

NO. FIN(C)A(3)-3/99  
GOVERNMENT OF HIMACHAL PRADESH  
FINANCE(REGULATIONS) DEPARTMENT

DATED SHIMLA- 171002, THE 21 MAY, 2004.

From

The Additional Chief Secretary (Finance)  
to the Government of Himachal Pradesh.

To

All Administrative Secretaries  
to the Government of H.P.

All Heads of Departments in H.P.

SUBJECT:- APPOINTMENT OF GOVERNMENT SERVANTS AS  
ARBITRATORS - GUIDELINES / NORMS FOR  
PAYMENT OF FEE ETC.

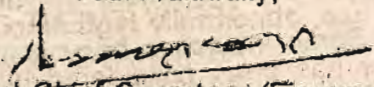
Sir/ Madam,

I am directed to invite a reference to the subject cited above and to say that at present, cases for allowing of arbitration fee to the Government servants appointed as Arbitrators in disputes between the State Government and private parties are regulated in terms of provisions of Government of India's decision No.5 below F.R. 46. These Rules/instructions provide for obtaining prior permission of competent authority by the Government servant in case he wants to act as an Arbitrator. Some instances have come to the notice of the Government wherein no such prior permission was obtained. In addition, it has also been observed that in some cases where the State Government is a party to the dispute, abnormally high amount of arbitration fee has been fixed. The matter has been considered by the State Government, keeping in view the fact that the guidelines were laid by GOI quite sometime ago and since then, there have been considerable changes in the situation as also in the value of the Rupee. Accordingly, following guidelines are laid down for regulating the cases where there is a dispute between the State Government and private parties:

1. In future, the Government servants can take up arbitration cases only with the prior permission / approval of the Finance Department on the recommendations of concerned Administrative Department.

2. The amount of fee should be fixed <sup>prescribed Judicial</sup> in view the nature of the case and work to be done by the Arbitrator. The amount of fee, will be subject to a maximum limit of Rs.30,000/- (Rupees Thirty Thousand) per case. In addition to above amount, clerkage @ 10% of the fee can be allowed. This fee would be the maximum and the fees fixed would include the Government's share, if any, as well as the share of the other party/parties involved in the arbitration case.
3. In one case of arbitration, insofar as possible, only one arbitrator should be appointed who will complete the arbitration process. In exceptional cases if more than one arbitrator is appointed, the amount of fees will be restricted to the amount specified in clause(2) above and will be divided amongst the arbitrators keeping in view the quantum of arbitration work done by them.
4. Other provisions of relevant rules i.e. Fundamental Rules will be strictly adhered to in all cases. In other words, the provisions of Rule 46 of F.Rs alongwith S.R. 11 & 12 (relating to depositing of 1/3<sup>rd</sup> of fee with Government in excess of specified amount) need to be kept in view in all cases.
5. The Administrative Departments / Heads of Departments etc. will restrict the permission to allow Government servants to act as arbitrators to the minimum possible level in order not to affect their official work.
6. As far as possible only government servants may be appointed as Arbitrator in cases involving the state government.

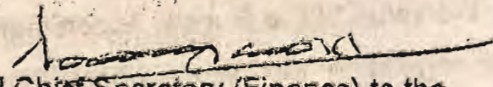
Yours faithfully,

  
Additional Chief Secretary (Finance) to the  
Government of Himachal Pradesh

No. As above. Dated Shimla-171002, the <sup>21</sup> 21 May, 2004

Copy to:

1. The Accountant General (Audit) H.P. Shimla with 5 copies.
2. The Sr. Dy. A.G.(A&E), H.P., Shimla-3 with 5 copies.
3. All Distt. Treasury Officers/ Treasury Officers in H.P.
4. All Sections of F.D.
5. Guard File - 100 copies.

  
Additional Chief Secretary (Finance) to the  
Government of Himachal Pradesh