

NHAI Successfully Defends Arbitration Claims in Panipat–Jalandhar Highway Project Disputes

Two major arbitration cases involving claims by concessionaires exceeding Rs. 8,375 crores and counterclaims by NHAI amounting to Rs. 2,888.64 crores were settled for a net amount of Rs. 819.96 crores in favour of NHAI.

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Safeguarding public funds in National Highway projects, NHAI has successfully defended two major arbitration cases related to the Panipat–Jalandhar section of NH-44. The disputes involved high-value claims raised by concessionaires against NHAI in connection with the execution and operation of the National Highway project. The two arbitration matters together involved claims exceeding Rs. 8,375 crores towards alleged termination payments, compensation for loss of toll revenue, prolongation costs, escalation, extension of the concession period, damages arising from project delays and other associated financial claims.

After extensive hearings and detailed examination of contractual provisions, technical records, evidence and expert submissions, the Hon'ble Arbitral Tribunal upheld several critical contentions advanced on behalf of NHAI and passed net awards in favour of NHAI.

In the first arbitration proceeding, claims exceeding Rs. 5,443 crores were raised primarily on account of alleged loss of toll collection, loss of opportunity, termination payments and change-of-scope disputes under the Concession Agreement. NHAI strongly contested the claims, maintaining that the contractual termination was valid and attributable to defaults and deficiencies on the part of the concessionaire.

After detailed adjudication, the Hon'ble Arbitral Tribunal rejected major monetary claims raised against NHAI. The Tribunal also accepted several counterclaims and defences put forward by NHAI concerning contractual breaches, project obligations and expenditure liabilities. After hearing the claims and counterclaims, the Hon'ble Tribunal passed a net award of around Rs. 115.73 crores in favour of NHAI along with applicable interest.

The second arbitration matter involved claims exceeding Rs. 2,931.79 crores. The claimant sought compensation towards alleged delay-related losses, escalation, prolongation expenses, idling costs and other financial impacts claimed during project execution. NHAI comprehensively opposed the claims by demonstrating lack of contractual entitlement, insufficiency of supporting evidence, failure to establish causation and non-compliance with contractual procedures and documentation requirements.

After considering the matter, the Hon'ble Tribunal substantially rejected the claims advanced against NHAI and upheld major counterclaims of the Authority. Following adjustment and set-off of amounts, the Tribunal awarded a net sum of around Rs. 704.23 crores in favour of NHAI.

Earlier, NHAI successfully defended another 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 crores raised by the contractor, the Arbitral Tribunal awarded only Rs. 54 lakhs to settle the case.

Success in these arbitration cases reinforces NHAI’s consistent approach towards the protection of public funds, strict enforcement of contractual obligations and accountability in the execution of National Highway projects.

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