AILF INSIGHTS · COURTS AND DELAY

Arbitration in India: what it will take to become a global hub

India wants to be a preferred seat for international arbitration. Where the law stands, what still holds India back and how firms can help.

Indian companies are among the most frequent users of international arbitration. Many of their disputes are still heard in Singapore, London or Dubai. Bringing that work home has been a stated national aim for a decade.

The legal framework

The Arbitration and Conciliation Act, 1996 is based on the international model law. It has been amended several times, notably in 2015, 2019 and 2021, to limit court interference, set time limits for awards, and encourage institutional arbitration. India is a party to the New York Convention, so awards made here can be enforced in most countries.

What has improved

- Courts have, on the whole, adopted a pro-arbitration approach and narrowed the grounds for setting aside awards.
- There is a statutory time limit for domestic awards.
- Arbitral institutions have been established in several cities, including Mumbai, Delhi and Hyderabad, and the India International Arbitration Centre was set up by an Act of Parliament.
- Foreign lawyers may take part in international arbitrations in India within the Bar Council's rules.
- The Supreme Court has confirmed that two Indian parties may choose a foreign seat, which makes it all the more important that the Indian option is attractive.

What still holds India back

Ad hoc habit. Most domestic arbitration is still conducted without an institution, which leads to delay and uneven quality.

Court delay at the edges. Applications to appoint arbitrators, challenge awards and enforce them can take years.

Uncertainty. Shifts in judicial approach on particular questions have unsettled users.

Public sector reluctance. Government bodies are large users of arbitration, and their confidence in it has wavered.

Cost and time that sometimes rival litigation.

What would change the picture

- Make institutional arbitration the default in government and public sector contracts.
- Dedicated arbitration benches in High Courts, with timelines for challenges.
- A stable, predictable body of law.
- A deeper pool of trained arbitrators, including younger and more diverse appointees.
- World-class hearing facilities in major cities.

What firms can do

- Recommend Indian institutions and seats in contracts where appropriate.
- Train associates in arbitration advocacy.
- Keep proceedings efficient: focused pleadings, limited documents and firm hearing dates.
- Nominate capable arbitrators beyond the usual names.

The prize

Arbitration is a service export. Each dispute heard in India brings fees, hotel nights and reputation, and builds expertise. For a country aiming at a ₹10 lakh crore legal market, becoming a trusted seat is one of the surest routes.

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