DY. DIRECTOR (SYSTEMS)-VII
DIARY No. 781
DATE 14/07/2026

निदेशक (प्रणाली) दि.वि.प्रा
डायरी न. 1185
दिनाँक 14/07/2026

दिल्ली विकास प्राधिकरण
DELHI DEVELOPMENT AUTHORITY
ई.एम. सचिवालय
E. M's SECRETARIAT

No. EM2(3)2026/EZ/231/DDA/ 604 Dated: 13-7-26

943rd Meeting of Arbitration Scrutiny Board (ASB) under the chairmanship of FM, DDA was held on **10.07.2026 at 04:30 P.M**. to deliberate the arbitral award dated 10.02.2026 in the matter of "**M/s R.R. Construction vs DDA**" in respect of the following work: -

N.O.W.	:	Construction of Utsav Sthal (Temporary) with toilet block and Utility Block at CBD Shahdara, Delhi
Agency	:	M/s R.R. Construction.
Agmt. No.	:	01/EE/ED-9/DA/2020-21.

The case was submitted by CE(East) vide e-file computer no. 114142.

The meeting was attended by the following officers: -

1.	Shri P. Praveen Siddharth	FM,DDA	Chairman
2.	Shri Bajrang	CE(East)	Executive Member
3.	Shri Sanjay Kumar Khare	CE(HQ), DDA	Member
4.	Shri Manohar Lal	Addl. CLA	Member
5.	Shri Amit Singh	Dir. (Works)	Member, Secretary

Other Attendees:
1. Smt. Madhuri Prasad, SE/ECC-2.
2. Sh. Chhanveer, EE/EMD-5.
3. Sh. Prashant Kumar, E.O.-I to EM.
4. Sh. Mayur Uttam, AE/EMD-V.

The case was presented by CE(East)/DDA.

BRIEF HISTORY OF THE CASE IS AS UNDER: -

The details of the work are as under: -

SL. No.	Details	Particulars
1.	Name of Work	Construction of Utsav Sthal (Temporary) with toilet block and Utility Block at CBD Shahdara, Delhi.
2.	Agreement No.	01/EE/ED-9/DDA/2020-21

3.	Estimated cost	Rs.6,30,33,203.00
4.	Tendered Amount	Rs.5,89,02,600.00
5.	Stipulated date of Start	09/06/2020
6.	Time Allowed	270 days
7.	Stipulated date of completion	08/03/2021
8.	Actual date of completion	28/02/2023

The above cited work was awarded to M/s R.R. Construction with stipulated date of start as 09.06.2020 and stipulated date of completion as 08.03.2021. However, the work was actually competed on 28.02.2023. During the currency of the work disputes has arisen between the parties and the Claimant M/s R.R. Construction made a written request to the Engineer Member, DDA vide their letter no. Nil dated 04/04/2024 for appointment of an Arbitrator.

Engineer Member, DDA by powers conferred on him under Clause 25 of the said Agreement appointed Shri Ramesh Chandra, Spl. DG (Retd.) CPWD as Sole Arbitrator vide letter No. EM2(7)/2/2024/ARBNA/Vol.-VIII/Part-216/DDA/507 dated 24.06.2024 to adjudicate, decide and make his award regarding the claims/disputes raised by the Contractor.

The Sole Arbitrator Sh. Ramesh Chandra, Spl. DG (Retd.) published the arbitral award on 10.02.2026 amounting to Rs. 1,50,66,082/- (including interest) + GST + future interest in favour of claimant against 16 nos. of claims. However, pursuant to Section 33 of the Arbitration and Conciliation Act, 1996, the errors in said arbitral award dated 10.02.2026 have been corrected and the revised award has been published on 15.04.2026 with awarded amount revised to **Rs.1,50,70,782/-** (including interest) + GST + future simple interest @10.8% p.a. in favour of claimant.

Opinion of Panel Lawyer:

The Ld. Arbitrator while adjudicating the dispute and passing the award has left the following legal infirmities, procedural lacuna and errors apparent on the face of the award clear emerges when examined in light of the Arbitration & Conciliation Act, 1996 (as amended in 2015 & 2019), Indian Contract Act, 1872 settled legal principles governing construction & engineering contracts, and established judicial standards/ jurisprudence laid down by the Hon'ble Supreme Court of India and various High courts of different states.

- **Jurisdictional & procedural lacunae:** The Ld. Sole Arbitrator wrongly & improperly has not considered the evidence of CW-2 (hostile witness issue). The Ld. Arbitrator records that CW-2, Sh. Brijesh Kumar became hostile & therefore his evidence is deleted except verification of documents.

The Ld. Arbitrator erred to proceed under section 19 of the Act, which governs the Arbitration proceedings & clearly stipulates that the Arbitration act may not be strictly applied, however, the Ld. Arbitrator can always exercise his sound discretion in appreciating the evidence while considering the entire case as a whole. The Ld. Arbitrator also erred by wrongly deleting evidence of a hostile witness. There is no concept of deleting because of witness becoming hostile in Arbitral proceedings. The

Ld. Arbitrator is under a bounden duty to apply its mind to the testimony of the witness and may draw appropriate inference while deciding the entire dispute which he has failed to do so. It is a trite proposition of law that even a hostile testimony remains part of record and must be weighed as per the facts & circumstances rather than completely erasing the same. Section 19 of the Act provides procedural flexibility of reading evidence and applying the same to the merits of the case. In the present scenario, the Ld. Arbitrator did not even comply the procedure of declaring a summoned witness as hostile witness. The Ld. Arbitrator did not consider the testimony of the said witness i.e. CW-2, Sh. Brijesh Kumar, Retd. Ex. En. EMD-IV/V, given under oath during his re-examination by the counsel for DDA, further Ld. Arbitrator knowingly had left the hostile portions to be read in the evidence while failing to give reasons for discarding the testimony of the said witness, which clearly indicates that the Ld. Sole Arbitrator has acted in bias. The judgement of *Ssangyong Engineering Construction Company Ltd. Vs NHAI* clearly propounds that ignoring of material evidence amounts to patent illegality and makes an award prone to challenge as the same is a violation of principles of natural justice as enshrined under section 34(2) (a) (iii) of the act.

Deciding application to strike evidence without a reasoned order: The Ltd. Arbitrator failed to give reasons while deciding the application to strike evidence of the above witness from the record. The DDA filed an application during the time of recording of evidence, however the Ld. Arbitrator arbitrarily passes an order stating that the said application would be decided along with the award. The said reasoning is bereft of any sufficient and cogent reasons. The grounds raised under the application were neither adjudicated nor any finding was given on such admissibility or credibility, which violates section 31(3) of the Act, which clearly states that there has to be a mandatory reasoned award with judicial application of mind, which is absent in the present case.

- **Errors in appreciation of delay and extension of time:** The Ld. Arbitrator has given contradictory findings on the aspect of delay as stated under claim 9 of the SOC. The Ld. Arbitrator wrongly holds that the delay was attributable to both the parties and at the same time for the reasons best known to him wrongly & arbitrarily grants 10% of Hudson Formula while ascertaining such delay in favour of the claimant. The Ld. Arbitrator has failed appreciate that the time was of essence and the delay caused could be taken care while granting EOT is to take care of such scenarios in such errant contractual / construction related disputes. The Ld. Arbitrator grossly failed to indicate any legal basis for granting any reduction albeit the 10%reduction actually granted. The Ld. Arbitrator has granted such opinion / finding just on the basis of pure guesswork which is unsupported by any evidence, juridical precedent or appropriate application of any settled method of calculation etc. The judgement titled as "McDermott International INC vs Bern Standard Co. Ltd" clearly propounds that an arbitrator cannot pass an award on mere conjectures and surmise. The judgement titled as "Associate Builders vs DDA" also states that the finding of the Arbitration must not be arbitrary or irrational as the same will amount to perversity & patent illegality.

- **Ignoring effect of EOT granted without levy of compensation:**

The Ld. Arbitrator has emphasized that an EOT is granted without levy of compensation but fails to examine whether contractor reserved its right to claim for damages. Also, fails to examine implications of clause (5). The applicable principle is that if EOT is granted without protest, the contractor may be stopped to blow hot & cold at a later stage while bringing a dispute before an Arbitral Tribunal as a tactic and afterthought. This omission on the part of the Ld. Arbitrator clearly reflects non-consideration of material contractual clause while passing the award.

- **Ignoring Design-and Build Nature of Contract:**

The impugned Award itself records that the contract was executed on a Design & Build basis, under which the primary responsibility for design development, engineering details and submission of drawings rested upon the contractor. Consequently, delays arising from design development or submission of structural drawings could not been automatically attributed to the respondent without examining the contractual allocation of responsibilities. However, the Ld. Arbitrator appears to have accepted the Claimant's case of departmental delay without adequately considering the Respondent's specific contention that the claimant itself was responsible for delays in submitting structural drawings and other design-related deliverables. The award thus fails to properly assess the contractor's corresponding obligations under the Design & build framework, resulting in an erroneous attribution solely to the respondent.

- **Failure to consider COVID-19 and CAQM construction bans:**

The respondent had specifically pleaded that substantial portions of the delay period coincided with extraordinary and industry-wise events, including COVID-19 lockdown, restrictions imposed by the Commission for Air Quality Management (CAQM) and environmental construction bans, all of which adversely affected construction activities across the sector. These were industry-wide force majeure type events affecting all contractors. However, the award does not undertake any exercise to segregate or quantify the delay attributable to such external factors, the claimant's own defaults, and the alleged departmental actions. In the absence of such apportionment and causal analysis, the attribution of the entire delay to the respondent and the consequential award of damages become legally unsustainable.

- **Strongest grounds for Challenge under section 34 of the Arbitration and Conciliation act 1996:**

Upon an overall examination of the award, the strongest grounds available for challenge under section 34 appear to be the tribunal's departure from the express contractual framework governing the parties, resulting in finding and reliefs that are not demonstrably anchored in the contract. The award further fails to undertake any meaningful analysis of concurrent delays and does not segregate delays attributable to COVID-19 restrictions, CAQM directives, the claimant's own defaults, and alleged departmental actions before awarding prolongation-related claims. Considerable reliance appears to have been placed on CPWD/TLQA circulars as a basis for determining substantive contractual rights, notwithstanding the primacy of the contract itself. The award also grants prolongation damages without requiring strict proof of actual loss, ignores material design-and-build obligations resting upon the contractor, and awards certain extra items, including steel-related claims, without adequately examining the contractual provisions governing scope, deviations, and approvals. Additionally, several findings lack the detailed reasoning mandated by section 31(3) of the Act, giving rise to a challenge on the ground of patent illegality appearing on the face of the award. The award also suffers from apparent internal inconsistencies, particularly in its treatment of claims 9 & 10 and grants interest and GST without a sufficiently reasoned legal and evidentiary foundation. Collectively, these defects constitute the most substation grounds for assailing the award under section-34.

- **Non-application of kind to contractual clauses:**

The Ld. Arbitrator throughout the award has cited the Agreement clauses selectively and has thus gravely failed in applying a structured and issue-wise contractual interpretation. The Ld. Arbitrator has further failed to reconcile interrelated and potentially conflicting contractual provision through a harmonious reading thereof. In construction disputes such as the present one, the Ld. Arbitrator is under a bounden duty to remain within the boundaries and four corners of the agreement by first identifying the relevant contractual provision and then applying the established facts to the said contractual stipulation before recording any finding thereon. However, such an exercise is conspicuously absent from the present award. The award grants relief on several claims without identifying the exact contractual provision authorising such payment and without demonstrating how the contractual framework supports the conclusions reached. The findings recorded are therefore divorced from the governing bargain between the parties and suffer from a complete absence of reasoned contractual analysis. It is settled law that an arbitral tribunal cannot rewrite the contract between the parties and must construe and apply contract as agreed. The Hon'ble Supreme Court in Associate Builders v. DDA (2015) 3 SCC 49, Ssangyong Engineering & Construction Co. Ltd. v. NHAI (2019) 15 SCC 131, PSA SICAL Terminals Pvt. Ltd. v. V.O. Chidambranar Port Trust (2021) 6 SCC 771 and Delhi Airport Metro Express Pvt. Ltd. v. DMRC (2022) 1 SCC 131 has consistently held that an arbitral award which ignores, departs from or acts contrary to the express terms of the contract would be vulnerable to interference on the ground of patent illegality. The failure of the Ld. Arbitrator to undertake a proper contractual interpretation and to identify the contractual source of the reliefs granted strikes at the very root of the award and renders the same legally unsustainable.

The present award reeks off various discrepancies and inconsistencies barring several internal inconsistencies such as while examining the delay both the parties have been made responsible but the contractor was only compensated. The Ld. Arbitrator has failed to act and pass an award violating the fundamental policy of India making the award perverse & illegal. Therefore, it is opined that the present award may be challenged under section 34 of the Act.

The opinion of panel lawyer against specific claims has been provided in the table below.

Opinion of Legal Department/CLA, DDA:

"After gone through the award and opinion of Panel Lawyer, I am in agreement with views of P/L the present award may be challenged. As, panel lawyer has opined that the Arbitrator while adjudicating the dispute and passing the award has left many legal infirmities, procedural lacuna and errors apparent on the face of award.

Jurisdictional and procedural lacunae: The arbitrator erred by wrongly deleting evidence of a hostile witness as there is no concept of deleting because of witness becoming hostile in arbitral proceedings and arbitrator failed to give reasons while deciding the application to strike evidence of the witness from the record.

Errors in appreciation of delay and Extension of Time: The Ld. Arbitrator wrongly holds that the delay was attributable to both the parties. Arbitrator has granted such opinion/ finding just on the basis of pure guesswork which is not supported by any evidence.

Errors in awarding Monetary Claims: the arbitrator has ignored the fact that the DDA has clearly stated that the payment could not be released due to non-approval of revised preliminary estimate. Arbitrator fails to determine whether the said extra item fell within the scope of the work, whether deviation exceed contractual limits.

Excess Quantity of GRC Jali: The arbitrator fails to undertake any analysis of the deviation provisions governing CPWD/DDA contracts and award proceeded without examining the foundational contractual requirements.

Watch and Ward charges: The award does not discuss any documentary evidence establishing the actual deployment of watch and ward personnel, such as wages registers, attendance registers, payment vouchers records etc.

Ignoring Design-and-Build Nature of Contract: The Arbitrator ignores that the contract was executed on a Design and Build basis and did not consider the contention of DDA that the claimant itself was responsible for delays in submitting structural drawings and other design-related deliverables.

The award has been granted without requiring strict proof of actual loss, ignores material design and build obligations resting upon the contractor. The award suffers from apparent internal inconsistencies and grants interest and GST without a sufficiently reasoned legal and evidentiary foundation.

There is failure of the Arbitrator to undertake a proper contractual interpretation.

Therefore, in view of above and opinion of Panel Lawyer this award may be challenged."

<u>Recommendation/Comments of EE/EMD-5:</u>

Agreed to challenge arbitration award. The claim-wise recommendation of EE/EMD-5 are given in table as under: -

S. No.	Claim	Comments of the arbitrator	Award by the Arbitrator	Opinion of panel lawyer	Comments of EE/EMD-5
1	CLAIM NO.1(Para 48 – 48.13): On account of 11th bill for civil components duly passed by the Executive Engineer of the Respondent and pending in CAU and further interest @ 15% per annum from the date it was due i.e., 15.09.2022 till the date of award and thereafter @ 18% on the entire awarded amount from the date of award realization	8.1.4 Decision of the Tribunal: a. As admitted by the Respondent that the payment will be released after approval RPE, the issue No. 1 is decided partly in favour of claimant. b. The part issue relating to claim of interest will be dealt under issue No.13 in respect of all the claims'	Awarded amount is Rs.45,02,275/- on account of 11th R/A bill and the interest awarded on this amount is Rs.10,83,013/-.	The Ld. Arbitrator has clearly ignored the fact that the Respondent-DDA had clearly stated that the payment *qua* the 11th R.A Bill could not be released due to non-approval of revised preliminary estimate. The Ld. Arbitrator has also wrongly stated that as admitted by the Respondent-DDA, the payment will be released but does not determine or keeps in mind the factors such as whether the RP Approval is a condition precedent for releasing of any bill, whether the Arbitrator can override budgetary approval process and/ or whether a contract permits payment beyond sanctioned estimate. Such a view has completely diluted the principle of contractual sanctity as mentioned in Associate Builders (supra).	The payment of the 11th R/A Bill has been pending since **05.09.2023**. The bill was submitted to CAU/EZ/DDA; however, payment could not be processed due to the non-availability of funds. Accordingly, a proposal for the Revised Preliminary Estimate (RPE) was initiated and submitted to the competent authority for approval. The Financial Concurrence (FC) for the work was accorded in **February 2025**. However, approval of the RPE is still pending, as the Zonal Office observed that approved architectural (as-built) drawings are required for forwarding the case to the EAC for consideration. Accordingly, the matter was taken up with the Architectural Wing for issuance of the approved architectural (as-built) drawings. The Architectural Wing, however, declined to issue the approved architectural (as-built) drawings, stating that the work was executed on a Design and Build basis and, therefore, the Architectural Wing has no role in the matter. In view of the above, the RPE is still pending approval, as the observations raised by the Zonal Office regarding submission of the approved architectural (as-built) drawings have not yet been complied with. Consequently, the payment of the 11th R/A Bill also remains pending.

2.	CLAIM NO. 2 (Para 49 – 49.11): On account of the extra work executed by the Claimant and the measurements duly recorded by the answering Respondent/DDA under the agreement item no. 1.07 payment and further interest @ 15% per annum from the date it was due till the date i.e., of award and thereafter @ 18% the entire awarded about the date of award realization.	8.2.4 Decision of the Tribunal: a. The contention of the Respondent is not held justified as the total quantity measured against Item No. 1.07 is 460.42 sqm and no correspondence relating poor quality of remaining work of 40.42 sqm is put to proof. Thus, Issue No. 2 is partly decided in favour of the Claimant. b. The part issue relating to claim of interest will be dealt under Issue No. 13 in respect of all the claims.	The award amount Rs.1,41,470/- on account of work executed, measured and the interest awarded is Rs.34,030/-	The Award suffers from a fundamental misdirection inasmuch as the Ld. Arbitrator shifted the burden onto the Respondent to establish deficiencies in the quality of the GRC Jali, whereas the material issue for determination was whether the executed quantity exceeded the sanctioned quantity and whether such excess quantity was supported by an approved deviation statement and the requisite approval of the competent authority under the contract. The Award proceeds without examining these foundational contractual requirements and fails to undertake any analysis of the deviation provisions governing CPWD/DDA contracts. In the absence of such scrutiny, the grant of Rs.1,41,470/- towards excess quantity of GRC Jali is unsupported by the contractual framework and suffers from patent infirmity.	Same as reply of claim No. 1.
3.	CLAIM NO.3 (Para 50-50.11) : On account of work executed by the Claimant but not paid by the Respondent work and also further interest @15% per annum from the date it was due i.e., 31.08.2023 till the date of award and thereafter @ 18% from the date of award realization	Denied and in favour of respondent (DDA).	Nil	Nil	Nil
4.	CLAIM NO.4 (Para 51-51.12): On account of delay in release of payment of 10th R/A bill till the date of award and thereafter @18% from the date of award realization	8.4.4 Decision of the Tribunal: (a) No reasons for delay in making payment of 10th RA Bill is brought out by the Respondent. On perusal of Exhibit C-82 (Page 244-251), the current amount of Bill is shown as Rs. 64,72,298.64 (Page-251). The Claimant is claiming	The amount awarded is Rs. 67,720/-.		The Division Office prepared the 10th R/A Bill for payment and submitted it to CAU/EZ/DDA. However, due to the non-availability of funds, only part payment could be released to the agency based on the funds available at that time. Subsequently, after additional funds became available, the balance amount of the 10th R/A Bill was also released. In view of -

		interest on total amount of Rs. 61,48,684/- @18% p.a. (b) I agree with the contention of the Claimant as no reasons for delay in making payment has been brought out by the Respondent. Thus the issue in respect of both Sub Claims is decided in favour of the Claimant.			these circumstances, the contractor's claim for interest on the delayed payment may be challenged.
5.	CLAIM NO. 5 (Para 52-52.23): On account of work executed under extra item duly sanctioned by the answering Respondent /DDA but not paid and further interest @ 15% per annum from the date it was due i.e., from 02.11.2023 till the date of award and thereafter @ 18% from the date of award realization	8.5.4 Decision of the Tribunal: (a) On perusal of Note Sheet attached with Exhibit C-63 at page 143–145, the proposal for sanction of Extra Item No. 6 was initiated by AE-V/EMD-5 on 19.05.2023 which was duly endorsed by the EE/EMD-5 & SE/ECC-II on 19.05.2023 for ex-post facto approval and the same was approved by CE (East)/DDA on 19.05.2023. Thus, the letter dated 13.12.2021 conveying denial of payment of extra item is void. (b) It is also on record of the Tribunal that while forwarding payment for 11th RA Bill on 06.09.2023, Extra Item No. 6 was not included in the bill amount. Thus, the Claimant is entitled for interest after 15.09.2023. (c) Thus, this issue is decided in favour of Claimant partly. (d) The part issue relating to claim of interest will be dealt under Issue No. 13 in respect of all the claims.	The awarded amount is Rs.47,69,425/- and interest awarded of this amount is Rs.10,84,554/-	The Ld. Arbitrator while deciding Claim no. 5 w.r.t extra item no. 6 (Steel installed in the Pandal) has declared the earlier rejection as void because the Chief Engineer used to approve the note sheet but the Ld. Arbitrator fails to determine whether the said Extra Item fell within the scope of the work, whether deviation exceeded contractual limits. Also, grossly failed to determine whether sanction was administrative or contractual. Merely relying on internal note sheet approval without contract analysis tantamount to an illegal, perverse finding.	As the work was executed on a design-and-build basis, and in accordance with the terms and conditions of the Agreement, the claimed work is already covered under Agreement Item No. 1.04. Therefore, no payment shall be admissible under any extra item, and the claim is not payable. Hence the said claim may be challenged.

6.	CLAIM NO. 6 (Para 53-53.19): On account of reimbursement under clause 10C and 10CA of the agreement and also further interest at 15% per annum from the date it was due, i.e., 02.11.2023 till the date of award and thereafter @ 18% from the date of award till realization	8.6.4 Decision of the Tribunal: (a) Since, recovery of labour Cess and GST is being uploaded by CAU/EZ/DDA from time to time. This part issue is decided in favour of Respondent. (b) It is an admitted fact that the Respondent has admitted the liability for reimbursement of payment under Clause 10C for increase in labour wages up to June, 2023 i.e. the extended date of completion of work without levy of compensation. (c) On perusal of Extension of Time case, it is on record that both parties are liable for delayed completion of work. (d) Thus, the issue is partly decided in favour of Claimant for release of balance amount under Clause 10C & 10CA beyond 04.03.2021. (e) The part issue relating to claim of interest will be dealt under Issue No.13 in respect of all the claims.	The awarded amount is Rs.17,44,199/- and the interest awarded is Rs.3,96,626/-	The Ld. Arbitrator while adjudicating on Clause 10C/10CA w.r.t escalation as claimed under Claim No. 6 has partly allowed such claim beyond the stipulated date of completion while indicating & identifying fault on both the parties. Such a finding/ reasoning is given ignoring CPWD manual/conditions, which says that escalation beyond stipulated period completely depends on the factor that the said delay should be attributable to the Respondent-DDA. The Ld. Arbitrator has failed to give any proper determination which is against the principles laid down in "NHAI vs ITD Cementation India Ltd. (2015)".	All the previous claims under Clauses 10C and 10CA have already been paid to the claimant. As per the available records, the final bill submitted by the claimant under Clause 10C was only for an amount of Rs.4,85,258/-, which remains pending for the reasons stated in the reply to Claim No. 1. In view of the above facts, the present claim is not maintainable and is liable to be challenged.
8.	CLAIM NO.-8 (Para 55-55.11): On account of watch and ward of the building as the Respondent has failed to take over the possession of the building immediately on the date of completion and further interest @15% per annum from the date it was due, i.e., 01.09.2023 till the date of award and	8.8.4 Decision of the Tribunal: (a) The contention of the Respondent is correct as without NOC from Fire Department, the work can not be put to use for allotment. But, there is a delay of 20 days even after receipt of NOC. For this delay of 20 days, the claim of Claimant is admissible	The amount awarded is 45,780/- and the interest is Rs.11,326/-	The Award is internally inconsistent inasmuch as the Ld. Arbitrator accepts the Respondent's contention that the work could not be put to use in the absence of the requisite Fire NOC, yet proceeds to award watch and ward charges for a period of 20 days. The Award does not discuss or rely upon any documentary evidence establishing the actual deployment of watch and ward personnel, such as wage registers, attendance records, payment vouchers, or other contemporaneous records. In the absence of proof regarding the nature,	No directions were issued to the agency for the deployment of security guards as an item of extra work. Accordingly, the said claim may be challenged on the ground that it is not supported by the terms of the agreement or any authorized instruction for additional work.

	thereafter @18% from the date of award till realization	only for watch and ward staff. (b)Thus, this issue is decided partly in favour of Claimant. (c) The part issue relating to claim of interest will be dealt under Issue No. 13 in respect of all the claims.		duration, and cost of such deployment, the award of Rs.45,780/--appears to rest on assumption rather than evidence and is therefore unsustainable.	
9.	CLAIM NO.-9 (Para 56-56.32): Towards additional overheads including idling of labor, diminution in productivity and underutilization of manpower due to delay and consequential breach of contract committed by the Respondent and also further interest @15% per annum from the date it was due till the date of award and thereafter @18% from the date of award realization	8.9.4 Decision of the Tribunal: (i) I have gone through the submissions, various court judgments, agreement provisions and actual payments made by the Claimant and also the contention of the Respondent. (ii) The Respondent was to hand over clear site as per agreement whereas at site number of buses being parked by parking mafia. This encroachment was brought to the notice of Respondent vide Exhibit C-7 & C-8. (iii) Although the Respondent has granted extension of time for completion of work up to 28.02.2023 without levy of compensation, I find that there had been delays on the part of Claimant as well as on the part of Respondent in completion of work. (iv) The Claimant in its detailed calculation has considered 50% of the amount to mitigate the losses. However, Respondent has not claimed any other	The amount awarded is Rs.5,93,935/- and the interest awarded of this amount is Rs.1,35,059/-	The Ld. Arbitrator has given contradictory findings on the aspect of delay as stated under Claim 9 of the SOC. The Ld. Arbitrator wrongly holds that the delay was attributable to both the parties and at the same time for the reasons best known to him wrongly & arbitrarily grants 10% of Hudson Formula while ascertaining such delay in favour of the Claimant. The Ld. Arbitrator has failed appreciate that the time was of essence and the delay caused could be taken care while granting EOT in favour of the Claimant. The whole purpose of the EOT is to take care of such scenarios in such errant contractual/ construction related disputes. The Ld. Arbitrator grossly failed to indicate any legal basis for granting any reduction albeit the 10% reduction actually granted. The Ld. Arbitrator has granted such opinion/ finding just on the basis of pure guesswork which is unsupported by any evidence, judicial precedent or appropriate application of any settled method of calculation etc. The Judgement titled as "McDermott International INC vs Burn Standard Co. Ltd." Clearly propounds that an arbitrator cannot pass an award on mere conjectures and surmises. The Judgement titled as "Associate Builders vs DDA" also states that the finding of the Arbitrator must not be arbitrary or irrational as the same will amount to perversity & patent illegality. The award of Rs.5,93,935/- towards overheads and prolongation charges, along with interest thereon, constitutes one of the most substantial grounds of challenge under	There is no provision in the Agreement for payment towards idling of labour. Furthermore, compensation for labour cost escalation during the execution of the work has already been considered and paid from time to time in accordance with the applicable provisions of the contract. The delay in execution was also mutually agreed upon, as evidenced by the undertaking submitted by the claimant in the application seeking the Extension of Time (EOT). In view of the above, the claimant's claim for payment towards idling of labour is devoid of contractual basis, is not tenable, and may be challenged.

		mitigation despite the delay in obtaining NOC from Fire Department due to which even after completion of work, the Utsav Pandal could not be put to use. (v) As observed in my proceeding order in respect of Claim No. 8, I decide that instead of 50% of the amount, only 10% of the amount claimed may be paid to the Claimant to mitigate the losses claimed by the Claimant. (vi) Therefore, the issue is partly decided in favour of the Claimant. (vii) The part issue relating to claim of interest will be dealt under Issue No. 13 in respect of all the claims.		Section 34 of the Act. It is settled law that the application of the Hudson Formula is not automatic and does not dispense with the requirement of proving entitlement to damages. The Claimant was required to establish, inter alia, (i) employer-caused delay, (ii) impact on the critical path of the project, (iii) inability to deploy resources elsewhere during the period of prolongation, and (iv) actual overhead losses suffered as a consequence thereof. However, the Award does not appear to undertake a detailed examination of these foundational requirements. Significantly, while the Ld. Arbitrator rejected Claim No. 10 on the ground that machinery losses were not proved by sufficient evidence, Claim No. 9 has nevertheless been allowed despite the absence of comparable proof of actual overhead losses. This gives rise to an apparent internal inconsistency in the reasoning adopted by the Tribunal. The law laid down by the Hon'ble Supreme Court in McDermott International Inc. v. Burn Standard Co. Ltd. requires that claims for prolongation damages must have some evidentiary foundation and cannot be sustained merely by mechanical application of formulae. The Award's failure to examine proof of actual loss, causation, and critical path impact renders the grant under this head vulnerable to challenge.	

12.	CLAIM NO.12 (Para 59-59.16): On account of quality control visit report and also further interest @ 15% from the date it was due that is 01.09.2021 till the date of award and thereafter at 18% from the date of award till realization.	8.12.4 Decision of the Tribunal: (a) More than two years have lapsed after the maintenance period is over. Therefore this issue is decided partly in favour of the Claimant. (b) The part issue relating to claim of interest will be dealt under Issue No. 13 in respect of all the claims.	The amount awarded Rs. 50,000/- and interest awarded is Rs. 11,370/-		The DDA QAC inspected the site and raised observations regarding the quality of the work. Accordingly, an amount of Rs. 50,000/- has been withheld due to the deficiencies observed by the QAC, as mentioned in the relevant paragraphs of the QAC Office Memorandum (O.M.). The claimant is required to rectify the defects identified during the inspection. Therefore, the claim may be challenged on the grounds that the deficiencies have not yet been rectified.
13.	CLAIM NO.13(Para60-60.11) :On account of pre-suit and pendente lite interest @15% per annum on the above demands from respective dates of due till the date of award and also future interest @18% per annum from the date of award to the date of realization	8.13.4 Decision of the Tribunal: (a) The Respondent has admitted that the Claimant's claim of interest is unsubstantiated. Under Section 31(7) of the A&C Act, 1996, as amended in 2015, the statute conferred specific authority on the Tribunal to award interest at such rate as it deems reasonable. The SBI MCLR rate during the period September, 2023 is 8.2% p.a. Therefore, I decide to award simple interest @ 10% (MCLR 8.2% + 2% = 10.2%, restricted to 10%) for the pre-suit and pendente lite period. Thus, this issue is decided in favour of the Claimant.	It is the sum of interest awarded from claim No. 01 to 12 i.e. 27,55, 978/-	The Ld. Arbitrator has mechanically applied SBI MCLR+2%. The Ld. Arbitrator in the award says that SBI MCLR was 8.2%, therefore an interest @ 10% is awarded. Such application of calculation is not the part of evidence on record placed before the Ld. Arbitrator proving such MCLR. The Ld. Arbitrator has not entered into any discussion on contractual bar on interest, whether interest payable on R.A. Bills, whether interest payable on unliquidated damages. The Ld. Arbitrator fails to appreciate the law under Section 31(7) of the Act and the ratio propounded in "Hyder Consulting (UK) Ltd. vs Governor, State of Orissa", which says that interest so calculated must be backed by well-founded reason and not on the basis of mere application of a formula.	There is no condition in the agreement for payment of interest on account of pre-suit and pendent lite. Hence the claim may be challenged.

14.	CLAIM NO.14 (Para 61-61.9): On account of cost of arbitration proceedings	8.14.4 Decision of the Tribunal: The power and mandate to award costs is as per Section 31A of the A&C Act. The Claimant's claims have succeeded partially. Thus, this issue is partly decided in favour of the Claimant.	The amount awarded is Rs.4,00,000/-	The Ld. Arbitrator has awarded a sum of Rs.4,00,000/- towards costs of arbitration without undertaking any detailed assessment of the basis, reasonableness or computation of such costs. The Award does not disclose the factors considered for determining the quantum of costs or the justification for imposing the same upon the Respondent. In view of Section 31A of the Arbitration and Conciliation Act, 1996, which contemplates a reasoned determination and allocation of costs, the absence of any discernible analysis or rationale renders the award of costs vulnerable to challenge.	As per clause 25 of the agreement, both the parties to pay the arbitration fee equally and the 50% share of DDA has already been paid to the Arbitral Tribunal. Hence claim may be challenged.
15.	CLAIM NO.15 (Para 62-62.7): On account of GST @18% on all of the above claims or a declaration that the Respondent would be liable to pay the same to the respective government, Respondent by itself to discharge the Claimant from the liability of the same, in future, whatever it may be	8.15.4 Decision of the Tribunal: The GST on the awarded amount will have to be reimbursed by the Respondent to the Claimant on production of receipt of deposit of GST on the awarded amount.	The said claim has been awarded with a remark "as per actual" upon the production of receipt of deposit of GST.	The Award directs reimbursement of GST on the amounts awarded - without undertaking any examination of the actual tax incidence or the statutory conditions governing such liability. The Award does not appear to discuss any evidence regarding the taxability of the awarded claims, the issuance of invoices, the actual discharge of GST liability, or the applicable statutory framework. In the absence of such findings, a blanket direction for reimbursement of GST is unsupported by the evidentiary record and may amount to granting a relief beyond the scope of the issues proved before the Tribunal, thereby rendering the direction legally vulnerable.	Based on the outcome/decisions of above claims.

Recommendation/Comments of SE/ECC-2/EZ:

In the matter considering the fact that arbitration award was originally in favour of claimant and involves and financial implications, it is felt that the arbitration award ought to be challenged to safeguard the interest of DDA.

Recommendation/Comments of CE/EZ/DDA:

Agreed to challenge arbitration award

RECOMMENDATION OF ASB:

1. ASB, at the outset, showed serious displeasure on the fact that the instant case has been submitted at the eleventh hour before ASB for scrutiny, despite clear SOP for dealing with timelines and procedure of placing the arbitration cases before ASB.
2. With respect to claim no. 1,2 & 4, during the deliberations, ASB was informed that the payments to the RA bills is pending due to unavailability of funds as the RPE for the work is pending at Chief Engineer office despite the Financial Concurrence (FC) being accorded in February 2025. Taking note of this serious lapse, ASB directed Chief Engineer (East) to examine the reasons for delay in placing the case before EAC on time and take administrative action against officers responsible for this delay.
3. Further, with respect to claim no.5, ASB was informed that sanction of extra item No. 6 pertaining to additional steel used in Pandal had initially been conveyed to the agency which was later revoked as no payment was admissible against this claim. ASB directed Chief Engineer (East) to examine the matter and take administrative action accordingly.
4. ASB has recommended **to accept** award against claim no.1,2 & 4 since the work has been done and payment has not been made due to procedural lapses at department's end.
5. ASB has recommended **to accept** award against claim no.3,7,10 &11 being NIL award.
6. ASB also recommended **to accept** award against claim no.15 pertaining to GST, being declaratory in nature.
7. ASB has recommended **to challenge** award against claim no.5,6,8,9,12 & 14.
8. With respect to award against claim no.13, ASB recommended to challenge the interest awarded against claim no.5,6,8,9 & 12.

As per revised delegation of power issued vide no. EM1(10)2018/Del. Of Power/DDA/260 dated 29.01.2019 by CE (HQ) DDA, Vice Chairman DDA is the Competent Authority to accept/challenge the claims in r/o award amount of more than Rs. 100 Lakhs and less than 500 lakhs, in consultation with FM/DDA, with due scrutiny by Arbitration Scrutiny Board headed by FM, DDA.

-Sd- Amit Singh Dir(Works) Member Secretary	-Sd- Manohar Lal Addl. CLA Member	-Sd- Sanjay Kumar Khare CE(HQ) Member
-Sd- Bajrang CE(EZ) Executive Member	-Sd- P. Praveen Siddharth FM, DDA Chairman	

Director(Works), DDA

Copy to: -
1. EM/DDA for kind information.
2. All concerned.
3. Director(System) for uploading on DDA website.
4. EE/EMD-5, DDA Office, Geeta Colony, Delhi-110031.

Amit Singh 13/07/2026

Director(Works), DDA

Joshi 14.7.26

DD(S) Sh Vishwas

AD(S)