Advances in Consumer Research
*ISSN (Print): 0098-9258*
*ISSN(Online): 3079-1766*

*Vol. 2, Issue 2 (2025)* *https://acr-journal.com/*

# Impact Analysis of Arbitration Amendment Act, 2019

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**Cite this paper as:** Nishtha Acharya, Shruti Dyodia, (2025) Impact Analysis of Arbitration Amendment Act, 2019. *Advances in Consumer Research*, 2 (2), 543-551.

**KEYWORDS**

*Ad-Hoc Arbitration, Arbitration (Amendment) Act, 2019, Institutional Arbitration, International Arbitration, India, International Arbitration Hub.*

**ABSTRACT**

In the commercial sphere, arbitration is a quite common form of conflict resolution mechanism; one can discover an arbitration clause included in most business contracts. The Arbitration and Conciliation Act of 1996 was enacted to resolve conflicts outside of court in a quick and friendly way and responding to the artificial intelligence and digital revolution, India has passed the Arbitration and Conciliation (Amendment) Act, 2019. Nevertheless, it is observed that India chooses ad hoc style of arbitration over institutional manner of conflict resolution. This inevitably calls for the examination and assessment of the several characteristics of both types of arbitration as each has its own advantages and disadvantages such as the existence of the old law frameworks, the presence of the traditional thinking mode, and Slow arbitration procedures are among them are highlighted in the paper. It is also noted that the international arbitration seat is outside India with Indian participation as parties to it, in case of conflict. Thus, the measures are proposed in the sphere of increasing the awareness, having the proper legislation and appropriate institutional support and development of institutional arbitration in India. The paper further contrasts India's arbitration to other similar centers such as SIAC and HKIAC based on their support from judiciary, infrastructure and professional competency. As for the measures to improve the arbitration environment in India, the paper also discusses education programmers, a shift of culture, the reinforcement of the position of the legal profession, and enforcement of the mechanisms. It all underlines such important facets as the efficacy of costs, the collaboration with the international counterparts, and adherence to the world practices. Therefore, this research argues that if these challenges are tackled and proper reforms conducted, India has the potential to be an ideal place of international arbitration. This change would not only help change India's status in the international legal landscape but also significantly boost the country's economy hence establishing the country as the preferable destination for the settlement of international commercial disputes.

## 1. INTRODUCTION

Arbitration is the process for resolution of disputes or differences between the parties arising out of their mutual rights and obligations and to determine in a judicial manner to make it binding upon the parties with the application of law which is outside the courtroom (Butterworths, 1991). It is a dispute resolution mechanism which can be opted in resolution of conflict in the business transactions and agreements used domestically and, can also be used in the matters involving international parties wherein the dispute settlement is required to be done outside the court proceedings. The arbitration's purpose is to quickly and fairly resolve conflicts by reducing the cost and simultaneously offers flexibility to the parties to decide upon the method their conflicts shall be fixed, subject to the safeguard enforced in the interest of public (Rastogi, S., & Shahi, M. C., 2021).

In India, arbitration as a form of conflict settlement was used from the mediaeval era when trade and commerce between Indian merchants and those outside began to expand. Thereafter, in 1899 The Indian Arbitration Act, a specific legislation for arbitration was passed by the parliament; afterwards, codified law, Civil Procedure Code, 1908, was passed. With the

change in time and increased trade activities which mandated arbitration as a method of determining the disputes, was governed by encompassing the three different legislations, namely, The Arbitration Act, 1940, which included general laws concerning arbitration; The Arbitration (Protocol and Convention) Act, 1937 and The Foreign Awards (Recognition and execution) Act, 1961 which had looked after implementation of foreign arbitration awards. But it was soon realized that the interpretational back-and-forth between three separate laws produced no simplicity, speed and efficiency. As a result, the Arbitration & Conciliation Act was promulgated in 1996 after considerable persuasion by several trade organizations. Modelled on the lines of UNCITRAL, the 1996 Act was a thorough piece of legislation recommended by UN to all member nations. Its main goal was to promote arbitration as a speedy and affordable tool for the resolution of business conflicts. The 1996 Act addresses both international business arbitration and domestic arbitration.

It is relevant to highlight that the impact of the Model law guaranteed certain consistency of the Act with arbitration globally, and not totally embraced in India as the Indian economy was under the huge turmoil following the crisis of 1991 (Rastogi, S., & Shahi, M. C., 2021). At the same time, the 1996 Act was also condemned for lacking court involvement, which hindered the arbitration process. Therefore, the need to re-examine the Act's contents and, according on the 246$^{th}$ Law Commission Report, recommendations was generated, which resulted in several amendments including the Amendment Act, 2015. Aiming to enhance institutional arbitration created on the recommendations, the Act, 1996 was once more modified in 2019, which is the current arbitration law of the nation.

Talking about the types of arbitrations, in both theoretical and practical approaches to arbitration, most experts concur that two fundamental types exist: Ad Hoc and Institutional Arbitration. This saying is understandable that it has hardly been doubted, and several attempts have been made to determine exactly distinguishes an arbitration institutional or ad hoc. To understand simply, ad-hoc arbitration is *"arbitration where the parties and the arbitral tribunal conduct the arbitration according to procedures which either be agreed by the parties or, in default of agreement, laid down by the arbitral tribunal at the preliminary meeting once the arbitration has begun."* An ad-hoc arbitration contains three arbitrators as its uniqueness: both the parties will name one arbitrator each, and the two others shall collectively decide the presiding arbitrator. Traditionally, both the arbitrators shall decide presiding arbitrator who is more experienced to both, practically retired Justices of India from different courts around the country and based on the other factors like the amount of the claim (Verma, A).

By contrast, institutional arbitration is *"the administration of arbitration by an institution in accordance with its rules of procedure."* Among other things, the institution offers facilities for conducting hearings, case management services including supervision of the arbitral procedure, and nomination of arbitrators. An arbitration agreement in an institutional arbitration names an arbitral institution for administration of arbitration. The parties to the conflict, thereafter, send their grounds of differences to the institution that administer the arbitral process under its guidelines. The institution does not by itself settle the conflict, rather the panel of arbitrators reslove the conflict (Redfern & Hunter, 2004). In such a system, not all arbitral institutions offer the same services. Some highly regarded institutions provide no other arbitral services; they just provide a set of norms and principles. There are other institutions which are not engaged in the appointment of arbitrators but rather offer regulations and roster of qualified arbitrators. And certain sets of organizations oversee the entire process of arbitration, from the notification, to supporting party of the claimant's request for arbitration until, and including, the notification of the arbitral award to the parties (Schroeter, U. G. 2017).

The most common kind of arbitration in India, is ad hoc arbitration wherein the parties oversee the arbitration process. Even though several arbitral institutes have been determined in India, particularly in years, however, an ad hoc arbitration remains the favored mode of arbitration as compared to the institutional arbitration (Mehta, U. V. 2025). From a global viewpoint, a nation's economy is also dependent upon its reputation as a main commercial site on efficient conflict settlement. Stressing upon the India's economic growth track record, over a short span of time, the nation has unequivocally demonstrated its seriousness about becoming a worldwide commerce hub. Recent and significant initiatives include, the Made in India campaign promoting Indian Startups into businesses, the tax reform to guarantee investor trust, and others. India moved upwards 14 spots in the Ease of Doing Business Index and was ranked 63$^{rd}$ among 190 nations after such programmes were put into effect. But the dependence on the fact that alteration in law guarantees efficiency in contract enforcement and effective dispute resolution, in case of conflict is very crucial to retain balance among the society (Singh & Rose, 2024). Simultaneously, the need to improve institutional arbitration has also been more important lately, taking into consideration the unforeseeable circumstances, especially given the global travel restriction and lockdowns seen during the pandemic wherein the arbitral institutions and bodies around the world have fast improved their capacity to manage e-filings and virtual hearings. For example, the IACA enabled hearings taking into an account the lockdown during pandemic. Likewise, SIAC taught Remote Technology Specialists who added a Live Help Desk function to interact with the institutions and the London Court of International Arbitration promoted online payments and filings on its system. ICC has also published a thorough advice on e-filings, virtual hearings and reducing technological issues. Thus, to address such encounters in the future the urgent need to revise certain provisions of the Act was realized in India and India had to make certain amendments to it Act, 1996 (Parikh et al., 2019).

With the Amendment Act of 2019, the Arbitration Council of India (ACI) was set up by adding a chapter to the Act, 1996 and inserting sections from 43A to 43M. The functions of the ACI include promotion of arbitration, the setting of standards

for the evaluation of arbitral institutions, recognition of professional bodies that accredit arbitrators, and promotion of institutional arbitration through improvement of the arbitral institutions. Now, there are more than 35 domestic and foreign arbitral institutes in India due to developments of such centers, like PCA, LCIA, and ICC (Raina & Agarwal, 2020).

Though all these changes are implemented, India nevertheless maintained a status not that better than other countries holding the OECD certificate. For instance, the Indian courts typically take 1445 days to settle a local commercial conflict at the first instance, three times longer than the average time spent in the OECD nations for similar conflicts. Disparity in the practice and procedure pertaining to domestic arbitration in India and international arbitration persists notwithstanding the existence of the Act since 1996 and its amendment to create a process that is fair and effective while conforming to international practice. The Act has existed almost for two decades; even the Law Commission Report pointed out that arbitration has gained almost fast popularity as the preferable alternative to litigation, whereas this very process has itself thrown quite a bit of shadow in the past, like high costs and delays, that made arbitration no better than either the litigation intended to be displaced or the previous system before that (Singh, S. Y., et al, 2025).

Therefore, it is relevant to examine how far Indian legal framework for alternative dispute resolution through Amendment Act, 2019 have been successful in achieving the intended results for establishing India as a preferred Global Arbitration Centre. A study also includes other jurisdictions to evaluate India's position in implementing institutional arbitration methods, various challenges coming its way and steps to enhance the process in the desire to make India a worldwide leader of institutional arbitration.

## 2. ADDRESSING THE CHALLENGES FOR ARBITRATION INSTITUTION IN INDIA

In India, MCIA has continued to operate in physical as well as in virtual mode, giving the parties to conduct remote arbitration audio-video capabilities. Thus, an analysis of data from MCIA over past six years have been made and comparison has been done with the foreign jurisdictions in this regard. The study reveals, MCIA has received 34 new matters in 2024 of which 98% of the MCIA administered matters arose from contracts containing an 'organic' MCIA Arbitration clause. In its latest Annual Report, of 2024, MCIA mentioned that 117 cases are administered since its inception, 15 cases referred from Indian courts since inception, there were 6 matters which involved one international party, and 19 sole arbitrators were appointed with 9 three-member tribunals appointed which may also be depicted in *figure 1*.

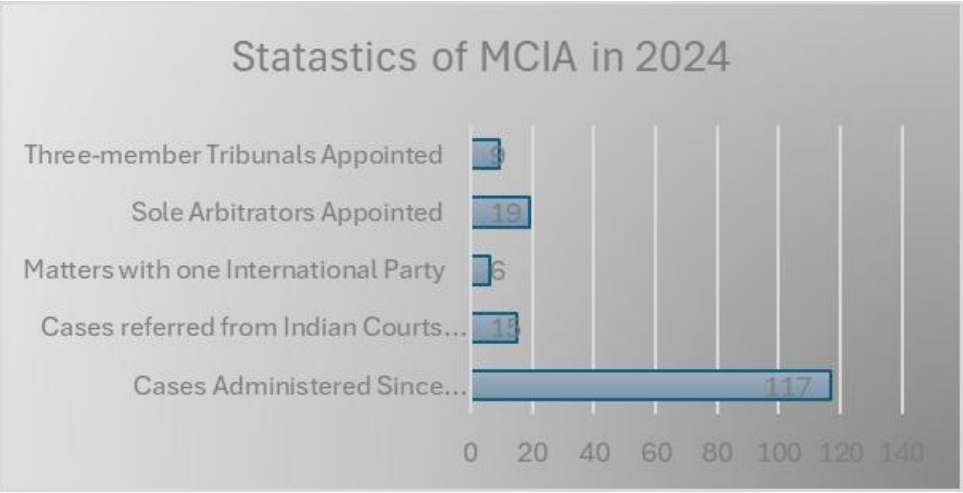


**Figure 1: Statistics of MCIA in 2024**

*Source: https://mcia.org.in/wp-content/uploads/2016/05/MCIA-Report-2024.pdf*

It may be analyzed, Indian institutions have seen an incremental rise but still handle less than 5% of the caseload of SIAC, HKIAC, or ICC. SIAC has registered 1,080 cases in 2020 alone, while MCIA has recorded only 12 cases that year as shown in *figure 2* below. Leading institutions like SIAC and HKIAC are recognized globally for handling international commercial disputes, whereas the Indian institution data shows a predominantly domestic profile. Indian institutional arbitration is relatively new and evolving, reflected in lower case numbers. It may also be because the Act, 1996 has been ambiguous, without provisions particularly aimed at encouraging institutional arbitration. Unlike countries like Singapore, where the SIAC serves as the default selecting body for judges under the IAA, 1994 controlling arbitrations internationally.

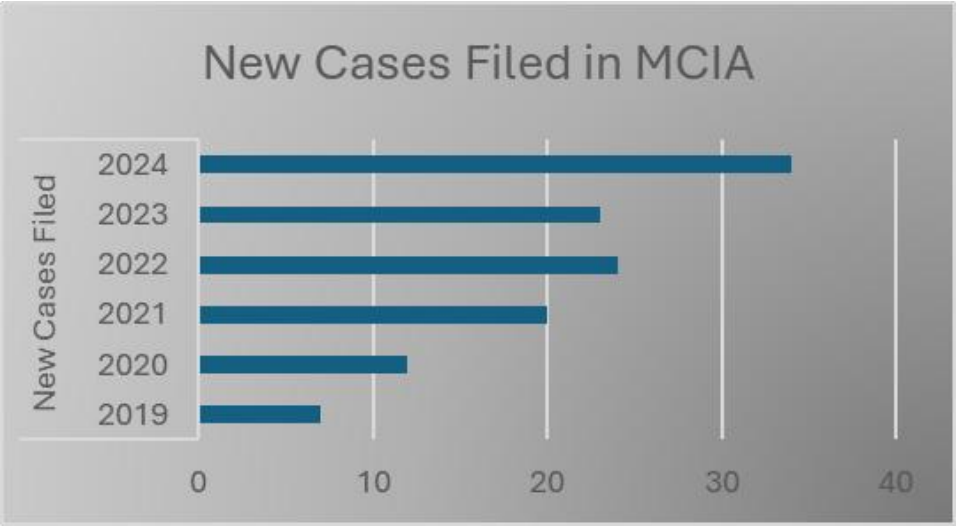


**Figure 2: New Cases Filed in MCIA over the period of last 6 Years**

*Source: https://mcia.org.in/*

From the study of the data mentioned above, it is also observed that only 117 cases administered by MCIA since its inception, is a very modest figure compared to global arbitration hubs. For instance, *Table 1* shows SIAC in 2023 alone registered 663 cases, and HKIAC in 2022 handled 344 cases. This shows the Indian institutional arbitration framework is still at a nascent stage and lacks the commercial confidence that SIAC, HKIAC, or ICC command. Out of 117 cases, 15 are referred from Indian courts, reflecting a lack of voluntary institutional arbitration.

**Table 1: An Analysis of Cases over past 6 years in SIAC**

| **SIAC** | | | | | | |
|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2022** | **2021** | **2020** | **2019** |
| **New Cases filed** | 625 | 663 | 357 | 469 | 1080 | 479 |
| **Total sum of disputes in USD in billion** | 11.86 | 11.9 | 5.61 | 6.54 | 8.49 | 8.09 |
| **International Cases** | 566 | 614 | 313 | 405 | 1018 | 416 |
| **Parties with International Jurisdiction** | 72 | 66 | 65 | 64 | 60 | 59 |
| **Parties of dispute from India** | 183 | 160 | 89 | 187 | 690 | 485 |
| **Arbitrators from Foreign Jurisdiction** | 39 | 38 | 36 | 38 | 24 | 21 |

*Source: https://siac.org.sg/annual-reports*

This indicates that parties in India still prefer ad hoc arbitration or are compelled to opt for institutional arbitration due to court direction. Indian parties' inclination for ad-hoc arbitrations is not restricted to those involving minor amounts; it extends even to those involving crores of rupees, such as construction and infrastructure arbitration. There are several reasons why parties choose ad-hoc arbitration, including, governmental support for institutional arbitration is lacking; so is legislative support; judicial attitudes on arbitration generally. Parties believe institutional arbitration to be substantially expensive than ad hoc arbitration, mostly due to the managerial costs owed to arbitral institutions. Resource required for using arbitral institutions suggests that litigants do not view institutional arbitration as cheaper. This view, however, does not take into consideration an essential aspect that financial gains are a result of avoided costs to prevent the conflicts over procedural concerns and the arbitration organizations that organize arbitration procedures in an efficient way. The most litigious country

state does have contracts and laws; being, nevertheless, the latter are seldom provided for institutional arbitration (Singh, P., & Rose, E., 2024). Rather many arbitral institutions have quite fair prices; thus, all these evaluations are mostly misguided. Since today's arbitral institution is useful enough to avoid the incurred costs regarding procedure matters in case of add-on procedural hearing adjournments, fee applicable per-hearing, or litigation because of procedural discrepancies during ad hoc arbitrations because it helps alleviate such expenses. Thus, this means that the expense of institutional arbitration almost definitely outstrips the expense of an ad hoc arbitration.

Throw into the mix the glaring fact that between hearings could go even to a whole year due to the vast number of parties needing so few senior judges, and the whole idea of arbitration as an expedited and effective method of dispute resolution falls apart. While arbitral institutions may be perceived by the disputing parties to have much rigidness implied in regard to the arbitral process since established procedures seek to take away sole prerogative of the parties over arbitration procedures, most arbitral institutions in the global arena have attempted to balance the two competing elements within their frameworks; they only retain those matters relating to the legitimacy and integrity of proceedings outside the scope of autonomy of party. A widespread ignorance about institutional arbitration and its benefits possibly will explain these misunderstandings. This may also be the result of arbitral institutions and lawyers' lack of drive to promote their work and resources and to adequately inform parties about the benefits of institutional arbitration. Although, people are aware of institutional arbitration as a choice, many still believe it is only accessible to larger companies or high value conflicts.

**Table 2: An Analysis of Cases over past 4 years in HKIAC**

| **HKIAC** | | | | |
|---|---|---|---|---|
| | **2022** | **2021** | **2020** | **2019** |
| **New Cases filed** | 344 | 277 | 318 | 308 |
| **Total sum of disputes in USD in billion** | 5.5 | 7 | 8.8 | 4.7 |
| **International Cases** | 285 | 226 | 230 | 249 |
| **Parties with International Jurisdiction** | 63 | 41 | 45 | 56 |
| **Total Number of Disputes resolved** | 515 | 514 | 483 | 503 |

*Source: https://www.hkiac.org/search/node/annual%20report*

Furthermore, only 6 cases involve an international party, pointing to a predominantly domestic nature of administered cases. In comparison, in 2023, SIAC had 566 international cases and HKIAC had around 285 international cases in 2022 as shown in *Table 2* above. This underscores India's institutional arbitration lacking international outreach and trust. Only 9 sole arbitrators and 9 three-member tribunals reflect a relatively small tribunal constitution. Global centres like SIAC and ICC have a large and diverse pool of arbitrators, including foreign arbitrators, which enhances credibility. Indian data shows limited foreign arbitrator engagement, raising concerns about neutrality and global acceptability Pachahara, Sh. (2023).

Through the study, it is also revealed that India, China and USA remained amongst the top foreign users to opt for SIAC as an appropriate platform for dispute resolution over these years which is almost the same even after the amendments have been introduced in the Act, 1996. The environment in India is not good for arbitration because there are issues like no functioning credible arbitral institution, excessive judicial interference, absence of a dedicated arbitration bar, and slight clarity concerning public policy (Mehta, U. V., 2025). It may also because Singapore and Hong Kong offer pro-arbitration judicial policies, minimal court interference, and strong enforcement mechanisms. In India, despite progressive amendments in the Arbitration & Conciliation Act, 1996, judicial interference and procedural delays still impact institutional preference. Global institutions have better resources, procedural efficiency, and global panels of arbitrators. Indian institutions are in the process of building credibility and trust amongst parties, especially in the international community.

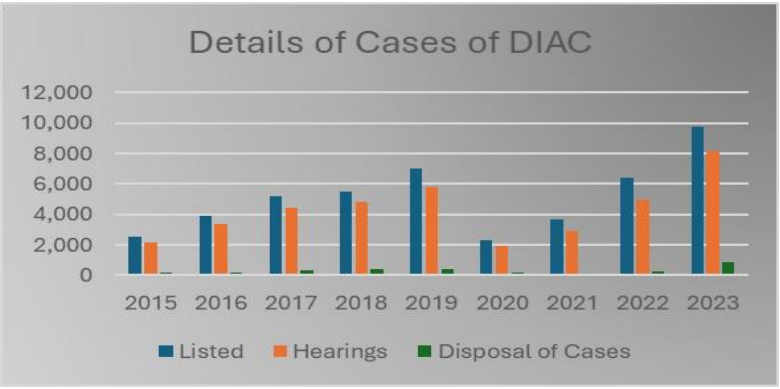


**Figure 3: Details of Cases Listed, Hearings taken and Disposal over last 9 years**

*Source:* *https://dhcdiac.nic.in/statistics-2/*

The study of DIAC as an arbitration institution has also been made, which shows that in comparison with global arbitration hubs like SIAC and HKIAC, this trend again reveals the heavy caseload burden on Indian arbitration institutions and their struggle with timely disposal which is shown in *figure 3*.

## 3. SHAPING THE FUTURE TOWARDS BECOMING AN ARBITRATION HUB

From the perspective of the Indian arbitration system, the development of the path for international standard arbitration organizations forward and the further extension of their authority is one of the main challenges. Amid the sluggish expansion of this approach in the world yet, India is becoming one of the nations where arbitration is being more and more used to settle conflicts. There are still some challenges, nonetheless, that set India apart in the framework of the now fastest growing appeal of arbitration as this method mostly on the worldwide level. The main obstacles to arbitration process, not in a specific order, are discussed below:

*Firstly*, International arbitration's expansion, especially institutional arbitration in India, has suffered quite somewhat owing to the decreasing attraction of India as an arbitration seat on account of delays in courts and excessive judicial interference in arbitration proceedings. Still, during or after enforcement of the arbitral award, parties may approach courts, often to stall arbitration proceedings. There is a very real risk of arbitration-related litigation getting chained with the heavy backlog of litigation that continues to haunt courts; while courts assume the important role of giving finality to several issues that have arisen before, during, or even after an arbitration. The resolving of arbitral issues gets delayed because of simultaneously pending litigation through various courts in India. A challenge under section 34 rendered an award unexecutable after the award; these petitions were rarely disposed of for decades, and thus, on occasion, the purpose of arbitrating as a quick alternative dispute resolution was thwarted.

The Commercial Courts Act, 2015 was designed to facilitate the establishment of commercial courts at the level of the district or commercial divisions of the high courts with standard original civil jurisdiction for fast-track resolution of disputes. These commercial courts or divisions hear arbitration issues mostly concerned with commercial conflicts, among various commercial matters. However, an analysis of the Bombay High Court roster reveals that judges of the commercial division often deal with non-commercial matters such as family law and issues pertaining to juvenile justice, among others. This means that the legislative purpose of speedy resolution of commercial disputes, including arbitration issues, will be compromised if judges from the commercial division are assigned to hear non-commercial matters. Also, excessively regular rotation of High Court including the judges hearing the matters of commercial courts could impede the development of expert arbitration judges knowledgeable in arbitration law and practice, hence aggravating India's standing as a "arbitration-unfriendly" jurisdiction (Tuteja, V. P., & Marwaha, S. S., 2025).

To address this concern, inserted by the Amendment Act, 2015, Section 29A has given arbitral institutions cause for concern about arbitrations in India and sets rigorous deadlines for finishing arbitration processes. This is seen as too stringent for arbitral institutions that set deadlines for various phases of the arbitration process. The real advantage would be when the pervasive delay issue affecting arbitration in India would be addressed.

*Secondly*, whether in the initial stage of arbitration proceedings, such as, the appointment of arbitrators, referral of disputes to arbitration or issuance of interim relief or at the enforcement stage, courts in India are usually interventionist in regulating arbitration procedures. And despite excellent intents and justifications, the Indian courts have sometimes underestimated the path to follow, therefore establishing dubious precedent for the future while doing justice in the instant case. Inconsistent court precedent on various important topics has also added to legal ambiguity, which has grave effects on India's standing as a seat of arbitration.

*Thirdly*, talking about the Amendment Act, 2019, ACI's composition is solely government, ex-government or government-

nominated individuals. Given that the government itself is usually a party to arbitrations, this had greatly undermined the autonomy of the ACI and arbitration in India. Moreover, the Amendment Act, 2019 gives ACI wide jurisdiction to create rules to carry out its responsibilities and activities, which could lead to unregulated power and vulnerability to court action. Although, the motivation behind the legislative reforms to bolster institutional arbitration is commendable however, the concerns regarding issues of independence of ACI to be looked upon so that promotion arbitration should not result in excessive regulation or meddling in arbitration, which is otherwise a flexible, party-driven procedure.

In additions to the problems mentioned above, institutional arbitration in India also faces challenges in making India an international arbitration venue, administrative and management issues of arbitral institutions, perceptions about the arbitrators and their skill, lack of resources and government support, other challenges being lack of seed capital, poor and weak infrastructure, no trained administrative personnel, and a lack of accredited arbitrators, etc.

A nation's institutional arbitration thrives only when its arbitral institutions meet the fundamental criteria to properly and efficiently conduct an arbitration process and to suggest a few measures if opted, shall help in establishing India as a global choice for arbitration:

1. Permanence: Protracted contracts give rise to defaults after several years have elapsed since the date of their original making. The failure to include the institutions named in the arbitration provision at the time of the dispute makes the arbitration agreement "inoperative or incapable of being performed," and the national court is the only available remedy. The fact that the chosen institution or centre has a record of being in existence for quite a long time and could, if a young foundation, show indications of some reasonable promise of permanence will make the confidence easier to arrive at. The London Court of International Arbitration and the International Chamber of Commerce were established in 1892 and 1923, respectively, and for a very long time have been carrying out successful arbitration. However, as of the end of December 2010, 579 arbitration cases were in progress, including 20 arbitration matters pending in courts in litigation between the parties. Indian Council Arbitration is not that successful compared with the ICC or the LCIA, but the ICA does reflect a fair certainty of permanency (Rastogi, S., & Shahi, M. C., 2021).
2. Current Arbitration Regulations: When new domestic and international rules and procedures are established, international commercial arbitration practices change. It is high time that the arbitral institutions came out of their comfortable time cocoon and updated their rules to suit the new developments.
3. Qualified Staff: In fact, one of the essential objectives of an arbitral institution must be to help the arbitrator manage arbitration for the parties. The building might be anything more than laying down the prerequisites, enforcing deadlines, collecting dues, setting up visas and hotel bookings, offering advice on appropriate procedures based according to expertise. A position that requires various skills, such as legal knowledge and experience combined with tact and diplomacy. All this makes the ICC the leader on this ground since every arbitration is supervised by a so-called "Counsel" from the pool of highly qualified and multilingual lawyers the body has.
4. Reasonable Cost: An arbitration procedure is efficient and economical. Some arbitral bodies, like the Indian Council of Arbitration and the International Chamber of Commerce, use a sliding scale based on the amounts under dispute to assess their own administrative and other costs in addition to the fees charged by the mediator. Thus, the parties will early on have clarity on what the total sum expected for arbitration will amount to, adding a certain degree of predictability. Other organisations, such as the LCIA, compute their administrative costs and expenses aside from the arbitrators' costs based on the amount of time spent on the case. It has created conventions, fees, and timelines for arbitration with a view to help achieve this. So far, there has been no adjudication by the courts as to who is to blame for the arbitration schedule falling behind the deadlines. Moreover, High Courts have been granted the power to make rules on the fees and methodologies of payment, which would further lead to inconsistent practice as every High Court in the several Indian states would have different rules
5. Selection of Competent Arbitrators: It is accepted that the effectiveness of the arbitration process is in large part determined by the quality and competence of the selected arbiters; courts may be ignorant of how to select arbitrators who would know the content of the dispute. In addition, a national court judge will not have opportunities, talents, and experience to select possible foreign arbiters in international commercial arbitration, especially if practitioners from other countries are to be selected. Appointment of arbitral institution would be more beneficial in appointing arbiters because these arbitral bodies being involved mostly in international arbitration will make their own lists of very well qualified arbiters available for the purpose.
6. Backlog and Delay Removal: Institutional arbitration should be promoted to eliminate the backlog of cases or delays in the finalization of arbitration processes where arbitration is conventionally held. Since those institutions have a standardized price schedule that would eliminate possible doubts, it will handle institutionally supported arbitration as well. Measures may be taken to ensure that an award made by an arbitrator under institutional arbitration is made appealable or otherwise reviewable only by the president or registrar (head) of the institution to prevent parties from going to court. That agency's decision may also be made final and binding on the parties, with the parties being considered to have waived any right to appeal or review any decision made by that agency to any state court or other judicial authority. Only if explicit demand is made in the arbitration agreement that would permit the court to

get into the arbitration proceedings (Bhat, R., Sinha, V., & Gadodia, S., 2024).

7. State Endorsement: The institutional arbitration has not had enough patronage by the government over the years. The government, being the biggest party, should adopt this form of arbitration as standard procedure and would undoubtedly encourage institutional arbitration in most cases terminating in arbitral institutions. Moreover, many state governments have initiated projects and are promoting institutional arbitration, purportedly denoting it as less costly and orderly. The Law Commission of India has also recommended that trade and commercial associations establish each of their chambers with their own rules. Hence, any initiatives intended for expansion of arbitral institutions will develop institutional arbitration.

Major considerations are that Indian institutions conducting arbitration should be made adequately resourced and made well-opportunity to support international arbitration conference activity of major international interest. They also need to be able to hold one or two major international arbitration conferences a year that will draw the attention and exposure of international parties and investors for developing the international image of institutional arbitration in India and attracting foreign parties to arbitrate in India. An extension of this was the setting up of the High-Level Committee by the Indian government under revisionist B.N. Srikrishna, a former Supreme Court of India justice, aimed at strengthening the institutionalized arbitration in the country. The four important things suggested by the committee for enhancing the working of arbitral institutions in India are accreditation of arbitral institutions; accreditations of arbitral institutions, establishment of specialized arbitration bar and bench; proposed amendments to the Arbitration and Conciliation Act and other laws.

Apart from these, an independent body called the Arbitration Promotion Council of India (APCI) with members from all relevant sectors to grade arbitral institutions in India to acknowledge professional institutes offering arbitrator accreditation, conduct training seminars and engage with law schools and law firms to educate advocates interested in arbitration, establish a specialist arbitration bar made up of advocates committed to the topic. A good arbitration bar could facilitate the quick and effective running of arbitral processes. Under the arbitration clauses or agreements, the central government and several state governments may specify that only arbitrators certified by any such recognized professional institute may be appointed. Establishment of a dedicated Arbitration Bench inside the court system to handle such commercial conflicts.

8. Incorporation of Digital Transformation: AI is increasingly benefiting international arbitration in key areas such as dispute prevention, arbitrator selection, and procedural efficiency. It helps identify contract risks and violations, making arbitration more objective by analyzing past arbitrator choices and expertise. Institutions like the ICC are adopting AI to streamline operations, reduce costs, and enhance case management. Some judges globally have already used GenAI for drafting decisions, and its role in arbitration is expected to grow. However, AI also presents challenges, including biases in training data, risks of generating inaccurate outputs (“hallucinations”), and concerns over confidentiality, privacy, and legal liability. There have been cases where AI-generated misinformation led to legal repercussions, prompting some courts to require disclosure of AI use. Additionally, advancements in AI increase risks of fraudulent evidence, such as deepfakes, raising due process concerns if arbitrators rely on AI without oversight. While AI offers efficiency gains, safeguards are essential to ensure integrity, accuracy, and fairness in arbitration (Friedman, E., et al., 2024).

## 4. CONCLUSION

India has the potential to become a leading global hub for international commercial arbitration, provided it addresses its current challenges and adopts comprehensive reforms. While recent legislative changes, such as the Arbitration and Conciliation (Amendment) Act, 2019, have improved the arbitration landscape, significant obstacles remain. These include outdated legal frameworks, traditional practices, and inefficiencies in the legal process. To address these issues, India needs to modernize its legal statutes, enhance infrastructure, and increase awareness of arbitration among both the public and professionals. Strengthening institutional support and adopting best practices from established arbitration centers, such as the SIAC, will be crucial. By implementing these strategies, India can improve its arbitration environment and position itself as a reliable and efficient venue for international commercial disputes. This will not only enhance India’s global legal standing but also contribute to its economic growth. Continued focus on legislative reforms, professional development, and institutional support will be essential for achieving this vision and establishing India as a competitive global arbitration center. Thus, it is viewed that institutional arbitrations should be given a green signal with patient expectations about its outcomes where like Singapore and Hong Kong can become arbitration centres based on institutional arbitrations, so can India which is on the road to building trust in its legal system being a basic requirement for any nation to become an international arbitration site.

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