

# Standing Committee Report Summary

## Creation and Development of Institutional Mechanism to Support the Alternative Dispute Resolution Ecosystem

- The Standing Committee on Personnel, Public Grievances, Law and Justice (Chair: Mr Brij Lal) submitted its report on “Creation and Development of Institutional Mechanism to Support the Alternative Dispute Resolution Ecosystem” on August 7, 2026. Alternative dispute resolution (ADR) systems are mechanisms for resolving disputes outside the formal court process through mediation, arbitration or conciliation. Key observations and recommendations include:
  - **Mediation:** The Mediation Act, 2023 provides for Mediation Council of India (MCI) to formalise dispute resolution mechanism in India. The Committee recommended: (i) expediting operationalisation of the MCI, (ii) defining clear timelines to implement its regulations, and (iii) expediting notification of the remaining sections of the 2023 Act.
  - **IIAC:** The Committee observed that since its establishment in 2022, the India International Arbitration Centre (IIAC) has handled 17 cases in nearly three years. It noted that IIAC has limited visibility and usage despite significant public spending. It recommended: (i) expanding and diversifying panel of arbitrators with international experts, (ii) aligning with global best practices, (iii) strict timeline monitoring, and (iv) targeted outreach, stakeholder engagement, and reforms to enhance caseload and global competitiveness.
  - **Infrastructure gaps in DIAC:** The Committee noted that despite a constant increase in caseload of the Delhi International Arbitration Centre (DIAC), the physical infrastructure, hearing facilities, and human resources have not been expanded. It recommended: (i) expanding physical infrastructure, (ii) hiring additional administrative personnel, and (iii) refining financial planning.
  - **Funding of NALSA:** The Committee noted that funding for the National Legal Services Authority (NALSA) was allocated Rs 550 crore in 2026-27, significantly lower than the projected requirement of Rs 1,059 crore. Further, 16 out of 45 staff positions remained vacant. It recommended timely filling of vacancies and addressing budgetary gaps.
  - **Mandates in public contracts:** The Committee observed that the adoption of institutional arbitration systems remains low due to continued reliance on ad hoc arbitration. It noted that in public sector undertakings, institutional arbitration is not considered at the contract drafting stage. It recommended: (i) formal agreements with industrial bodies and (ii) making IIAC the designated dispute resolution forum in commercial contracts.
- **Scope of judicial intervention:** The Committee observed that excessive or inconsistent judicial intervention in arbitration matters slows down and dilutes the arbitration process. It recommended formulation of clearer guidelines to define and limit the scope of Court intervention in arbitration matters.
- **Encouraging ADR careers:** The Committee observed that ADR roles are perceived as part-time, post-retirement engagements, as opposed to a full-time role. This discourages young professionals from engaging in such roles. To develop ADR as a structured profession, the Committee recommended: (i) establishing accreditation systems, recognised qualifications, and career progression pathways, and (ii) integrating ADR into university legal education.
- **Pre-institution mediation:** The Committee observed that the Pre-Institution Mediation and Settlement (PIMS) mechanism has been underutilised. It observed that many litigants treat PIMS as a mere procedural formality or participate in bad faith. It recommended making PIMS mandatory, and imposing cost penalties on parties that refuse to participate.
- **Lok Adalats:** Lok Adalats are organised at national, state and district levels to tackle pre-litigation and pending stage disputes. The Committee noted that Lok Adalats have been disposing a large number of cases. To ensure quality and fairness of settlements, the Committee recommended: (i) clear guidelines for selecting cases and conducting settlements, and (ii) better tracking of settlement data.
- **Technology integration:** The Committee noted that the transition to digital processes such as virtual hearings and online dispute resolution remains low. Non-urban areas struggle with poor connectivity, lack of user-friendly platforms, and low digital readiness. It recommended: (i) minimum digital standards and guidelines, (ii) user friendly digital platforms, and (iii) foundational digital training for stakeholders.

DISCLAIMER: This document is being furnished to you for your information. You may choose to reproduce or redistribute this report for non-commercial purposes in part or in full to any other person with due acknowledgement of PRS Legislative Research (“PRS”). The opinions expressed herein are entirely those of the author(s). PRS makes every effort to use reliable and comprehensive information, but PRS does not represent that the contents of the report are accurate or complete. PRS is an independent, not-for-profit group. This document has been prepared without regard to the objectives or opinions of those who may receive it.