

Sub:- Guidelines for release of 75% Arbitral Award against Bank Guarantee

NITI Aayog vide OM No. N-14070/14/2016-PPPAU dt. 05.09.16 has conveyed the decisions taken by the Cabinet Committee on Economic Affairs (CCEA) for revival of the Construction Sector. The decisions inter-alia include release of 75% of the Arbitral Award Amount to the Contractor against Bank Guarantee in case of claim where the PSU has challenged the Arbitral Award in a Court of Law. Further, the amount has to be released into a designated Escrow Account to be opened and established by the Contractor.

2. A copy of NITI Aayog instruction vide OM No N-14070/14/2016-PPPAU dt. 05.09.2016 is attached for reference.

3. HAL ensures scrupulous compliance with the Government directions. Accordingly, Construction Contractors in whose favor the Arbitrator has passed the Arbitral Award wherein the Divisions/ Offices of HAL have challenged the Arbitral Award in a Court of Law, may seek release of 75% of the Arbitral Award Amount, against a Bank Guarantee, through a Designated Escrow Account.

4. Such interested Contractors shall be required to furnish the information in the attached Format-A to the General Manager / Chief of Project of the concerned Division/ Office of HAL with whom the contract had been entered into, to initiate the process.

Format for intimation to General Manager HAL (Name of the Division)
_____ , for payment of 75% of the Arbitral Award
Amount

Sl. No.	Subject	Particulars
1	Name of the Contractor	
2	Name of the Project/ work for which the contract was awarded	
3	Reference No. of the Contract	
4	Date and Year of the Arbitral Award	
5	Amount awarded by the Arbitral Tribunal	
6	Rate of Interest awarded by the Arbitral Tribunal	
7	Claim towards Interest amount up to (date) _____	
8	Total amount of pay-out claim (5+7)	
9	75% of Arbitral Award Claim (Pay-Out amount to be released by HAL)	
10	Interest amount on Sr. No. 9 calculated at same Rate of Interest as awarded by the Tribunal (for a period of one year)	
11	Total amount for which the Bank Guarantee is to be furnished (9+10)	
12	Completion/ Submission of documentation of	
	(i) Bank Guarantee of the amount mentioned under Sr. No. 11	
	(ii) Opening of the Arbitral Award Escrow Account	
	(iii) Arbitral Award Escrow Account Agreement	

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Signature, Name & Seal
of the authorized Representative of the Contractor with date