

World Bank partners with the Indian Council of Arbitration (ICA) for Dispute Board services in India

New Delhi, 23 June 2016: Dispute Board (DB) system is a concurrent mechanism for resolution of dispute before arbitration/litigation. The DB usually consists of three experts, who are experienced, respected, and impartial, acceptable to both the parties and conversant with the nature and complexity of the work involved.

The DB is organized before construction begins and meets at the jobsite periodically. DB Members are provided with the contract plans and specifications, become familiar with the project procedures and the participants, and are kept abreast of job progress and developments. The DB process helps the parties to head off problems before they escalate into major disputes. The system has been highly effective in most parts of the world.

In India, however a perception have developed that the DB system is not implemented as envisaged and as a result is not effective. There is not much respect for the system of DB, whose decisions/recommendations are routinely rejected, and taken to arbitration, which is far more time consuming as also costlier, resulting in delays and cost overruns in project deliveries.

The World Bank has been advocating the use of the DBs as an effective and speedy means to resolve dispute in infrastructure projects so as to minimize, if not eliminate, the delays and consequent cost overruns. However, the DB system had lost its value mainly because of the mindset of the parties which led to treating the system lightly.

“ India is the largest borrower of the World Bank with about 100 Projects under implementation with loan commitment of about US\$ 27 Billion.

Contractual disputes delay the implementation of the contracts as well as increase the cost and thus adversely impact development outcomes from Projects. Even though Dispute Boards (DB) are less legalistic, less adversarial, less time consuming and less costly, DBs are not popular in India and very few government agencies use them. Even in those contracts where DBs are mandatory, Parties to the Contract resist constituting DBs or try to bypass them.

World Bank has partnered with Indian Council of Arbitration (ICA) to introduce some improvements in DB to make them more popular and acceptable in India. This is a very important initiative as institutional DRB option (to be offered by ICA) would be available not only for Bank funded projects but also for projects funded by other sources.” **Said Mr. Shanker Lal, Senior Procurement Specialist, World Bank.**

ICA is an allied body of industry chamber FICCI.

The concept of institutional support to DB system is new in this country. Under this system, the institution will provide various services for organizing empanelment of DB members, as well as updating the list of DB members from time to time, provide names of DB out of maintained panels, provide a continuous platform for training of all stakeholders including the functional

employees and operating staff of the employer, the contractor and the engineer's organizations, giving guidance on issues and problems faced in the operation of DBs, assisting the parties by appointments to vacancies in the DB as per contract conditions. The institution will also monitor whether this DB is performing its functions as stipulated and as expected and point out deficiencies, if any, and improvements required by DBs and also standardizing the procedure for functioning of DBs.

ICA has consequently empaneled nearly 200 experts in different trades. Besides the first training program for the empaneled DB members as also for several other professionals in the field have also been completed. Empanelment as well as training both are ongoing processes and will be continued from time to time.

The Institutional DB services, launched this day, along with standardizing of its operations and training of DB members, holds a promise to build up confidence among all stakeholders in the DB mechanism and usher the system in a new era of timely resolution of disputes.

ICA has thus become the pioneering institution in providing Institutional Dispute Board services in India.