



NHAI Successfully Defends Arbitration Claim, Safeguards Public Funds in a National Highway Project

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Securing a significant arbitration win, NHAI successfully defended an arbitration matter related to the six-laning of the Kamrej–Chalthan section of NH-48 in Gujarat, leading to substantial savings of public funds. Against claims of around Rs. 174.49 crore raised by the contractor, the Arbitral Tribunal awarded only Rs. 54 lakh to settle the case, underscoring the importance of digital project monitoring, robust documentation and evidence-based contract management by NHAI.

The matter pertained to the National Highway project for widening of 15 km long Kamrej–Chalthan Section of NH-48 from four lane to six lane, that included implementation of long-term remedial measures for four black spots on Kamrej–Bharuch Section. The project was awarded to the contractor M/s SCIW–Unique Construction (JV) for development in Engineering, Procurement, and Construction (EPC) mode in June 2016 at a bid cost of Rs. 241.41 crores. The appointed date for commencement of work was declared on 21st March 2017 with 87.75% land availability.

During execution, the contractor repeatedly cited land-related constraints, demonstrated slow progress and failed to execute the work in accordance with the contract provisions. Only simple work related to road and drainage were carried out, development of major structures and flyovers were not taken up for development. Owing to continued deficiencies in performance, the contract was mutually foreclosed on 11th May 2020 at a physical progress of around 49.79%.

At the time of foreclosure, both parties had agreed that all claims were fully and finally settled and the contractor had expressly undertaken not to raise any future claims. However, in 2022, the contractor initiated arbitration proceedings claiming around Rs. 174.49 crore against NHAI which was contrary to the terms of the Foreclosure Agreement.

During the arbitration proceedings, NHAI presented detailed documentary and digital evidence before the Arbitral Tribunal. This included drone videography, digital project records, and technical documentation demonstrating that sufficient land was available for execution of the six-laning works and that substantial drainage work along the edge of the Right of Way has already been completed.

The evidence further established that the contractor had not undertaken key and challenging components of the project, including major structures and flyovers, which significantly contributed to the foreclosure of the contract.

Based on the submissions and evidence presented the Arbitral Tribunal, in its award dated 10th March 2026, virtually rejected all claims made by the contractor. Against claims amounting to approximately Rs. 174.49 crore, the Tribunal awarded only Rs. 54 lakhs in favour of the claimant.

The case highlights the critical role of digitization and technology-driven project monitoring in infrastructure development and dispute resolution. The outcome also underlines NHAI's steadfast commitment to fix contractor accountability, prudent contract management and protection of public funds in the implementation of National Highway infrastructure projects across the country.

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