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Reasoned Awards in Arbitration: Statutory Requirements, Judicial Scrutiny, and Legal Implications

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ABSTRACT

Reasoned awards constitute the cornerstone of transparency, accountability, and fairness in arbitral adjudication. In contemporary arbitration jurisprudence, the obligation to provide reasons in an arbitral award has evolved from a procedural formality into a substantive requirement that strengthens the legitimacy and enforceability of arbitral decisions. This paper critically examines the concept of reasoned awards within the framework of Indian arbitration law, with particular emphasis on the statutory mandate under Section 31(3) of the Arbitration and Conciliation Act, 1996. The study analyses the legislative intent behind requiring reasons in arbitral awards and explores the circumstances under which parties may dispense with such reasoning.

The study begins by analysing the evolution and concept of arbitral awards under the Arbitration Act, 1940, the UNCITRAL Model Law on International Commercial Arbitration, and the Arbitration Act 1996, tracing the transition from limited statutory guidance to a structured obligation requiring tribunals to provide intelligible reasons. The paper further examines the statutory framework governing reasoned awards under the Arbitration and Conciliation Act, 1996 and evaluates the legislative intent behind mandating reasons in arbitral decisions, except where parties have expressly agreed otherwise.

The paper also analyses the relationship between reasoned awards and the doctrines of natural justice, procedural fairness, and party autonomy. It argues that reasoned awards enhance confidence in arbitration by ensuring that parties understand the basis of the tribunal's conclusions, thereby reducing allegations of arbitrariness and bias. Simultaneously, excessive judicial scrutiny of reasoning may risk transforming courts into appellate forums, contrary to the pro-arbitration objectives of the legislation. Further, the study examines the legal implications of defective reasoning, including challenges to enforcement, setting aside of awards, and the impact on arbitration as an effective alternative dispute resolution mechanism. The article concludes that a balanced approach

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is necessary—one that preserves arbitral autonomy while ensuring that arbitral tribunals provide intelligible and legally sustainable reasons capable of withstanding judicial review.

I. INTRODUCTION

A defining feature of arbitration as a mode of dispute resolution is that the decision rendered by the arbitral tribunal is final and binding upon the parties to the arbitration agreement.¹ Ordinarily, the arbitrators are appointed by the parties themselves. However, in the case of institutional arbitration, the appointments are made from a pre-approved panel of arbitrators, and in instances of statutory arbitration, the process is carried out by authorities empowered under the relevant statute. Regardless of the mode of appointment, the decision of the tribunal, the arbitral award, is enforceable in the same manner as a decree of a civil court.² Although the term “award” is central to arbitration, the statute does not expressly define it.

Once a dispute has been referred to arbitration, the tribunal is obligated to adjudicate it in a quasi-judicial manner. An arbitral award may therefore be understood as the formal determination of the issues submitted to the tribunal, whether the arbitration is domestic or international. The term encompasses not only the final determination of the dispute but also interim, interlocutory, or partial awards. Typically, arbitration proceedings culminate in the issuance of a final award that resolves all matters referred to arbitration, unless the tribunal is relieved of this obligation under the terms of the reference or by operation of law.

Even though arbitral awards are frequently discussed as a single concept, there are in fact multiple subcategories of awards in most jurisdictions. A provisional award is made pending final evaluation, whereas a partial award resolves only some of the issues raised by the parties or only a portion of the claims or cross-claims made. Significantly, this gives the parties the option of resolving the outstanding disputes through arbitration or litigation. A settlement between the disputing parties while the proceedings are ongoing usually results in an award on agreed terms, similar to a judgment by consent. A reasoned award is one in which the Tribunal provides an explanation for its ruling; it is not a subcategory of awards. Sometimes the Tribunal may make an additional award, on its own initiative or at a party's request, in relation to any claim that was brought before it but was not addressed by the main award.

It is not necessary that an arbitral tribunal frame its award in the same manner or format as a judgment. Nonetheless, the finality of an arbitral award may be understood from three

¹ The Arbitration and Conciliation Act, 1996, § 35, No. 26, Acts of Parliament, 1996 (India).

² The Arbitration and Conciliation Act, 1996, § 36, No. 26, Acts of Parliament, 1996 (India).

perspectives. First, an award is considered final when it disposes of all issues submitted for arbitration. Second, an award may attain finality where earlier awards have addressed only certain aspects of the dispute and the subsequent award completes the resolution of the remaining issues. Third, an award is final in the sense that it conclusively determines all aspects of the dispute, leaving no matter to be reconsidered either at a later stage or by any other adjudicatory authority.

As there is no prescribed form for an award, any form of words that expresses the determination of the disputes referred is sufficient. No technical expression is necessary. It must accord with the reference and the submissions made by the parties. It should be clear and not vague. It is the duty of the Tribunal to make the award a complete instrument.

II. AWARD UNDER THE ARBITRATION ACT, 1940

The Arbitration Act, 1940 provided only for domestic arbitration, and under that Act an “award” meant an arbitration award.³ Sections 14(1),⁴ 10(2),⁵ and 27(1)⁶ of the Arbitration Act, 1940 correspond to sub-sections (1), (2), and (6) of Section 31 of the present Act, dealing with the form and content of the award. Although the provision required an award in writing, a detailed analysis makes it clear that it did not provide for the requirement of giving reasons in support of the arbitral award.⁷ While answering the question whether an arbitrator should be required by law to give reasons for the award, the Supreme Court observed as follows:

*“The scheme of the Arbitration Act, 1940 is to provide a domestic forum for speedy and substantial justice, untrammelled by legal technicalities, by getting the dispute resolved by a person in whom the party has full faith and confidence. The award given by such a person under the scheme of the Act could be assailed only on very limited grounds like those mentioned in Section 30 of the Arbitration Act, 1940.”*⁸

The absence of a requirement to provide detailed reasons in an arbitral award limits the scope for challenging the award on the adequacy or soundness of its reasoning. Conversely, imposing a mandatory duty on the arbitrator to furnish elaborate justifications may inadvertently introduce errors in reasoning that could render the award vulnerable to being set aside. This concern becomes particularly relevant where arbitrators are not technical experts in the subject matter of the dispute, increasing the likelihood of legal or factual inaccuracies. Consequently,

³ The Arbitration Act, 1940, § 2(b), No. 10, Acts of Parliament, 1940 (India).

⁴ The Arbitration Act, 1940, § 14, No. 10, Acts of Parliament, 1940 (India).

⁵ The Arbitration Act, 1940, § 10, No. 10, Acts of Parliament, 1940 (India).

⁶ The Arbitration Act, 1940, § 27, No. 10, Acts of Parliament, 1940 (India).

⁷ The Arbitration Act, 1940, § 30, No. 10, Acts of Parliament, 1940 (India).

⁸ Food Corp. of India v. Jogginder Pal Mohinder Pal, (1989) 2 S.C.C. 347 (India).

even when objections were raised by the aggrieved party, courts in most instances nonetheless upheld such awards and made them enforceable as a rule of the court.

That being so, the question may arise as to the extent of the Court's power to intervene in an award that adduces no reasons but states only the decision. The Apex Court has held divergent views on this aspect.

In *Raipur Development Authority v. Chokhamol Contractors*⁹ the Supreme Court observed:

"It is neither now well settled that an award can be remitted nor be set-aside merely on the ground that it does not contain reasons in support of the conclusion or decision reached in it except where the arbitration agreement or the deed of submission requires him to give reasons. The arbitrator or umpire is under no obligation to give reasons in support of the decision reached by him unless under the arbitration agreement or in the deed of submission he is required to give such reasons and if the arbitrator or umpire chooses to give reasons in support of this decision it is open to the Court to set-aside the award if it finds that an error of law has been committed by the arbitrator or umpire on the fact of the record on going through such reasons. The arbitrator or umpire shall have to give reasons also where the Court has directed in any order such as in the one made in Section 20,¹⁰ Section 21¹¹ or Section 34¹² of the Act that reason should be given or whether the statute which governs the arbitration required him to do so."

Nevertheless, in *Food Corporation of India v. Great Eastern Shipping Company Ltd*,¹³ the Supreme Court observed that the requirement of reasoned awards aligns with the principle of natural justice. This principle dictates that parties to arbitration deserve to understand the rationale behind the award; without such reasoning, the parties would be denied the opportunity to effectively challenge the award, which would violate natural justice. In *M/s Narain Das R. Israni v. Union of India*,¹⁴ the Delhi High Court echoed the importance of reasoned arbitral awards. The court emphasised that recording the rationale behind an award demonstrates its fairness and allows the unsuccessful party to understand the basis for the decision. This transparency is crucial for upholding the principles of natural justice. Hence, if a reasoned arbitral award is given, the unsuccessful party will be in a position to know whether he has a

⁹ *Raipur Dev. Auth. v. Chokhamal Contractors*, AIR 1990 SC 1426 (India).

¹⁰ The Arbitration Act, 1940, § 20, No. 10, Acts of Parliament, 1940 (India).

¹¹ The Arbitration Act, 1940, § 21, No. 10, Acts of Parliament, 1940 (India).

¹² The Arbitration Act, 1940, § 34, No. 10, Acts of Parliament, 1940 (India).

¹³ *Food Corp. of India v. Great E. Shipping Co.*, (1988) 3 S.C.R. 366 (India).

¹⁴ *M/s Narain Das R. Israni v. Union of India*, AIR 1993 Del 78 (India).

just cause for complaint. The drawbacks in the Arbitration Act, 1940 that demanded its repeal and the introduction of a new statute in its place lay not in the legislation itself, but rather in its actual operation and implementation by all concerned, including the courts.¹⁵

The Arbitration Act, 1940 served as a cornerstone of alternative dispute resolution in India. While its aim to provide a streamlined and efficient process for resolving disputes was commendable, the Act's implementation faced challenges that hindered its effectiveness. One key drawback was procedural delay. The process of appointing arbitrators, scheduling hearings, and obtaining awards was cumbersome, often extending litigation timelines. This defeated the purpose of arbitration, which was meant to be faster than traditional court proceedings. The Supreme Court has, on several occasions, acknowledged the delays inherent in the arbitration process envisioned by the Act. Landmark cases have highlighted issues such as the complicated appointment process for arbitrators and the lack of time-bound directives for conducting hearings. These delays erode one of the key advantages of arbitration, namely its intended swiftness compared to traditional court proceedings.

The enforcement and implementation of the Arbitration Act, 1940 faced challenges, particularly regarding the provisions for enforcing awards. Although the award was considered final and binding under the Act,¹⁶ the scope of judicial interference was provided under Section 30,¹⁷ which outlined the limited circumstances of judicial interference: an award could be set aside only on the ground of jurisdictional error or error of law on the face of the award. The errors that warranted interference were clear errors of law, readily apparent from the award itself, and not mistakes in evaluating facts.¹⁸ Regarding jurisdictional errors, the court may intervene if the award blatantly contradicts the terms of the arbitration agreement. This essentially means that the arbitrator, whose authority stems from the agreement, has strayed beyond the boundaries of their power.¹⁹ This makes it clear that the grounds for challenging an arbitral award were very much restricted under the 1940 Act. Despite being a significant advancement in establishing a legal framework for arbitration, the limitations of the Arbitration Act, 1940 became increasingly apparent as India's economic liberalisation programme gained momentum.

¹⁵ *Guru Nanak Found. v. Rattan Singh*, (1981) 4 S.C.C. 634 (India).

¹⁶ The Arbitration Act, 1940, sched. I, cl. 7, No. 10, Acts of Parliament, 1940 (India).

¹⁷ The Arbitration Act, 1940, § 30, No. 10, Acts of Parliament, 1940 (India).

¹⁸ *Arosan Enters. v. Union of India*, (1999) 9 S.C.C. 449 (India).

¹⁹ *New India Civil Erectors v. Oil & Natural Gas Corp.*, (1997) 11 S.C.C. 75 (India).

III. AWARDS UNDER THE UNCITRAL MODEL LAW

Article 31²⁰ of the UNCITRAL Model Law provides for the form and contents of the award. The Model Law makes it mandatory that the award be in writing and state the reasons upon which the conclusion is drawn. The requirement of reasons can be waived by the parties through an agreement. It is further made mandatory that the award state the place and time of arbitration. It is worth highlighting that the Model Law neither requires nor prohibits dissenting opinions.

IV. DEFINITION OF AN AWARD: THE ENGLISH ARBITRATION ACT, 1996

The English Arbitration Act, 1996 neither provides a statutory definition nor specifies any form for an award.²¹ In essence, an award represents the final resolution of the issues or claims presented by the parties before the Tribunal. It may be contrasted with orders and directions, which address the procedural mechanisms to be adopted in the reference,²² as the Tribunal is also vested with the general power to issue a wide variety of procedural orders for the smooth conduct of the arbitral proceedings.²³ Such procedural orders and directions are not necessarily final, as the Tribunal may vary or rescind them altogether. The distinction between an award and the procedural orders passed by the arbitral Tribunal may be difficult to draw in many cases. The Tribunal has jurisdiction to make provisional awards, including a provisional order for the payment of money or the disposition of property as between the parties, or an order requiring an interim payment on account of the costs of arbitration. It is further provided that the Tribunal is empowered to make more than one award at different times on different aspects of the matters to be determined.²⁴ The award so made may relate to an issue that affects only a portion of the claims or cross-claims submitted to it for consideration.

V. FORM AND CONTENTS OF AN AWARD UNDER THE ARBITRATION AND CONCILIATION ACT, 1996

The requirements relating to the form and content of arbitral awards are not uniform across legal systems; they may differ depending on national legislation or even on what the parties have chosen in their arbitration agreement. For instance, under English law, an arbitral award is required to be in writing, must contain the reasons for the decision, and must clearly specify both the seat and the date of the arbitration proceedings. In contrast, under United States federal arbitration law, while the award must likewise be in writing, the tribunal is not obliged to

²⁰ UNCITRAL Model Law on International Commercial Arbitration art. 31 (1985).

²¹ Arbitration Act 1996, c. 23, § 52 (Eng.).

²² Arbitration Act 1996, c. 23, § 34 (Eng.).

²³ Arbitration Act 1996, c. 23, § 38 (Eng.).

²⁴ Arbitration Act 1996, c. 23, § 47 (Eng.).

provide reasons unless the parties have expressly stipulated such a requirement or the arbitral rules governing the proceedings mandate the giving of reasons.

In the Indian context, domestic awards are governed by Part I of the Arbitration and Conciliation Act, 1996,²⁵ whereas Part II provides for foreign awards. Section 31²⁶ of the Act provides for the form and contents of an arbitral award. It stipulates that an arbitral award shall be in writing and signed by the members constituting the arbitral Tribunal. Reading Section 31(1) together with Section 31(2) clarifies that the award must be authenticated through the signatures of the majority of arbitrators, provided that the reason for any omitted signature is also stated. This provision, embodied in Section 31, is substantially aligned with Article 31²⁷ of the UNCITRAL Model Law and Section 27²⁸ of the Arbitration Act, 1940. The legislative intention behind imposing a mandatory written form and signature requirement is to ensure certainty, authenticity, and finality of the arbitral decision. By insisting that the award be reduced to writing and duly signed, the Act eliminates ambiguity regarding the Tribunal's conclusions and prevents disputes concerning the validity or completeness of the award.

Further, Section 31(3) provides that the award must state the reasons upon which it is based, unless the parties have agreed otherwise or the award is an agreed settlement under Section 30. Thus, the default rule in India is that arbitral awards must be reasoned, reflecting the Act's broader objective of promoting transparency and permitting judicial scrutiny only to the limited extent allowed under Section 34. The detailing of reasons not only protects the integrity of the arbitral process but also reinforces the legitimacy of arbitration as a credible alternative dispute resolution mechanism.

VI. SIGNING OF THE AWARD

Mere writing is not sufficient to clothe the award with the character of an enforceable decree of a civil Court. The arbitrators are bound to sign the award and to state the reasons for it. In *Hindustan Construction Company v. Union of India*,²⁹ the Supreme Court explained that "signing" means the act of writing one's name on the award. Where the Tribunal consists of more than one arbitrator, the award should be signed by all the members of the Tribunal. In some cases, the arbitrators may have differing opinions, leading to an award that is signed only by the majority of the Tribunal members. Section 31(2)³⁰ states that, where there is a difference

²⁵ The Arbitration and Conciliation Act, 1996, §§ 2–43, No. 26, Acts of Parliament, 1996 (India).

²⁶ The Arbitration and Conciliation Act, 1996, § 31, No. 26, Acts of Parliament, 1996 (India).

²⁷ UNCITRAL Model Law on International Commercial Arbitration art. 31 (1985).

²⁸ The Arbitration Act, 1940, § 27, No. 10, Acts of Parliament, 1940 (India).

²⁹ *Hindustan Constr. Co. v. Union of India*, AIR 1976 SC 526 (India).

³⁰ The Arbitration and Conciliation Act, 1996, § 31(2), No. 26, Acts of Parliament, 1996 (India).

of opinion among the arbitrators, they must provide reasons for the absence of the signatures of any Tribunal members. This requirement helps to identify any existing differences of opinion among the arbitrators at first glance. However, where the award is based on a compromise between the parties to the arbitration agreement, the signature of the arbitrator is not necessary.³¹

It may so happen that the award comes as a result of joint deliberation by the arbitrators from different places and through different modes of communication. An arbitral award reached through joint deliberations remains valid even if not all arbitrators sign it simultaneously or in the same location, as long as they were all present for the discussion.³² However, it is always desirable for the arbitrators to execute the arbitral award at the same time and in each other's presence. It may be noted that it is impermissible for an arbitrator to sign the award on behalf of another; if done, it can be taken by the other side as a ground to set aside the award.

This is further endorsed by the learned author of *Russell on Arbitration*:³³

"If however there is no chairman, then decisions, orders, and awards must be made by all or a majority of the Tribunal. Any member of the Tribunal who does not assent to an award need not sign it and may set out his own views of the case in a dissenting opinion. This is for the parties' information only and does not form part of the award, but it may be useful in terms of adding weight to the arguments of a party wishing to appeal against the award."

VII. THE AWARD SHOULD BE A SPEAKING ORDER

The reasons for the decision rendered were not at all a requirement under the previous law governing arbitration. However, the requirement to provide reasons in arbitral awards was introduced with the insertion of Section 31. The Act, under that provision, mandates that the award be a speaking order.³⁴ An arbitrator, being a judicial authority, must give reasons for his decision. In fact, the provision mandates the recording of reasons for the award unless there is an agreement between the parties not to have reasons.³⁵ Despite this provision, it remains unclear exactly what qualifies as inadequate reasoning in an award and what the consequences are. While some Courts place strong emphasis on the necessity of sufficient justification, others are reluctant to intervene on that basis alone. This lack of consistency presents difficulties and raises the question of what effect it might have on arbitration law.

³¹ Narayana Das v. Vallabhdas, AIR 1972 SC 1 (India).

³² Mukundlal Prakash v. Prakash Chandra Manda, AIR 1939 Cal 739 (India).

³³ RUSSELL ON ARBITRATION 271 (21st ed. 1997).

³⁴ The Arbitration and Conciliation Act, 1996, § 31(3), No. 26, Acts of Parliament, 1996 (India).

³⁵ State Bank of India v. Ram Das, (2003) Supp (4) S.C.R. 1142 (India).

Unless both parties agree otherwise or the award is one on terms agreed upon under Section 30,³⁶ the arbitral award must include a statement of reasons pursuant to Section 31(3) of the Act. In *Som Datt Builders Ltd. v. State of Kerala*,³⁷ the Supreme Court ruled that Section 31(3) of the Act is more than a meaningless formality. It guarantees that the concerns raised by the parties are dealt with by the arbitral Tribunal in a just and lawful manner. It was also noted that, although the arbitral Tribunal is not expected to deliver judgments with the same level of detail as Courts, it nevertheless needs to ensure that the steps taken to reach a decision are explained, however succinctly. This explanation, even if concise, ensures transparency and allows for informed challenges if necessary.

In *Dyna Technologies Pvt. Ltd v. Crompton Greaves Ltd.*,³⁸ the Supreme Court specified that a “reasoned award” has three characteristics: it must be proper, intelligible, and adequate. When the parties to the arbitration agreement stipulate that the arbitrator must give reasons, he is bound by the agreement to which he owes his existence. It is a settled legal principle that, when an arbitrator accepts the appointment, he accepts all the terms of the agreement. However, if the arbitration agreement under which the arbitrator is appointed stipulates that the arbitral award need not recite the reasons upon which it is based, then it is not mandatory for the arbitrator to give reasons for the award.

It is pertinent to note that a minority decision is not intended to form part of an arbitral award. It follows, therefore, that where the reasons upon which the arbitral award is based are required to be stated under Section 31(3), the reasons are to be disclosed in relation to the majority award only. The dissenting view, not being an arbitral award, may or may not be set out separately. However, the omission of the signature of the dissenting member should be explained as needed, as per Section 31(2), by stating in the arbitral award the fact of dissent, irrespective of whether the minority view is separately set out or not. It may be noted here that, when such an award is challenged before a Court of competent jurisdiction, it is no part of the function of the reviewing Court to determine whether the award of the dissenting arbitrator is more plausible than that of the majority, if the view taken by the majority is a possible one based on the evidence.

VIII. LEGAL IMPLICATIONS OF A REASONED AWARD

Although the requirement of a reasoned award under Section 31 can be waived by the parties by agreement, a dereliction on the part of the Tribunal in providing reasons can be raised by the

³⁶ The Arbitration and Conciliation Act, 1996, § 30, No. 26, Acts of Parliament, 1996 (India).

³⁷ *Som Datt Builders Ltd. v. State of Kerala*, (2009) 10 S.C.C. 259 (India).

³⁸ *Dyna Techs. Pvt. Ltd. v. Crompton Greaves Ltd.*, AIR Online 2019 SC 1928 (India).

aggrieved party as a ground for setting aside the award. However, one would not find such a requirement, the non-compliance of which would give rise to a ground for setting aside the award, under the Arbitration Act, 1940. The possible reason for avoiding a stipulation to give reasons for the award may be that, if arbitrators are compelled to give reasons in support of the award, the inevitable effect would be that the validity of most awards would be challenged on the ground that the reasons are bad and not germane to the controversy.

Sometimes, if four reasons are given in support of the award and one of them is shown to be incorrect or not germane, the award is challenged on the ground that it is difficult to predict how far the bad reason has influenced the decision of the arbitrator. The inevitable consequence would be that many awards would not survive the Court's scrutiny in such circumstances. In many cases, it is important to note that the arbitrators are chosen by the parties involved. In such cases, the quality of the decision rendered depends on the capacity of the parties to make an appropriate choice. Although their final award may be an honest and conscientious adjudication of the controversy and dispute, they may not be able to insert reasons in the award that satisfy the legal requirements and the scrutiny of the Court. Additionally, since the arbitrators were selected by the parties involved, the Court believed it would be inappropriate to impose an additional requirement on them to provide reasons for their award that are strictly rational and legally pertinent. Once the parties have voluntarily chosen the arbitrators, presumably because they have faith in their impartiality, the law should not insist upon the recording of reasons by them in their award. However, after the amendment in 2019, the Eighth Schedule was inserted into the Act, providing for the qualifications and experience of arbitrators, together with general norms applicable to them.³⁹

This being so, what would have been the objective behind incorporating such a requirement for reasons under the new Act? It is important to note that a limitation of the earlier Act was the absence of a requirement for arbitral awards to clearly state the reasons behind their decisions. This issue has been addressed by introducing provisions that enhance transparency, uphold the fundamental principles of natural justice, and ensure greater accountability in the arbitration process. Parliament has expressly provided, under Section 31(3) of the new Act, that an arbitral award must be reasoned unless (a) the parties have agreed that no reasons are to be given, or (b) the award is an arbitral award on agreed terms under Section 30⁴⁰ of the Act, 1996.

³⁹ The Arbitration and Conciliation Act, 1996, sched. VIII, No. 26, Acts of Parliament, 1996 (India), inserted by the Arbitration and Conciliation (Amendment) Act, 2019, No. 33, Acts of Parliament, 2019 (India).

⁴⁰ The Arbitration and Conciliation Act, 1996, § 30, No. 26, Acts of Parliament, 1996 (India).

The outcome of incorporating such a provision is that, where the Tribunal is under a mandate to provide reasons and does not do so, the Court may annul the award and remit it to the Tribunal for a statement of reasons.⁴¹ The requirement of a speaking order in arbitration, when compared with decisions reached in other forms of alternative dispute resolution, may serve to uplift the position of the parties who choose arbitration and to achieve the intended objective of promoting arbitration as an alternative dispute resolution mechanism. Further, it helps make the parties aware of the reasons on which the Tribunal has decided their case. It may also be used as a tool by a Court of law to satisfy itself, in the event of a challenge before it, whether the arbitrator applied his mind. Nevertheless, where the agreement that forms the very basis of arbitration confers on the arbitrators summary powers and the liberty not to state reasons, the parties are precluded from challenging the validity of the award on the ground of not stating reasons.

It is obligatory on the part of the arbitral Tribunal, while assigning reasons in the award, to set out reasons that are not contrary to the substantive law, the Act, or the terms of the agreement between the parties. Although the arbitrators are under a mandate to give reasons for the decision, they need not provide an elaborate exposition of the decision arrived at. All that is required of them is to consider the entire facts of the matter in proper perspective and to give an indication of the grounds and reasons that prevailed upon them to decide the points in dispute.⁴²

IX. FINALITY OF THE AWARD

The majority award is the real, executable award. The award is valid if all arbitrators were present and participated in the proceedings and deliberations. Such an award, signed by the majority of arbitrators, fulfils the requirements for a valid arbitral award under the Act, thereby making it executable as a decree of a civil court.

The legislative framework reinforces fundamental objectives that make arbitration efficient and effective, namely minimum judicial interference,⁴³ finality,⁴⁴ and enforcement⁴⁵ of the award. The courts in India have consistently acknowledged and applied the principle that Section 5 demands minimal judicial interference in arbitral proceedings, emphasising judicial restraint even at the stage of enforcement of the arbitral award. According to Section 35,⁴⁶ an award is final and binding upon the parties to the dispute and those claiming under them. The term

⁴¹ *Ansal Props. & Indus. Ltd. v. Himachal Pradesh State Elec. Bd.*, (1997) Arb. L.R. 596 (India).

⁴² *S.P. Puri v. Alankit Assignments Ltd.*, (2008) 3 Arb. L.R. 465 (India).

⁴³ The Arbitration and Conciliation Act, 1996, § 5, No. 26, Acts of Parliament, 1996 (India).

⁴⁴ The Arbitration and Conciliation Act, 1996, § 35, No. 26, Acts of Parliament, 1996 (India).

⁴⁵ The Arbitration and Conciliation Act, 1996, § 36, No. 26, Acts of Parliament, 1996 (India).

⁴⁶ The Arbitration and Conciliation Act, 1996, § 35, No. 26, Acts of Parliament, 1996 (India).

“final”, in this context, means that, as between the parties to the reference and persons claiming under them, the award is conclusive as to the issues with which it deals, unless and until there is a successful challenge to the award.⁴⁷ Thus, the arbitration agreement is deemed to include an implied term that the award shall be final and binding, unless the parties have expressly agreed otherwise. Where no contrary intention is expressed, every arbitration agreement is deemed to contain a provision that the award is to be final and binding on the parties and any persons claiming under them respectively.⁴⁸

Once a decree is passed by a civil court and is filed for execution under Order XXI of the Code of Civil Procedure, the presumption is that it was passed by a Court of competent jurisdiction, and the Executing Court is not competent to examine the matters decided therein or the relations between the parties to the suit. Similarly, Section 36 of the Act declares that an award passed by a duly constituted arbitral Tribunal has the force of a decree passed by a civil Court and is executable as such. Just as an executing court cannot go behind a decree passed by a competent court, it similarly lacks jurisdiction to re-examine the merits of an arbitral award at the enforcement stage. The arbitrator, being the adjudicator chosen by the parties themselves, exercises a judicial function, and the award rendered is not subject to re-appraisal merely because a party may disagree with the reasoning or conclusion. The Supreme Court has even gone so far as to say that the Courts are not justified in replacing the views of an arbitrator with their own, and that once an arbitrator has applied his mind and rendered an award, the Court cannot reappraise the matter as if it were an appeal.⁴⁹ However, this does not mean that there is no control over the conduct of the arbitrator. To ensure the proper conduct of arbitration proceedings that may result in a legally enforceable award, the law allows certain remedies against an award. Under the repealed Arbitration Act, 1940, there were three remedies available against an award: modification, remission, and setting aside. The 1996 Act seeks to limit judicial intervention by confining the primary challenge to setting aside under Section 34.⁵⁰

The grounds under Section 34 are specific, reflecting the policy of encouraging arbitral autonomy while preserving necessary safeguards against illegality, procedural unfairness, or violations of public policy. The power to modify or correct certain errors remains with the arbitral tribunal itself under Sections 33 and 34(4), whereas the power to invalidate an award is vested exclusively in the court under Section 34. In essence, the Act strikes a deliberate balance between respect for party autonomy and the need to ensure that arbitral proceedings meet

⁴⁷ RUSSELL ON ARBITRATION, *supra* note 33, at 252.

⁴⁸ HALSBURY'S LAWS OF ENGLAND (3d ed. 1968).

⁴⁹ M/s Navodaya Mass Entm't Ltd. v. M/s J.M. Combines, (2015) 5 S.C.C. 598 (India).

⁵⁰ The Arbitration and Conciliation Act, 1996, § 34(1), No. 26, Acts of Parliament, 1996 (India).

minimum standards of fairness and legality. The finality granted to arbitral awards is thus a cornerstone of modern Indian arbitration law, essential for promoting certainty, efficiency, and confidence in arbitration as an alternative to judicial adjudication.
