

F. No. 4(1)/2013-DPE(PMA)/FTS-1835  
Government of India  
Ministry of Industries and Heavy Industries & Public Enterprises  
Department of Public Enterprises

Public Enterprises Bhawan,  
Block no. 14, CGO complex,  
Lodhi Road, New Delhi-110003.  
Dated: 27<sup>th</sup> May, 2016

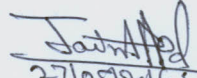
**OFFICE MEMORANDUM**

**Subject: Settlement of commercial disputes between Public Sector Enterprises *inter se* and Public Sector Enterprise(s) and Government Department(s) through Permanent Machinery of Arbitration (PMA)-DPE.**

With a view to settle disputes relating to commercial contracts between Central Public Sector Enterprises (CPSEs) or between the CPSEs and Government Departments / Ministries / Agencies through a permanent machinery, the Government, in 1989, created a Permanent Machinery of Arbitration (PMA) in the Department of Public Enterprises (DPE). It provides that disputes or differences relating to interpretation or application of provisions of a commercial contract signed between CPSEs, Banks, Port Trust, etc. or between the CPSE and a Government Ministry/ Department (except dispute concerning the Railways, Income Tax, Custom and Excise Department) shall be referred for arbitration to the PMA in Department of Public Enterprises. The objective of putting in place such a mechanism is not only to curb the unnecessary Government litigations before the courts of law or to reduce avoidable expenditure on this account, but also to have an institutionalized system of arbitration for expeditious settlement of disputes between the Government sector agencies.

2. Comprehensive guidelines on the nature of cases which can be referred to PMA along with details of relevant documents, procedures etc. have also been issued from time to time by DPE. However, it has been observed that there is a considerable delay in submission of counter claim/ clarifications/requisite documents whenever desired from the parties to the dispute, resulting in considerable delay in resolution of the dispute and giving awards.

3. All Administrative Ministries / Departments are, therefore, requested to issue necessary instructions to the CPSEs to strictly adhere the timeline and to submit counter claim / clarifications / requisite documents within the stipulated time as fixed by PMA.

  
27/05/2016  
(J. N. Prasad)  
Director  
Tel: 24360736

To :

All Ministries/Departments of Government of India, and a copy each to:

- 1) Chief Executive of CPSEs.
- 2) NIC, DPE with a request to upload on DPE's website
- 3) Guard File.