

भारत सरकार (GOVERNMENT OF INDIA)

रेल मंत्रालय (MINISTRY OF RAILWAYS)

रेलवे बोर्ड (RAILWAY BOARD)

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2025/LC/Misc/02

New Delhi, dated 07.01.2025

The General Managers,  
All Zonal Railways and PUs.

**Sub:-Ld. ASGI's suggestion for protecting the financial interest of Railway by timely taking steps for challenging the Arbitration Award against the Railways.**

Ref:- Ld. ASGI letter dated 06.01.2025.

Please find attached herewith a copy of letter from the Ld. ASGI on the above subject which is detailed in nature and self-explanatory.

2. The above letter is circulated for compliance and necessary action.

DA: As above.



(M.C. Prusty)

Legal Adviser (Rlys.)

Railway Board.

Copy to: All officers of Railway Board.

S. D. SANJAY

ADDITIONAL SOLICITOR GENERAL OF INDIA  
SUPREME COURT

एस. डी. संजय

अपर महासालिसिटर, भारत  
सुप्रीम कोर्ट



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To

Date:- 06.01.2025

The Chairman,  
Railway Board,  
New Delhi – 110001.

Sub: **Suggestion for protecting the financial interest of Railway by timely taking steps for challenging the Arbitration Award against the Railways, which is not being done by the Railway Authorities across the country.**

Dear Sir,

In course of dealing with the file for recording the opinion as to whether an Arbitration Award against the Railways is fit to be challenged in the Court under Section 34 of the Arbitration & Conciliation Act, 1996, I have come across many files wherein it transpired that even though immediately after the award was pronounced by the Arbitrator, which came to the knowledge of the lawyer appearing on behalf of the Railway and the local authorities, though the lawyer advised for challenging the award, the same has not been challenged. The result is that the Railway has to suffer huge financial burden. This is either due to indifferent attitude on the part of the officials dealing with such files or, in some cases, the chance of officials helping the contractor to receive the awarded amount may not be ruled out.

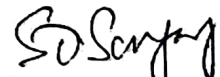
It may not be out of place to mention that Railway is engaged in managing the infrastructure and also the developmental projects, therefore, it has to enter into number of contracts with the private parties and various contracts are of very big amount, like the contract of construction of Railway Bridge or big railway line or tunnel etc. During execution of contract, various disputes

reference is made to independent Arbitrator. Since the contract is of huge amount the contractor set up big claims which includes the claim of idling charges of machineries, loss of profit etc. The contractor engages the services of best lawyers in the arbitration proceedings against whom Central Government Counsel represent the Railways. When the Award comes in favour of the Contractor even though the award suffers from patent illegality or perversity, unless it is challenged within the period of 90 days or within a further period of 30 days, with an application for condonation of delay, the remedy is lost because after 120 days the award becomes unchallengeable and thereby becomes final. In such situation, the Railways is left with no option but to pay for the award.

In the given situation it has become eminent for the railway authority dealing with the contracts and arbitration to remain very vigilant in challenging the award without wasting time of even a single day to protect the railway from suffering from any financial burden.

Thus, having seen this situation, in number of files, I have decided to bring this to your notice to take up the matter at your level and issue a general direction to all the authorities dealing with contracts and legal affairs in the Railways to ensure timely steps are taken including competent legal administration for challenging the arbitration award in time to protect the financial interest of railway, at least in future.

Yours faithfully



**S.D. Sanjay**

Additional Solicitor General of India

06.01.2025

**Copy to:** 1. The Hon'ble Minister of Railways, New Delhi.

2. Hon'ble Minister of State, Ministry of Law and Justice (Independent Charge), New Delhi.

3. The Secretary, Law, Department of Legal Affairs, New Delhi.