भारत सरकार Government of India
रेल मंत्रालय Ministry of Railways
(रेलवे बोर्ड Railway Board)

No: 2009/RS(G)/796/4 New Delhi, dated: 14-11-2011

The Controller of Stores
All Indian railways & PUs.

Sub: Settlement of disputes between one Central Government Department and
another and one Central Government Department and a Central
Government Public Enterprises and Public Enterprises and another.

Ref: Board’s letter of even No. dated 29.6.2011.

In continuation of Board’s letter of even no. dated 29.6.2011 a copy of Cabinet
Supreme Court’s orders dated 17.2.2011 in Civil Appeal No. 1883 of 2011 (arising out of
S.L.P. (C) No. 2583 of 2009) in the case of Electronics Corporation of India Ltd. Vs. Union
of India & others recalling their directions regarding the approval of Committee on Disputes
(COD) constituted in Cabinet Secretariat for pursuing litigation by PSUs/Government
Departments, is enclosed herewith. The letter is self explanatory.

The contents of the Cabinet Secretariat’s aforesaid letter may please be noted for
information, guidance and strict compliance.

DA : As above

(Santosh Mittal)
Dy. Director, Rly.Stores(G) I
Railway Board

No: 2009/RS(G)/796/4 New Delhi, dated: 14-11-2011

Copy to:
1. FA&CAOs, All Indian Railways & Production Units.
2. PCEs, All Indian Railways & Production Units.
3. The ADAI(Railways), New Delhi (with 10 spares copies)
4. The Director of Audit, All Indian Railways.

(Santosh Mittal)
Dy. Director, Rly.Stores(G) I
Railway Board

No: 2009/RS(G)/796/4 New Delhi, dated: 14-11-2011

Copy to:
1. The COSs, All Indian Railways & PUs including NF(C).
2. The COS, Metro Railway, Kolkata.
3. The COS, COFMOW, New Delhi.
4. The COS, CORE, Allahabad.
5. The COS, Konkan Railway Corporation Ltd., Belapur Bhavan, 4th Floor, Sector-11, CBD, Belapur, Navi Mumbai-400614.
6. The COS, Mumbai Rail Vikas Corporation, 2nd Floor, Church Gate station Building, Mumbai-400020.
7. The Directors-
   a. Indian Railway Institute of Sig. Engg. & Telecom, Secunderabad.
   d. Sr.Prof. (Material Management), Railway Staff College, Vadodara.
   e. Indian Railway Institute of Civil Engg., Pune.
   f. Indian Railway Institute of Logistics & Materials Management, IDA House, Sector IV, R.K.Puram, New Delhi
8. Chairman, Railway Rates Tribunal, Chennai.
9. Director, Iron & Steel, 3, Koila Ghat Street, Kolkata.
10. Executive Director (Stores), RDSO, Mansak Nagar, Lucknow.
12. ED(QA)/RITES, RITES Bhavan, Sector-29, Gurgaon, Haryana.
13. CPM, CRIS, Chanakyapuri, New Delhi.
14. GM(Proj-V), CRIS, Chanakyapuri, New Delhi.
15. Dy.CMM / Workshop Projects organisation, 1st Floor, Chamber Bhawan, J.C. Road, Patna -800001.

(Santosh Mittal)
Dy.Director, Rly.Stores(G)l
Railway Board

No: 2009/RS(G)/796/4

New Delhi, dated: 14-11-2011

Copy to:
1. The General Secretary, AIRF, 4 State Entry Road, New Delhi.
2. The General Secretary, NFIR, 3 Chelmsford Road, New Delhi.
3. The Secretary General, IRPOF, Room No. 268, Rail Bhavan, New Delhi
4. The Secretary General, FROA, Room No. 256-D, Rail Bhavan, New Delhi.
5. The Secretary General, AIRPFA, Room No. 256-D, Rail Bhavan, New Delhi

(Santosh Mittal)
Dy.Director, Rly.Stores(G)l
Railway Board

Copy to:- Sr. PPSs / PPS / PS to

(i) CRB, FC, ME, ML, MM, MS, MT, SECY., DG (RHS), DG (RPF)
(ii) All AMs and Advisors of Railway Board.
(iii) All Executive Directors of Railway Board.
(iv) All Directors of Electrical, Engineering, Finance, Mechanical, Stores, Signal & Telecom Dte. &
(v) All Branches of Electrical, Engineering, Finance, Mechanical, Stores, Signal & Telecom Dte.
भारत सरकार
रेल मंत्रालय (रेलवे बोर्ड)

स. 2009/आरएस(जी)/796/4

नई दिल्ली, दिनांक: 14.11.2011

भंडार नियंत्रक,
सभी भारतीय रेल एवं उत्पादन इकाइयाँ।

विषय: केन्द्र सरकार के एक विभाग और दूसरे विभाग तथा केन्द्र सरकार के एक विभाग और केन्द्र सरकार के सार्वजनिक क्षेत्र के उपक्रमों एवं सार्वजनिक क्षेत्र के उपक्रमों और अन्य के बीच विवादों का निपटान।

संदर्भ: बोर्ड का दिनांक 29.06.2011 का समस्याखंड पत्र।

बोर्ड के दिनांक 29.06.2011 के समस्याखंड पत्र के क्रम में, मंत्रिमंडल सचिवालय के दिनांक 01.09.2011 के पत्र स.ए-12034/01/2011-अडी. जी प्रति इस पत्र के साथ संलग्न है, जिसके साथ इलेक्ट्रॉनिक्स एक्सेफायर्मेंट एक्सेडिया लिमिटेड बनाम युनियन ऑफ इरिडिया एवं अन्य के मामले में 2011 की सिंहल अप्रैल स. 1883 में माननीय सर्वोच्च न्यायालय के 17.02.2011 के आदेश (2009 की एएलपी (सी) स. 2583 के कारण) की प्रति भेजी गई है, जो सार्वजनिक क्षेत्र के उपक्रमों/सरकारी विभागों द्वारा मुकदमा चलाने के लिए मंत्रिमंडल सचिवालय में गठित विवादों से संबंधित समिति (सीअडी) के अनुमोदन के संबंध में उनके दिशा-निर्देशों को बांटा लेने के बारे में है। यह पत्र स्पष्ट है।

कृपया मंत्रिमंडल सचिवालय के उपर्युक्त पत्र की विषय-सामग्री को सूचनार्थ, मार्गदर्शन और कड़ाई से अनुपालन के लिए नोट किया जाए।

रेलवे बोर्ड

उप निदेशक रेलवे भंडार (जी)-1

सं. 2009/आरएस(जी)/796/4

नई दिल्ली, दिनांक: 14.11.2011

प्रतिलिपि प्रविष्टः
1. बित सतनाहकर एवं मुख्य लेखा अधिकारी, सभी भारतीय रेल एवं उत्पादन इकाइयाँ।
2. पीसीई, सभी भारतीय रेलें एवं उत्पादन इकाइयाँ।
3. एडीएआई (रेल), नई दिल्ली (10 अतिरिक्त प्रतियों सहित।)
4. निदेशक लेखा परीक्षा, सभी भारतीय रेलें।

रेलवे बोर्ड

उप निदेशक रेलवे भंडार (जी)-1

सं. 2009/आरएस(जी)/796/4

नई दिल्ली, दिनांक: 14.11.2011

प्रतिलिपि प्रविष्टः
1. भंडार नियंत्रक/सभी भारतीय रेल एवं उत्पादन इकाइयाँ, पूर्वोत्तर सीमा (निर्माण) सहित।
2. भंडार नियंत्रक, मेट्रो रेल कोलकाता।
3. भंडार नियंत्रक, कॉफीमो, नई दिल्ली।
4. भंडार नियंत्रक, कोर, इलाहाबाद।
5. भंडार नियंत्रक, कोर, रेल कॉर्पोरेशन लिमिटेड, बेलापुर भवन, चौथा तल, सेक्टर-11, सीबीडी, बेलापुर, नवी मुंबई-400 614।
6. भंडार नियंत्रक, मुंबई रेल विकास निगम, दुर्गा तल, चार्च रोड, स्टेशन बिल्डिंग, मुंबई-400020।
7. निदेशक -
   क. भारतीय रेल सिग्नल इंजीनियरी एवं दूरसंचार संस्थान, सिकंदराबाद।
   ख. भारतीय रेल यांत्रिक एवं विज्ञान इंजीनियरी संस्थान, जमालपुर।
   ग. भारतीय रेल विज्ञान इंजीनियरी संस्थान, नासिक।
   घ. विरिट प्रो. (सामग्री प्रबंधक) रेलवे स्टेफ डोलेन, वडोदरा।
   ड. भारतीय रेल सिग्नल इंजीनियरी संस्थान, पुणे।
   च. भारतीय रेल लॉजिस्टिक एवं सामग्री प्रबंधन संस्थान, आईडीए हाउस, सेक्टर-4, आर.के. पुरम, नई दिल्ली।
8. अध्यक्ष, रेल दर अधिकारण, चेंब्र।
9. निदेशक, लोह एवं इस्तान, 3, कोर्नर ग्रोट स्ट्रीट, कोलकाता।
10. कार्यालय निदेशक (भंडार), अ.र. आ.सी., मानक नगर, लखनऊ।
11. मुख्य आयुक्त, रेल संस्थान, लखनऊ।
12. कार्यालय निदेशक (करू ए) राजस्थान राजस्थान भवन, सेक्टर-29, गुजरात, हरियाणा।
13. सीपीएम, क्रिस, चाँगापुरी, नई दिल्ली।
14. महाप्रबंधक (परियोजना)-V, क्रिस, चाँगापुरी, नई दिल्ली।
15. डिप्टी सीएमएम/करारखाना परियोजना संगठन, प्रथम तल, चेंबर भवन, जे.सी. रोड, पटना-800001

उप निदेशक रेलवे भंडार (जी)-I
रेलवे बोर्ड

सं. 2009/आरएस(जी)/796/4

नई दिल्ली, दिनांक: 11.11.2011

प्रतिलिपि प्रेषित:
1. महासचिव, एआईआरएफ, 4 स्टेट एंट्री रोड, नई दिल्ली-110 055.
2. महासचिव, एआईआरएफ, 3 चेंबर रोड, नई दिल्ली-110 055.
3. महासचिव, इस्फ, कमरा नं. 268, रेल भवन, नई दिल्ली-110 001.
4. महासचिव, फ्रोआ, कमरा नं. 256 डी, रेल भवन, नई दिल्ली-110 001.
5. महासचिव, एआईआरएफ, कमरा नं. 256 डी, रेल भवन, नई दिल्ली।

उप निदेशक रेलवे भंडार (जी)-I
रेलवे बोर्ड

प्रतिलिपि प्रेषित: वरिष्ठ प्रमुख निजी सचिव/प्रमुख निजी सचिव/निजी सचिव

(i) आमतौर पर, रेलवे बोर्ड, चित्र आयुक्त, सदस्य इंजीनियरी, सदस्य विज्ञान, सदस्य यांत्रिक, सदस्य कार्यालय, सदस्य धारावाहिक, सचिव, महानिदेशक (र.स्था.से.), महानिदेशक (रेगुल)।
(ii) रेलवे बोर्ड के सभी अधिकार सदस्य और सलाहकार
(iii) रेलवे बोर्ड के सभी कार्यालय निदेशक
(iv) विज्ञान, इंजीनियरी, चित्र, यांत्रिक, भंडार, सिग्नल एवं दूरसंचार निदेशालय के सभी निदेशक, और
(v) विज्ञान, इंजीनियरी, चित्र, यांत्रिक, भंडार, सिग्नल एवं दूरसंचार निदेशालय की सभी शाखाएं।
Subject: Settlement of disputes between one Central Government Department and another and one Central Government Department and a Central Govt. Public Enterprises and Public Enterprises and another.

The undersigned is directed refer to the orders dated 17.2.2011 of the Hon'ble Supreme Court in Civil Appeal No. 1883 of 2011 (arising out of S.L.P. (C) No. 2583 of 2009) in the case of Electronics Corporation of India Ltd. Vs. Union of India & others recalling their directions regarding the approval of Committee on Disputes (COD) constituted in Cabinet Secretariat for pursuing litigation by PSUs/Government Departments. In compliance of the above referred orders, the Public Sector Enterprises and the Ministries/Departments of the Central Govt. do not require the permission of the Committee on Disputes in Cabinet Secretariat before approaching the Courts & Tribunals with effect from the date of effect of the said orders of the Supreme Court i.e., 17.2.2011. The Committee, accordingly, stands wound up with effect from the same date.

2. The undersigned is further directed to say that consequently this Secretariat's earlier orders issued vide OM No. 53/3/691-Cab.I dated 31st December 1991 and OM No.53/3/6/91-Cab.I dated 24th January 1994 stand superseded.

3. A reference is also invited in this regard to the Ministry of Law, Department of Legal Affairs' OM No. F-34 (4)/2011-Jud.I. Dated 3rd March 2011 (copy enclosed).

(Sunil Mishra)
Director (Administration)

Secretary, Department of Legal Affairs, Ministry of Law & Justice, Shastri Bhavan, New Delhi.

Secretary, Department of Industrial Policy & Promotion, Ministry of Commerce, Udyog Bhawan, New Delhi.

Finance Secretary, Govt. of India, North Block, New Delhi.

Secretary, D/o Public Enterprises, Ministry of Heavy Industries & Public Enterprises, with a request that immediate instructions may be issued to all public sector enterprises to comply with the court's directions.

All other Secretaries to the Government of India: for information and necessary action regarding issuing appropriate directions to the Public Enterprises under them.

All Additional Secretaries to Government of India information necessary action regarding issuing appropriate directions to the Public Enterprises under them.

(Sunil Mishra)
Director (Administration)
OFFICE MEMORANDUM

Sub: Hon'ble Supreme Court's Order dated 17th February, 2011 in Appeal Civil No.1903 of 2008 between CCE Vs. BPCL – recalling their earlier directions in the case of ONGC Vs. CCE and ONGC Vs. CIDCO, Maharashtra regarding non-insistence of CoD approval for pursuing litigation by PSU/Government Departments.

The undersigned is directed to state that Hon'ble Supreme Court while dismissing IA no. 4 in Civil Appeal no.1903/2008 filed by Bharat Petroleum Corporation Ltd., has recalled their earlier orders reported in (i) ONGC vs CCE [1995 Supp(4) SCC 541 dated 11.10.1991], (ii) ONGC vs CCE [(2004) 6 SCC 437 dated 07.01.1994] and (iii) ONGC vs CIDCO [(2007) 7 SCC 39 dated 20.07.2007] wherein the Hon'ble Court had directed that prior approval of the "Committee on Disputes" need to be obtained before the filing of a case in the Court.

The text of the said order is reproduced below:-

"CIVIL APPEAL NO.1983 OF 2011
(arising out of S.L.P. (C) No. 2538 of 2006)

Electronics Corporation of India Ltd. ... Appellant(s)
versus

Union of India & Ors. ... Respondent(s)
with

Civil Appeal No. 1903 of 2008

Coram: S.H. Kapadia, CJ; Mukundakam Sharma, K.S. Panicker Radhakrishnan, Swatanter Kumar and Anil R. Dave, JJ

ORDER

2. Electronics Corporation of India Ltd. ("assessee" for short) is a Central Government Public Sector Undertaking ("PSU"). It is registered as a Government Company under the Companies Act, 1956. It is under the control of Department of Atomic Energy, Government of India. A dispute had been raised by the Central Government (Ministry of Finance) by issuing show cause notices to the assessee alleging that the Corporation was not entitled to avail/utilize Modvat/Cenvat Credit in respect of inputs whose values stood written off. Accordingly it was proposed in the show cause notices that the credit taken on inputs was liable to be reversed. Thus, the short point which arose for determination in the present case was whether the Central Government was right in insisting on reversal of credit taken by the assessee on inputs whose values stood written off.

Contd...
3. The adjudicating authority held that there was no substance in the contention of the assessee that the write off was made in terms of AS-2. The case of the assessee before the Commissioner of Central Excise (adjudicating authority) was that it was a financial requirement as prescribed in AS-2; that an inventory more than three years old had to be written off/derated in value; that such derating in value did not mean that the inputs were unfunctionable; that the inputs were still lying in the factory and they were useful for production and therefore they were entitled to Modvat/Cenvat credit. As stated above, this argument was rejected by the adjudicating authority and the demand against the assessee stood confirmed. Against the order of the adjudicating authority, the assessee decided to challenge the same by filing an appeal before CESTAT. Accordingly, the assessee applied before the Committee on Disputes (CoD). However, the CoD vide its decision dated 2.11.2006 refused to grant clearance though in an identical case the CoD granted clearance to Bharat Heavy Electricals Ltd. ("BHEL"). Accordingly, the assessee herein filed Writ Petition No. 26573 of 2008 in the Andhra Pradesh High Court. By the impugned decision, the writ petition filed by the assessee stood dismissed. Against the order of the Andhra Pradesh High Court the assessee has moved this Court by way of a special leave petition.

4. In a conjunct matter, Civil Appeal No. 1903 of 2008, the facts were as follows. Bharat Petroleum Corporation Ltd. ("assessee" for short) cleared the goods for sale at the outlets owned and operated by themselves known as Company Owned and Company Operated Outlets. The assessee cleared the goods for sale at such outlets by determining the value of the goods cleared during the period February, 2000 to November, 2001 on the basis of the price at which such goods were sold from their warehouses to independent dealers, instead of determining it on the basis of the normal price and normal transaction value as per Section 4(4)(b)(iii) of Central Excise Act, 1944 ("1944 Act" for short) read with Rule 7 of Central Excise Valuation (Determination of Price of Excisable Goods) Rules, 2000. In short, the price adopted by the assessee which is a PSU in terms of Administered Pricing Mechanism ("APM") formulated by Government of India stood rejected. The Tribunal came to the conclusion that the APM adopted by the assessee was in terms of the price fixed by the Ministry of Petroleum and Natural Gas; that it was not possible for the assessee to adopt the price in terms of Section 4(1)(a) of the 1944 Act; and that it was not possible to arrive at the transaction value in terms of the said section. Accordingly, the Tribunal allowed the appeal of the assessee. Aggrieved by the decision of the Tribunal, CCE has come to this Court by way of Civil Appeal No. 1903 of 2008 in which the assessee has preferred I.A. No. 4 of 2009 requesting the Court to dismiss the above Civil Appeal No. 1903 of 2008 filed by the Department on the ground that CoD has declined permission to the Department to pursue the said appeal.

5. The above two instances are given only to highlight the fact that the mechanism set up by this Court in its Orders reported in: (i) 1995 Suppl.(4) SCC 541 (ONGC v. CCE) dated 11.10.1991; (ii) 2004 (6) SCC 437 (ONGC v. CCE) dated 7.1.1994; and (iii) 2007 (7) SCC 39 (ONGC v. City & Industrial Development Corp.) dated 20.7.2007 needs to be revisited.

Contd...
3. Learned Attorney General has submitted that the above Orders have outlived their utility and in view of the changed scenario, as indicated hereinafter, the aforesaid Orders are required to be recalled. We find merit in the submission made by the Attorney General of India on behalf of the Union of India for the following reasons. By Order dated 11.9.1991, reported in 1992 Supp (2) SCC 432 (ONGC and Anr. v. CCE), this Court noted that "Public Sector Undertakings of Central Government and the Union of India should not fight their litigations in Court". Consequently, the Cabinet Secretary, Government of India was "called upon to handle the matter personally".

This was followed by the order dated 11.10.1991 in ONGC-II case (supra) where this Court directed the Government of India "to set up a Committee consisting of representatives from the Ministry of Industry, Bureau of Public Enterprises and Ministry of Law, to monitor disputes between Ministry and Ministry of Government of India, Ministry and public sector undertakings of the Government of India and public sector undertakings between themselves, to ensure that no litigation comes to Court or to a tribunal without the matter having been first examined by the Committee and its clearance for litigation".

Thereafter, in ONGC-III case (supra), this Court directed that in the absence of clearance from the "Committee of Secretaries" (CoS), any legal proceeding will not be proceeded with. This was subject to the rider that appeals and petitions filed without such clearance could be filed to save limitation. It was, however, directed that the needful should be done within one month from such filing, failing which the matter would not be proceeded with. By another order dated 20.7.2007 (ONGC-IVth case) this Court extended the concept of Dispute Resolution by High-Powered Committee to amicably resolve the disputes involving the State Governments and their Instrumentalities.

The idea behind setting up of this Committee, initially, called a "High-Powered Committee" (HPC), later on called as "Committee of Secretaries" (CoS) and finally named as "Committee on Disputes" (CoD) was to ensure that resources of the State are not frittered away in inter se litigations between entities of the State, which could be resiled, by an empowered CoD. The machinery contemplated was only to ensure that no litigation comes to Court without the parties having had an opportunity of conciliation before an in-house committee. (see: para 3 of the order dated 7.1.1994 (supra)) Whilst the principle and the object behind the aforesaid Orders is unexceptionable and laudatory, the experience has shown that despite best efforts of the CoD, the mechanism has not yielded the results for which it was constituted and has in fact led to delays in litigation. We have already given two examples hereinabove. They indicate that on same set of facts, clearance is given in one case and refused in the other. This has led a PSU to institute a SLP in this Court on the ground of discrimination. We need not multiply such illustrations. The mechanism was set up with a laudatory object. However, the mechanism has led to delay in filing of civil appeals causing loss of revenue. For example, in many cases of exemptions, the Industry Department gives exemption, while the same is denied by the Revenue Department. Similarly, with the enactment of regulatory laws in several cases there could be overlapping of jurisdictions between, let us say, SEBI and insurance regulators. Civil appeals lie to this Court. Stakes in such cases are huge. One cannot possibly expect timely clearance by CoD. In such cases,
grant of clearance to one and not to the other may result in generation of more and more litigation. The mechanism has outlived its utility. In the changed scenario indicated above, we are of the view that time has come under the above circumstances to recall the directions of this Court in its various Orders reported as (i) 1995 Supp (4) SCC 541 dated 11.10.1991, (ii) (2004) 6 SCC 437 dated 7.1.1994 and (iii) (2007) 7 SCC 39 dated 20.7.2007.


11. For the aforesaid reasons, I.A. No. 4 filed by the assessee in Civil Appeal No. 1903/2008 is dismissed.”

III. All the Law Officers and Incharge(Litigation) of Supreme Court and High Courts/Tribunals are requested to ensure compliance of the above Order of the Apex Court.

IV. This issues with the approval of Law Secretary.

(Joint Secretary & Legal Adviser to the Government of India)

To

1. PS to Attorney General for India, Supreme Court, New Delhi.
2. PS to Solicitor General of India, Supreme Court, New Delhi.
3. All the Additional Solicitors General as per the list.
4. All Assistant Solicitors General as per the list.
5. Incharge, Branch Secretariat, Mumbai, Kolkata, Chennai and Bangalore.
6. Incharge, Central Agency Section, Supreme Court Compound and Incharge, Litigation (HC/LC) Sections, Delhi High Court Building, New Delhi.
7. All ILS officers of Department of Legal Officers.
8. Shri Braj Mohan, Deputy Secretary, Cabinet Secretariat, Sardar Patel Bhawan, New Delhi with reference to OM No.1/1: 677-C/10-LC dated 18th February, 2011.
9. NIC Cell with the request to upload this OM in the website of the Department under 'circulars pertaining to litigation'.

(Joint Secretary & Legal Adviser to the Government of India)