
(2026) 02 SC CK 1741

In the Supreme Court Of India

Case No : Civil Appeal No(S). 696 Of 2026 Arising Out Of Special Leave Petition
(Civil) No(S). 6551 Of 2025

C. Velusamy

APPELLANT

Vs

K Indhera

RESPONDENT

Date of Decision : 03-02-2026

Acts Referred:

Arbitration Act, 1940 — Section 28

Arbitration and Conciliation Act, 1996 — Section 2(1)(e), 11, 11(6), 14, 14(1)(a),
14(2), 27, 29A, 29A(1), 29A(3), 29A(4), 29A(5), 29A(6), 29A(7), 29A(8), 29A(9), 34,
36, 42, 50(4)

Contract Act, 1872 — Section 28

Citation : (2026) 02 SC CK 1741

Hon'ble Judges : Pamidighantam Sri Narasimha, J;Atul S. Chandurkar, J

Bench : Division Bench

Advocate : V Mohana,. B Ragunath, Pranav V Shankar, N C Kavitha, Nimisha
Thomas, Vijay Kumar, Runjhun Garg, M. Vijayan, M. Harish Kumar, P. S. Sudheer,
Rishi Maheshwari, Anne Mathew, Bharat Sood, Jai Govind M J, Jashan Vir Singh

Final Decision : Allowed

Judgement

Pamidighantam Sri Narasimha, J

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1. Leave granted.

I. Question of Law

1. The following question of law has arisen for our consideration.

Whether a Court can entertain an application under Section 29A(5) of the Arbitration and Conciliation Act, 1996 to extend the mandate of the arbitrator(s) for making the award even after an 'award' is rendered, though after the expiry of the statutory limit of eighteen-month period?

2. We have considered the text as well as the context in which Parliament introduced Section 29A to the Act, empowering the Court to extend the mandate of the arbitrator. The power and the jurisdiction of the Court are not impaired by the indiscretion of the arbitrator in rendering an 'award' without a mandate, particularly when such an award does not partake the character of a decree and is unenforceable under Section 36. We have also explained the important role that the Court plays while balancing the twin interests - of securing the remedy of resolution of disputes through arbitration and ensuring integrity in its conduct. Though, the questions that we are required to consider had not arisen for consideration in *Rohan Builders (India) Pvt. Ltd. v. Berger Paints India Ltd.* 2024 SCC Online SC 2494, we approve the observations made therein that the Court can entertain an application under Section 29A(5) and pass appropriate orders under Section 29A(4) for extension of the mandate of the arbitrator even after the award is rendered in the meanwhile.

II. Facts

3. The contractual relationship between the appellant and the respondent is governed by three agreements to sell 'Agreements to sell dated 19.12.2015, 31.07.2018 and 24.03.2021'. As disputes arose, the appellant filed an application under Section 11 of the Act and the High Court, by its order dated 19.04.2022, 'Order dated 19.04.2022 in Arb.O.P.(Com.Div) No.2 of 2022' appointed a sole arbitrator. The arbitrator issued notice on 04.05.2022 and convened the first meeting on 28. 05.2022, and the pleadings were completed on 20.08.2022, which date marked the commencement of the period of twelve months provided under Section 29A(1) of the 1996 Act for the making the Award. Before the conclusion of twelve months, parties filed a joint memo under Section 29A(3)

and extended the mandate of the arbitrator by a further period of six months, ending on 20.02.2024. Arguments concluded, and the matter was reserved for final award on 09.09.2023.

3. 1 Events that unfolded thereafter are indicative of myriad instances when real life fails to keep pace with human discipline for timelines. Despite the award being indicated to be almost ready, the proceedings were reopened on the representation of the parties. On the basis of emails from the respondent that settlement discussions are ongoing and are expected to be finalised by 15.11.2023, the matter was adjourned to 07.01.2024 and thereafter to 27.01.2024. However, when it was reported that the discussions did not fructify into a settlement, the arbitrator reserved the matter for award on 30.01.2024. Notwithstanding the reservation, discussions continued until March 2024, when a tripartite agreement was entered into between the appellant, the respondent, and a third party, M/s G Square Realtors Private Limited, which agreement was, however, not placed before the arbitrator. We are informed that the matter was adjourned to 27.04.2024 and thereafter to 04.05.2024, and the arbitrator finally passed the award on 11.05.2024, which was later stamped and issued to the parties on 25.06.2024. In the meantime, as indicated earlier, the mandate of the arbitrator had terminated on 20.02.2024.

3.2 Aggrieved by the award dated 11.05.2024, the respondent filed an application under Section 34 of the 1996 Act for setting aside the award on the ground that the mandate of the arbitral tribunal expired and arbitral proceedings stood terminated before passing of the award. On the other hand, on 12.11.2024, the appellant filed an application under Section 29A of the Act seeking an extension of the mandate of the tribunal.

4. The High Court, by order dated 24.01.2025, impugned before us dismissed the application under Section 29A as not maintainable. On the other hand, the Section 34 petition filed by the respondent was allowed by the High Court on 14.02.2025, relying on the order dated 24.01.2025.

III. Judgment of High Court

5. Rejecting reliance of respondent on the judgment of this Court in Rohan Builders (Supra), the High Court held that the said precedent only settles the issue about the timing of an application for extension of time and holds that it can be made even after the expiry of the initial twelve months or the extended six months period. The High Court felt that the Supreme Court was neither dealing with a situation where the award had already been passed, nor has laid down any principle permitting extension of the mandate after making of the award.

5.1 The High Court also distinguished the judgment of this Court in Ajay Protech Private Limited v. General Manager and Anr. 2024 SCC online SC 3381 by holding that, in that case award had not been passed, and the Court was only concerned with sufficient cause for the extension of time.

5.2 The High Court followed the decision rendered by the coordinate bench in *Suryadev Alloys & Power Private Ltd. v. Sh. Govindaraja Textiles Pvt. Ltd.* 2020 SCC Online Mad 7858 which held that under the 1996 Act, unlike the Arbitration Act, 1940, there is no provision empowering the Court to enlarge time after the award is made, and that an award passed after expiry of the arbitrator's mandate is a nullity. Apart from the decision of the coordinate bench in *Suryadev Alloys (supra)*, the High Court also referred to and relied on the decision in *Ayyasamy v. A. Shanmugavel* 2024 SCC online Mad 4338, which held that the Court cannot exercise power to extend the mandate after the award is delivered.

5.3 Referring to the decision of the Kerala High Court in *RKEC Projects Limited v. Cochin Port Trust* 2024 SCC online Ker 4192, which had taken the view that extension can be granted even after the award was passed, the High Court, without much discussion, held that it does not lay down correct law, as it reads into Section 29A a power which the provision does not confer.

5.4 In conclusion, the High Court held that if an award is passed subsequent to the expiry of the mandate of the arbitrator, it is a nullity and the application for extension of the mandate of the arbitrator is not maintainable.

IV. Submission

6. Appearing for appellant, Mrs. V Mohana, learned senior counsel relied on the decision in *Rohan Builders (supra)*, to contend that an application under Section 29A is maintainable even after expiry of the prescribed period of 12 months or the extended 6 months, as the Court has power to extend the mandate either before or after expiry of the period under Sections 29A(1) and 29A(3). On the other hand, Mr. M. Vijayan, learned counsel assisted by Mr. P.S. Sudheer, AOR distinguished *Rohan Builders (supra)* and relied on the decision of the Madras High Court in *Suryadev Alloys (supra)* to argue that time cannot be extended after passing of the award as the 1996 Act contains no provision allowing post-award extension.

V. Timelines for commencement, conduct, conclusion and termination of arbitral proceedings

7. Access to justice constitutes the very foundation of democratic governance, serving as the linchpin of a fair and equitable society. Our Constitution, in its wisdom, establishes a comprehensive judicial architecture, encompassing the Supreme Court, the High Courts, and District Courts for public and ordinary civil/criminal remedies to safeguard this inalienable right. It is imperative that these judicial remedies are effective. In fact, the effectiveness of judicial remedies is a constitutional mission, and it is always a work in progress for the Supreme Court to ensure that the remedies are impartial, readily accessible, financially viable, swiftly administered, and comprehensively tailored. Beyond the realm of public law and ordinary civil/criminal remedies, as indicated hereinabove, parties to a dispute may elect to resolve their differences through mutually agreed procedures, crystallised in the form of contractual agreements. It is permissible

in law to have such alternative dispute resolution mechanisms through contract. Section 28 of the Contract Act protects these alternative dispute resolution agreements through arbitration between contesting parties, fostering an environment conducive to expeditious and amicable dispute resolution.

7.1 The Arbitration and Conciliation Act, 1996 provides a simple, efficient, cost-effective, confidential, and fair dispute resolution remedy by empowering the parties to choose their arbitrators and also the procedure for the conduct of the arbitral proceedings.

7.2 Efficiency in the conduct of arbitral proceedings is integral to the effectiveness of the dispute resolution remedy through arbitration. Efficiency is inextricably connected with the expeditious conclusion of arbitral proceedings. While the statute incorporates party autonomy even with respect to the conduct and conclusion of arbitral proceedings, there is a statutory recognition of the power of the Court to step in wherever it is necessary to ensure that the process of resolution of the dispute is taken to its logical end, if, according to the Court, the circumstances so warrant.

VI. Timelines under the 1940 Act

8. Under the Arbitration Act, 1940, the First Schedule prescribed that an arbitral award shall be made within four months from the date of reference or from the date on which the arbitrator was called upon to act by notice, subject to any extension granted thereafter. Section 28 of the 1940 Act empowered the Court to enlarge the time for making the award, regardless of whether the prescribed period for making the award had expired or not or whether the award had already been made or not. Section 28 of the Arbitration Act, 1940, is extracted below for ready reference

“Section 28- Power to Court only to enlarge time for making award.

(1) The Court may, if it thinks fit, whether the time for making the award has expired or not and whether the award has been made or not, enlarge from time to time for making the award.

(2) Any provision in an arbitration agreement whereby the arbitrators or umpire may, except with the consent of all the parties to the agreement, enlarge the time for making the award, shall be void and of no effect.”

(emphasis supplied)

VII. Timelines under the 1996 Act

9. Party autonomy, coupled with minimal intervention of judicial authorities, has been the guiding principle for the 1996 Act. This is perhaps the reason for not provisioning a statutory timeline for delivering awards and prescribing consequences of not delivering them on time.

9. 1 In the event of failure of an arbitrator to act without undue delay, recourse

was provided under Section 14 of the Act of 1996 to dual remedies-by approaching the arbitrator first and then the Court 'Lancor Holdings Ltd v. Prem Kumar Menon & Ors., 2025 SCC OnLine SC 2319'. Section 14(1)(a) states that the mandate of an arbitrator would stand terminated if he either becomes de jure or de facto unable to perform his functions or, for other reasons, fails to act without undue delay. Section 14(2) states that, if a controversy remains concerning any of the grounds referred to in Section 14(1)(a), a party may, unless otherwise agreed with by the parties, apply to the Court to decide on the termination of the arbitrator's mandate. On the other hand, Section 34 of the 1996 Act does not postulate delay in the delivery of the arbitral award as a ground in itself, to set it aside, except, as explained in the Lancor Holdings (supra), where the negative effect of the delay in the arbitral award is explicit and adversely reflects on the findings of the award.

VIII. The felt need for the prescription of timelines for making the award and the recommendation of the law commission

10. The absence of a statutory time limit under the Act of 1996 had resulted in arbitrations remaining pending for several years, even without Court intervention, thereby defeating the very object of arbitration as a speedy dispute resolution mechanism. Accordingly, the Law Commission proposed the introduction of a structured timeline, with limited extensions by party consent and supervisory control by the Court thereafter, not with a view to terminating arbitral proceedings, but to compel their timely progress. The emphasis was on continuation of the arbitration, even pending applications for extension, so that procedural delays do not result in wastage of time, costs, or evidence already led. The legislative intent, therefore, was to ensure that an arbitral award is ultimately passed, with judicial intervention operating as a facilitative and corrective mechanism to curb delay, rather than as a means to abort the arbitral process. The relevant extract from the 176th Report of the Law Commission of India is extracted below:

"2.21.1 (...)But the omission of the provision for extension of time and therefore the absence of any time limit has given rise to another problem, namely, that awards are getting delayed before the arbitral tribunal even under the 1996 Act. One view is that this is on account of the absence of a provision as to time limit for passing an award.

xx xx xx

2.21.3 (...)The time limit can be more realistic subject to extension only by the court. Delays ranging from five years to even fourteen years in a single arbitration have come to the Commission's notice. The Supreme Court of India has also referred to these delays of the arbitral tribunal. The point here is that these delays are occurring even in cases where there is no court intervention during the arbitral process. The removal of the time limit is having its own adverse consequences. There can be a provision for early disposal of the

applications for extension, if that is one of the reasons for omitting a provision prescribing a time limit, say one month. Parties can be permitted to extend time by one year. Pending the application for extension, we propose to allow the arbitration proceedings to continue.(...)

xx xx xx

2.21.4 It is, therefore, proposed to implement the recommendation made in the 76th Report of the Law Commission with the modification that an award must be passed at least within one year of the arbitrators entering on the reference. The initial period will be one year. Thereafter, parties can, by consent, extend the period upto a maximum of another one year. Beyond the one year plus the period agreed to by mutual consent, the court will have to grant extension. Applications for extension are to be disposed of within one month. While granting extension, the court may impose costs and also indicate the future procedure to be followed by the tribunal . There will, therefore, be a further proviso, that further extension beyond the period stated above should be granted by the Court. We are not inclined to suggest a cap on the power of extension as recommended by the Law Commission earlier. There may be cases where the court feels that more than 24 months is necessary. It can be left to the court to fix an upper limit. It must be provided that beyond 24 months, neither the parties by consent, nor the arbitral tribunal could extend the period. The court's order will be necessary in this regard. But in order to see that delay in disposal of extension applications does not hamper arbitration, we propose to allow arbitration to continue pending disposal of the application.

2.21.5 One other important aspect here is that if there is a delay beyond the initial one year and the period agreed to by the parties (with an upper of another one year) and also any period of extension granted by the Court, there is no point in terminating the arbitration proceedings. We propose it as they should be continued till award is passed. Such a termination may indeed result in waste of time and money for the parties after lot of evidence is led. In fact, if the proceedings were to terminate and the claimant is to file a separate suit, it will even become necessary to exclude the period spent in arbitration proceedings, if he was not at fault, by amending sec. 43(5) to cover such a situation. But the Commission is of the view that there is a better solution to the problem.

The Commission, therefore, proposes to see that an arbitral award is ultimately passed even if the above said delays have taken place. In order that there is no further delay, the Commission proposes that after the period of initial one year and the further period agreed to by the parties (subject to a maximum of one year) is over, the arbitration proceedings will nearly stand suspended and will get revived as soon as any party to the proceedings files an application in the Court for extension of time. In case none of the parties files an application, even then the arbitral tribunal may seek an extension from the Court. From the moment the application is filed, the arbitration proceedings can be continued. When the Court takes up the application for extension, it shall grant extension subject to

any order as to costs and it shall fix up the time schedule for the future procedure before the arbitral tribunal. It will initially pass an order granting extension of time and fixing the time frame before the arbitral tribunal and will continue to pass further orders till time the award is passed. This procedure will ensure that ultimately an award is passed.”

(emphasis supplied)

IX. Introduction of Section 29A & its interpretation:

11. It is in the above-referred background that the Arbitration Act was amended with retrospective effect from 23.10.2015 to effectively deal with delays in arbitral proceedings by inserting Section 29A. The Statement of Objects and Reasons records that practical difficulties had arisen, necessitating amendments to make arbitration more user-friendly, cost-effective, and expeditious. Accordingly, provision was made requiring the arbitral tribunal to render the award within twelve months from the date it enters upon the reference, with liberty to the parties to extend the period by a further six months, any extension thereafter being permissible only by order of the Court on sufficient cause being shown. Thereafter, the Act of 1996 was further amended w.e.f. 30-8-2019 to provide, inter alia, that, where an application seeking extension of time under sub-section (5) of Section 29A is pending, the mandate of the arbitrator shall continue until such application is finally decided.

11.1 Section 29A of the 1996 Act as amended is extracted below for ready reference;

“Section 29A: Time limit for arbitral award.

(1) The award in matters other than international commercial arbitration shall be made by the arbitral tribunal within a period of twelve months from the date of completion of pleadings under sub-section (4) of section 23.

Provided that the award in the matter of international commercial arbitration may be made as expeditiously as possible and endeavour may be made to dispose off the matter within a period of twelve months from the date of completion of pleadings under sub-section (4) of section 23.

(2) If the award is made within a period of six months from the date the arbitral tribunal enters upon the reference, the arbitral tribunal shall be entitled to receive such amount of additional fees as the parties may agree.

(3) The parties may, by consent, extend the period specified in sub-section (1) for making award for a further period not exceeding six months.

(4) If the award is not made within the period specified in sub-section (1) or the extended period specified under sub-section (3), the mandate of the arbitrator(s) shall terminate unless the Court has, either prior to or after the expiry of the period so specified, extended the period:

Provided that while extending the period under this sub-section, if the Court finds that the proceedings have been delayed for the reasons attributable to the arbitral tribunal, then, it may order reduction of fees of arbitrator(s) by not exceeding five per cent. for each month of such delay:

[Provided further that where an application under sub-section (5) is pending, the mandate of the arbitrator shall continue till the disposal of the said application:

Provided also that the arbitrator shall be given an opportunity of being heard before the fees is reduced.]

(5) The extension of period referred to in sub-section (4) may be on the application of any of the parties and may be granted only for sufficient cause and on such terms and conditions as may be imposed by the Court.

(6) While extending the period referred to in sub-section (4), it shall be open to the Court to substitute one or all of the arbitrators and if one or all of the arbitrators are substituted, the arbitral proceedings shall continue from the stage already reached and on the basis of the evidence and material already on record, and the arbitrator(s) appointed under this section shall be deemed to have received the said evidence and material.

(7) In the event of arbitrator(s) being appointed under this section, the arbitral tribunal thus reconstituted shall be deemed to be in continuation of the previously appointed arbitral tribunal.

(8) It shall be open to the Court to impose actual or exemplary costs upon any of the parties under this section.

(9) An application filed under sub-section (5) shall be disposed of by the Court as expeditiously as possible, and endeavour shall be made to dispose of the matter within a period of sixty days from the date of service of notice on the opposite party."

X. International perspective on the validity of the arbitral award rendered after the stipulated statutory time limit.

12. It is well recognized that a fixed time limit for the rendering of an arbitral award may foreclose the mandate of a tribunal if breached. However, such limits are not intended to frustrate the arbitral process. In appropriate cases, Courts have retroactively extended timelines and even upheld awards rendered outside agreed deadlines where it was necessary to preserve justice and prevent the arbitration from being defeated by technical non-compliance.

12.1 Under the earlier English Arbitration Act, 1950, Section 27 expressly empowered the Court to enlarge the time for making an award "whether that time has expired or not." Interpreting this provision, the English Court of Appeal in *Oakland Metal Co Ltd. v. D. Benaim & Co. Ltd.* [1953] 2 QB 261 confirmed that the expiry of a contractual time limit does not automatically extinguish the Court's jurisdiction to enlarge time. The Court recognised that it retained a wide

discretion to extend time even after the agreed deadline had passed, thereby preventing the arbitration from failing solely by effluxion of time.

12.2 Similar language has been retained in the current English Arbitration Act 1996. Section 50(4) provides that the Court's power to extend the time for making an award "may be exercised whether or not the time previously fixed has expired." The statutory scheme, therefore, makes it clear that an agreed deadline for making an arbitral award does not automatically and irreversibly invalidate an award rendered late. Rather, the Act preserves a retrospective judicial power to extend time, where the statutory conditions are met.

12.3 Although English case law directly applying section 50(4) remains limited, leading commentaries have recognized that, where an arbitral tribunal fails to comply with an agreed time limit, recourse to the Court may be the only practical solution. For example, Jeffrey Waincymer observes in *Procedure and Evidence in International Arbitration* that difficulties arise where an arbitrator is removed or replaced for failure to comply with a time limit, and the deadline has already expired. In such circumstances, Courts may step in and even retroactively extend the mandate:

"If a time limit is imposed and an application is made to remove an arbitrator for failing to comply with the time limit, a problem arises in terms of the powers of a truncated or replacement tribunal to subsequently render an award. If there is no power to extend, how can a truncated tribunal or a replacement arbitrator meet the deadline that has expired? Some *lex arbitri* allow for extensions in such circumstances. The *functus officio* problem has led Belgian law to adopt a more practical solution to the effect that after six months has elapsed, the parties may apply to the court to set a time limit for rendering of the award. Section 50(4) of the English Arbitration Act 1996 allows a court to extend the time even if the time previously fixed has expired. 'Part II: The Process of an Arbitration, Chapter 6: Establishing the Procedural Framework', in Jeffrey Maurice Waincymer, *Procedure and Evidence in International Arbitration* (2012), p. 418.'

(emphasis supplied)

12.4 In Redfern and Hunter on International Arbitration, it is noted that Courts in many jurisdictions have been reluctant to invalidate an award solely on the basis that it was rendered late:

"It is important that a fixed time limit for rendering the award should not enable one of the parties to frustrate the arbitration. This might happen if a fixed limit were to run from the date of the appointment of the arbitral tribunal, rather than, for example, that of the end of the hearings. If a court has no power to intervene on the application of one party alone and the time limit can be extended only by agreement of the parties, a party might frustrate the proceedings simply by refusing to agree to any extension of time. However, the courts of many countries would be reluctant to invalidate a late award in such a case. For example, in New York, it was held that an untimely award was not a

nullity, even though the issue of timeliness was properly raised: the court stated that, without a finding of prejudice, there was no justification for denying confirmation of the award." '9. Award', in Nigel Blackaby, Constantine Partasides, et al., *Redfern and Hunter on International Arbitration* (Seventh Edition) (2023), at para.9.169.'

(emphasis supplied)

12.5 Commentaries on institutional rules such as ICC Rules acknowledge similar powers. Article 31(1) of the Rules sets a six-month limit from the signing of the terms of reference for the rendering of the final award. Under Article 31(2), a Court may render an extension of the time limit and revive the mandate of a tribunal that is deemed *functus officio*. In doing so, a Court may retroactively revive the tribunal's mandate, and even render an award passed beyond the time limit valid. 'Fadri Lenggenger, 'Chapter 17, Part II: Commentary on the ICC Rules, Article 31 [Time limit for the final award]', in Manuel Arroyo (ed), *Arbitration in Switzerland: The Practitioner's Guide* (Second Edition) (2018). pp. 2447.'

12.6 A recent decision of the Privy Council further illustrates this pragmatic approach. In *Alphamix Ltd v District Council of Rivière du Rempart* (Mauritius) [2023] UKPC 20, at para 26, the Privy Council upheld an arbitral award that had been annulled by the Mauritian Courts on the basis that it was issued three days after the agreed deadline. The applicable Mauritian Civil Procedure Code provided that an arbitrator's mandate would lapse after six months unless extended, and that an award rendered outside the mandate was liable to annulment. Although the award was formally issued three days late, the Privy Council found that the parties had tacitly and unequivocally agreed to permit the short delay, particularly in light of the arbitrator's illness and the absence of objection from either party. That tacit agreement was held to have extended the arbitrator's mandate, with the result that the award remained valid.

12.7 By contrast, there are also authorities demonstrating that Courts may annul late awards where delay is substantial and unjustified. Under Singapore law, the High Court in *Ting Kang Chung John v Teo Hee Lai Building Constructions Pte Ltd.* [2010] SGHC 20, at para. 41 set aside an award that had been issued well beyond the agreed deadline. The arbitration concerned a modest construction dispute conducted under the Arbitration Rules of the Singapore Institute of Architects, which required the arbitrator to issue an award within 60 days of the close of the hearing. The arbitrator issued the award more than a year after that deadline.

12.8 When the award was challenged, the arbitrator sought belatedly to apply for an extension of time. The Court refused his application, noting that where parties had agreed to specify a deadline for the award to be issued, the principle of party autonomy meant that the Court should not lightly override this agreement. The Court noted that an extension would be granted only to (i) prevent substantial

injustice, (ii) where there was no prejudice to the opposing party, and (iii) where there were very good reasons to justify the delay. One crucial factor in refusing the application was the failure by the arbitrator to apply for an extension until after his award was challenged.

XI. Conclusions

13. Section 29A, as explained in recent decisions of this Court in Rohan Builders (supra), Lancor Holdings (supra) and Jagdeep Chowgule v. Sheela Chowgule 2026 INSC 92 can be formulated as under:

(I) Sub-section (1) of Section 29A mandates that the award shall be made within 12 months of the completion of pleadings before the Arbitral Tribunal [Explained, in Rohan Builders (India) Pvt Ltd v. Berger Paints India Limited 2024 SC Online SC 2494, as "Prior to the enactment of Section 29A of the A & C Act did not specify a time limit for making an arbitral award. This was deliberate, given the fact that the First Schedule and Section 28 of the Arbitration Act, 1940 led to litigation and delay. Section 29A, as quoted above, was inserted by Act 3 of 2016 with retrospective effect from 23.10.2015. The Arbitration and Conciliation (Amendment) Act, 2015 aimed to ensure that arbitration proceedings are completed without unnecessary adjournments and delay."]. While sub-section (2) incentivises expeditious making of the Award, proviso to sub-section (4) and sub-section (8) authorises the Court to impose penalty for delay in making the award.

(II) Sub-section (3) enables parties, by consent, to extend the period of 12 months for making the award by a further period not exceeding 6 months.

(III) If the award is not made within the stipulated period of 12 months or the extended period of 6 months, the mandate of the arbitrator(s) shall terminate [Section 29A(4) of the 1996 Act].

(IV) This termination is subject to the power of the Court to extend the period [The Law Commission's 176th Report @ 2.21.5 explains the purpose and object of vesting of this power as follows: "One other important aspect here is that if there is a delay beyond the initial one year and the period agreed to by the parties (with an upper of another one year) and also any period of extension granted by the Court, there is no point in terminating the arbitration proceedings. We propose it as they should be continued till award is passed. Such a termination may indeed result in waste of time and money for the parties after lot of evidence is led. In fact, if the proceedings were to terminate and the claimant is to file a separate suit, it will even become necessary to exclude the period spent in arbitration proceedings, if he was not at fault, by amending sec. 43(5) to cover such a situation. But the Commission is of the view that there is a better solution to the problem. The Commission, therefore, proposes to see that an arbitral award is ultimately passed even if the above said delays have taken place. In order that there is no further delay, the Commission proposes that after the period of initial one year and the further period agreed to by the parties (subject to a maximum of one year) is over, the arbitration proceedings will

nearly stand suspended and will get revived as soon as any party to the proceedings files an application in the Court for extension of time. In case none of the parties files an application, even then the arbitral tribunal may seek an extension from the Court. From the moment the application is filed, the arbitration proceedings can be continued. When the Court takes up the application for extension, it shall grant extension subject to any order as to costs and it shall fix up the time schedule for the future procedure before the arbitral tribunal. It will initially pass an order granting extension of time and fixing the time frame before the arbitral tribunal and will continue to pass further orders till time the award is passed. This procedure will ensure that ultimately an award is passed.”].

(V) The ‘Court’ under Section 29A shall be the Civil Court of ordinary original jurisdiction in a district and includes the High Court in exercise of its original civil jurisdiction under Section 2(1)(e), and shall not be the High Court or the Supreme Court under Section 11(6) of the Act. Section 42 of the Act relating to jurisdiction for applications will also not apply to Section 11 of the Act ‘State of West Bengal v. Associated Contractors, (2015) 1 SCC 32’.

(VI) There is no statutory prescribed time limit for the Court to exercise the power under Section 29A(4) for extending the period, except for its own discretion. The Court can exercise the power before or after the expiry of the period under sub-sections 29A(1) or (3) [Section 29A(4) of the 1996 Act]. Further, there is no prescription of an outer limit for extending the time for the conclusion of arbitral proceedings. Given this power, the Court will exercise it with circumspection, balancing the remedy with the rights of other stakeholders.

(VII) The power of the Court to extend the time under sub-section (4) may be exercised on an application by any of the parties. Once such an application for extension of time is pending, the mandate of the arbitrator shall continue till the disposal of such application under sub-section (9). The Court shall endeavour to dispose of such an application within 60 days [Section 29A(9) of the 1996 Act].

(VIII) Delay in the delivery of an arbitral award, by itself, is not sufficient to set aside that award. It is only when the effect of the undue delay in the delivery of an arbitral award is explicit and adversely reflects on the findings therein, such delay and, more so, if it remains unexplained, can be construed to result in the award being in conflict with the public policy of India.[Lancor Holdings (supra)]

(IX) Under Section 29A(6), while exercising the power of extension, it shall be open to the Court to substitute one or all the arbitrators. This is a discretionary power that the Court would exercise in the facts and circumstances of the case. Upon substitution, the reconstituted tribunal shall be deemed to be in continuation of the previously appointed tribunal as per Section 29A(7) and shall continue from the stage already reached and on the basis of evidence already on record. The newly appointed arbitrators shall be deemed to have received the evidence and materials.

(X) Vesting of the power of substitution, under Section 29A(6), is on the "Court" and this Court is the "Court" as defined in Section 2(1)(e). The text, as well as the context for identifying the Court in Section 29A(6), as well as in Section 29A(4), is the Court in Section 2(1)(e). The expression 'Court' in other provisions must be guided by the meaning given in Section 2(1)(e) [Jagdeep Chowgule (supra)].

14. Section 29A of the Act does not, in terms, bar an application for extension of the mandate of an arbitrator in the event of the delivery of an award. There is no such prescription anywhere in the section. In the first place, if an award is made after expiry of the mandate, then there is no doubt about the fact that such an award is non est. A better expression would be to hold that such an award would be unenforceable under Section 36. Such an award need not be challenged under Section 34.

15. Naturally, a unilateral act or the indiscretion of the arbitrator in making such an award will have no bearing on the power and jurisdiction vested in the Court under Section 29A. We have more hesitation in concluding that the Parliament has never intended that the act of an arbitrator in delivering an award when the mandate had expired would denude the power and jurisdiction vested in the Court. This power and jurisdiction stand on its own footing and is uninfluenced by the act of the arbitrator in passing an award without mandate.

16. Secondly, the expression, "if an award is not made" in sub-section (4) is employed in the context of enabling the Court to extend the mandate of the arbitrator. The context in which the phrase is used makes it clear that the sub-section is not addressing a situation where an arbitral award has been rendered after the mandate of the arbitrator has expired, but rather to declare that the Court can extend the period before or after the expiry of the mandate. This is clearly explained in Rohan Builders (supra).

17. Rohan Builders (supra) also clarifies the context in which the expression 'terminates' has been used in the section. It is explained that it is transitory and is subject to the exercise of power by the Court.

"14. Accordingly, the termination of the arbitral mandate is conditional upon the non-filing of an extension application and cannot be treated as termination *stricto sensu*. The word "terminate" in the contextual form does not reflect termination as if the proceedings have come to a legal and final end, and cannot continue even on filing of an application for extension of time. Therefore, termination under Section 29A(4) is not set in stone or absolutistic in character.

20. Lastly, Section 29A(6) does not support the narrow interpretation of the expression "terminate". It states that the court - while deciding an extension application under Section 29A(4) - may substitute one or all the arbitrators. Section 29A(7) states that if a new arbitrator(s) is appointed, the reconstituted Arbitral Tribunal shall be deemed to be in continuation of the previously appointed Arbitral Tribunal. This obliterates the need to file a fresh application

under Section 11 of the A & C Act for the appointment of an arbitrator. In the event of substitution of arbitrator(s), the arbitral proceedings will commence from the stage already reached. Evidence or material already on record is deemed to be received by the newly constituted tribunal. The aforesaid deeming provisions underscore the legislative intent to effectuate efficiency and expediency in the arbitral process. This intent is also demonstrated in Sections 29A(8) and 29A(9). The court in terms of Section 29A(8) has the power to impose actual or exemplary costs upon the parties. Lastly, Section 29A(9) stipulates that an application for extension under sub-section (5) must be disposed of expeditiously, with the endeavour of doing so within sixty days from the date of filing.”

18. Intention of the Parliament to secure the arbitral proceedings and to ensure that they are taken to their logical conclusion of a binding award is evident from provisions such as, enabling Courts to exercise the power of extension before or after the expiry of the 18 month period [Section 29A(4)], declaring continuation of the proceedings till the application for extension is pending [proviso to 29A(4)], declaring that upon extension, the existing proceedings would continue uninterruptedly [Section 29A(6) & (7)]. These provisions make it evident that the intention of the Parliament is to safeguard the conduct and conclusion of arbitral proceedings.

19. Though the fact situation that has arisen in our case was not available in Rohan Builders (supra) in the sense that the arbitrator had not passed an award after expiry of the mandate, the following observation in Rohan Builders is relevant for our consideration;

“21. ...The power to extend time period for making of the award vests with the court, and not with the Arbitral Tribunal. Therefore, the Arbitral Tribunal may not pronounce the award till an application under Section 29A(5) of the A & C Act is sub-judice before the court. In a given case, where an award is pronounced during the pendency of an application for extension of period of the Arbitral Tribunal, the court must still decide the application under sub-section (5), and may even, where an award has been pronounced, invoke, when required and justified, sub-sections (6) to (8), or the first and third proviso to Section 29A(4) of the A & C Act.”

(emphasis supplied)

20. Vesting of power and jurisdiction in the Court, in our opinion, is a complete answer to any apprehension that extension of time, even in cases where an ‘award’ is passed, could introduce a culture of indiscipline, as arbitrator(s) and/or counsels could become indifferent to the mandatory timelines. This apprehension is not true. There is no automatic extension of time. The Court will and must exercise its discretion only after evaluating the facts and circumstances after close scrutiny. Section 29A, in terms, enables the court to adopt distinct measures to ensure dynamic and efficient conduct of arbitral proceedings with

integrity and expedition. The following empowerments are in the nature of instruments in the toolkit of Section 29A, enabling the courts to deploy them as and when the factual matrix demands:

- i. Court has the power to extend the time before or after the expiry of the statutorily stipulated period. [Section 29A(4)]
- ii. Court is empowered to take measures to reduce the fee of the arbitrators if the Court is of the opinion that the proceedings are delayed for the reasons attributable to the Arbitrators. [Proviso to Section 29A(4)]
- iii. Court can grant an extension of the time period upon a finding that there is sufficient cause for such extension. [Section 29A(5)]
- iv. Court, while extending the mandate even when there is sufficient cause, is empowered to impose such terms and conditions as it thinks fit for efficiency and integrity of the arbitral proceedings. [Section 29A(5)]
- v. Courts are specifically empowered to substitute any one or all the arbitrators, if in the opinion of the Court the facts demand. This is a discretion that the Court would exercise with caution and circumspection [It is clarified that *Mohan Lal Fatehpuria v. M/s Bharat Textiles & Ors.* 2025 INSC 1409 does not mandate the substitution of an arbitrator as an inevitable consequence when the court is considering extension of mandate that had already expired as was argued. In fact, it is clear that the judgment proceeds to substitute the arbitrator as the situation "warranted". The court held "in view of the statutory scheme and undisputed factual position, we are satisfied that the case warranted the exercise of jurisdiction under Section 29A(6) of the Act". This quotation is sufficient to conclude that the power of substitution would be exercised as such by the Court as a discretion and in the facts and circumstances of the case]. [Section 29A(6)]
- vi. The Court is empowered not only to grant costs but also to impose exemplary and actual costs upon any of the parties, if the situation so demands. [Section 29A(8)]

21. In view of the above analysis, we are of the opinion that provisions of the Act, particularly Section 29A, must not be interpreted to infer a threshold bar for an application under Section 29A(5) for extension of the mandate of the arbitrator even when an award is passed, though after the expiry of the mandate.

22. While interpreting an enactment providing legal remedies for the resolution of disputes, a constitutional court has the obligation to ensure that the provision is: (a) accessible, (b) affordable, (c) expeditious and (d) cohesive. Accessibility requires the remedy to be easily available '*NBCC (India) Ltd. v. State of West Bengal*: 2025 INSC 54'. Affordability is an aspect that is related to the cost of availing the remedy, it must be at a reasonable price. Expeditious nature of a remedy is concerned with the quick disposal and abhors unreasonable delays. Yet another facet of effective remedy is in its cohesiveness.

23. In conclusion, we hold that an application under Section 29A(5) for extension of the mandate of the arbitrator is maintainable even after the expiry of the time under Sections 29A(1) and (3) and even after rendering of an award during that time. Such an award is ineffective and unenforceable. But the power of the court to consider extension is not impaired by such an indiscretion of the arbitrator. While considering the application, the Court will examine if there is sufficient cause for extending the mandate, and in the process, it may impose such terms and conditions as the situation demands. The Court will also take into account other factors such as reduction of the fee of the arbitrator under proviso to Section 29A(4) and also impose costs on parties if the fact situation so demands. Substitution is an option for the Court as the provision itself says, "it shall be open for the Court to substitute", and it will be exercised carefully. If the mandate is extended, the arbitral tribunal will pick up the thread from where it was left, and seamlessly continue the proceeding from the stage at which the mandate had expired, and conclude within the time granted.

24. In view of the above, the appeal against the judgment and order dated 24.01.2025 in Application No. 5993 of 2024 passed by the High Court of Judicature at Madras is allowed. The Application No. 5993 of 2024 is restored to its original number and the High Court will proceed with the said application and dispose it of as per the principles laid down in our judgment.