail) in the Head Quarters or any other ED level officer at the Head Quarter so nominated by the respective OMC for all non SC/ST dealerships.
- b. Director other than Director (Marketing) for SC/ST dealerships.

MoP&NG, vide letter No. P-17011/7/2010-LPG dated 28.4.2015, has advised to constitute Dispute Resolution Panel (DRP). Accordingly, DRP was constituted by OMCs and MDG was amended on 3.8.2018. Four DRPs were constituted by OMCs to hear the appeals of the terminated RO dealerships. The four DRPs' conducted hearings on the cases referred by OMCs.

### **Constitution of Panel**

The Panel will be common for all the 3 Oil Marketing Companies. Depending on the number of appeals of OMCs, one or more panels will be constituted. Each panel will consist of three members. The constitution will be as under:

- (i) A retired Judge of the High Court – Member 1.
- (ii) A retired Government servant who held post not below the rank of Joint Secretary in Govt. of India or equivalent rank - Member 2.
- (iii) A retired official of PSU Oil Marketing Companies who held the post not below the rank of Director – Member 3.

The Retired Judge of the High Court in the Committee will be the Chairperson.

### **Empanelment and Tenure:**

Members of DRP would be empanelled for a period of 3 years. Their services would be availed as and when required by OMCs.

### **Remuneration to the members:**

Lump sum Remuneration: Rs.1,25,000/- per case per member, which includes cost towards Secretarial assistance.

MoP&NG, vide letter no. P-46011/01/2019-Distt-PG dated 10th July 2021, directed OMCs to devise their own mechanism for hearing the appeals in cases of termination of RO dealerships. In line with the above direction, OMCs decided that the Appellate process shall be restored to the old mechanism.

Accordingly, currently the Appellate Authority are as under:

- a. Executive Director (Retail) in the Head Quarters or any other ED level officer at the Head Quarter so nominated by the respective OMC for all non SC/ST dealerships.



b. Director other than Director (Marketing) for SC/ST dealerships.

ii) DRP is an appellate authority to hear cases arising out of appeals preferred by RO dealers who have been terminated for established cases of irregularities as per MDG. Therefore the decision of DRP is liable for challenge before the courts of law by the concerned parties. DRP provides an opportunity to the terminated RO dealers to hear their cases expeditiously rather than approach the courts for time consuming litigation.

Total 18 no. of cases were referred by BPC to DRP since its inception and all have been disposed of.

#### **B. EIL**

Not applicable as presently no DRC is adopted in EIL

#### **C. HPCL**

i. The status of appeals pertaining to HPCL before DRP is as given below:

Particulars	Nos.
Total No. of Cases referred to DRP	19
No. of Cases disposed	19
Appeals dismissed (A)	12
Orders in favour of appellant (B)	6
Order reprocessed	1
No. of Cases where dealers approached courts for compliance of DRP orders (out of B above)	5
No. of cases where courts upheld the order of DRP and outlets restored (Out of B above)	2
No. of cases where courts have not upheld the order of DRP (Out of B above)	1
No. of cases pending (Out of B above)	2
No. of cases where dealers approached courts against DRP orders (Out of A above)	9-All cases are pending for disposal

Accordingly, currently the appellate authorities are as under:

i. Executive Director (Retail) in the Headquarters or any other ED level officer at the Headquarters office so nominated by the respective OMC for all non-SC/ST dealerships.

ii. Director {other than Director (Marketing)} for SC/ST dealerships.

Status of appeals received under the current process, since the revision of MDG is as under:

Particulars	Nos
No. of Appeals received	4
No. of appeals disposed (A)	3
No. of appeals in favour of appellant (out of A above)	1
No. of appeals dismissed (Out of A above)	2

#### D. IOCL

Vide letter No. P-17011/7/2010-LPG dated 28.4.2015, MoP&NG advised OMCs regarding constitution of Dispute Resolution Panel (DRP). Accordingly, on 03.08.2018, MDG was amended and four such DRPs were constituted to hear the appeals of the terminated Retail Outlet Dealerships.

Subsequently, vide letter no. P-46011/01/2019-Distt-PG dated 10th July 2021, MoP&NG informed regarding the dismantling of DRPs and directed the OMCs to devise their own mechanism for hearing the appeals in cases of termination of RO dealerships. In line with the above direction, the earlier appeal mechanism was restored.

Currently, the Appellate Authority is as under:

- i. Executive Director (Retail Sales) in the Marketing Head Office or any other ED level officer at the Marketing Head Office so nominated by the respective OMC for all non-SC/ST dealerships.
- ii. Director, other than Director (Marketing), Director (HR) and Director (Finance), for SC/ST dealerships.

(ii) IOCL Reply: Data inputs are provided in the table appended herein below:

APPEALS BEFORE ERSTWHILE DRP	
Particulars	Nos.
Total No. of Cases referred to DRP	34
No of Cases disposed*	34
Orders against the Dealer	19
Orders in favour of the Dealer	5
*Case where DRP ordered fresh SCN (Out of 34)	10

DETAILS OF APPEALS BEFORE APPELLATE AUTHORITY - MDG (POST-DRP)	
Particulars	Nos
No of Appeals received	25
No of appeals disposed (A)	21
No of appeals in favour of appellant (out of A above)	4
No of appeals dismissed (Out of A above)	17

#### **E. OIL**

In compliance with Arbitration and Conciliation Act, 1996, OIL has implemented Conciliation Rule 2020. Before the Conciliation Rules, OIL had OEC (Outside Expert Committee) mechanism for resolution of disputes amicably, which has become infructuous post commencement of OIL Conciliation Rules.

a. DRC consists of conciliators/domain experts who are from technical, financial, and commercial/legal background. The tenure is for a period of 3 years.

b. For each hearing/meeting, a conciliator shall be paid Rs. 20000/- as conciliator's fees and transportation charge of Rs. 2,500/-. For secretarial services, a lump sum amount of Rs.20,000/- shall be paid by the parties for the whole Conciliation proceedings.

Total 49 Cases were referred to DRC and out of these 39 cases have been settled.

#### **F. DGH**

Ministry of Petroleum & Natural Gas (MoPNG), Govt. of India, vide Notification No. Expl-15022(13)/6/2017-ONGD-V dated 16.12.2019 has constituted the Committee of External Eminent Persons/Experts (CEEE or DRC) for resolution of disputes arising out of contracts relating to exploration blocks/fields.

The tenure of the members of the Committee is three years from the date of the said Notification. As per clause 5.1 of the Notification, The members of the Committee acting as conciliator or mediator will be reimbursed expenses incurred

on airfare and local commutation from their place of work to the place of meeting, as per entitlement, unless transport and commutation facility is provided to them for attending the committee meetings. Each member will also be paid an honorarium of Rs. 20,000/- (Rupees Twenty thousand only) per hearing of the conciliation or mediation proceedings.

Query on mechanism for nominating members may be addressed by MoPNG.

- MoPNG vide letter dated 21.10.2021 decided to refer all cases of pending Cost of Unfinished Minimum Work Programme (CUMWP) under various Production Sharing Contracts (PSCs) to CEEE for dispute resolution as per the terms and conditions of the said notification dated 16.12.2019.

C. 42 cases have been taken up by CEEE as on date upon receipt of valid consent from all constituent(s) of contractor(s). Settlement Agreement is yet to be arrived in these blocks.

- In addition to above, case of royalty dispute in the pre-NELP field PY-1 was put up before CEEE. CEEE gave its recommendation which was accepted by both the parties i.e. contractor (HOEC) and Government of India. HOEC has already paid Rs 10 crore on 15.06.2022 out of total settlement amount of Rs 27.89 crore. However, the remaining amount is yet to be received from the contractor before signing of the Settlement Agreement”.

## **F. ALTERNATE DISPUTE RESOLUTION (ADR) MECHANISM IN OIL PSUS)**

### **a. Mediation/Arbitration**

1.37 When the Committee enquired as to whether the Ministry have any role in mediation/arbitration in litigations involving oil PSUs, the Ministry in their written reply have submitted as under:

“In Right of User (RoU) cases, when the question with respect to interpretation of provisions of P&MP Act, 1962 arises before the Court, this Ministry responds the specific query raised by the Courts. In most of the RoU cases, this Ministry is arrayed as proforma respondent.

After dismantling of the Administered Pricing Mechanism (APM) w.e.f. 1<sup>st</sup> April 2002, this Ministry has no role to play in the day-to-day commercial activities including mediation/arbitration and litigations of Oil Marketing Companies. However, in litigation related to Retail Outlet Dealerships of Oil Marketing Companies, this Ministry is arrayed as proforma respondent. Disputes involving OMCs inter se and also between OMCs and Government Departments/Organizations are taken up for its resolution through AMRCD in line with the Department of Public Enterprises OM dated 22.05.2018.

## A. CPCL

- In respect of CPCL, CPCL Conciliation Rules 2018 has been formulated with a view to provide for an amicable settlement of disputes during which arbitration / litigation cases are put on hold and the matter is attempted to be amicably settled between the parties, with the aid of Conciliators, through the process of conciliation. CPCL empanelled its conciliators in February 2019.
- Standard Arbitration Clauses form part of most of the Agreements entered into by CPCL with Institutional Arbitration under the aegis of SCOPE (Standing Committee of Public Sector Enterprises).
- With a view to reduce disputes of PSUs with Central Government, State Government and other PSUs, the erstwhile Permanent Machinery of Arbitration (PMA), has been recently replaced by DPE with Administrative Mechanism for Redressal of CPSE Disputes (AMRCD). CPCL has included this mechanism in all commercial contracts and tender documents between CPSEs and inter-se and CPSE's and Government Departments / Organizations effective July 2018.

## B. NRL

However, NRL abide by all the guidelines issued time to time by the concerned Ministry for mediation / arbitrations in litigations involving PSUs. Such as guideline issued vide OM No. 4(1)/2013-DPE(GM)/FTS-1835 dated 22.05.2018, 04.07.2018 and 11.07.2018 on 'Settlement of Commercial Dispute between CPSEs.'

## C. ONGC

Government of India, as per Office Memorandum F. No. 4(1)/2013-DPE(GM)/FTS-1835 and amendment dated 31.03.2020 thereof issued by Department of Public Enterprises, Ministry of Heavy Industries & Public Enterprises, has mandated that commercial disputes between ONGC and other CPSEs/State PSUs or Government Deptt. are to be referred for resolution through Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) having a two tier structure".

### b. Out of Court settlement

1.38 When the Committee sought to know the number of cases that have been taken up for out of court settlement by Oil PSUs and the number of cases that have actually been settled in last three years along with company wise details of monetary claims involved in such cases, the Ministry in their written reply have submitted the following information:

#### A. "BPCL

No. of cases taken up for out of court settlement	7
No. of cases settled out of court	7

No. of cases without any monetary claim	5
No. of cases involving monetary claim	2 (The amount involved was 14.37 crores)

#### **B. BPRL**

Overseas, BPRL's wholly owned subsidiary, BPRL International B.V. has made an out of court settlement by paying Euro 7381 against a claim of Euro 21,087.59

Overseas, BPRL's wholly owned subsidiary, BPRL JPDA Ltd. has made an out of court settlement by paying USD 1.6 Mn against a claim of USD 3.4 Mn.

#### **C. CPCL**

No of Cases taken up for out of court settlement: 3 (Three)

No. of Cases settled through out of court settlement: 1 (One)

Name of the Contractor - Lakshmi Travels; Claim Amount – Rs.48 lakhs

#### **D. EIL**

Total of 5 cases settled out of court in last three years.

Sr. no.	Financial year	No of cases settled	Claims involved in INR lakhs
1	2019-20	3	1895.98 + interest
2	2020-21	Nil	Nil
3	2021-22	1	344.06 + interest
4	2022- till date	1	58 interest

#### **E. NRL**

Two cases were taken for out-of-court settlement:

- i. 1 (one) case was in 2019 which could not reach final settlement. The monetary claim involved was Rs 1.73 crores
- ii) 1 (one) case settled after arbitration in the year 2020. The monetary claim involved was Rs. 2.36 crores(approx.)

#### **F. HPCL**

The details of cases settled within last 3 years are as under:

No. of totals cases settled	21
No. of cases without any monetary claim	14
No. of cases involving monetary claim	7
Amount received by HPCL	Rs. 1,40,65,524
Amount paid by HPCL	Rs. 3,12,42,904

#### G. MRPL- Cases settled out of Courts during last three years

Year	No. of Cases taken up	No. of cases settled
2019-20	04	04 <i>(Out of 4 cases 3 cases settled through Alternate Dispute resolution(ADR) Mechanism)</i>
2020-21	02	02
2021-22	01	01

#### H. IOCL

Data inputs are provided in the table appended herein below:

Number of cases taken up for Out of Court settlement				Number of cases successfully settled out of Court			
Monetary cases		Non-Monetary Cases	Total	Monetary cases		Non-Monetary Cases	Total
Number of cases	Total claim amount (in Rs. Crore)	Number of cases	Number of cases	Number of cases	Total claim amount (in Rs. Crore)	Number of cases	Number of cases
21	180.04	9	30	17	62.02	9	26

1.39 When the Committee enquired about details regarding number of cases settled through conciliation and also quantum of amount involved in those cases, the Ministry in their written reply have furnished the following information:

#### “IOCL

The success rate for resolving disputes under Conciliation is around 93%, and resulted in substantial savings to the Corporation, both in terms of claims of the parties and legal expenses. Details are provided in the table appended herein below:

Number of Cases Settled	13
Total Amount Claimed from IOCL before Conciliation (Rs. In Crore)	372.98
Total Amount at which cases were settled (Rs. In Crore)	56.96

## **I. ONGC**

- i. No. of cases referred taken up for out of court settlement in last 3 years: 34
- ii. No. of cases settled in the last 3 years: 16
- iii. Monetary claims involved in such cases: INR 3689.2 Million (approx.) + USD 40.67 Million + GBP 6.42 Million + NOK 5.53 MM.  
(USD – US Dollar, GBP – British Pound Sterling, NOK – Norwegian Kroner)

## **J. OIL**

One case was taken for out of court settlement and has been settled. The monetary claim involved was Rs. 50 crores”.

1.40 On being asked about the number of disputes of over Rs. 100 crore that have been referred to commercial courts during the last three years and their current status and their period of pendency, the Ministry in their written replies have stated as under:

### **A. “NRL**

(i) & (ii) In NRL no such provision is implemented to refer the dispute before the commercial courts as in the State of Assam, no commercial court is exist as per jurisdiction. However, NRL abide by all the guidelines issued time to time by the concerned Ministry for mediation / arbitrations in litigations involving PSUs. Such as guideline issued vide OM No. 4(1)/2013-DPE(GM)/FTS-1835 dated 22.05.2018, 04.07.2018 and 11.07.2018 on ‘Settlement of Commercial Dispute between CPSEs.’

### **ONGC**

Currently, 1 Court case over Rs. 100 crore is pending before Commercial Courts. The instant case was filed on 18.08.2022.

## **K. Selection of Arbitral Institutions”**

1.41 When the Committee sought to know as to what extent Alternative Dispute Resolution Mechanism (ADR) and hiring of renowned arbitral institutions like Indian Council of Arbitration (ICA) Scope Forum for Conciliation & Arbitration (SFCA), Delhi International Arbitration Center (DIAC) being able to reduce pendency of cases and also prevention of initiation of litigation proceedings, the Ministry in their written reply have furnished the following information:

**A. “CPCL:** As on date, CPCL has not opted for hiring renowned Arbitral Institutions like ICA, SFCA and DICA as ADR Mechanism, since the issues could be managed by



appointing Sole Arbitrator by CPCL as per the General Conditions of Contract in view of low stake arbitration cases.

- a. **EIL:** Presently Arbitral institutions are not engaged in EIL.
- b. **IOCL:** Arbitration is an effective ADR mechanism and accordingly a conscious endeavour is made by the organization that commercial disputes with private parties are referred to arbitration, as per the provisions of the contract, either ad-hoc or renowned arbitral institutions, like Indian Council of Arbitration (ICA), SCOPE Forum for Conciliation and Arbitration (SFCA), Delhi International Arbitration Centre (DIAC), are chosen, to reduce pendency of litigation in courts.
- c. **MRPL:**

Sl. No.	Arbitral institution	Case	Present Status
1	Delhi International Arbitration Centre	M/s Driplex Water Engineering Ltd.	Petition has been filed against the Arbitral Award dated 27-11-2021 read with Additional Award/ Order dated 01-02-2022 passed by the Ld. Arbitral Tribunal comprising of Justice A.K. Sikri, Former Judge, Supreme Court of India, Sole Arbitrator, Delhi International Arbitration Centre in Case No. DAC/2647(D)/12-19
2	Indian Council of Arbitration	M/s Great Eastern Shipping Co Ltd	The First hearing was held on 20.05.2022.
3	Indian Council of Arbitration	M/s Great Eastern Shipping Co Ltd	Sitting yet to be commence

- E. **NRL :** NRL referred two cases before the Scope Forum for Conciliation & Arbitration (SFCA). However, due to provision of deposit of non-refundable registration fees and other formalities to be fulfilled by the claimant, the matters could not further preceded under the said forum.
- F. **GAIL:** It has been observed that disposal rate of cases under ADR mechanism is comparatively better as compared to Court litigation. (Particularly pursuant to amendment made in Arbitration Act in 2015). GAIL has revised standard arbitration clause to promote institutional arbitration. It has been observed that arbitral institutions assist the disputing parties and Arbitral Tribunal in effective management of disputes, which also ensures timely conclusion of cases.
- G. **BPCL :**  
BPCL has adopted SCOPE institutional arbitration only 4-5 years back. We shall be reviewing the efficiency over a period of time.

Only two Arbitration cases for BPRL, hence assessment will be undertaken once sufficient cases are there.

- H. **DGH:** Under Rule 33 of the PNG Rules r/w PSC, the default mode for resolution of disputes (being handled by DGH) is through ad-hoc arbitration in the E&P Sector.

- I. **HPCL** do not have any institutional arbitration.
- J. **ONGC** : **ONGC** does not refer arbitration matters to institutional arbitration for resolution of disputes.
- K. **OIL**: **OIL** has framed "GUIDELINES FOR SETTLING THE DISPUTE THROUGH ARBITRATION" in year 2020. The guideline, amongst others, provide referral of cases to DIAC. One arbitration case arbitration case has been settled through DIAC.

In respect to disputes arising in operational areas of north-eastern region, arbitrators are mutually appointed by the parties keeping in view convenience of vendors".

1.42 When the Committee asked as to whether the Ministry / Oil PSUs have ever carried out periodic performance appraisal of renowned arbitral institutions engaged by them keeping in view high pendency of litigations, the Ministry in their written reply have stated as under:

A. "**MoPNG**: In **MoPNG**, neither arbitral institution has been engaged, nor performance appraisal has been carried out.

B. **IOCL**: These arbitration institutions are independent institutions and though, there has not been any specific performance review, however, while deciding the forum to which the disputes may be referred, past experience with such forums and the efficiency in dealing with the matter is kept in consideration. For example, keeping in view the extensive panel of maritime experts empanelled by ICA, disputes pertaining to Shipping contracts are referred to ICA.

C. **BPCL** : **BPCL** has adopted SCOPE institutional arbitration only 4-5 years back. We shall be reviewing the efficiency over a period of time.

Only two Arbitration cases for **BPRL**, hence assessment will be undertaken once sufficient cases are there.

D. **GAIL**: **GAIL** has adopted standard arbitration clause to promote institutional arbitration in the year 2019. No review of performance of arbitral institutions has been done.

E. **DGH**: Under Rule 33 of the PNG Rules r/w PSC, the default mode for resolution of disputes (being handled by **DGH**) is through ad-hoc arbitration in the E&P Sector".

1.43 On being asked by the Committee about the procedure for selection & appointment of arbitral institutions by the Ministry & Oil PSUs, the Ministry have furnished following written submission:

A. "**MoPNG**: In **MoPNG** (OMC, LPG and OR Section), there is no such procedure for selection and appointment of Arbitral Institutions.

B. **BPCL**: **SCOPE** was selected because it is having All India presence, reasonable fee structure and is apex professional organization representing the Central Government Public Enterprises.

C. **BPRL**: The appointment of arbitral institutions is as per the Contract between the parties which consists of ad-hoc as well as institutional arbitral tribunals.

D. **IOCL:** The arbitral institution are selected at the time of finalization of the contract itself and are generally selected based on mutual consent of the parties involved, while negotiating contracts itself. While deciding forum, especially for international arbitration, the principle of neutrality of venue is generally adopted and forums of high repute such as LCAI, SIAC, ICC, etc. are chosen. While deciding such forums, the past experience with such forums, is kept in consideration. For example, keeping in view the extensive panel of maritime experts empanelled by ICA, disputes pertaining to Shipping contracts are referred to ICA. However, wherever, the matter is referred to court for appointment of arbitral tribunal, the tribunal is selected based on the direction of court.

E. **MRPL:** As per the Contract Terms /prevailing laws.

F. **NRL:** In NRL, as on date there is no recourse pending before the Arbitral Institutions. NRL follows the provision stipulated in the General Condition of Contract and General Purchase Condition for constitution of Arbitral Tribunal.

G. **GAIL:** GAIL has selected various leading arbitral institutions like ICADR/ICA/DIAC/SFCA based on their reputation, fee structure and robust arbitration rules.

H. **OIL:** OIL refers its disputes to DIAC which was established by the Delhi High Court and is a first High Court annexed Arbitration Centre and maintains panel of around 400 Arbitrators consisting of Former Chief Justices of India, Former Judges of Supreme Court of India, Former Chief Justices of High Courts, Former Judges of High Courts, amongst others.

I. It has clearly defined Rules & Procedure and is centrally located in the premises of Delhi High Court, therefore, OIL has selected DIAC as an institution for arbitration proceedings in respect of cases referred for Arbitration”.

1.44 When the Committee enquired as to how many cases have been settled so far through Conciliation / Arbitration by the Ministry & Oil PSUs and as to what was the amount spent by Oil PSUs, the Ministry in their written reply stated as follows:

- A. **“MoPNG:** In **MoPNG** (OMC, LPG and OR Section), no cases have been settled through Conciliation / Arbitration.
- B. **CPCL:** In CPCL, no cases have been settled through Conciliation / Arbitration.
- C. **EIL:** There are 7 no. of cases settled and attained finality through conciliation/ arbitration in last 3 years.

Sr. No.	Financial year	No of cases settled and attained finality through conciliation/ arbitration	Amount of compensation paid by EIL in cases settled and attaining finality (including payment made under settlement) in INR	Amount received by EIL in compensation in INR (Lakhs)
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			(Lakhs)	
1	2019-20	3	373.07	
2	2020-21	2	29.6	101
3	2021-22	1	263.84	
4	2022- till date	1	59.38	

D. **IOCL:** Data inputs are provided in the table appended below:

DISPUTES REFERRED TO ARBITRATION DURING LAST FIVE FYs i.e. 2017-18, 2018-19, 2019-20, 2020-21 & 2021-22	
Total number of cases referred	201
Number of cases disposed off	144
Number of cases pending	77
Total Amount paid by IOCL pursuant to arbitration (Rs. Crore)	231.8
Total Amount received by IOCL pursuant to arbitration (Rs. Crore)	6.4
Total Fees paid to arbitral institutions / arbitrator (Rs. Crore)	16.8

DISPUTES REFERRED TO CONCILIATION DURING LAST FIVE FYs i.e. 2017-18, 2018-19, 2019-20, 2020-21 & 2021-22	
Total number of cases referred for Conciliation	16
Number of cases settled	12
Number of cases pending	4
Total Amount Claimed from IOCL before Conciliation (Rs. Crore)	372.98
Total Amount Paid by IOCL pursuant to Conciliation (Rs. Crore)	56.94
Total Amount Received by IOCL pursuant to Conciliation (Rs. Crore)	0
Total Fees Paid to Conciliators (Rs. In Crore)	1.59

E. **MRPL:** Cases Settled through conciliation/arbitration

Sl. No	Case	Arbitral Institution	Claim amount paid by MRPL	Claim amount received by MRPL

2019-20 – 03 Nos.				
1	Offshore Infrastructure Ltd (WP3022)	3 members Arbitral Tribunal	Rs. 5.89 Crores	
2	Offshore Infrastructure Ltd (WP3039)	3 members Arbitral Tribunal	Rs. 2.85 Crores	
3	AFA Industrial Security Services Ltd.	Arbitration Centre, Karnataka	Rs. 11.51 Lakhs	
2020-21 – Nil				
2021-22 – Nil				

F. **NRL:** Only one case is settled through arbitration during the last three years. Rs. 2.36 crores (approx.) was spent by NRL as compensation.

G. **BLC:** Arbitral Institutions are not used by BL. After completion of Arbitration generally the losing party moves Court. Hence matter remains unsettled.

H. **GAIL:** During the last three years GAIL has settled following cases in Arbitration :

2019-2020 : 19 cases Claim awarded to GAIL : Rs.375.05 Cr. Claim awarded against GAIL : Rs.19.72 Cr.

2020-2021 : 07 cases Claim awarded to GAIL : Rs.6.13 Cr. Claim awarded against GAIL : Rs.27.22 Cr.

2021-2022 : 12 cases Claim awarded to GAIL : Rs.1038.89 Cr. Claim awarded against GAIL : Rs.153.2 Cr.

During last three years number of cases referred & settled in Conciliation by GAIL are as under :-

1. Total cases referred for Conciliation : 07
2. Cases withdrawn/not settled : 03
3. Cases pending : 02
4. Cases settled : 02 (Amount recovered : Rs.6.98 crore, amount paid Rs.1.75 Cr.)

#### I. BPCL:

Details of Arbitration are given below:

Disputes referred to Arbitration during last five FYs i.e. 2017-2022.	
Total No. of Cases referred	100
No. of Cases Disposed off	59
Number of cases pending	41
Total Amount paid by BPCL pursuant to arbitration (Rs. in Crore)	12.8
Total Amount received by BPCL pursuant to arbitration	0.47

(Rs. in Crore)	
Total Fees paid to arbitral institutions / arbitrator (Rs. in Crore)	5.45

**J. ONGC:**

a. No. of cases settled through OEC (Conciliation) (during last 3 years): 12 and the amount spent by ONGC is INR 58.77 Crores + USD 1.81 MM (approx.) Amount received is NIL.

b. No. of cases settled through Arbitration (during last 3 years): 15 Amount spent by ONGC is Rs. 47.47 Crores + USD 0.063 MM. Amount received is NIL.

**K. OIL:** Three arbitration matters were settled in last three years. Out of which two matters were decided in favour of OIL with no financial implication on the Company.

In one matter, no award of claim/counter claim was passed by the Arbitral Tribunal”.

1.45 Apprising the Committee about the proposed amendments in the existing Arbitration Act, the representative of the Ministry during oral evidence submitted as under:

“सर, जहां तक कंसिलिएशन और मीडिएशन की बात है तो इसमें काम कम हुआ है, लेकिन हमें एक उम्मीद है। हमारे ज़ेहन में आया है कि जो मीडिएशन का कानून है, इसमें भी बदलाव होने वाला है। उस कानून के बदलाव के बाद ही इसमें हमें काफी गति मिलेगी।”

1.46 When the Committee enquired as to how much amount has been spent by Ministry and oil PSUs towards payment of fee to arbitral institutions during the last five years, the Ministry have furnished the following written submission:

A. **MoPNG:** In **MoPNG**, as no arbitral institutions are engaged, no amount has been spent in last five years.

B. **CPCL:**

Following amounts were paid to the Sole Arbitrator for conducting arbitration proceedings.

(Rs. in Cr.)

PSU	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21	FY 2021-22
CPCL	0.15	0.00	0.00	0.02	0.00

C. **IOCL:** Data inputs are provided in the table appended below:

DISPUTES REFERRED TO ARBITRATION DURING LAST FIVE FYs i.e. 2017-18, 2018-19, 2019-20, 2020-21 AND 2021-22	
Total Fees paid to arbitral institutions / arbitrator (Rs. In Crore)	16.8

D. **MRPL:** Payment to Arbitral institutions

Sl. No.	Year	Fees paid (Rs.)
1	2017-18	1.63 Crores
2	2018-19	1.09 Crores
3	2019-20	Nil
4	2020-21	Nil
5	2021-22	Rs. 17 Lakhs

E. **NRL:** No payment is spent by NRL towards fees of Arbitral Institution as no case proceeded under arbitral institution

F. **BPCL:** Details of Arbitration are given below:

Disputes referred to Arbitration during last five FYs i.e. 2017-2022.	
Total No. of Cases referred	100
No. of Cases Disposed off	59
Number of cases pending	41
Total Amount paid by BPCL pursuant to arbitration (Rs. in Crore)	12.8
Total Amount received by BPCL pursuant to arbitration (Rs. in Crore)	0.47
Total Fees paid to arbitral institutions / arbitrator (Rs. in Crore)	5.45

G. **BPRL:**

BPRL settled one case in 2022-23 by paying an amount of Rs. 1.69 Crores.

Amount paid to Arbitral Institutions in India is 24.05 Lakhs in last 5 years.

Overseas, BPRL's joint Venture company IBV Brasil has spent an amount of USD 3.5 Lakhs in last 5 years.

H. **HPCL:**

HPCL do not have any institutional arbitration.

I. **GAIL:** GAIL has paid following fee to various Arbitral institutions during the last five years:-

Amount paid to Delhi International Arbitration Centre (DIAC)

2017-2018 : Rs.0.1304539 Cr.

2018-2019 : Rs.0.1645150 Cr.

2019-2020 : Rs.0.0365799 Cr.

2020-2021 : Rs.0.0267780 Cr.

2021-2022 : Rs.1.3838199 Cr.

Amount paid to London Court of International Arbitration (LCIA)

2017-2018 : Nil  
2018-2019 : Nil  
2019-2020 : Nil  
2020-2021 : GBP 1,70,000  
2021-2022 : Nil

Amount paid to International Centre for Alternative Dispute Resolution (ICADR)

2017-2018 : Rs.0.41 Cr.  
2018-2019 : Rs.0.69 Cr  
2019-2020 : Rs.0.20 Cr.  
2020-2021 : Nil  
2021-2022 : Nil

#### **G. SABKA VISHWAS (LEGACY DISPUTE RESOLUTION) SCHEME, 2019**

1.47 This scheme was introduced in Union Budget 2019 for resolution and settlement of past disputes / appeals of Central Excise and Service Tax, providing major relief from payment of tax dues, interest and penalty. The scheme was initially effective from 01.09.2019 to 31.12.2019 and was later on extended up to 15.01.2020. It is not in vogue now. The performance of Oil PSUs in implementation of Sabka Vishwas Scheme is as under:-

##### **A. GAIL**

GAIL has considered and settled 38 eligible pending Excise Duty and Service Tax cases under the scheme involving financial implication of Rs. 152 Cr. Currently all the cases which were filed under the scheme have been settled and there are no cases pending for settlement under the 'Sabka Vishwas' scheme.



## B. BPCL

With respect to BPCL, total 97 cases with total demand of Rs.632 Cr approx. (including interest and penalty) were settled under the scheme.

Other cases which were not settled are being litigated based on merits of the case.

## C. HPCL

Totally 66 cases were settled under SVLDRS involving demand of Rs 95.52 Crs out of which Service Tax cases Settled is 22 and the amount involved in these cases is Rs 40.01 Crs. Number of Service tax cases not settled under SVLDRS are 13 involving a demand of Rs 46.99 Crs. We have not opted for settlement of these cases, as we have favorable orders in identical issue and strong case on merits.

## D. IOCL

Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 was a dispute resolution cum amnesty scheme for resolution and settlement of legacy cases.

The summary of cases applied under SVLDRS scheme in IOCL are as follows:

Act/Statue	No. of Cases applied under the Scheme	Dispute Amount Involved (Rs in Cr.)	No. of Cases settled under the scheme	Dispute Amount Settled (Rs in Cr.)
Central Excise	70	212.99	70	212.99
Service Tax	91	55.68	91	55.68
Total	161	268.67	161	268.67

## E. Balmer Lawrie

The SVLDR Scheme, 2019 was opened on 1.9.2019 and was remain in force till 15.1.2020.

No. of Cases Settled: 4  
Amount of Total Demand: Rs. 66.30 lakhs  
Paid under SVLDR: Rs. 12.36 lakhs

Below cases relating to SCDC – Coimbatore are filed & settled under SVLDRS:

Sl No	Service Tax Appeal No with CESTAT	SVLDRS-4 Discharge certificate No	Amount settled under SVLDRS
1	ST/08/2012	L230620SV400069	107,182
2	ST/07/2012	L230620SV400071	205,326
Total			312,508

Also, no appeals are pending with Tribunal / High Court relating to indirect taxes within our control in AS – Chennai.

**F. MRPL**

In MRPL 2 Service Tax cases were referred under Sabka Vishwas Scheme and both are settled.

**G. OIL**

As regards Indirect Tax, OIL has settled 2 cases of service tax under the Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and the total amount involved in those cases was Rs.16.06 Crore.

**H. CPCL**

CPCL have not opted for SabkaVishwas Scheme for settlement of service tax disputes.

**H. VIVAD SE VISHWAS SCHEME 2020**

1.48 When the Committee sought to know the details of the scheme 'Vivad se Vishwas' to settle the pending cases and also enquired about number of cases related to income tax and service tax disputes that have been settled since the scheme came in vogue, the Ministry in their written reply have submitted as under:

**A. GAIL**

Government of India has introduced Vivad se Vishwas Act in the year 2020 to resolve pending litigation under the Income Tax Act, 1961. As per the act, whole of the amount of penalty and interest on disputed tax was waived and all the pending disputes could be settled by paying only the disputed tax (100% for appeal filed by assessee and 50% for appeal filed by Income Tax Department).

GAIL had applied for settlement of all eligible 44 cases pertaining to Income Tax having disputed amount of around Rs 1500 Cr. from Assessment Year 1996-97 to 2016-17. Currently, all the 44 cases are completely settled as per the provisions of the Vivad se Vishwas Act and no cases is pending for settlement.

**B. CPCL**

CPCL has opted to reduce the litigations / disputes with the Income Tax Department under the Direct Tax Vivad Se Vishwas Act, 2020.

Gross dispute amount opted for settlement under the scheme is Rs.269.54 Cr. by remitting Rs.41.53 Cr. after adjusting the amounts already paid and also foregoing eligible carry forward tax losses and MAT credit.

S.No.	Place – Forum where the case is pending	No. of cases	Amount in dispute (Rs. in Cr.)
1	High Court	15	94.37
2	CIT (Appeals)	5	110.37
3	ITAT	1	64.80
Total		21	269.54

By opting under the Direct Tax Vivad Se Vishwas (VSV), 14 Assessee appeals and 7 Departmental appeals were disposed of. There are no cases in respect of VSV and all VSV cases have been settled.

#### C. EIL

EIL has exercised 'Vivad se Vishwas scheme' in respect of litigations pending for Income Tax w.r.t AY 2013-14 and 2014-15. Refund of Rs. 44,77,854/- is due for AY 2013-14 as per Final Order (Form 5) dated 03.02.2022. As regards AY 2014-15, Tax of Rs. 37,32,540/- was determined payable and the same was deposited in December 2020. Thus, EIL has settled 2 pending litigations involving disputed tax after the inception of the scheme. There are no other pending litigations in respect of Income Tax/ Service Tax for settlement under these schemes.

#### D. NRL

One case has been referred by NRL under the schemes 'Vivad se Vishwas' & 'Sabka Vishwas' (Legacy Dispute Resolution) in the year 2020-21. Against the order of Income Tax Department claiming tax of Rs.1.03 Crores (Rupees One Crore only) the matter was settled for an amount of Rs.0.91 crores and Rs.0.12 crores refund is due to NRL.

#### E. HPCL

HPCL has opted for 'Vivad se Vishwas scheme' (VSVS) for 17 cases. Total Disputes of Rs 844.76 Crore were settled for Rs 605.58 Crore and 5 cases involving amount of Rs 180.18 crore were not settled in VSVS, as HPCL did not opt for settlement of these cases due to strong case on merits.

#### F. MRPL

In MRPL 32 Direct Tax cases were referred to Vivad se Vishwas scheme, out of which 23 cases are settled and balance 9 cases are pending to be settled.

#### G. IOCL

As per the 'Direct Tax Vivad se Vishwas Act, 2020', the last date for opting under the 'Vivad se Vishwas Scheme' was 31.03.2021, with last date for payment of settled cases upto 30.09.2021. Scheme is currently not in vogue. The number of income tax

related cases settled by IOCL under the 'Vivad se Vishwas Scheme' along with the quantum involved is tabulated below:

Assessment Years	No. of appeals settled under VSV	Quantum of Amount Involved (Rs. in Crore)	
		Dispute Amount (Incl. Interest) *	Settlement Amount
1987-88 to 2010-11 (23 Assessment Years)	33 appeals (25 IOC Appeals & 8 Dept Appeals)	3,903.53	2,420.82

\*Quantum includes Rs. 317.42 cr., on account of disputed interest.

## H. OIL

OIL has settled all the pending Income tax cases for the years 2002-03 to 2015-16 under The Direct Tax Vivad Se Vishwas Scheme, 2020 and there is no case pending under Income Tax Act for this period. The Total amount involved in those cases was Rs.5537.43 Crore”.

1.49 Elaborating on the implementation of Vivad se Vishwas Scheme, the representatives of ONGC during oral evidence submitted as under:

“विवाद से विश्वास स्कीम जो सरकार ने एनाउंस की थी, ओएनजीसी ने इसे लीड लेते हुए सभी कांट्रेक्टर्स को इन्वाइट किया। They can come forward and settle their disputes under this Scheme. Public notification has been given. We are talking with all the contractors and vendors. We have made helpdesk for them for their doubts and we have also provided helping numbers. अगर उनको कोई क्वेरी है तो पूछ सकते हैं, सैटल कर सकते हैं। स्कीम की सफलता इसी बात पर निर्भर करती है की दूसरी पार्टी इसे सुलझा सके।

1.50 Further apprising the Committee the representative of ONGC during oral evidence submitted as under:

“वह यह है कि इस साल ओएनजीसी के 1500 करोड़ रुपये के जो डिस्प्यूट्स हैं, वे विवाद से विश्वास योजना के अंतर्गत रिजॉल्व हो जाएंगे। अभी अप्रैल के बाद वाले केसेस हैं। अप्रैल के पहले जो हो चुके हैं, उससे नम्बर में सब्सटेंशियल डिफरेंस होगा। अगर लोग हमारे पास आएंगे, चूँकि हमने एडवरटाइजमेंट दिया है। हमने पहली बार अखबार में स्टार दिया है कि आइए और इसे सुलझाइए। हम आप सब को इनवाइट करते हैं। जिनके फेवर में भी आर्बिट्रेशन गया हुआ है, जिनके फेवर में भी कोर्ट का ऑर्डर गया हुआ है, we are here to sort it out”.

## **I. INDEPENDENT EXTERNAL MONITORS**

1.51 On being asked about the mandate entrusted upon IEMs and whether Ministry have any role in their functioning, the following written submission have been submitted before the Committee:

- A. **“MoPNG: MoPNG**, has no role in the functioning of IEMs.
- B. **GAIL:** As per Standard Operating Procedure Circulated by CVC regarding Implementation of Integrity Pact Program,
- i. The Principal appoints competent and credible Independent External Monitor for this Pact after approval by Central Vigilance Commission. The task of the Monitor is to review independently and objectively, whether and to what extent the parties comply with the obligations under this agreement.
  - ii. The Monitor is not subject to instructions by the representatives of the parties and performs his/her functions neutrally and independently. The Monitor would have access to all documents/records pertaining to the contract for which a complaint or issue is raised before them, as and when warranted. However, the documents/records/information having National Security implications and those documents which have been classified as Secret/Top Secret are not to be disclosed. It will be obligatory for him/ her to treat the information and documents of the Bidders/ Contractors as confidential. He/she reports to the C&MD, GAIL.
  - iii. The Bidder (s)/ Contractor (s) accepts that the Monitor has the right to access without restriction to all Project documentation of the Principal including that provided by the Contractor. The Contractor will also grant the Monitor, upon his/her request and demonstration of a valid interest, unrestricted and unconditional access to their project documentation. The same is applicable to Sub-contractors.
  - iv. The Principal will provide to the Monitor sufficient information about all meetings among the parties related to the Project provided such meetings could have an impact on the contractual relations between the Principal and the Contractor. The parties offer to the Monitor the option to participate in such meetings.
  - v. As soon as the Monitor notices, or believes to notice, a violation of this agreement, he/she will so inform the Management of the Principal and request the Management to discontinue or to take corrective action, or to take other relevant action. The monitor can in this regard submit non-binding recommendations. Beyond this, the Monitor has no right to demand from the parties that they act in a specific manner, refrain from action or tolerate action.
  - vi. The Monitor will submit a written report to the C&MD, GAIL within 30 days from the date of reference or intimation to him by the ‘Principal’ and, should the occasion arise, submit proposals for correcting problematic situations.
  - vii. If the Monitor has reported to the C&MD, GAIL, a substantiated suspicion of an offence under relevant IPC/PC Act, and the C&MD, GAIL has not, within reasonable time, taken visible action to proceed against such offence or reported it to the Chief Vigilance Officer, then only in case of very serious

issue having a specific, verifiable Vigilance angle, the matter should be reported directly to the Central Vigilance Commission.

viii. In case of any complaints referred under IP Program, the role of IEMs is advisory and would not be legally binding and it is restricted to resolving the issues raised by an intending bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidder.

ix. After award of contract, the IEMs shall look into any issue relating to execution of contract, if specifically raised before them. As an illustrative example, if a contractor who has been awarded the contract, during the execution of contract, raises issue of delayed payment etc. before the IEMs, the same shall be examined by the panel of IEMs.

As per above SoP, IEMs were appointed by GAIL in consultation with CVC, hence MoP&NG has no role in their functioning.

- C. **BPCL:** IEMs are appointed with recommendation from CVC and follow the SOP provided by CVC. Ministry has no role in the appointment of IEMs and their functioning.
- D. **EIL:** The Standard Operating Procedure for Adoption of Integrity Pact dated 03.06.2021 issued by CVC is being implemented in EIL.
- E. **IOCL:** As per CVC circular relating to SoP on IP dated 25.01.2022, IEMs are required to ensure desired integrity, transparency and objectivity in tendering/contracting process. IEMs advisory role is that of a friend, philosopher and guide. The advice of IEM is not legally binding and is restricted to resolving issues raised by an Bidder regarding any aspect of Tender which is allegedly restrictive, non-competitive and biased towards some other Bidder. IEMs for an organisation are nominated by CVC from the panel of IEMs with the sitting fees etc. payable to IEMs are also decided by CVC.
- F. **NRL:** The advisory role is entrusted upon IEMs which includes examining all complaints received by them and give their recommendations/views to the Chief Executive of the organization. The advice of IEM would not be legally binding and it is restricted to resolving issues raised by a bidder regarding any aspect of the tender which allegedly restricts competition or bias towards some bidders.
- G. **BLC:** We have followed the ministry mandate on appointment of IEM”.

1.52 Apprising the Committee about the role being played by IEM in prevention of legal disputes the representative of Ministry during oral evidence submitted as under:

“दूसरा, आपने आईईएम के विषय में पूछा था। आईईएम विजिलेंस का कार्य करते हैं, ये डिसप्यूट रिजोल्यूशन का कार्य नहीं करते हैं। वे यह देखते हैं कि हम टेंडर अवार्ड करने में या टेंडर सेटल करने में जो प्रोसेस फॉलो कर रहे हैं, क्या वह प्रोसेस सही है। वे दूसरी पार्टिज से कभी नहीं मिलते हैं और इंटरनल होते हैं। इसलिए आईईएम का रोल अलग होता है, लेकिन आईईएम के रहने से जरूर यह होता है कि डिसप्यूट उत्पन्न होने की संभावना कुछ हद तक कम हो जाती है, क्योंकि अगर हम अपनी प्रोसेस ठीक रखें तो शायद डिसप्यूट्स कुछ हद तक कम हो जाएंगे”।

1.53 When the Committee enquired as to whether the IEMs have been able to reduce the number of litigations in Oil PSUs and the details about the cases handled by IEMs during the last three years, the Ministry in their written reply have furnished the following information:

A. **“GAIL** : IEMs have been able to reduce the number of litigations as none of the vendors/contractors have challenged the recommendations of IEMs in Court of Law.

The details of cases handled by IEMs during last three years are as follows :

Financial Year	No. of Complaints
2022-23 (Upto September)	1
2021-22	3
2020-21	0

All the above complaints were resolved by IEMs.

B. **BPCL** : Yes, 18 no. of complaints handled by IEM and details are given below.

Summary of IEM Complaints for past 3 years			
Year	No of Complaints	Nature Of Complaint	Resolution
2019-20	8	<ul style="list-style-type: none"> <li>• Technical Qualification to relax</li> <li>• Time Extension was not sufficient</li> <li>• Limited tender to registered parties only</li> </ul>	All the complaints resolved to the satisfaction of the complainants and no further proceedings taken up by them
2020-21	4	<ul style="list-style-type: none"> <li>• Technical Evaluation related</li> <li>• Limited Tender to registered parties only</li> </ul>	
2021-22	6	<ul style="list-style-type: none"> <li>• Relaxation in Technical qualification criteria</li> <li>• To accept further document after opening of tender</li> <li>• Black listing due to non-compliance of tender condition</li> </ul>	

C. **CPCL**: Cases handled by IEMs during the last three years

Two representations were made to the IEMs during the last three years, the details are as under:

Sl. No.	Particulars of cases	Recommendation of IEMs	Tender Value
1.	<p>Tender Ref No. JB/B416-000-CD-T-803/1007</p> <p>Name of the work: Site grading works for CBR project of CPCL.</p> <p>Name of the bidder: M/s Devi Engineering and Constructions Pvt. Ltd.</p> <p>Details of Representation: Technical problem in Reverse Auction (RA), requested rescheduling of RA</p> <p>Period: April 22</p>	<p>After conducting various meetings with CPCL and vendor, the representation of the vendor was assessed and IEMs had recommended that the tendering process can continue without interference.</p>	Rs. 70.5 Cr.
2	<p>Tender Ref No. : CPCL/PROJ/T-351/2021-22</p> <p>Name of Work : Procurement of supple, installation &amp; commissioning, PECAMC of closed circuit television system (CCTV)</p> <p>Name of bidder : M/s Tejas Networks</p> <p>Details of representation : Requested for adding Tejas Newtwork Limited in the approved vendor list.</p> <p>Period : April 22</p>	<p>The claim made by the vendor was not entertained due to the following reasons:</p> <p>As the Tender was Open Domestic, any vendor meeting PQC &amp; Technical parameters can participate.</p> <p>Also, the vendor list in tender was based on reputed brands.</p> <p>However, Bidder could offer alternate make, meeting criteria indicated in Tender.</p> <p>IEM had replied to the vendor on the above lines and the case was closed.</p>	Rs. 6.12 Cr.

D. **HPCL** : No. of vendor references handled by IEMs during the last three years

FY 2019-20	:	5
FY 2020-21	:	4
FY 2021-22	:	4

E. **EIL**: EIL has implemented recommendations/ directives issued by IEMs.

Details of cases handled by IEMs in EIL for the last three years are given below:



Sl. No.	Name of Tender	Bidding Document No.	Year of Award
1.	Hiring of buses in EIL	GEM/2021/B/966273	Tender annulled (2021)
2.	Civil & Structural Works-I for RU&O Facilities for Rajasthan Refinery Project	AS/B229-000-CF-TN-8004/1002	2019
3.	EPCC-01 (CDU/ VDU) for Rajasthan Refinery Project	AKR/B224-101-PM-T-7201	2019

F. **IOCL:** As per CVC circular relating to SoP on IP dated 25.01.2022, IEMs are required to ensure desired integrity, transparency and objectivity in tendering/contracting process. IEMs advisory role is that of a friend, philosopher and guide. The advice of IEM is not legally binding (i.e. recommendatory in nature) and is restricted to resolving issues raised by an Bidder regarding any aspect of Tender which is allegedly restrictive, non-competitive and biased towards some other Bidder. As such, IEMs play an important role in avoidance of potential litigation.

The details of references handled by IEMs in last three FYs are given below:

Year	Number of References
2019-20	20
2020-21	33
2021-22	28

G. **ONGC:** During the tendering process, bidders can raise dispute/complaints to IEMs (Independent External Monitors). This has instilled confidence in our business partners that their grievances are being addresses in a fair and transparent manner. This has helped in avoiding possible litigation during the tendering process.

Details of the cases, handled by IEMs in ONGC during the last three years is as under:

Year	No. of cases
2019-20	19
2020-21	8
2021-22	14

H. **BLC:** No issues have been raised by any vendor before IEM, hence not applicable.

I. **OIL :** IEMs have been instrumental in reducing the litigations. In the last three years 15 cases have been referred to IEMs and all 15 cases have been settled”.

1.54 When the Committee sought to know as to how many cases have been handled by IEMs so far and in how many cases decisions were challenged in courts and as to what was the quantum of amount involved in the cases handled by IEMs and whether oil PSUs have implemented recommendations/directives issues by IEMs, the Ministry in their written reply have stated as under:

**A. "GAIL:** The details of cases handled by IEMs during last five years are as follows

Financial Year	No. of Complaints	Estimated Value of Tender in which complaint was received.
2022-23 (Upto September)	1	Rs 120 Crores
2021-22	3	Rs 236 Crores
2020-21	0	0
2019-20	5	Rs 35 Crores
2018-19	5	Rs 506 Crores

All the above complaints were resolved by IEMs and further in none of the vendors/contractors have challenged the recommendations of IEMs in Court of Law.

All the recommendations/directives issued by IEMs have been implemented and Action Taken Report was presented to IEMs.

**B. BPCL:** 18 no. of Complaints handled by IEM. None of the decisions were challenged in the Court. All the complaints were before opening the price bids. Hence amount was not known. During the discussions, any suggestions given by the IEMs were considered in subsequent tenders.

**C. BPRL:** Two cases were handled by IEMs in 2018-19 amounting to Rs. 0.84 crores and 1.13 crores out of which one was challenged in Court. All recommendations/directives from IEMs have been implemented.

**D. CPCL:** Two cases handled by IEMs; None of the decisions were challenged in the Courts.

- Quantum of amount involved in the cases – May please refer to Qn.No.33.
- CPCL have implemented recommendations / directives issued by IEMs.

**E. EIL:** Total 3 cases have been handled by IEMs in EIL during the last three years (List of EIL cases involved is given in reply to Q. No. 33 above).

In none of the cases, decisions were challenged in courts.

For all the above cases, EIL has implemented recommendations/ directives issued by IEMs.

**F. HPCL:** Tenders valuing Rs.1 crore and more come within the purview of IEMs as Integrity Pact is mandatorily required to be signed by vendors. HPCL has been fully complying with the CVC guidelines in this behalf. The opinion of the IEMs (though not binding on the Company), is invariably followed in most cases.

G. **IOCL:** So far 197 references have been deliberated by IEMs involving a total amount of around Rs. 2,000 Crore. No reference thereon has been escalated to any legal forum.

H. **NRL:** In NRL, tender information of procurement/contract awarded, which are covered under the Integrity Pact is shared with the IEMs for review on quarterly basis.

Total 8 (eight) nos. quarterly review meetings were held in FY 2021-22 and 2022-23. In addition to above 4 (four) nos. special meeting was organized during the same period and specific issues related to 5 nos. of different tenders were discussed.

In none of the above cases the outcome of IEM meeting was challenged in court.

The quantum of amount involved in the issues discussed with IEMs will be around Rs. 1200 Cr. (Approx.)

NRL has been implementing the recommendations/directives issued by IEMs in the review meetings.

I. **ONGC:** Total number of cases handled by IEMs in ONGC so far since 2006 are around 340. Total Value of such cases is approx. 1,50,000 crores. Only in few cases (around 10 cases), representing parties have gone to court. Opinion rendered by IEMs on representations referred to them is recommendatory in nature. However, it is accepted by ONGC in almost all the cases.

J. **BLC:** No issues have been raised by any vendor before IEM, hence not applicable.

K. **OIL:**

- a) In last three years total 15 cases were referred to IEMs. In none of the cases decisions of IEMs were challenged.
- b) The total quantum of amount involved against the tender value is 2541.43 crores.
- c) The directives issued by the IEMs against the individual tenders have been implemented”.

## **J. ADMINISTRATIVE MECHANISM FOR RESOLUTION OF CPSES DISPUTES (AMRCD)**

To make the dispute resolution mechanism more effective and binding on the disputing parties, a new mechanism namely Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) having two level (tier) structure has been evolved by the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises. In the event of any dispute or difference relating to interpretation and application of the provisions of commercial contract(s) between Central Public Sector Enterprises (CPSEs) inter se and also between CPSEs and Government Departments/Organisations (excluding disputes concerning Railways, Income Tax, Customs & Excise Departments) such dispute or difference shall be taken up either party for its resolution through AMRCD.

1.55 Elaborating about the different types of cases which are referred AMRCD for settlement, the representative of the Ministry during oral evidence submitted the following information:

“दूसरा आर्बिट्रेशन जो पीएसयूज के अगेंस्ट है, हम लोगों ने उस की भी एक सूची तैयार की है। इन पेंडिंग आर्बिट्रेशन के तहत 31 मार्च तक जो एक्सपेंसेज और क्लेमसइन्कर्ड हुए हैं, हमने उसकी भी एक सूची दी है। EIL के अगेंस्ट यूएस डॉलर में एक क्लेम है। यह क्लेम करोड़ में है। चूंकि, आईओसीएल

सबसे बड़ी कंपनी है, इसके अग्रेस्ट क्लेम ज्यादा है, क्योंकि इनका नम्बर ऑफ कांटेक्ट ज्यादा होता है। ओएनजीसी और आईओसीएल दो प्रमुख कंपनीज हैं। यही हमारी लिटिगेशन की वर्तमान स्थिति है। डिफ्रेंट कंपनीज ने लिटिगेशन रिड्रेसल के लिए तरह-तरह की कमेटी बना रखी है। पीएसयूज के बीच में जो डिस्पूट होती है, उसके लिए मंत्रालय में एमआरसीडी नाम से एक कमेटी बनी हुई है। उसके तहत उस का रिजॉल्यूशन होता है”।

1.56 When asked about as to how many cases have been referred to Administrative Mechanism for Resolution of CPSE disputes (AMRCD) for settlement by Oil PSUs and also the major points of contention in the cases referred to AMRCD along with details of quantum of amount involved in the cases referred to AMRCD, the Ministry in their written reply have furnished the following information:

#### **A. “BPCL**

There are 3 cases pending before AMRCD. The details of the said cases are as under:

##### **i. BPCL v Delhi Tourism & Transportation Development Corporation:**

Lease was executed by DTTDC in BPCL's favour for 30 years from 23.07.1999. In 2018, DTTDC initiated PPE proceedings for eviction and damages, which led to series of litigation. Finally, on 24.05.2022, Delhi HC directed parties to approach AMRCD. Accordingly, BPCL filed its claim before AMRCD for resolution of dispute seeking renewal of lease.

##### **ii. BPCL vs Maharashtra State Electricity Distribution Company Ltd. :-**

BPCL is claiming an amount of Rs. 1,75,22,375.57 towards refund of the wrongly deducted Liquidated Damages and incorrectly disallowed Price Variation along with interest @18% per annum from the date of respective deductions/disallowance till the date of actual payment to BPCL. Contract was entered between BPCL and MSEDCL for supply of lubes.

##### **iii. BPCL vs ONGC:-**

BPCL is claiming an amount of Rs. 1,21,78,100.39 and USD 51,180.71 along with interest towards the short-paid amounts for the Petroleum product i.e. High Flash High Speed Diesel supplied to ONGC from time to time. It is BPCL's case that the Invoices raised by it were towards the quantity of products delivered, which is ascertained and substantiated by the Bunker Delivery Notes (BDN), Empty Tank Certificates and the Ullage Reports duly signed by both the parties at the Delivery point.

## B. CPCL

There are no AMRCD cases filed / pending by / against Chennai Petroleum Corporation Limited (CPCL) as on date.

## C. EIL

(a) A total of three (3) cases originally raised by another CPSE have been referred to AMRCD.

(b) The major point of contention in these cases pertains of the claims raised by Engineering Projects India Ltd. (EPIL) involving claims of idling of manpower, sales tax, price adjustment, variation, interest, etc.

(c) Details regarding quantum of amount involved in the cases referred to AMRCD are presented in table here below:

Sl. no.	Matter referred to AMRCD	Quantum of amount raised in INR (Lakhs)	Remarks
1	EPIL (1)	1028	Award of Permanent Machinery of Arbitration in the original reference by EPIL. EIL has made a representation before AMRCD challenging the Award by PMA.
2	EPIL (2)	3596	Dispute invoked by EPIL before AMRCD
3	EPIL (3)	816	Dispute invoked by EPIL before AMRCD

## D. NRL

Till date in NRL, no commercial dispute exist between CPSEs inter-se and CPSEs and Government Departments/Organization(s) therefore no situation arose to approach AMRCD for settlement.

## E. HPCL

There are 2 cases pending before AMRCD. The details of the said cases are as under:

i. HPCL v NTC :The matter pertains to interest claim on EMD amount deposited with NTC. Claim amount is Rs. 27,67,43,369.50 (upto 31.12.2019 compounded interest @ 8% p.a. w.e.f. 5.9.1989)

ii. HPCL v. SCI :The matter pertains to shortage of product in SCI vessel due to leakage in tank of the Vessel.

Claim amount is Rs. 7,42,58,510/- (principal amount @ Rs. 2,96,83,641.90 + interest @ Rs. 44564868.58 @ 12% p.a. w.e.f. 27.2.2007)

## **F. IOCL**

Eight (08 nos.) cases have been referred to AMRCD till date by IOCL, out of which three (03) nos. have been settled with respective parties namely NTPC Vidyut Vyapar Nigam (NVVN), Dredging Corporation of India and RITES Ltd with IOCL receiving a net amount of Rs. 6 Crore (approx.). The remaining 05 nos. of disputes (with Bridge & Roof Co. (India) Ltd., CSIR-NEERI, Shipping Corporation of India Ltd. and Chennai Port Trust) are in various stages including mutual settlement as advised by AMRCD and involve an amount of around Rs. 56 Crore (plus interest).

The major issues in the said cases are as follows:

- a. Exorbitant penalties and penal interests imposed on IOCL;
- b. Recovery of dues receivable by IOCL and other parties as per the Contract;
- c. Price Discount imposed as per contract due to delay in completion of project;
- d. Abandonment of project by entities which were awarded the Contract;

## **G. Balmer Lawrie**

Two case have been transferred to AMRCD

- a. Balmer Lawrie & Co. Ltd. vs. Fertilizer Corporation of India:
- b. Balmer Lawrie & Co. Ltd. vs. Steel Authority of India Ltd.

## **H. GAIL**

GAIL has only 01 case pending in AMRCD details of which are as under :-

GAIL Vs. DGH (MoP&NG) dispute is related to exploration Block AA-ONN-2002/1 was awarded under NELP-I. DGH/MOP&NG levied Liquidated Damages against the Contractor consortium comprising of GAIL and JOGPL and the same is under dispute. GAIL has paid LD under protest. Claim involved is US\$ 9.98 million”.

1.57 On being asked about the Committee about the number of legal disputes between oil PSUs and agencies like DGH, PNGRB, OISD, PESO, etc. along with reasons for arising of such disputes, the Ministry have submitted the written information:

## **A. "GAIL**

Details of number of legal disputes between GAIL & agencies like DGH, PNGRB, OISD, PESO etc.

1. Disputes with DGH related to related to Liquidated damages under exploration Block AA-ONN-2002/1 which was awarded under NELP-I: 01 case pending
2. Dispute with PNGRB related to Tariff Orders and PNGRB Regulations : 13

## **B. DGH**

42 cases have been taken up by Committee on External Eminent Experts (CEEE) as on date upon receipt of valid consent from all constituent(s) of contractor(s). Settlement Agreement is yet to be arrived in these blocks.

## **C. BPCL**

Presently there are two disputes/issues of BPCL with PNGRB. One pertains to the declaration of the ATF pipeline from Chembur Refinery to Santacruz Airport as a "common carrier" pipeline. BPCL has filed its reply before PNGRB and the issue/dispute is pending as on date.

The other issue is pending in Supreme Court. BPCL challenged the final Judgment dated 07.07.2021 passed by the Appellate Tribunal for Electricity at New Delhi in Appeal No. 161 of 2020, wherein the Hon'ble Tribunal has dismissed the Appeal filed by BPCL (the Appellant) against the Order dated 04.08.2020 passed by the Respondent, Petroleum and Natural Gas Regulatory Board. The Hon'ble Tribunal has held that pipeline of any nature are covered under the regulation and hence demand made pursuant to regulations for the captive pipeline is valid and has further held that the Appellant cannot succeed in its challenge as long as the amended PNGRB (Levy of Fee and Other Charges) Regulations 2007 are in force which covers any pipe lines.

## **D. EIL**

EIL has no legal disputes with agencies like DGH, PNGRB, OISD, PESO, etc.

## **E. HPCL**

There are 2 disputes with PNGRB and 1 with PESO. The disputes before PNGRB relate to the exact boundaries of GA (Geographical Area) where authorization has been granted.

### **Details of disputes with PNGRB :**

- i. Sabarmati Gas Ltd (SGL) is the authorised entity for GAs of Sabarkant, Mehsana and Gandhinagar, Gujarat. HPCL has set up a daughter booster CNG station at Auto Care Centre Prantij, Sabarkanta. The complainant has alleged that this is in violation of the PNGRB Regulations as they have the exclusive right to set up CNG stations within their authorized GAs. Hence, this complaint.

- ii. CUGL has been authorized by PNGRB for CGD GA (Geographical Area) of parts of Bareilly in 2009. HPCL has obtained authorization for CGD GA of balance parts of Bareilly along with Pilibhit and Rampur in 2019, and started laying pipeline in 2020. CUGL has alleged that HPCL has encroached on their GA by laying pipeline inside their GA in violation of their exclusivity granted by PNGRB. Hence, this complaint.

**Details of disputes with PESO:**

HPCL has filed WP 12891 of 2021 against PESO before High Court of Kerala for cancellation of Licence for retail outlet (petrol pump) PKC Nair, Tripunithara pertaining to Cochin Retail RO.

**F. IOCL**

There are NIL legal disputes between oil PSUs and agencies like DGH, PNGRB, OISD, PESO.

**G. ONGC**

Currently, there are 4 pending cases, wherein ONGC, PNGRB & DGH have been made parties. There is no inter se dispute between ONGC, PNGRB & DGH in these cases. These cases have been filed by third parties against ONGC, PNGRB/ DGH and the interest of ONGC is aligned with PNGRB/DGH”.

1.58 Commenting on the successful implementation of AMRCD mechanism, the representative of the Ministry submitted before the Committee as under:-

“हमारा दूसरा काफी जोर एएमआरसीडी पर रहा है। दो सरकारी कंपनियों के बीच में आपस की जो लड़ाई है, वह कोर्ट में क्यों जाए, उसे तो हम आपस में ही तय कर सकते हैं। हमें एएमआरसीडी में काफी सफलता मिली है। हमने जो आंकड़े दिखाए हैं, उनमें इनका भी उल्लेख किया गया है, जबकि वे अलग-अलग मंत्रालय के हैं। हमें इसमें सभी मंत्रालयों से काफी सहयोग मिला है। इसमें हमारे काफी पुराने लंबित मामलों का निपटारा हुआ है”।

1.59 When the Committee sought to know the average time taken for settlement of legal cases through AMRCD, and as to how many cases are pending before AMRCD as on date, the Ministry in their written reply have furnished the following information:

- A. **BPCL:** There are three cases as on date before AMRCD and the same are pending as on date.
- B. **CPCL:** There are no AMRCD cases filed / pending by / against Chennai Petroleum Corporation Limited (CPCL) as on date.
- C. **EIL:** One case is pending before AMRCD between EIL and EPIL. EIL has no pending dispute before AMRCD with any other Oil PSU.
- D. **BLC:** Two cases are pending.
- E. **IOCL:** 3 Cases disposed through AMRCD and average time of disposal is 1 Year and 3 Months.



- F. **ONGC:** The average time taken for settlement of legal cases through AMRCD is 2-3 years.

Presently, ONGC has 03 pending cases before AMRCD”.

## **K. EMPANELMENT OF LAWYERS**

1.60 When the Committee sought to know the mechanism /Guidelines followed by the MoP&NG and Oil PSUs /DGH for empanelment of lawyers at various levels in the country, the Ministry have furnished the following written submission:

A. **“MoPNG:** In **MoPNG**, there is no mechanism for empanelment of lawyers. However, for conducting Government Litigations at various forums, the lawyers are empanelled by Ministry of Law and Justice (MoLJ). Generally, MoLJ assigns lawyers (out of the empanelled lawyers) for MoPNG, to conduct litigation before various courts and forums. In case where lawyers are not assigned by MoLJ, MoPNG writes to concerned Branch Secretariat or ASG of the concerned court, to assign lawyers to defend case before the courts or other forum.

C. **CPCL:** CPCL have guidelines for empanelment of Advocate and their fees in line with IOCL, its holding Company and other Public Sector Undertakings and as per Delegation of Authority of the Company as well. In this connection, approval has been obtained from Competent Authority for empanelling Advocates in CPCL.

D. **EIL :** EIL has empanelment procedure which deals with empanelment of lawyers.

E. **MRPL:** MRPL is empanelling the lawyers based on their experience, area of practice etc, consulting other Oil PSUs and CPSEs. Approval for empanelment are taken as per the Delegations of Power.

F. **NRL:** Lawyers are engaged and empanelled under the provisions stated in HR DOA of NRL at various levels in the country on case to case basis as per their expertise and requirement of the case under following procedure :-

1. Obtain professional fee quotations
2. Verification of fees quoted with that of other advocates with similar experience/portfolio to determine if the same is equivalent.
3. Recommendation and justification of engagement of advocates is made by the Legal Department.
4. Approval of engagement of advocates is made by the Head of HR as per the DOA.

G. **BLC:** Balmer Lawrie does not empanel advocates. Advocates are engaged on a case to case basis as per the requirement of expertise in each case.

- H. **GAIL** receives the applications from individual advocates along with their bio-data and other relevant documents for empanelment. Based on the number of applications, the applications are processed for consideration.

Panel is reviewed periodically.

I. **BPCL**

Advocates are engaged on case-to-case basis and BPCL does not empanel or engage Advocates on a retainer ship basis.

The lawyers are appointed on need basis. Initially Advocates are shortlisted based on enquiries with other OMC's, observation in courts and reference based on reputation of advocates and the experience of dealing cases of other oil companies. The Advocates are evaluated based on various criteria's such as experience (recommended more than 5 and 8 years for Civil courts and High courts/Supreme Court respectively), reputation at bar (success in cases handled), conversant with oil sector issues and having proper infrastructure.

For high stake/ sensitive matters or some specialized matters, engagement of an established Law Firm and Senior Advocate is considered.

The performance of lawyers is also being reviewed from time to time and necessary follow up is done with the lawyers for any changes/improvement.

Qualified and experienced Law Officers are roped in to handle the legal work of the Corporation. The Law Officers working in the Corporation are trained from time to time for skill enhancement.

We do not prefer taking adjournments. However, if the need arises, adjournment is sought on need basis in consultation between concerned Legal Officer, Business Function and the Advocate. No incidence of laxity on the part of Law Officers/Advocate is observed.

- J. **CPCL**: CPCL have guidelines for empanelment of Advocate and their fees in line with IOCL, its holding Company and other Public Sector Undertakings and as per Delegation of Authority of the Company as well. In this connection, approval has been obtained from Competent Authority for empanelling Advocates in CPCL.

- K. **DGH**: DGH has empanelled law-firms through 'Open Tender System' for a period of three-year basis for handling matters on behalf of MoPNG (Exploration Div). There is no empanelled Counsel/Advocates in DGH, and it obtains services of Government Counsels (AGI, SGs, ASGs and other Govt. Counsels/Panel Counsels of MoLJ as advised by Senior Counsels/Registry) and/or others.

Advocate(s) are empanelled based on parameters such as experience in handling arbitration/ court cases before Court(s), Arbitration, PNGRB, National Green Tribunal, Competition Commission including Appellate Tribunal(s). Experience relating to

RoU/land acquisition, GSA/GTA, Taxation issues, Service matters, Regulatory affairs etc. is also given preference. Applicant is required to attach the daily order sheets/ judgments to show his /her presence and appearance. The applicant on the panel of other Public Sector Undertakings including private companies of oil & gas sector are given preference.

#### **L. HPCL**

HPCL does not engage Advocates on a retainership basis. Advocates are engaged on a case-to-case basis. We do not have any formal panel of Advocates.

If a need arises to engage a new advocate for a particular case (due to not having advocates who handle such cases before that Court and City), then a search is conducted for engaging a new Advocate and selection is based on overall work experience, expertise on the subject etc. For high stake/ sensitive matters or some specialized matters, engagement of an established law firm or Senior Advocate is considered.

The performance of a lawyer is also being reviewed periodically. However, pendency of cases is due to delay in the court processes. The matters are either not getting listed or even in cases, where matters are getting listed, the list is so long that matters are not reaching to the board for hearing.

The law officers working in the Corporation have been periodically nominated for skill enhancement training program/workshop and have good knowledge and skills to handle the litigation before various forums. We have already advised our advocates to avoid taking any adjournment. No incidence of laxity on the part of law officers/Advocate is observed.

#### **M. IOCL**

There is no empanelment/retainer-ship of Advocates. Advocates are engaged on case-to-case basis keeping in view of the essential domain expertise required for a particular case, standing of the Advocate and overall implication on the business of the organization. Periodic assessment of Advocates engaged is being done to ensure that the highest standard as per the Corporation's requirement is maintained. Senior counsels, are also engaged, on need basis depending on the overall case requirement, including implications to the business.

Law Officers having minimum post-qualification experience of 02 years with essential skills and knowledge in the field of law, are inducted at entry level. Around 80 nos. of Law Officers at various levels, are presently posted in various Divisional Head Offices / State Offices / Refinery Units across the country, besides Corporate Office of IOCL, to handle the legal function of the Corporation.

The Advocates have been instructed not to seek adjournment unless and until the same is warranted due to some compelling reason and also instructed to oppose any attempt to seek adjournment by the opposite party as well as ensure that the matters are taken up on the listed date.

No incident of laxity has come to our knowledge. All Advocates have been suitably instructed to efficiently handle the case and the same are being monitored at various levels in the Corporation.

**N.ONGC:** The Mechanism/guidelines for the empanelment of Advocates/Law firms in ONGC are as follows:

Based on decision of the management of ONGC for the empanelment of Advocates/Law firms in ONGC, Circulars and provisions have been made in the Book of Delegation of Powers which provide for:

- i. Empanelment shall be done from time to time and Panel shall be reviewed once in 3 years.
- ii. All requests received from Advocates/Solicitors/Law Firms for empanelment shall be screened by the Head, Legal Services in the light of the criterion proposed above. Apart from the requests received, Head, Legal Services may also propose any other name as deemed necessary/fit.
- iii. Depending upon the requirement, final proposal for empanelment along with proposed schedule of fees shall be submitted by the Head, Legal Services to the competent authority for kind consideration/approval.
- iv. Consequent upon such approval, the empanelled Advocates/Solicitors/Law Firms shall be informed of their empanelment.
- v. Assets/Basins/Regions shall submit their proposal through the Head of Asset/Basin/ etc. to the Head, Legal Services, who in turn shall submit the same to the competent authority for approval.
- vi. As per the clause 91 of book of delegated power of ONGC, the Competent Authority for empanelment of Advocates, law firms & fixing of their fee schedule is with Director (HR)".

1.61 When the Committee sought to know whether the Ministry/Oil PSUs have undertaken any appraisal of the existing system of empanelling lawyers and also the quality of their work keeping in view large pendency of cases, the Ministry have furnished following written submission:

A. **MoPNG:** In MoPNG (OMC, LPG and OR Section), neither lawyers are empanelled nor such appraisal has been undertaken.

B. **CPCL:** The Management of CPCL reviews the pending cases regularly. Based on the performance of the Advocates, their period of empanelment in CPCL will be evaluated for further empanelment and for assigning new assignments.

C. **EIL:** The quality of services rendered is assessed at the time of allocation of any matter.

D. **MRPL**: Appraisal is done yearly based on the cases handled by the empanelled lawyers.

E. **ONGC** : As per approved system of empanelment of Advocates/law firms in ONGC, review of the same, is done after every three years.

F. **BLC**: BL do not have much cases pending and lawyers are regularly monitored by the Legal Department.

H. **GAIL** has been revising its empanelment guidelines from time to time depending upon its requirement. Guidelines contain provisions for review of performance of empanelled advocates.

I. **OIL**: OIL empanelment policy provides mechanism for monitoring the performance of empanelled advocates on periodical basis i.e., once in three years. Further the quality of the work of the dealing advocate is kept in mind while assigning any fresh cases”.

1.62 When the Committee sought to know the company wise details regarding amount spent towards payment of fees to lawyers engaged at various legal forums during the last three years, the Ministry in their written reply stated as under:

- A. **BPCL**: Legal fees incurred by BPCL during the last 3 financial years (2019-2022) is Rs. 19.14 crores and by BPRL is Rs. 1.59 Crores.
- B. **CPCL**: Legal fees incurred by CPCL during the last 3 financial years (2019-2022) is Rs.1.04 crore.
- C. **EIL**: A year wise detail of total amount spent towards payment of fees to lawyers.

Sr. no.	Financial year	Total of payments made to Lawyers in INR (Crore)
1	2019-20	2.60
2	2020-21	1.59
3	2021-22	2.25

- D. **HPCL**: Legal fees incurred by HPCL during the last 3 financial years.

Financial year	Legal fees / Expenses (In Rs.)
2021-22	15,53,08,596
2020-21	11,55,00,000
2019-20	21,77,00,000

- E. **IOCL** : Data inputs are appended in the table herein below:

Financial year	Legal Fees paid (Rs. Crore)
2021-22	19.45

2020-21	14.97
2019-20	25.01

F. **MRPL:** Amount spent towards payment of fees to lawyers in last three years towards litigation/arbitration cases

Year	Amount (Rs.)
2019-20	1,33,85,440/-
2020-21	62,70,510/-
2021-22	87,67,975/-

Amount spent towards payment of fees to lawyers in last three years towards cases related to tax matters

Year	Amount
2019-20	Rs. 78.31 Lakhs
2020-21	
2021-22	

G. **NRL:** Rs.2,93,03,392/- (approx.) were spent toward payment of fees to lawyers engaged for conducting Arbitration, High Court, Lower courts, other tribunals etc.

H. **BLC:** Legal expenses during last 3 years is as follows : (Rs. In Lakhs).

F.Y. : 2021-22.	F.Y. : 2020-21.	F.Y. : 2019-20.
61.17	45.88	51.22

I. **GAIL:** GAIL has spent total amount of Rs.16.46 crores towards payment of fee to Advocates/Sr. Advocates/ASGIs during last three years for defending litigation.

J. **BPCL:** Legal fees incurred by BPCL during the last 3 financial years (2019-2022) is Rs. 19.14 crores and by BPRL is Rs. 1.59 Crores.

K. **CPCL:** Legal fees incurred by CPCL during the last 3 financial years (2019-2022) is Rs.1.04 crore.

L. **DGH:** It appears that the details sought pertains to Companies hence Ministry may decide on the submission of details. In DGH, on behalf of MoPNG (Expl. Division), the following amounts have been incurred in last 3 years towards payment of Professional fees to Lawyers:

1. For **FY 2019-20** – Rs. 51.7 Crores (approx)\*
2. For **FY 2020-21** – Rs. 52.7 Crores (approx.) \*
3. For **FY 2021-22** – Rs. 55 Crores (approx.) \*

ONGC: During the last three years, on an average ONGC has spent an amount of Rs. 132 crores (approx.) towards legal fees and expenses in cases before various forums”.

## **L. INTERNATIONAL LITIGATIONS**

1.63 When the Committee sought to know the details regarding number and nature of international disputes / litigations being faced by oil PSUs along with their current status and the jurisdiction where they are pending, whether in India or overseas, the Ministry in their written reply have submitted as follows :

“**GAIL:** No international arbitration/litigation is pending having seat outside India.

**A. BPCL :** There are four international litigation pending as on date. In last five years, Rs.55,90,000 has been spent towards fees in international litigation.

**B. BPRL :**There is one international litigation pending as on date for BPRL’s joint venture. An amount of USD 648,676.24 was paid as fees and USD 350,000 paid as Arbitral institution fees in last 5 years.

Considering the dispute is governed by New York Law with the arbitration being conducted in United Kingdom in relation to an oil field in Brazil, a lawyer with global expertise had to be selected. Further considering the quantum involved and complexity in the matter, after taking approval from competent authority, BPRL has accordingly selected International Law Firm Latham and Watkins for the dispute. For interim relief in Brazil, local counsel Machado Meyer was selected.

**C. CPCL:** So far, there are no International Litigations involved in CPCL.

**D. IOCL:** In so far as the international dispute (litigations / arbitration) are concerned (i.e. those disputes for which the subject matter or cause of action falls in the foreign jurisdiction, including those being pursued in India or abroad), there is only 1 international arbitration relating to non-performance of contractual obligation being pursued in Singapore.

**E. NRL:** NIL in case of NRL.

**F. ONGC:** Currently 2 no. of international disputes/litigations are being faced by ONGC which are of commercial nature. As on date, one case namely [ENI v. ONGC, OMP (COMM) 118/2022] is pending before the Hon’ble Delhi High Court and the other case [ONGC v. M/s Pacific Cement Co.] is pending before Regional Trial Court, Surigao City, Philippines.

1.64 Apprising the Committee about the pending international litigations in respect of ONGC Videsh Ltd. (OVL), the representatives of ONGC submitted as under during the oral evidence:

“ओवीएल से रिलेटेड जो इंटरनेशनल डिस्प्यूट है, उसके रिगार्डिंग ये तीन मैटर्स हैं। दो मैटर्स गवर्नमेंट ऑफ सूडान के अगेन्स्ट लंदन कोर्ट में पेंडिंग हैं और ओवीएल का एक मैटर दुबई में पेंडिंग है”।

1.65 On being asked about the core issue involved in the international litigations, the following written information has been submitted before the Committee by the Ministry as follows:

- A. “**IOCL**: As stated in the above reply to Question no. 56, the dispute relates to non-performance of contractual obligations towards delivery of LNG cargo.
- B. **ONGC**: The core issue involved in the ENI v. ONGC matter are:
  - i. Related to contract cost & cost sharing disputes between Joint Venture partners.
  - ii. Interpretation of provisions PSC/ non-compliance of PSC provisions.

ONGC has filed the case for execution of the Arbitral Award against M/s Pacific Cement Co”.

1.66 When the Committee asked about the procedure adopted for engaging lawyers/legal experts by oil PSUs to handle international litigations and as to how much amount has been spent towards payment of fees to them, the Ministry have furnished following written submission:

A. “**GAIL**: International Law firms are engaged through tender process. During the last five years GAIL was involved in one Arbitration wherein the seat was outside India and fee paid to the Law firm for handling this dispute was US\$ 0.28 million.

B. **IOCL**: Depending on the jurisdictions relevant to the dispute, experience and expertise in the domain, quotations are sought from international law firms, based on which management approval is obtained. In the last 5 years, the total amount spent towards payment of fees to lawyers/ legal experts is approximately Rs. 0.71 Crore.

C. **NRL**: No lawyer or legal experts are engaged by NRL for handling international litigations in last five years.

D. **ONGC**: As per the Book of Delegated Powers of ONGC, for handling international litigations, lawyers/legal experts are engaged with the approval of Executive Committee of ONGC. The amount spent towards payment of fee of lawyers is INR 2.89 Crores (approx.) and UKP 430,512.5”.

1.67 When the Committee sought to details of international disputes/litigation settled through arbitration and conciliation along with quantum of amount involved in those cases, the Ministry in their written reply have submitted the following written submission:

A. “**GAIL**: During the last five years GAIL was involved in one Arbitration having seat outside India and the said arbitration has been disposed of. Amount involved was around US\$ 11.5 million + interest and legal cost.



**DGH:** No international disputes/litigations settled through arbitration and conciliation in DGH.

**IOCL:** In so far as the international dispute (litigations / arbitration) are concerned, there is only 1 international arbitration which is ongoing and the claim of IOCL is around USD 9.2 million plus interest.

**ONGC:** One international dispute was settled through arbitration in the last 5 years, namely *ONGC v. Petrobras*, vide Award dated 26.12.2018, by London Court of International Arbitration (LCIA) in the favour of ONGC”.

1.68 When the Committee asked as to whether MoP&NG/ Oil PSUs have any mechanism to review the pending international disputes periodically for expediting litigations, the Ministry have furnished following written submission:

A. **“MoPNG:** Ministry of Petroleum and Natural Gas regularly monitors and review the litigation cases in Oil PSUs (where MoPNG is also involved), through the Joint Secretary level Officer nominated for this purpose in the Ministry and directs the concerned PSUs to take appropriate actions periodically.

B. **GAIL:** No international arbitration/litigation is pending having seat outside India.

C. **BPCL:** BPCL’s all the International litigation (other party being an international company) are pending in India and for their review/expediting we follow the same procedure which is adopted for all other cases being handled in Indian Courts/Arbitration Tribunals i.e. reviewing them periodically with concerned Functional Team for expediting as detailed in response to LOP No.35.

D. **IOCL:** Monthly reports are compiled, and periodic reviews are held.

E. **DGH:** Monthly Case Status Report being shared by DGH to MoPNG and the same is reviewed by MoPNG on monthly basis.

F. **ONGC:** ONGC adheres to the proceedings of international arbitrations, which normally follow strict timelines. In case of any delay having financial implications, the same is apprised to the competent authority”.

## **PART-II**

### **RECOMMENDATIONS/OBSERVATIONS**

#### **1. NEED TO REVIEW LITIGATION SCENARIO IN OIL & GAS PSU'S**

The Committee note that one of the important mandates of the Ministry of Petroleum and Natural Gas is to strengthen energy security of the country. The oil and gas PSUs have an important role to establish the required infrastructure for this which necessitates the need to frame and enforce laws, rules, regulations/guidelines, legal provisions etc, for Petroleum sector. It is a fact that Litigations are a part of any business and industry and Petroleum sector is no exception. Though some disputes are resolved amicably, while others end up in court and legal forums. The Committee recognize that every party has a right to protect their interest.

The Committee note that there are approximately 24,000 cases relating to oil PSUs pending at various legal forums and out of these, many of them are pending for more than 10 years. The Committee also observe that majority of the cases are pending at High court level in respect of almost all oil PSUs which is a pointer towards some serious deficiency in their litigation handling mechanism. The Committee would expect the MoPNG/Oil PSU's to have a relook at their litigation scenario. The Ministry and Oil PSUs also need not be mechanical in going for appeals and not to shy away from taking prudent decision towards appeal. They need to rejig their legal policy/litigation handling mechanism so that wasteful litigative appeals and expenditure thereon may be avoided which also free manpower and funds that can be gainfully utilized on productive outcomes/activities.

The Committee feel that periodical review of the pending litigation cases in oil PSUs by the Ministry would reduce the scope for emergence of litigations by addressing the hurdles that are coming in their way for amicable solution. The Committee, therefore, recommend that Ministry should develop a monitoring mechanism to reduce the scope for litigation in Oil PSUs including developing an online monitoring system.

## **2. LITIGATIONS IN UPSTREAM SECTOR**

The Committee note that due to rising demand for energy, the hydrocarbon sector shall continue to play a crucial role in the energy security of the country. The Committee further note that ONGC, OIL, GAIL, CPCL and BPRL which is a wholly owned subsidiary of BPCL are undertaking exploration and production activities and the litigations faced in upstream sector are mainly related to commercial/contractual issues, tender related disputes, land acquisition, environmental cases, taxation cases etc. The Committee also note that the Director General of Hydrocarbons (DGH) is also involved in litigations as it is the Regulator for upstream sector and its decisions are challenged by the aggrieved parties in various legal forums.

The Committee, therefore, desire that the Ministry/Oil and Gas PSUs engaged in upstream sector should undertake review of contentious clauses in NELP/ HELP/OALP policies and other irritants responsible for pending litigations and make necessary representation to Ministry/DGH for amendments in their rules/guidelines to reduce the scope for litigations. The Committee recommend that Ministry in consultation with PSU's/DGH/other stakeholders should strive for a low litigation regime and ensure harmonious interpretation of contracts/tender conditions under various policy initiatives so that the scope of litigation is reduced.

## **3. LITIGATIONS IN OIL MARKETING COMPANIES (OMCs)**

The Committee note that Oil Marketing Companies (OMCs) being engaged in the business of marketing of petroleum fuels and products face number of disputes resulting in filing of cases by the aggrieved parties, such as applicants for dealerships/distributorships etc. and also the dealers/distributors affected by the imposition of penalties under Marketing Discipline Guidelines (MDG). As per the information furnished, the Committee note that as far as MDG violation by dealers/distributors are concerned, HPCL has 336 pending cases, IOCL has 275 cases and BPCL has 118 pending cases before various courts. As regards eviction proceedings in relation to land taken on lease in respect of retail outlet dealers and LPG distributors, BPCL has 261 pending cases, HPCL has 423 cases, IOCL has 322 cases at various legal forums with many cases pending for more than 10 years.

The Committee note that OMC's have laid down norms/guidelines for procedures relating to selection of dealership/ distributorships, as also the operating guidelines applicable for them (termed as Marketing Discipline Guidelines) to ensure uniformity of procedures and transparency in the decision making processes. These guidelines are amended from time to time depending on the experience of the OMCs with the stakeholders and statutory requirements. The Committee feel that piling up of litigation cases over the years does not bode well for the reputation of the OMCs as these are Government entities. The core issues responsible for emergence of litigations should be identified and sorted out for framing of future contracts, guidelines, etc,. The Committee also desire that OMCs should launch special drive for reviewing the old cases pending at various legal forums and work towards out of court settlement within stipulated time frame wherever possible.

The Committee would also impress upon the Ministry/OMCs to explore the feasibility of hiring some renowned outside agencies to study and suggest measures for reducing pendency of litigation/cases. The Committee, therefore, desire the OMCs to recalibrate their approach to deal with complaints of RO and LPG distributorship applicants and to the extent possible engage the stakeholders in the process of formulating/reviewing/amending MDG. The Committee recommend the Ministry to play a proactive role in helping out OMCs to dispose off the pending litigations by simplifying policies/guidelines issues prone to litigations.

#### **4. LITIGATIONS IN GAIL**

The Committee note that GAIL is operating more more than 15000 Km Natural Gas Pipeline network and currently executing more than 5000 Km Natural Gas Pipeline projects. The Committee also note that the major factor responsible for 83 percent of litigation cases in GAIL pertain to Right of Use (RoU) and land acquisition compensation. The Committee have been given to understand that ROU (Right of use) is acquired in line with P&MP (Petroleum & Minerals Pipeline) Act'1962 by following the prescribed process and the major factor responsible for delay/pendency of litigation related to said RoU acquisition are reluctance by land owners to give RoU to lay the pipeline in anticipation of reduction in market value of their land, restriction of construction of permanent structure in future, dispute in disbursement of Compensation due to non-availability of

updated land records/ownership details from Revenue Department of respective State Government. As per the project requirement for pipeline works, GAIL also undertakes negotiation in presence of State revenue officials with the land owners for deriving market rates for adequate RoU compensation disbursement.

The Committee note that the GAIL has suggested amendments in P&MP Act 1962 to MOP&G for increase in land compensation from time to time as it is one of the major factors for litigation. The Committee desire that GAIL should make optimum use of PM Gati Shakti Programme for laying upcoming gas pipelines which would not only reduce the scope for emergence of litigations but will also save funds. The Committee, therefore, recommend the Ministry to take up the issue of revision of P&MP Act, 1962 and also review its land acquisition policy for its projects.

#### **5. PERFORMANCE OF ALTERNATE DISPUTE REDRESSAL MECHANISM**

The Committee note that with a view to reduce disputes of PSUs with Central and State Government and among other PSUs, the erstwhile Permanent Machinery of Arbitration (PMA), has recently been replaced with Administrative Mechanism for Redressal of CPSE Disputes (AMRCD) which have two level (tier) structure by Department of Public Enterprises (DPE). The Committee further note that at the First level (tier), commercial disputes between CPSEs are referred to a Committee comprising Secretaries of the Administrative Ministries/Departments to which the disputing CPSEs/Parties belong and Secretary- Department of Legal Affairs. The Financial Advisors of the two concerned Administrative Ministries/Departments represent the issues related to the dispute in question, before the above Committee. In case, the two disputing parties belong to the same Ministry/Department, the said Committee will comprise Secretary of the Administrative Ministry/Department concerned, Secretary- Department of Legal Affairs and Secretary- Department of Public Enterprises. In such a case, the matter will be represented before the Committee by the Financial Advisor and one Joint Secretary of that Ministry/Department. Appeal against the decision of the Committee shall lie with the Cabinet Secretary, whose decision will be final and binding on all concerned.

The Committee further note that at BPCL have one pending case with ONGC and three cases with other PSUs/Govt. undertakings before AMRCD, IOCL has five pending cases, HPCL has two pending cases, ONGC has three pending cases, EIL has three pending cases, GAIL has one pending case and Balmer Lawrie & co. Ltd. has two pending cases before AMRCD. On perusal of the information provided by the Oil/PSUs, the Committee observe that AMRCD model has led to successful resolution of some of the pending litigations where CPSEs were the parties. The Committee express their satisfaction regarding the efforts made by Oil PSUs for utilizing the AMRCD mechanism for resolving the issues. The Committee would impress upon the Ministry and the Oil PSUs to focus on this mechanism more vigorously to dispose of pending litigation cases amongst PSUs and various Central and State Government agencies as well as to improve the quality of dispute resolution. The Committee recommend that Oil PSUs which are having pending cases before AMRCD should work towards their speedy resolution through mutual efforts.

#### **6. OUT OF COURT SETTLEMENT**

Keeping note of the fact that alternative dispute resolution measures play a crucial role in prevention and disposing off pending cases, the Committee observe that Oil PSUs have undertaken measures towards out of court settlements of such pending cases. The Committee further note that in BPCL 7 cases, in NRL 2 cases, in MRPL 7 cases, in OIL 1 case, in IOCL 26 out of 30 cases, in CPCL 3 out of 5 cases, in ONGC 16 out of 34 cases that were taken up for out of court settlement have been settled so far. On perusal of the above information, the Committee feel that out of Court settlement can be very helpful in sorting out the conflicts between parties and in having resolution to the disputes in a short period of time. The Committee, therefore, emphasize upon all Oil PSUs to try out of court settlement as disputants may find this mechanism more comfortable in conveying their opinions since the procedure for settlement is less formal. The Committee, therefore, recommend that the Ministry need to encourage the Oil PSUs to go for the out of Court settlements for smaller issues with low financial impact.

#### **7. SABKA VISHWAS AND VIVAD SE VISHWAS SCHEMES**

The Committee note that the Sabka Vishwas Scheme 2019 was introduced in Union Budget 2019 for resolution and settlement of past disputes/appeals of Central Excise and

Service Tax, providing major relief from payment of tax dues, interest and penalty. The scheme was initially effective from 01.09.2019 to 31.12.2019 and was later on extended up to 15.01.2020. The Committee note that GAIL had applied all 44 cases eligible for settlement under the Scheme and all the cases were settled. Similarly, IOC had settled 161 cases with a settlement amount of Rs.268.67 crores while BPCL settled 97 cases with a total demand of Rs.632 crores whereas Balmer and Lawrie settled 4 cases.

The Committee further note that Government of India had introduced Vivad se Vishwas Act in the year 2020 to resolve pending litigation under the Income Tax Act, 1961. As per the Act, whole of the amount of penalty and interest on disputed tax was waived off and all the pending disputes could be settled by paying only the disputed tax (100% for appeal filed by assessee and 50% for appeal filed by Income Tax Department). Under this scheme MRPL had referred 32 cases out of which 23 are settled and 9 are pending. IOCL had referred 33 appeals and all were settled with a quantum of amount approximating Rs.2420 crores.

The Committee also note that Vivad se Vishwas Scheme II was launched in July 2023 to effectively settle the pending domestic contractual disputes where one of the parties is either the Govt. or any other Government undertaking. Under the scheme, for Court Awards passed on or before 30.04.2023, the settlement amount offered to the Contractor will be up to 85% of the net amount awarded/ upheld by the court, and for Arbitral Awards passed on or before 31.01.2023, the settlement amount offered is up to 65% of the net amount awarded. In this regard, the Committee have been apprised that ONGC has taken the lead in implementing the Vivad se Vishwas Scheme by taking many initiatives by identifying disputes eligible for settlement under the scheme and by issuing public notification and communication to the concerned parties. The Committee desire that other PSUs may emulate ONGC and utilize the Vivad se Vishwas Scheme-II to solve their pending litigations. The Committee recommend the Ministry to monitor the cases under the Vivad se Vishwas Scheme-II and reduce the litigation in the oil PSUs.

#### **8. ROLE OF INDEPENDENT EXTERNAL MONITORS (IEM)**

The Committee note that as part of implementing Integrity Pact Programme, Oil PSUs maintain a panel of former officials of Govt. of India who act as Independent

External Monitors (IEM) nominated by the CVC, and are required to ensure desired integrity, transparency and objectivity in tendering/contracting process. Though the advice of IEMs is not legally binding and restricted to resolving issues raised by a Bidder regarding any aspect of Tender which is allegedly restrictive, non-competitive and biased towards some other Bidder, yet IEMs have been stated to be playing an important role in avoidance of potential litigation related to tendering process and contract execution. The Committee note that around 340 cases with total value of approx. Rs.1,50,000 crores have been handled by IEMs in ONGC since 2006, while in IOCL 197 references have been deliberated by IEMs involving a total amount of around Rs. 2000 crore. In BPCL, 18 complaints were handled, in CPCL 2 cases, while in HPCL 13 references were handled by IEMs during the last three years. Similarly, in EIL three cases, whereas in OIL 15 cases were referred to IEMs during the last three years.

The Committee have been given to understand that most of the cases referred to IEMs by the Oil PSUs were settled amicably and in very few cases recommendations were challenged in Court of Law. The Committee observe that the implementation of Integrity Pact Programme and role of IEMs has avoided escalation of disputes to courts of law. The Committee recommend that Ministry/Oil PSUs should explore the possibility of expanding the role of IEMs in disposing off various pending litigation cases related to Marketing Discipline Guidelines and eviction proceedings in respect of retail outlet dealers and LPG distributors at various legal forums. The Committee may be apprised of the action taken in this regard within three months of presentation of this Report.

#### **9. HIGH PENDENCY OF LITIGATIONS AT HIGH COURT LEVEL**

The Committee note that almost all OMCs have huge pendency at High Court level apart from pending cases in other courts. In BPCL, 2568 out of total 4482 pending cases, in CPCL 59 out of total 78 pending cases, in EIL 29 cases out of total 78 pending cases, in HPCL 2855 out of total 5808 pending cases, in MRPL 146 out of total 216 pending cases, in IOCL 5459 out of 9252 total pending cases in Balmer Lawrie 41 out of 42 cases, in GAIL 584 out of 3828 total pending cases are at High Court level. While acknowledging the fact that delay in court process and procedures is responsible for huge pendency of cases at various legal forums, the Committee feel that the Ministry and



Oil PSUs have to take some proactive action for disposal of long pending disputes that are responsible for prolonged litigations especially at High Court Level. OMCs also need to periodically review the status of pending litigations and they should also find a way out to settle cases by mutual give and take where amount involved is not significant keeping in view expenditure being incurred on fighting those cases at various legal forums. The Committee therefore recommend the Ministry to specifically monitor the pending litigation scenario in Oil PSUs at High Court Level and if needed matter may be taken up with Ministry of Law & Justice to set up special courts for disposal of long pending cases.

#### **10. EMPANELMENT OF LAWYERS**

The Committee note that in addition to well structured legal departments of Oil PSUs, there is a provision for empanelment of lawyers/advocates although there is no uniformity in engaging lawyers by the oil PSU's in various courts/tribunals. The Committee have been given to understand that whereas, some PSUs like GAIL/MRPL/EIL/ONGC have put in a mechanism and guidelines for empanelment of lawyers while other oil PSUs viz IOCL/BPCL/HPCL/CPCL/DGH engage advocates on case to case basis and do not have any formal panel of lawyers. However, for conducting Government Litigations at various forums, the Ministry of Law and Justice assigns lawyers out of the empanelled lawyers for MoPNG, to conduct litigation before various courts and forums.

Further, the Committee note that crores of rupees have been spent towards payment of fees to lawyers engaged at various legal forums by oil PSUs. The Committee observe that keeping in view the high pendency of litigations being faced by oil PSUs, particularly at High Court level, there is a need for reviewing the extant guidelines and mechanism adopted for empanelment of lawyers. The Committee also desire the Ministry to play a proactive role in framing in revisiting/reviewing guidelines for empanelment of lawyers and frame uniform set of rules for engaging lawyers. The Ministry/Oil PSUs should also explore the option of engaging senior lawyers who are domain experts and willing to take up litigation on pro-bono basis which will not only help in expediting the disposal of pending litigations but will also help save public money. The Committee, therefore, recommend and impress upon the Ministry / oil PSUs to re-assess the volume

of work being undertaken by their lawyers/advocates and put in place a mechanism for empanelment of lawyers and monitoring of the performance appraisal of the lawyers on all oil PSUs at regular intervals.

#### **11. INTERNATIONAL LITIGATIONS**

The Committee note that the upstream Oil PSUs like ONGC, OIL, OVL, etc. have undertaken Exploration and Production activities in various countries abroad. Engineers India Limited undertakes consulting engagements and implements projects in different countries. The Oil marketing companies like IOC/HPCL/BPCL and other refining companies also enter into agreements for purchase of crude oil/LPG, etc. GAIL buys LNG from the international markets. The Committee also note that the Oil PSUs have many international legal disputes.

The Committee further note that ONGC is currently engaged in two international disputes/litigations which are of commercial nature. As on date, one case is pending before the Hon'ble Delhi High Court and the other case is pending before Regional Trial Court, Surigao City, Philippines. Similarly, there are three matters regarding the international dispute related to OVL. Two matters are pending in the London Court against the Government of Sudan and one matter of OVL is pending in Dubai. There are five international litigation pending as on date in respect of BPCL and its subsidiary BPRL. As far as IOCL is concerned, there is only one international arbitration being pursued in Singapore. The Committee also note that the core issue involved in the international litigations relates to non-performance of contractual obligations and cost sharing disputes between joint venture partners.

Keeping in view the fact that large amount of money is being paid as fees to lawyers and also to arbitral institutions for handling international litigations and arbitration, the Committee feel that some out of the box solutions are needed to dispose of the pending international litigations such as through formation of Conciliation Committees. The Committee desire that the Ministry should take up the matter at the highest level including the Ministry of External Affairs so as to facilitate Oil PSUs in handling

international litigations particularly by holding bilateral meetings with the concerned countries where litigations are pending. The Committee, therefore, recommend that Oil PSUs having international disputes should rope in MEA to resolve the litigations abroad and also reframe their contracts by making suitable amendments so as to prevent similar litigations in future.

New Delhi;  
06 February, 2024  
17 Magha, 1945 (Saka)

**RAMESH BIDHURI,**  
*Chairperson,*  
*Standing Committee on*  
*Petroleum & Natural Gas.*

**MINUTES  
STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS  
(2021-22)  
THIRTEENTH SITTING  
(28.04.2022)**

**The Committee sat on Thursday, 28<sup>th</sup> April, 2022 from 1130 hrs. to 1300 hrs.  
in Main Committee Room, PHA, New Delhi.**

**PRESENT**

**Shri Ramesh Bidhuri - Chairperson**

**MEMBERS  
LOK SABHA**

2. Dr. Ramesh Chand Bind
3. Shri Pradyut Bordoloi
4. Shri Girish Chandra
5. Shri Rodmal Nagar
6. Shri Chandra Sekhar Sahu
7. Shri Janardan Singh Sigriwal
8. Shri Lallu Singh
9. Shri Vinod Sonkar

**RAJYA SABHA**

10. Shri Kanta Kardam
11. Shri Om Prakash Mathur
12. Shri Rambhai Harjibhai Mokariya
13. Dr. V. Sivadasan
14. Shri A. Vijayakumar
15. Ch. Sukhram Singh Yadav

**SECRETARIAT**

1. Shri Mohan Arumala - Under Secretary
2. Shri Gurpreet Singh - Committee Officer

**Representatives of the Ministry of Petroleum and & Natural Gas**

1. Shri Pankaj Jain - Secretary
2. Shri G. Srinivas - AS& FA
3. Shri Sunil Kumar - Joint Secretary (R)
4. Smt. Perin Devi - Joint Secretary (IFD)

**Representative of IOCL**

1. Shri Shrikant Madhav Vaidya - Chairman

**Representative of ONGC**

1. Dr. Alka Mittal - C&MD

**Representative of OIL**

1. Shri Sushil Chandra Mishra - C&MD

**Representative of BPCL**

1. Shri Arun Kumar - C&MD

**Representative of HPCL**

1. Shri Mukesh Kumar Surana - C&MD

**Representative of GAIL**

1. Shri Manoj Jain - C&MD

**Representative of EIL**

1. Smt. Vartika Shukla - C&MD

2. At the outset, the Hon'ble Chairperson welcomed Members of the Committee and representatives of the Ministry of P&NG/PSUs to the sitting of the Committee to have a briefing by representatives of the Ministry of P&NG/oil PSUs on the subject **“Litigations involving oil PSUs”**. Thereafter, the Secretary, Ministry of P&NG introduced his colleagues to the Committee. Then, a representative of the Ministry made a presentation on the subject.

3. Subsequently, Members raised several issues related to the subject such as volume of pending litigations of oil PSUs in the country and abroad, main areas of litigations involving oil PSUs viz. disputes related to upstream oil and gas exploration contracts, selection and appointment of LPG distributors/retail outlet dealers, amendments of Marketing Discipline Guidelines by oil PSUs, cases of service deficiencies filed in consumer courts, land acquisition compensation, Right of Way and Right of Use for pipeline projects, public tendering related to transportation and procurement of materials, commercial disputes with vendors and suppliers, labourers/employee issues etc,

4. The Committee further, deliberated on the need to review Land Acquisition act 2013 and Petroleum and Minerals Pipeline Act 1962 to provide compensation to project affected persons on the basis of prevailing market rates of land, need for better coordination under PM Gati Shakti programme, for more efficient utilization of created infrastructure for laying new pipelines by oil PSUs, number of litigations settled through conciliation and arbitration by oil PSUs during the last ten years and expenses incurred thereon, number of pending litigations involving amount less than Rs. 25 lakh, procedure adopted for selection of arbitration and conciliation institutes, number of legal experts in PSUs and the role of the Ministry in their selection, need to usher in better monitoring of performance of empanelled lawyers in oil PSUs, volume of litigations faced by private sector oil companies involved in petroleum business vis-a-vis public sector oil companies, need for awareness drives against cheating practices at some retail outlets, performance of administrative mechanism for redressal of disputes (AMRD) in IOCL, role of Independent External Monitors system in grievance redressal in ONGC, amount paid towards compensation relating to international disputes particularly in respect of EIL, need for periodic review of all pending litigations by using technological solutions like litigation management software by oil PSUs, number of

cases filed by oil PSUs among themselves and other central PSUs and stakeholders and measures being proposed by Ministries concerned to settle such cases.

5. Thereafter, the Hon'ble Chairperson thanked representatives of the Ministry of P&NG/PSUs for expressing their views and answering queries raised by the Members of the Committee. Further, to the queries where replies were not readily available, the Ministry was instructed to furnish the same to the Secretariat within ten days.

6. A copy of the verbatim proceedings is kept in the Branch for record.

**The Committee then adjourned.**

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## MINUTES

### STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS (2022-23)

#### SIXTEENTH SITTING (04.08.2023)

The Committee sat on Friday, the 04<sup>th</sup> August, 2023 from 1500 hrs. to 1640 hrs. in Main Committee Room, Parliament House Annexe (PHA), New Delhi.

#### PRESENT

Shri Ramesh Bidhuri - Chairperson

#### MEMBERS

#### LOK SABHA

- 2 Shri Ramesh Chand Bind
- 3 Shri Pradyut Bordoloi
- 4 Smt. Chinta Anuradha
- 5 Shri Dilip Saikia
- 6 Dr. Kalanidhi Veeraswamy
- 7 Shri Chandra Sekhar Sahu
- 8 Dr. Bharatiben Dhirubhai Shiyal
- 9 Shri Lallu Singh
- 10 Shri Vinod Kumar Sonkar
- 11 Shri Ajay Tamta

#### RAJYA SABHA

- 12 Shri Shaktisinh Gohil
- 13 Smt. Kanta Kardam
- 14 Shri Mithlesh Kumar
- 15 Shri Rambhai Harjibhai Mokariya
- 16 Dr. Sasmit Patra
- 17 Dr. V. Sivadasan
- 18 Shri Ravichandra Vaddiraju

#### SECRETARIAT

1. Shri Y. M. Kandpal - Joint Secretary
2. Shri H. Ram Prakash - Director
3. Shri Brajesh Kumar Singh - Deputy Secretary

#### Representatives of the Ministry of P&NG

1. Shri Pankaj Jain - Secretary
2. Shri Praveen Mal Khanooja - Additional Secretary
3. Ms. Sujata Sharma - Joint Secretary
4. Shri Kapil Verma - Director



### **Representatives of ONGC**

1. Shri Arun Kumar Singh - C&MD

### **Representatives of HPCL**

1. Shri Pushp Kumar Joshi - C&MD
2. Shri Iyer Narayanan H. - ED
3. Shri Alok K. Gupta - ED

### **Representatives of BPCL**

1. Shri Sukhmal Jain - Director

### **Representatives of GAIL**

1. Shri Sandeep Kumar Gupta - C&MD
2. Shri Ayush Gupta - Director

### **Representatives of OIL**

1. Shri Ashok Das - Director

### **Representatives of IOCL**

1. Shri Sujoy Choudhury - Director
2. Shri Harvinder Singh Rajpal - ED

2. At the outset, the Hon'ble Chairperson welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the draft Action Taken Report on the recommendations contained in the Eighteenth Report (17<sup>th</sup> Lok Sabha) on '**Demands For Grants 2023-24**'. The Committee adopted the Report without any modification.

3. The Committee then took up for consideration the draft Action Taken Report on the recommendations contained in the Nineteenth Report (17<sup>th</sup> Lok Sabha) on the subject '**Safety and Security of Oil Installations of Public Sector Oil Companies with Specific Reference to Baghjan Blow-out incident**' of MoP&NG' and adopted the same without any modifications. The Committee then authorised the Chairperson to present/lay the reports in both the Houses of Parliament.

4. Thereafter, the Hon'ble Chairperson apprised the Members about the second agenda of the sitting *i.e.* **Briefing by representatives of Ministry of Petroleum and Natural Gas/PSUs in connection with examination of the subject 'Litigations involving Oil PSUs'.**

5. Thereafter, the representatives of the Ministry of P&NG/Oil PSUs were called into the sitting of the Committee to brief the Committee on the subject. The Chairperson welcomed the representatives of the Ministry/Oil PSUs and desired to be apprised about the status of pending litigations in various courts as on date and also the measures taken so far towards addressing the major issues responsible for pending litigations in oil PSUs. Further, he also desired to know as to whether out of court settlement processes like Lok Adalat, alternate dispute resolution mechanisms like arbitration and other conciliation procedures are pursued by the Ministry and PSUs and the number of cases settled thereunder.

6. After customary introduction, the representatives of the Ministry of P&NG gave power point presentations regarding litigation scenario in Oil Marketing Companies (OMCs) and upstream oil companies engaged in exploration and production activities covering various issues such as structure and functioning of legal departments of Oil PSUs, broad areas of litigation, analysis of disposed litigation cases as on date, overview of arbitration cases in oil PSUs, expenses incurred towards handling litigation cases, implementation of Vivad se Vishwas II scheme, dispute resolution mechanism adopted by oil PSUs, litigation policy of oil PSUs, measures taken by oil PSUs for prevention of litigation, status of pending Marketing Discipline Guidelines (MDG) cases pertaining to retail outlets and LPG distributorships, handling of international disputes by PSUs etc.

7. Subsequently, Members of the Committee sought clarifications on various issues such as age-profile of various pending cases at various Courts in the country, reasons behind accumulation of huge pendency of litigation cases and core issue behind the origin of litigations, expenditure incurred by Oil PSUs in handling litigation and arbitration cases, performance of Administrative Mechanism for Resolution of CPSEs Disputes (AMRCD) in Oil PSUs, steps taken by Oil PSUs to streamline contractual and tendering related terms and conditions so as to reduce scope for

different interpretation, procedure for empanelment of lawyers by Oil PSUs, steps taken for out of court settlement of pending cases, quantum of amount involved in international litigation cases where Oil PSUs are contesting, problems faced in land acquisition for laying pipelines etc.

8. The representatives of the Ministry/Oil PSUs furnished clarifications on some of the queries raised by the Members. On some of the points on which the information was not readily available with the representatives, the Chairperson asked them to furnish written replies on the same within ten days to the Lok Sabha Secretariat. The Chairperson then thanked the representatives of the Ministry of P&NG/Oil PSUs for providing valuable information on the subject before the Committee.

**(The witnesses then withdrew)**

9. The Committee, thereafter, deliberated on the proposed one day local study visit to **R&D Centre of Eil Gurugram, Haryana on 26<sup>th</sup> August, 2023**, in connection with examination of the subject selected by the Committee. The Committee also authorized the Chairperson of the Committee to finalize the programme of study visit.

10. A copy of the verbatim proceedings is kept in the Branch for record.

**The Committee then adjourned.**

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**MINUTES**  
**STANDING COMMITTEE ON PETROLEUM AND NATURAL GAS**  
**(2023-24)**

**SIXTH SITTING**  
**(06.02.2024)**

The Committee sat on Monday, the 06<sup>th</sup> February, 2024 from 1530 hrs. to 1600 hrs. in Room No. 115, 'B' Block (Hon'ble Chairperson Chamber), First Floor, EPHA, New Delhi.

**PRESENT**

**Shri Ramesh Bidhuri - Chairperson**

**MEMBERS**

**LOK SABHA**

- 2 Shri Ramesh Chand Bind
- 3 Smt. Chinta Anuradha
- 4 Shri Dilip Saikia
- 5 Dr. Kalanidhi Veeraswamy
- 6 Shri Mitesh Rameshbhai (Bakabhai) Patel
- 7 Shri Chandra Sekhar Sahu
- 8 Shri Janardan Singh Sigriwal
- 9 Shri Lallu Singh
- 10 Shri Vinod Kumar Sonkar

**RAJYA SABHA**

- 11 Smt. Kanta Kardam
- 12 Dr. Sasmit Patra

**SECRETARIAT**

1. Shri Y.M. Kandpal - Joint Secretary
2. Shri H. Ram Prakash - Director
3. Shri Brajesh Kumar Singh - Deputy Secretary

2. At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee. The Committee then took up for consideration draft report on 'Litigations Involving Oil PSUs' and adopted the same without any modification.

3. The Committee then authorised the Chairperson to finalize the Report and present/lay the Report in both Houses of Parliament.

**The Committee then adjourned.**