

**GOVERNMENT OF INDIA
MINISTRY OF HOUSING AND URBAN AFFAIRS
LOK SABHA
UNSTARRED QUESTION NO. 4630
TO BE ANSWERED ON AUGUST 21, 2025**

ARBITRATION AND PRICE ESCALATION CLAUSE IN CPWD TENDERS

NO. 4630. SHRI ANURAG SINGH THAKUR:

Will the Minister of HOUSING AND URBAN AFFAIRS be pleased to state:

- (a) whether omitting or capping price escalation/variation clauses are being implemented by CPWD in the tenders issued by the Government and any study has been conducted on the reasons for such omission and if so, the details thereof;**
- (b) whether the Government includes a uniform arbitration clause in accordance with the Arbitration Act in all its tender documents, if so, the details thereof and if not, the reasons therefor;**
- (c) whether the Government proposes any measures to ensure arbitration in tender documents for expediting contractual dispute resolution in a time-bound manner and if so, the details thereof;**
- (d) the details of the average duration between invoice submission and payment release for completed works by CPWD during 2023–25?**
- (e) whether the Government has considered prescribing an interest penalty for delayed payments to contractors similar to banks' penalty interest provision and if so, the proposed interest rate and implementation mechanism to safeguard contractors' working capital; and**
- (f) the steps taken/to be taken to align procurement policies of the Government with best practices to balance the rights and obligations of both contracting authorities and private bidders?**

**ANSWER
THE MINISTER OF STATE IN THE
MINISTRY OF HOUSING AND URBAN AFFAIRS
(SHRI TOKHAN SAHU)**

(a): No.

(b): Yes, a uniform Arbitration Clause is a part of standard tender document i.e. General Conditions of Contract (GCC) of CPWD. As per Clause 25 for 'Settlement of Disputes by Conciliation and Arbitration' of GCC, the Arbitration is conducted in accordance with the Arbitration and Conciliation Act, 1996.

(c): Yes, as per Clause-25 of GCC of CPWD, Arbitration is conducted in accordance with the provisions of the Arbitration and Conciliation Act 1996. As per the Act, Arbitral Tribunal shall publish award within a period of twelve months from the date of completion of pleadings.

(d): CPWD clears bills as per provision and time line provided in GCC on receipt of it from contractors with all relevant documents, measurements and analysis of rates and on availability of fund. However no such information has been maintained in CPWD.

(e): Yes, following provision is already prescribed in GCC:

For running bills: As per clause 7 of General Conditions of Contract (GCC) of CPWD, in case of delay in payment of intermediate bills after 45 days of submission of bill by the contractor, a simple interest @ 5% per annum is payable to the contractor from the date of expiry of prescribed time limit.

For final bills: As per clause 9 of GCC, if the final bill is submitted by the contractor within three months of completion of work or within one month of the date of final certificate of completion, whichever is earlier, and payment of final bill is made by the Department after prescribed time limit of 3 months for payment to the contractor, a simple interest @ 5 % per annum is paid to the contractor from the date of expiry of prescribed time limit, provided the final bill submitted by the contractor is found to be in order.

(f): Procurement Policies of CPWD in GCC and CPWD Works Manual are aligned with best practices to balance the rights and obligations of both (contracting authorities and private bidders), however, improvements/modifications in policies are regularly done based on the suggestions received from different Ministries/ Stakeholders.
