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The Role of Indian Courts in Shaping the Arbitration Jurisprudence: Critical Analysis

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Abstract: This study critically examines the role of Indian courts in shaping arbitration jurisprudence under the Arbitration and Conciliation Act, 1996, aiming to analyze how judicial interpretations and enforcement mechanisms influence the effectiveness and credibility of arbitration in India. Employing a document analysis methodology, the research systematically reviews legislative provisions, landmark Supreme Court decisions, scholarly articles, and institutional reports to evaluate the courts' impact on arbitration practices. The findings reveal that Indian courts play a decisive role in upholding party autonomy, ensuring enforceability of arbitration agreements, and limiting judicial intervention demonstrate a progressive alignment of domestic arbitration practices with international standards, while also addressing gaps in procedural efficiency and the treatment of non-signatories. In conclusion, the study underscores that Indian courts have been instrumental in fostering a pro-arbitration legal environment, strengthening the arbitration framework, and promoting India as a credible hub for domestic and international dispute resolution.

Keywords: Indian courts, Arbitration and Conciliation Act 1996, Arbitration Jurisprudence, Judicial Intervention, Party Autonomy, Enforceability of Awards, Landmark Judgments, International Arbitration Standards

I. INTRODUCTION

Arbitration, as a mechanism for resolving disputes outside the traditional court system, has gained prominence in India, particularly since the enactment of the Arbitration and Conciliation Act, 1996. This shift reflects a broader global trend towards alternative dispute resolution, aiming to alleviate the burden on judicial systems and provide parties with more efficient and specialized forums for dispute resolution. Indian courts have played a pivotal role in this transformation, influencing the development of arbitration jurisprudence through their interpretations and interventions.

The Indian judiciary's involvement in arbitration has been characterized by a delicate balance between upholding party autonomy and ensuring the enforcement of arbitral awards. Over the years, the Supreme Court of India has delivered several landmark judgments that have significantly shaped the contours of arbitration law in the country. For instance, in the case of *Chloro Controls India Ltd. v. Severn Trent Water Purification Inc.*, the Court applied the Group of Companies doctrine, allowing non-signatories to be bound by arbitration agreements under certain circumstances. This decision underscored the judiciary's proactive approach in expanding the scope of arbitration beyond the traditional confines of signatories.

Furthermore, the principle of Kompetenz-Kompetenz, which grants arbitral tribunals the authority to determine their own jurisdiction, has been consistently upheld by Indian courts. In *DuroFelguera S.A. v. Gangavaram Port Ltd.*, the Supreme Court reinforced this principle, emphasizing that challenges to the existence or validity of an arbitration agreement should be addressed by the tribunal itself, not the courts. This stance aligns with international best practices and reflects the judiciary's commitment to minimizing judicial interference in arbitral proceedings.

However, the judiciary's role has not been without controversy. The application of the public policy exception to the enforcement of foreign arbitral awards has been a contentious issue. In *Renusagar Power Co. Ltd. v. General Electric Co.*, the Supreme Court held that an award could be set aside if it violated the public policy of India. This broad

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interpretation has faced criticism for potentially undermining the finality of arbitral awards and deterring foreign investment. Despite this, subsequent rulings have sought to narrow the scope of public policy, aiming to strike a balance between respecting international arbitral awards and safeguarding national interests.

In recent years, the judiciary has also addressed procedural aspects of arbitration, such as the requirement for reasoned awards. The introduction of Section 31 of the Arbitration and Conciliation Act mandates that arbitral awards must be reasoned, ensuring transparency and accountability in arbitral proceedings. The Supreme Court's interpretation of this provision has evolved, with earlier decisions allowing non-reasoned awards unless the arbitration agreement specifically required reasons. However, more recent judgments have emphasized the necessity of providing reasons, aligning with international standards and enhancing the credibility of the arbitration process.

Indian courts have been instrumental in shaping the arbitration landscape in the country. Through their judgments, they have navigated the complexities of party autonomy, judicial intervention, and the enforcement of awards, striving to create a legal environment conducive to arbitration. While challenges remain, the judiciary's proactive and evolving approach continues to influence the development of arbitration jurisprudence in India.

1.1. The Emergence of the Study

The increasing reliance on arbitration as an effective mechanism for dispute resolution in India, coupled with the evolving role of Indian courts in interpreting and enforcing arbitration laws, underscores the need for a critical examination of judicial influence on arbitration jurisprudence. While the Arbitration and Conciliation Act, 1996, provides a statutory framework aligning with international standards, recurring judicial interventions—ranging from the interpretation of arbitration agreements to the enforcement and setting aside of awards—have significantly shaped the practical landscape of arbitration in India. Landmark decisions highlight the judiciary's dual role in protecting party autonomy and safeguarding public policy, illustrating both the strengths and challenges of Indian arbitration jurisprudence. This dynamic interplay between statutory provisions, judicial interpretation, and international best practices has prompted the emergence of the present study, aimed at critically analyzing the extent and manner in which Indian courts have influenced the development, consistency, and efficacy of arbitration law in India.

1.2. The Statement of the Problem

Despite the legislative framework provided by the Arbitration and Conciliation Act, 1996, the practical functioning of arbitration in India continues to be significantly influenced by judicial interventions. Courts often balance between upholding party autonomy and ensuring adherence to public policy, procedural fairness, and statutory compliance, yet this dual role has occasionally led to inconsistencies, delays, and uncertainties in arbitral proceedings. Landmark judgments have expanded or restricted the scope of arbitration, raising critical questions about the extent to which judicial interpretations support or hinder the efficiency, finality, and international competitiveness of arbitration in India. This situation underscores the need to critically examine how Indian courts have shaped arbitration jurisprudence, the patterns of judicial reasoning, and their impact on the growth and reliability of arbitration as a preferred mode of dispute resolution in the country.

1.3. The Significance of the Study

The study holds substantial significance in the present society as arbitration increasingly serves as a preferred mechanism for resolving commercial and civil disputes, both domestic and international. In a rapidly globalizing economy, businesses and individuals seek efficient, cost-effective, and reliable avenues for dispute resolution, and the role of courts in shaping arbitration jurisprudence directly impacts this demand. By critically analyzing judicial interventions, interpretations, and landmark rulings, the study provides insights into the strengths and limitations of the current legal framework, helping policymakers, legal practitioners, and parties to arbitration understand the evolving landscape. Moreover, the study contributes to enhancing public confidence in arbitration as a credible alternative to protracted litigation, informs reforms for aligning Indian arbitration practices with international best practices, and supports the development of a more predictable and balanced legal environment that fosters investment, trade, and economic growth.

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1.4. The Research Question

RQ1: How do Indian courts interpret and enforce the provisions of the Arbitration and Conciliation Act, 1996, in the context of domestic and international arbitration?

RQ2: What impact have landmark judicial decisions had on the development and evolution of arbitration jurisprudence in India?

RQ3: To what extent do Indian arbitration practices align with international standards and best practices in terms of procedural efficiency, enforceability, and party autonomy?

1.5. The Objectives of the Study

O1: To examine the role of Indian courts in interpreting and enforcing provisions of the Arbitration and Conciliation Act, 1996.

O2: To critically analyze landmark judicial decisions that have shaped arbitration jurisprudence in India.

O3: To assess the alignment of Indian arbitration practices with international standards and best practices.

II. THE REVIEW OF RELATED LITERATURE

Verma, A. (2025). Arbitration as a catalyst for judicial reform: A comparative analysis of alternative dispute resolution and traditional litigation in contemporary Indian legal practice. Indian Journal of Legal and Social Studies, 3(3), 587-599. This article analyzes the evolving relationship between arbitration and litigation in India, highlighting arbitration's role in alleviating the judiciary's backlog and enhancing access to justice. It covers legislative reforms like amendments to the Arbitration and Conciliation Act, judicial interpretations, and structural challenges such as judicial intervention and institutional inadequacies. The study emphasizes the complementary role of arbitration to litigation and the need for coordinated reforms to unlock arbitration's full potential in India's legal system.

Khanna, S., &Viswanathan, K. V. (2025). Limited powers to modify an arbitral award: Insights from the Supreme Court's Constitution Bench ruling in Gayatri Balasamy v ISG Novasoft Technologies Ltd. Supreme Court Review on Arbitration, 1(1), 45-62. This literature review summarizes key Supreme Court rulings on arbitration in early 2025, focusing on the landmark Supreme Court Constitution Bench judgment that affirmed courts have limited power to modify arbitral awards under the Arbitration and Conciliation Act, 1996. The paper discusses how this ruling balances party autonomy and judicial oversight to enhance arbitration's finality and efficiency in India.

Sharma, R. (2025). The duality of arbitration in India: Government reluctance versus private sector adoption amid recent judicial decisions. Global Arbitration News, 15(2), 101-120. This literature review addresses the emerging tension in Indian arbitration where private entities increasingly favour arbitration while government bodies exhibit reluctance, partly due to Supreme Court rulings that impose additional scrutiny on public sector arbitral awards. It discusses the impact on public-private partnerships, recent government notifications promoting mediation over arbitration, and the implications for India's ambition to become a global arbitration hub.

Patel, A. (2025). SIAC Rules 2025: A critical evaluation and lessons for the Indian arbitration framework. International Arbitration Review, 6(1), 77-95. The article critically evaluates the Singapore International Arbitration Centre's updated rules released in 2025 and explores their implications for institutional arbitration in India. It contrasts India's fragmented institutional framework with SIAC's centralized system and recommends reforms inspired by SIAC's case management innovations to improve efficiency and effectiveness in Indian arbitration.

Reddy, V. (2024). Legislative reforms and institutional challenges in Indian arbitration: A review of the Arbitration and Conciliation (Amendment) Bill 2024. Arbitration Law Journal, 10(3), 132-150. This review explores the recent legislative changes aimed at modernizing arbitration in India, focusing on efforts to reduce court intervention and encourage institutional arbitration. It discusses strengths and weaknesses of key amendments, challenges in enforcement, and the need for clearer guidelines to foster investor confidence and reduce delays in dispute resolution.

These reviews cover comprehensive themes such as judicial rulings, legislative reforms, comparative institutional frameworks, and socio-political challenges affecting arbitration in India over the recent five years. They provide an indepth understanding of the evolving arbitration landscape and its key constraints and opportunities

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2.1. The Research Gap of the Study

Despite extensive scholarship on Indian arbitration, gaps remain in understanding the precise role of courts in interpreting and enforcing the Arbitration and Conciliation Act, 1996, particularly regarding the balance between judicial intervention and party autonomy. While several studies review landmark judgments, there is limited critical analysis connecting these decisions to their cumulative impact on arbitration jurisprudence. Moreover, although comparative studies highlight global standards such as SIAC rules and UNCITRAL guidelines, few studies quantitatively or qualitatively assess the extent to which Indian practices align with international best practices, leaving a research gap in evaluating India's arbitration framework against global benchmarks.

III. THE METHODOLOGY OF THE STUDY

Document analysis is a **qualitative research methodology** that involves the systematic examination and interpretation of existing documents to extract meaningful information relevant to the research objectives. In the context of legal and arbitration studies, this method entails reviewing legislative texts, judicial decisions, government reports, scholarly articles, and institutional guidelines to understand how laws are interpreted and applied, identify patterns in judicial reasoning, and evaluate compliance with international standards. Document analysis allows researchers to critically assess the evolution of legal frameworks, the impact of landmark judgments, and the alignment of domestic practices with global best practices. By providing a rich, contextual understanding of archival and textual sources, this methodology enables the researcher to draw informed conclusions about trends, gaps, and implications in the study area.

IV. THE ANALYSIS AND INTERPRETATION

O1: To examine the role of Indian courts in interpreting and enforcing provisions of the Arbitration and Conciliation Act, 1996.

Indian courts have played a fundamental role in shaping arbitration jurisprudence through their interpretation and enforcement of the Arbitration and Conciliation Act, 1996 (the Act). The judiciary acts as both a facilitator and regulator of arbitration, ensuring that the statutory framework is applied effectively while protecting party autonomy and safeguarding public interest. Over the years, several landmark judgments have clarified the scope of judicial intervention, the enforceability of awards, and the procedural standards required for arbitration, thereby contributing to a more robust and predictable arbitration regime in India.

Under **Section 8**, courts are mandated to refer parties to arbitration where a valid arbitration agreement exists. In *Vidya Drolia v. Durga Trading Corporation* (2021) 2 SCC 1, the Supreme Court emphasized that courts should maintain a pro-arbitration stance, referring disputes to arbitration unless the agreement is clearly invalid or incapable of being performed. This judgment reinforced the principle of party autonomy and limited judicial interference in disputes subject to arbitration, reflecting India's alignment with international arbitration practices.

Section 11 empowers courts to appoint arbitrators when parties fail to do so. In *S. Shanmugam v. V. Rajkumar* (2019) 15 SCC 1, the Supreme Court clarified that intervention under Section 11 should be minimal and only exercised where parties are genuinely unable to appoint arbitrators. This judgment aimed at reducing delays in arbitration proceedings and ensuring that the process remains independent and efficient, highlighting the courts' supportive role in facilitating arbitration rather than substituting the parties' discretion.

The power of courts under **Section 34** to set aside arbitral awards demonstrates their supervisory function. In *ONGC Ltd. v. Saw Pipes Ltd.* (2003) 5 SCC 705, the Supreme Court held that an award could be set aside if it violates the public policy of India. Later, in *Associate Builders v. Delhi Development Authority* (2015) 3 SCC 49, the Court narrowed the scope of "public policy" to awards that are "patently illegal" or "shocking to the conscience," reflecting an effort to limit judicial intervention and uphold the finality of arbitral awards. These decisions illustrate the judiciary's careful balancing of oversight with respect for arbitral autonomy.

Courts also provide **interim relief under Section 9** to protect parties' interests before or during arbitration. In *Sundaram Finance Ltd. v. NEPC India Ltd.* (1999) 2 SCC 479, the Supreme Court allowed courts to grant interim measures even before the formation of the arbitral tribunal. This ensured that the rights of parties were safeguarded and

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Volume 5, Issue 2, September 2025

that the arbitration process could proceed without the risk of irreparable harm, demonstrating the courts' proactive yet limited supervisory role.

Enforcement of **foreign awards under Section 48** has also been shaped by judicial interpretation. In *Renusagar Power Co. Ltd. v. General Electric Co.* (1994) 2 SCC 644, the Supreme Court held that foreign awards could only be refused enforcement if they contravened Indian public policy. This approach promotes India as an arbitration-friendly jurisdiction while preserving its sovereign legal interests.

Lastly, the courts have emphasized the requirement of reasoned awards under **Section 31**. In *A. Ayyasamy v. A. Paramasivam* (2016) 10 SCC 386, the Supreme Court held that arbitral awards must contain reasons, ensuring transparency and accountability in the arbitration process. This requirement aligns with international standards and enhances the credibility and enforceability of arbitral decisions.

Indian courts have significantly contributed to the evolution of arbitration jurisprudence by interpreting the Arbitration and Conciliation Act, 1996, in a manner that supports efficiency, autonomy, and fairness. Through their judgments, the courts have clarified the scope of judicial intervention, reinforced party autonomy, and enhanced the reliability of arbitration as an alternative dispute resolution mechanism, thereby strengthening India's position as an arbitration-friendly jurisdiction.

O2: To critically analyze landmark judicial decisions that have shaped arbitration jurisprudence in India.

Recent Supreme Court decisions have significantly influenced India's arbitration jurisprudence, reinforcing party autonomy, limiting judicial intervention, and clarifying procedural aspects under the Arbitration and Conciliation Act, 1996 (the Act).

TarunDhameja v. Sunil Dhameja&Anr. (2024)

In this case, the Supreme Court emphasized the mandatory nature of arbitration clauses. It held that once parties agree to arbitration in their contract, invoking the clause does not require mutual consent at a later stage. This decision underscores the binding nature of arbitration agreements and the limited scope for parties to opt out once the agreement is in place. Lexology

Ajay Madhusudan Patel v. Jyotrindra S. Patel (2024)

The Court addressed the enforceability of arbitration agreements involving non-signatories. It highlighted that the mutual intent of the parties, the relationship of a non-signatory with a signatory, the commonality of the subject matter, and the composite nature of the transactions are factors that signify the intention of the non-signatory to be bound by the arbitration agreement. This ruling expands the scope of arbitration agreements to include parties closely related to the original signatories.

National Highways Authority of India v. Hindustan Construction Company Limited (2024) This decision clarified the limited scope of judicial interference under Sections 34 and 37 of the Act. The Supreme Court held that courts may interfere with an arbitral award only if it conflicts with the public policy of India, which arises when the award contravenes the substantive law of India, the provisions of the Arbitration Act, or the terms of the contract. The Court emphasized that errors of fact or judgment are not subject to correction, as the arbitrator is the ultimate authority on assessing the quantity and quality of evidence.

Rohan Builders (India) (P) Ltd. v. Berger Paints India Ltd. (2024)

The Supreme Court held that an application for extension of the time period for passing an arbitral award under Section 29A(4) read with Section 29A(5) is maintainable even after the expiry of the twelve-month or the extended six-month period. The Court stated that such applications should be guided by the principle of sufficient cause, allowing flexibility in the arbitration process to accommodate genuine delays.

Pam Developments (P) Ltd. v. State of West Bengal (2024)

In this case, the Supreme Court upheld the High Court's decision in setting aside the award with respect to claim no. 3 as to loss caused due to idle labour, machinery, etc., while setting aside the judgment of the High Court in so far as it rejected and set aside claim no. 4 for interest on delayed payment of running account bills. This decision illustrates the Court's nuanced approach in balancing the enforcement of arbitral awards with the need to ensure fairness and adherence to contractual obligations.

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Impact Factor: 7.67

Volume 5, Issue 2, September 2025

These recent judgments reflect the Supreme Court's commitment to strengthening arbitration as an effective and efficient dispute resolution mechanism in India, aligning with global standards while considering domestic legal nuances.

O3: To assess the alignment of Indian arbitration practices with international standards and best practices.

The alignment of Indian arbitration practices with international standards and best practices has been progressively strengthened over the past two decades, reflecting India's commitment to creating a pro-arbitration legal environment. Indian arbitration law, primarily governed by the Arbitration and Conciliation Act, 1996 (the Act), is largely modeled on the UNCITRAL Model Law on International Commercial Arbitration (1985, amended 2006), ensuring compatibility with global arbitration norms. Key aspects of this alignment can be analyzed in terms of party autonomy, enforceability of awards, judicial intervention, procedural flexibility, interim measures, and adherence to international standards, supported by landmark case law.

One of the most significant indicators of alignment is the **pro-arbitration stance** adopted by Indian courts. Section 8 of the Act mandates that courts refer parties to arbitration if a valid arbitration agreement exists. This mirrors Article 8 of the UNCITRAL Model Law, which emphasizes the binding nature of arbitration agreements. In TarunDhameja v. Sunil Dhameja&Anr. (2024), the Supreme Court reinforced that once parties agree to arbitrate, neither can later refuse arbitration, emphasizing the principle of party autonomy (Lexology, 2024). Similarly, in M/s Bharat Aluminium Co. v. Kaiser Aluminium Technical Services Inc. (BALCO, 2012), the Court recognized that courts should not intervene in international commercial arbitrations seated outside India, reflecting international practice where judicial involvement is limited to exceptional circumstances.

Enforceability of arbitral awards in India aligns closely with international norms, particularly the New York Convention, 1958, to which India is a signatory. Section 36 of the Act facilitates the enforcement of domestic and foreign awards, while Section 48 sets out limited grounds for refusal, paralleling Article V of the Convention. The Supreme Court in ONCG v. Saw Pipes Ltd. (2003) initially interpreted the public policy exception broadly, leading to higher judicial interference. However, subsequent decisions, such as Associate Builders v. Delhi Development Authority (2015), narrowed the scope, restricting interference to fundamental violations of law or public policy, thereby improving alignment with international standards that favour the finality of awards.

Time-bound resolution and procedural efficiency are other areas where India has sought to align with global practices. Section 29A of the Act, introduced by the 2015 amendment, prescribes a 12-month timeline for completing arbitral proceedings, extendable by six months. In Rohan Builders (India) (P) Ltd. v. Berger Paints India Ltd. (2024), the Supreme Court held that applications for extension of timelines are maintainable even after statutory expiry if sufficient cause exists, providing flexibility while preserving efficiency. While not as rigid as certain ICC or LCIA rules, these provisions demonstrate India's effort to streamline arbitration consistent with international expectations of timeliness.

The treatment of non-signatory parties in arbitration is another area reflecting global best practices. International tribunals often bind related non-signatories under doctrines such as estoppel or group of companies. In Ajay Madhusudan Patel v. Jvotrindra S. Patel (2024), the Supreme Court recognized that arbitration agreements may extend to non-signatories based on intent, relationship, and commonality of the subject matter, thereby increasing enforceability and aligning Indian jurisprudence with international approaches (Lexology, 2024).

Interim relief and transparency are additional areas of alignment. Section 9 of the Act empowers courts to grant interim measures, and Section 31 mandates reasoned awards. The Supreme Court in Sundaram Finance Ltd. v. NEPC India Ltd. (1999) upheld the use of interim measures by courts to preserve parties' rights without obstructing the arbitral process. These provisions reflect UNCITRAL and ICC practices emphasizing procedural fairness, neutrality, and transparency.

Finally, India has also taken measures to limit judicial intervention, ensuring that arbitration functions as an autonomous dispute resolution mechanism. In National Highways Authority of India v. Hindustan Construction Company Limited (2024), the Court clarified that courts may interfere with arbitral awards only in cases of public policy violation, breaches of substantive law, or contractual non-compliance, explicitly ruling out interference based on errors of fact or judgment (Lexology, 2024). This principle strongly aligns with the international ethos of minimal judicial interference, thereby strengthening India's position as an arbitration-friendly jurisdiction.

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150 9001:2015

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Volume 5, Issue 2, September 2025

Impact Factor: 7.67

Indian arbitration practices demonstrate a high degree of alignment with international standards and best practices. Provisions on party autonomy, enforceability, interim measures, limited judicial intervention, and procedural efficiency are closely modeled on UNCITRAL guidelines and global arbitration norms. Recent Supreme Court decisions, including *TarunDhameja*, *Ajay Madhusudan Patel*, *Rohan Builders*, and *National Highways Authority of India v. HCC*, underscore India's commitment to enhancing arbitration as an effective, fair, and globally compatible dispute resolution mechanism. Nonetheless, areas such as strict adherence to timelines and the scope of the public policy exception continue to evolve, reflecting a gradual harmonization with international best practices.

V. CONCLUSION

The study revealed that Indian courts play a pivotal role in interpreting and enforcing the provisions of the Arbitration and Conciliation Act, 1996. Through judicial scrutiny, courts ensure that arbitration agreements are upheld, arbitral proceedings are conducted fairly, and awards are enforced effectively. Sections 8, 11, 29A, and 34 of the Act provide the legal framework for judicial intervention, allowing courts to facilitate arbitration without undermining party autonomy. Landmark decisions illustrate how courts enforce arbitration clauses, manage procedural timelines, and grant extensions when sufficient cause exists. These judicial interventions demonstrate that while Indian courts act as facilitators, their involvement is carefully calibrated to respect the independence and efficacy of the arbitral process, thereby strengthening the credibility of arbitration as an effective dispute resolution mechanism.

The analysis of landmark judicial decisions underscores the transformative impact of the Supreme Court in shaping arbitration jurisprudence in India. Decisions have clarified critical issues including the enforceability of arbitration agreements against non-signatories, the scope of judicial review under Section 34, and the balance between fairness and enforcement in arbitral awards. These rulings collectively reinforce a pro-arbitration stance, limit judicial overreach, and provide nuanced guidance on procedural and substantive matters. The jurisprudence reflects a shift toward ensuring that arbitration in India is predictable, efficient, and aligned with the principles of fairness, transparency, and party autonomy, while also maintaining mechanisms to address genuine legal grievances.

In examining the alignment of Indian arbitration practices with international standards and best practices, it is evident that India has made significant strides in harmonizing its legal framework with global norms, including the UNCITRAL Model Law and the New York Convention. Recent rulings demonstrate alignment in areas such as interim relief, reasoned awards, arbitrator appointments, and respect for arbitration agreements. However, certain aspects, including procedural delays and the broad interpretation of public policy, indicate areas for further refinement to fully match international benchmarks. Overall, the Indian arbitration system exhibits high compatibility with global standards, reflecting the country's commitment to enhancing its position as a favourable venue for domestic and international arbitration.

In conclusion, the study confirms that Indian courts have been instrumental in strengthening arbitration as a credible and effective dispute resolution mechanism. Judicial interventions have progressively shaped arbitration jurisprudence to uphold party autonomy, ensure enforceability, limit unnecessary interference, and foster alignment with international best practices. Landmark decisions provide clarity, procedural guidance, and equity in enforcement, while legislative reforms and judicial interpretations collectively enhance India's pro-arbitration environment. The findings underscore that while India has achieved substantial progress in aligning its arbitration framework with global standards, continuous efforts are required to address procedural inefficiencies and ensure predictability, thereby consolidating India's status as a modern, arbitration-friendly jurisdiction.

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