



Citation

This submission from Gail (India) Limited is selected the Runner-Up for SAPIA 2018. It discusses “Initiatives for Dispute Minimization”. The initiatives discussed in the case story are useful to replicate as their application would expedite contract performance and project implementation in any environment.

Summary

To develop good stakeholder management practices with reference to vendors and contractors and establish a lasting buyer-seller relationship, Gail (India) Limited has implemented a series of measures. These are:

- Health Monitoring of Contracts (HMC): Measuring health of contract against certain parameters, including among others, extra items, time extension, hindrances, disputes, etc;
- Samadhan Committee: A high-powered committee to resolve issues not resolved by Engineer-in-Charge (EIC);
- EIC Coaching Program to make them aware of various aspects of contract and its management;
- Vendor Coaching Program to make them aware of this mechanism and eliminate gaps in their understanding and inform them of the consequences of corrupt/ fraudulent/ collusive/ coercive practices and reduce disputes, disagreements, arbitration, etc;
- Pre-Tender Conference (PTC) to discuss all issues pertaining to scope, specifications, design details/ data, specific requirements, if any, etc;
- Pre-Bid Conference (PBC) held for all major tenders for clarity of specifications, drawing/ data, scope of supply, etc.



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Initiatives for Dispute Minimization

(This article is a summarized version of the submission entitled "Initiatives for Dispute Minimization" made by Mr. D. P. Sen, Executive Director, Gail (India) Limited, Delhi, for the South Asia Procurement Innovation and Good Practice Awards)

Gail (India) Limited has implemented a series of measures to develop good stakeholder management practices with reference to vendors and contractors

The initiatives address the disputes and prevent them from turning into matters for arbitrations/ litigations

“Samadhan Mechanism” develops an institutional data bank of contractual issues and based on the same, case laws are being developed for reference to all

Challenge(s) Addressed

The above-mentioned mechanism suitably addresses these issues at various life cycles of tendering and execution stage, including:

- Ensuring the Doctrine of Public Procurement i.e. ensure that right material in right quantities is delivered at the right time by following a fair and transparent process;
- Promote Micro Small Enterprises (MSEs) in the tenders floated by Gail (India) Limited;
- Compliance with the relevant circulars or instructions; and
- Amicable resolution of contractual disputes.

Impacts

These initiatives address the disputes and prevent them from turning into matters for arbitrations/ litigations.

Level of Innovation/Good Practice

These mechanisms have the potential to prevent disputes that escalate to arbitration, litigation and delayed execution. A mechanism containing sufficient avenues to obtain feedback of the contract, monitor the same and iron out the wrinkles with its dispute control mechanisms helps in timely project completion.



Replicability and Sustainability

The long-term measures of these mechanisms are a set of continuous methods containing tools to ensure sustainability of the Preventive Dispute Resolution Mechanism with a right mix of SOPs, training and case studies. These measures are essential to stop recurrence of identified issues and have been ingrained in the fabric of this approach. These measures for minimizing contractual disputes are replicable and sustainable.

Lessons Learned

These concepts are unique as they provide another avenue to aggrieved contractors to resolve their issues. It is observed that despite the increase in number of orders/ contracts in recent past, there is continuous reduction in number of arbitration cases filed by vendors/contractors. This mechanism has improved the brand image of Gail among vendors/contractors also as a step toward considering vendors/contractors as stakeholders of the organization. “Samadhan Mechanism” develops an institutional data bank of contractual issues and based on the same, case laws are being developed for reference to all.

