

PRESS RELEASE ON THE 165th REPORT OF DEPARTMENT-RELATED PARLIAMENTARY STANDING COMMITTEE ON PERSONNEL, PUBLIC GRIEVANCES, LAW AND JUSTICE

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The Department-related Parliamentary Standing Committee on Personnel, Public Grievances, Law and Justice chaired by Shri Brij Lal, MP, Rajya Sabha, presented its **165th Report** on the Subject '**Creation and Development of Institutional Mechanism to support the Alternative Dispute Resolution Ecosystem**' on 07th August, 2026 to both the Houses of Parliament.

While examining the Subject the Committee held extensive deliberations with the stakeholders and heard the views of Secretary, Department of Legal Affairs, Ministry of Law & Justice on 10th December 2024. The Committee also heard the views of Secretary, Department of Justice, Ministry of Law & Justice, Secretary, Ministry of Corporate Affairs and Joint Registrar, Delhi International Arbitration Centre on 24th April 2026.

The Report was considered and adopted by the Committee on 05th August, 2026. The Recommendations/Observations made by the Committee in this Report are enclosed. For reference purpose, para nos. of the Report are also mentioned at the end of each recommendation/observation. The entire Report is available at <https://sansad.in/rs/committees/18?departmentally-related-standing-committee> s.

RECOMMENDATIONS/OBSERVATIONS IN

165th REPORT ON THE SUBJECT 'CREATION AND DEVELOPMENT OF INSTITUTIONAL MECHANISM TO SUPPORT THE ALTERNATIVE DISPUTE RESOLUTION ECOSYSTEM'

INDIA INTERNATIONAL ARBITRATION CENTRE (IIAC)

1. In view of the significant public funds spent on its establishment, infrastructure, and recurring expenses, the Committee feels that it is important to assess its performance, including the number of cases disposed of and steps taken to increase its caseload. Also, despite being envisioned to compete with global institutions like Singapore International Arbitration Centre (SIAC), Hong Kong International Arbitration Centre (HKIAC), and London Court of International Arbitration (LCIA), its limited visibility and usage call for a review of outreach, accessibility, and operational efficiency. It is also pertinent to examine whether any gap analysis has been undertaken regarding its fee structure, rules, and timelines, and what corrective measures proposed for the coming years to strengthen its role and also to justify the public investment made in it. The Committee recommends that IIAC should undertake targeted outreach, stakeholder engagement, and institutional reforms to enhance its caseload and global competitiveness.

(Para 2.5)

2. The Committee recommends that to improve functioning of IIAC the department may expand and diversify the panel of arbitrators with more international experts and continuously review and update arbitration rules to align with global best practices. It may also consider setting clear performance benchmarks, periodic review mechanisms and reduce procedural delays through strict time-line monitoring to ensure accountability and optimal utilisation of public funds.

(Para 2.6)

DELHI INTERNATIONAL ARBITRATION CENTRE (DIAC)

3. The Committee is of the view that constraints in physical facilities, limited administrative capacity, and absence of dedicated, purpose-built arbitration centres affect its ability to scale up its operations efficiently. In addition, limitations in financial resources and outreach efforts hinder its capacity to strengthen institutional arbitration and broaden its reach. The Committee, therefore, recommends that the Department should take effective and urgent steps to address these capacity constraints, including expanding infrastructure and administrative workforce in line with growing demand, establishing dedicated arbitration centres, and improving financial planning and outreach initiatives to ensure sustainable growth.

(Para 2.8)

4. In order to address this issue, the Committee recommends that the Department should spread awareness among business and legal professional highlighting the advantages of institutional arbitration. For concretising this targeted awareness, initiative to improve understanding and encourage wider acceptance of ADR mechanism at both national and local levels may be undertaken. The Committee also suggests integrating ADR concepts into legal education and professional training programmes so that stakeholders are better informed and more inclined to use these methods in practice.

(Para 2.9)

5. The Committee recommends that ADR institutions put in place regular review mechanisms to assess their functioning and identify the gaps in infrastructure, staffing, and expertise. The Committee is further of the view that greater focus be on training and professional development in order to build a stronger pool of skilled practitioners, along with planned expansion of facilities and administrative support systems to meet with growing demand at present as well as in the times to come.

(Para 2.10)

6. The Committee is of the view that that the IIAC may develop a targeted outreach programme focusing on Central Government Ministries, Public Sector Undertakings (PSUs), and large corporates to encourage them to route their contractual disputes through the Centre. It may also enter into institutional MoUs with leading industry bodies such as CII, FICCI, and ASSOCHAM to promote IIAC as a preferred arbitration forum. Further, incorporating IIAC as the designated forum in standard commercial contracts could serve as an important step towards ensuring credible and efficient dispute resolution.

(Para 2.11)

7. The Committee recommends that focused efforts be made to position India as a dependable arbitration hub by maintaining high standards in both proceedings and institutional functioning. It also suggests building closer ties with leading international arbitration centres which will help increase our participation in global forums to improve visibility, adoption of widely adopted best practices, while highlighting India's strengths through targeted outreach and ensure a smooth experience for international users.

(Para 2.13)

8. The Committee recommends that clearer guidelines be laid down to define the scope and limit of judicial intervention in arbitration matters, with a view to reduce unnecessary delays. It also suggests strengthening institutional rules and internal procedures so that routine and procedural issues can be managed without frequent recourse to courts, along with capacity-building initiatives for the concerned stakeholders to promote a more consistent and supportive approach.

(Para 2.15)

9. The Committee urges adopting a more consistent approach to the use of technology across the ADR ecosystem, supported by clear guidelines and minimum digital standards. It also emphasizes strengthening digital infrastructure, especially in non-urban areas, and developing simpler, user-friendly platforms along with providing basic digital training to stakeholders, will help in enabling smoother and more effective use of online dispute resolution tools.

(Para 2.16)

MEDIATION AND CONCILIATION

10. The enactment of the Mediation Act, 2023 represents a comprehensive legislative step towards formalizing mediation as a mainstream dispute resolution mechanism in India. The Act provides a uniform framework covering pre-litigation, online, and community mediation, while ensuring legal recognition and enforceability of settlement agreements. It also envisages the establishment of the Mediation Council of India (MCI) and recognizes various mediation service providers, which is expected to enhance institutional capacity, standardization, and professional training. **In this regard, the Committee is of the view that these measures will promote time-bound, cost-effective, and amicable settlement of disputes, while reducing the burden on courts.**

(Para 3.3)

11. The Committee suggested to examine whether adequate safeguards exist to deter bad faith participation so that parties avoid utilizing the provision as a mere procedural compliance. The Committee was also concerned about under-utilization of this provision and suggested the need for a deeper assessment of underlying causes, including lack of awareness, institutional capacity, and stakeholder confidence. The Committee, therefore, recommended making Pre-Institution Mediation mandatory and introducing statutory provisions for imposing cost penalties on parties that unreasonably refuse to participate in PIMS or treat it as a formality, so as to ensure that the mechanism effectively fulfils its objective of reducing court congestion through genuine pre-litigation settlement.

(Para 3.5)

12. The Committee recommends that concerted efforts be made to fast-track the establishment of the MCI, finalize the necessary regulations within a defined timeline, and ensure early notification of the remaining provisions, including Section 63. This will help achieve uniformity across legal frameworks and avoid delays in the effective implementation of the mediation regime.

(Para 3.8)

13. The Committee recommends the institution of appropriate monitoring and review mechanisms to periodically assess the effectiveness of these reforms and ensure their consistent implementation across jurisdictions.

(Para 3.9)

14. The Committee is of the view that ADR mechanisms must be more effectively integrated into the overall dispute resolution framework, particularly in light of the growing burden on courts. Strengthening institutional capacity and developing sector-specific frameworks will enhance their responsiveness and efficiency, especially in commercial and regulatory contexts. The Committee also emphasises the need for clear standards and measurable performance indicators to evaluate ADR processes. Regular monitoring and accountability mechanisms are essential to maintain credibility and ensure that these mechanisms deliver fair, reliable, and enforceable outcomes.

(Para 3.13)

15. The Committee recommends for developing ADR as a structured professional framework, establishing accreditation systems, standardized training, recognized qualifications, and clear career pathways. Further, integrating ADR into legal education, increasing practical exposure, and enhancing awareness can help attract young professionals to this area and promote long-term career development for them.

(Para 3.14)

LOK ADALATS

16. The Committee recommends that clear and simple guidelines be developed for selecting cases and conducting settlements, so that outcomes are consistent across different regions. It also suggests that better tracking of settlement data be introduced to understand what kinds of cases are being resolved and how effective these settlements are over time. This will help in improving the overall functioning of Lok Adalats in a more balanced and meaningful way.

(Para 4.8)

17. In view of the facts submitted by the Department the Committee recommends that the Government take expeditious steps to strengthen NALSA by augmenting its manpower, ensuring timely filling of vacancies, and providing adequate budgetary support in line with its projected requirements. It further emphasises the need to address institutional gaps, including infrastructure and service-related benefits, to enable NALSA to effectively discharge its mandate of providing legal aid and promoting access to justice across the country.

CONCLUSION

18. In conclusion, the Committee is of the view that dispute resolution in India is gradually moving towards a more efficient and practical framework, where Alternative Dispute Resolution (ADR) mechanisms can play a much larger and meaningful role. For this transition to be effective, it is important that the system remains clear, reliable, and capable of adapting to the changing needs of businesses and individuals.

(Para 5.1)

19. The Committee believes that a strong ADR ecosystem depends not only on sound laws, but also on well-functioning institutions, skilled professionals, and consistent implementation. At the same time, it is essential that parties have confidence in the process, particularly in terms of fairness, neutrality, and timely outcomes.

(Para 5.2)

20. Looking ahead, the Committee emphasizes the need for a balanced and forward-looking approach, where policies remain flexible while maintaining overall consistency across the system. Continued coordination among institutions, along with regular review and improvement, will be key to ensuring that ADR mechanisms remain effective and relevant.

(Para 5.3)

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