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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% **Date of decision: 20.07.2026**

+ ARB.P. 327/2025, I.A. 4149/2025 & I.A. 5700/2026

NATIONAL PROJECTS CONSTRUCTION CORPORATION
LIMITEDPetitioner

Through: Mr. Paritosh Budhiraja and Ms.
Larika Khandelwal, Advs.

Versus

BHARAT SCOUTS AND GUIDESRespondent

Through: Ms. Tusha Chawla, Adv.

CORAM:
HON'BLE MR. JUSTICE AVNEESH JHINGAN

AVNEESH JHINGAN, J. (ORAL)

1. The present petition is filed under Section 11(6) of the Arbitration and Conciliation Act, 1996 (for short 'the Act') for the appointment of an arbitrator.

2. The brief facts are that the parties to the *lis* entered into an agreement dated 24.02.2015 (for short 'the agreement') for "Renovation and Modernization of NTC and NAI at Pachmarhi." The cost submitted by the petitioner was approved by the respondent on 30.09.2015. The petitioner issued a Notice Inviting Tender (NIT) and



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M/s Team Engineers (for short 'contractor') was the successful bidder. The project was completed and handed over to the respondent on 25.07.2018. The final bill was raised on 28.07.2018 but was not paid. The respondent alleged substandard work and demanded a penalty of Rs. 34,18,393/-.

2.1 The contractor filed a civil suit against the petitioner for recovery of the unpaid bills in December, 2022. On 01.04.2024, the petitioner approached the Ministry of Jal Shakti (for short 'the Ministry') for resolution of the disputes through the Administrative Mechanism for Resolution of Central Public Enterprises Disputes (AMRCD) in terms of Clause 7 of the Agreement.

2.2 The Ministry vide communication dated 20.05.2024, conveyed the decision of the Department of Public Enterprises dated 17.05.2024 that the matter cannot be taken up for resolution under the AMRCD mechanism. The petitioner was advised to explore the resolution of the disputes through legal or other mechanisms. Hence, the present petition.

3. Learned counsel for the petitioner contends that from Clause 7 of the agreement, it is evident that the intention of the parties was to resolve the disputes through arbitration and that the intention is to be seen.

4. Learned counsel for the respondent contends that there is no arbitration clause in the agreement and Clause 7 of the agreement



specifically mentions that the provisions of the Act shall not apply.
The prayer is for dismissal of the petition.

5. It would be relevant to quote Clause 7 of the agreement, which reads as under:

“7.0 ARBITRATION OF DISPUTE

7.1 In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts, such disputes or difference shall be referred by either party (OWNER & AGENCY) for arbitration to the Sole Arbitrator in the department of Public Enterprises to be nominated by the Secretary to the Govt, of India in-charge of the department of Public .Enterprises. The Arbitration and Conciliation Act 1996 shall not be applicable to arbitration under this clause. The award of the arbitrator shall be binding upon the parties to the dispute, provided, however, any party aggrieved by such award made a further reference for setting aside or revision of the award to the law secretary, Deptt of Legal Affairs, Ministry of Law and Justice, Govt, of India, Upon such reference the dispute shall be decided by the law Secretary or the special Secretary/Additional Secretary, when so authorized by the Law Secretary, whose decision shall bind the parties conclusively. The parties to the dispute will share equally the cost of arbitration as intimated by the arbitrator.

7.2 In the event of any dispute or difference relating to the interpretation and application of the provisions of the contracts between NPCC and its appointed contractors/vendors, such disputes or



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difference shall be dealt as per contract conditions between them and expenditure on arbitration/court case shall be *made* by NPCC and *shall be reimbursed* by BSG *including award/decreet*. *The cost of favorable award/decreet shall be property of the owner (BSG).*”

6. The heading of Clause 7 of the agreement is ‘Arbitration of Dispute’ and the word ‘arbitration’ has been used in the Clause. At first glance, it appears to be a clause for arbitration but in fact the clause provides a mechanism agreed between the parties for dispute resolution and the statutory provisions of the Act were ousted. Under the Clause, the Secretary to the Government of India in charge of the Department of Public Enterprises had to nominate an official to act as an arbitrator. In the eventuality of a party being aggrieved by the award, the remedy was provided before the Law Secretary or Special Secretary/Additional Secretary (authorised by the Law Secretary) and the decision was binding on the parties.

7. The parties as per the unambiguous language of Clause 7 of the agreement agreed that the Act shall not apply to the dispute resolution mechanism provided under Clause 7 of the agreement.

8. It is trite law that the words used in an arbitration agreement must disclose the determination and obligation of the parties to refer their disputes to arbitration. In the absence of an arbitration agreement the jurisdiction of the High Court under Section 11(6) of the Act cannot be invoked. Reference in this regard be made to the decision of the Supreme Court in ***Mahanadi Coalfields Ltd. v. IVRCL AMR***



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“9. In the present case, Clause 15 of the contract agreement is titled “Settlement of Disputes/Arbitration”. However, the substantive part of the provision makes it abundantly clear that there is no arbitration agreement between the parties agreeing to refer either present or future disputes to arbitration.

18. For the above reasons, we have come to the conclusion that the invocation of the jurisdiction of the High Court under Section 11(6) of the 1996 Act was not valid and there being no arbitration agreement between the appellants and the respondent, no reference to arbitration could have been made. We accordingly allow the appeal and set aside the impugned judgment and order of the High Court dated 29-11-2019. The respondent would, however, be at liberty to seek recourse to the remedy available in law to pursue the redressal of its grievances.

(Emphasis supplied)

9. The contention of learned counsel for the petitioner that the intention of the parties was to resolve the dispute through arbitration is ill-founded. The parties devised an alternative dispute resolution mechanism independent of the Act and the applicability of the provisions of the Act was agreed to be ousted. The remedy under Section 11(6) of the Act is not available to the petitioner aggrieved of refusal of the Ministry to refer the matter for dispute resolution under AMRCD.

10. The petition is dismissed as not maintainable. Needless to say



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the petitioner shall be at liberty to avail remedy in accordance with law.

AVNEESH JHINGAN, J

JULY 20, 2026/Pa

Reportable:- **Yes**