

## IN BRIEF

# ARBITRATION IN INDIA: EMERGING DEVELOPMENTS AND TRENDS



### Introduction

A dispute can be resolved by approaching the jurisdictional Courts or by adopting an alternative dispute resolution mechanism (ADR), which includes negotiation, conciliation, mediation and arbitration.

Arbitration is an effective method of obtaining a final and binding decision on a dispute, or a series of disputes, without reference to a court of law<sup>1</sup>. In India, arbitration proceedings were initially governed by the Arbitration Act of 1899 and the Arbitration Act of 1940, among others. Subsequently, India adopted the UNCITRAL Model Law on International Commercial Arbitration in 1985 in its entirety, except for a few variations, and in the year 1996 and enacted the Arbitration and Conciliation Act, 1996 (Act).

The Act has been progressively amended in the years 2015, 2019 and 2020 to keep pace with current developments in the arbitration landscape and to enable arbitration to be a viable dispute resolution mechanism. The amendments aimed at ensuring timely conclusion of arbitration proceedings, the neutrality of arbitrators, minimizing judicial intervention in the arbitral process and efficacious enforcement of arbitral awards. The amendments further aimed at promoting institutional

arbitration and updating the law to reflect best global practices, thereby establishing an arbitration ecosystem where arbitral institutions could be established and developed<sup>2</sup>.

### Recent Developments

Between the years 2024 and 2026, several important developments have taken place, that collectively show India's ambition to reposition itself as a place where arbitration proceedings may be effectively held and concluded. Some of these developments are as follows:

#### The Draft Arbitration & Conciliation (Amendment) Bill, 2024:

The draft amendment proposed to the Act aims to enhance the overall efficacy of arbitration, by including provisions in relation to emergency arbitration, establishment of appellate arbitral tribunals, etc. This amendment also intends to provide more clarity on the concepts of the seat and the venue of arbitration, definition of a court, etc. The proposed amendment also seeks to introduce specific timelines for deciding applications seeking referral to arbitration, thereby attempting to promote efficiency and reducing procedural delays.

#### Growth of Institutional Arbitration in India:

An arbitration proceeding can be conducted by the ad-hoc method or through the institutional method. Traditionally, India has been predominantly dependent on ad-hoc arbitration, however, over the past few years, India has witnessed significant institutional, legislative, and judicial changes that have redefined the arbitration ecosystem and is assisting the movement towards institutional arbitration.

The amendments to the Act, in the years 2015, 2019 and 2020, aim at promoting institutional arbitration and also updating the law to reflect the best global practices. In addition, the India International Arbitration Centre Act, 2019, has been enacted, leading to the establishment of the India International Arbitration Centre for the purpose of creating an independent and autonomous body for facilitating institutional arbitration, including for international commercial arbitration<sup>3</sup>. In addition, statistics from the leading arbitral institutions including the Mumbai Centre for International Arbitrations (MCIA), the Delhi International Arbitration Centre (DIAC) and the

<sup>1</sup> Redfern and Hunter on International Arbitration (6th Edn., 2015 at Pg. 2)

<sup>2</sup> PIB Release, dated March 20, 2025, available at

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2113223&reg=3&lang=1>

<sup>3</sup> PIB Release, dated 6 February 2025, available at

<https://www.pib.gov.in/PressReleaseDetail.aspx?PRID=2224369&reg=3&lang=1>

Singapore International Arbitration Centre (SIAC), indicate a steady increase in the number of arbitration proceedings being administered by these bodies.

#### Developments in the Context of Section 29A of the Act:

Section 29A of the Act sets a strict timeline for conducting arbitration proceedings in India. Under this provision, the arbitral tribunal is required to deliver its award within 12 (twelve) months from the date of the completion of the pleadings. This period may be extended by up to 6 (six) months with the mutual consent of the parties, making the total maximum timeline 18 (eighteen) months. If the award is not passed within this 18 (eighteen) month period, the mandate of the arbitral tribunal automatically terminates, unless a party files an application before the appropriate civil court to extend this time period.

Recently, the Supreme Court in the case of *C. Velusamy v. K Indhera*<sup>4</sup>, held that an application seeking an extension of an arbitrator's mandate under Section 29A(5) of the Act is maintainable even after an arbitral award has been delivered beyond the statutory time period. The Court further clarified that such an extension may operate retrospectively, thereby validating an award that would otherwise be rendered unenforceable due to the delay.

Additionally, the Supreme Court in the case of *Jagdeep Chowgule v. Sheela Chowgule & Ors.*<sup>5</sup> clarified an important jurisdictional question, i.e., only the principal civil court of original jurisdiction is empowered to extend the time period for the completion of arbitral proceedings under Section 29A of the Act. The High Court does not possess the authority to grant such extensions under this provision.

#### Strengthened Enforcement and alignment with global standards:

In recent years, Indian courts have increasingly shown a strong pro-enforcement approach toward arbitral awards, in sync with international best practices and bolstering India's credibility as an arbitration-friendly jurisdiction. As per the Chambers Global Practice Guide, India has seen an increasing affirmation of the New York Convention's "pro-enforcement bias" contributing significantly to India's appeal as a viable venue for international arbitration involving cross-border parties.

#### Artificial Intelligence (AI) and Arbitration:

AI is reshaping the arbitration system around the world, and India is no exception. Studies have shown that AI is increasingly used at several stages of arbitration, and global practices have demonstrated that AI powered tools can significantly help address systemic bottlenecks in arbitration.

AI, however, also introduces concerns around fairness, transparency, and enforceability. Accordingly, while AI has immense potential to improve efficiency, its use must be balanced and properly regulated to ensure that arbitration proceedings remain compliant with legal standards, ethical norms, and the due-process requirements under Indian law.

#### **Conclusion**

Arbitration in India is evolving rapidly, driven by judicial restraint, legislative reforms, and growing institutional adoption. Recent developments emphasize

clearer timelines, stronger enforcement standards, and reduced court intervention. Technology and AI are also reshaping processes, improving efficiency while introducing new regulatory considerations. Overall, India is steadily aligning its arbitration framework with global best practices, as can be seen from the developments in the past few years.

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<sup>4</sup> 2026 SCC OnLine SC 142

<sup>5</sup> 2026 SCC OnLine SC 124