



Dated the 7th August, 2014.

D.O.No.29(9)/2014-Judl.

Dear Secretary,

In a meeting chaired by Principal Secretary to the Hon'ble Prime Minister on 31 July, 2014, the issue relating to instructions to all the Ministries/ Departments/ PSUs/ Boards/ Authorities under administrative control of various Ministries/ Departments to desist from initiating inter-ministerial/ departmental litigation in the Court of Law was discussed.

2. It has been effort of this Department to reduce Government litigation in courts so that valuable court time is spent in resolving other pending cases. It has also been endeavour of the Government to see that disputes between various Ministries/ Departments/ PSUs/ Boards/ Authorities under the control of the Government do not go to the court. In that direction, a Permanent Machinery of Arbitration is functioning in the Department of Public Enterprises which deals with disputes between two Public Sector Undertakings. Similarly, in-house mechanism is working in some other Departments of the Government. Such mechanism includes Arbitration and other alternate dispute resolution mechanism. In spite of these instructions, certain PSUs/ Departments still resort to court proceedings in settlement of disputes either with the Government Departments or with other PSUs.

3. On the basis of the 154th Report of the Public Accounts Committee given in 1974-75, directions were issued which have been reiterated from time to time with regard to Resolution of such disputes. The instructions read as under:-

(i) In so far as disputes between one Government Department and another are concerned, there can be no question of taking recourse to litigation or even arbitration in seeking settlement of points at issue. If a discussion at the level of Ministers concerned does not result in agreement the problem can always be taken to the Cabinet for final decision.

(ii) Unresolved disputes between a Government Department and public sector enterprise and between one public enterprise and another would ordinarily fall in either of the two following categories:

- (a) Those relating to statutory matters, and
- (b) Those relating to commercial or other agreements.

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Regardless of the type of dispute, it has been decided that all disputes should be resolved amicably by mutual consultation or through the good offices of empowered agencies of the Government or through arbitration and recourse to litigation should be eliminated."

4. All Ministries/ Departments are, therefore, requested to desist from inter-ministerial/ departmental litigations in any Court of Law and may issue necessary instructions in this regard to all Public Sector Undertakings/ Boards/ Authorities under their administrative control. In case it is not possible to resolve the dispute amicably by mutual consultation or through the good offices of Empowered Agencies of the Government or through Arbitration, the same should be referred first to the Cabinet Secretariat, and, then if necessary to PMO.

With regards,

Yours sincerely,



(P.K. Malhotra)

All Secretaries to the Government of India