



ARBITRATION AND CONCILIATION

GVV Constructions Private Ltd. Versus Union of India and Others

In *GVV Constructions v. Union of India* (2026 SCC OnLine SC 1799), the Supreme Court held that whether a claim falls within an “excepted matters” clause is for the Arbitral Tribunal to decide under Section 16, and a High Court in writ jurisdiction cannot restrict how the Tribunal adjudicates the claims.

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2026 SCC OnLine SC 1799

Decided on 8 September 2026 | Bench of P.S. Narasimha and Alok Aradhe, JJ. |

Facts of the Case

- On 21st February 2017 South Central Railway (“Respondent No.2”) invited tenders for the work of doubling the railway track between Guntur and Guntakal stretch and other miscellaneous work (“said Work”).
- M/s. GVV Constructions Private Limited (“Appellant”) submitted a bid in respect of the tender invited by Respondent No.2.
- Respondent No. 2 accepted the Appellant’s bid, pursuant to which an Agreement dated 30th November 2017 (“said Agreement”) was executed between the Appellant and Respondent No. 2 in respect of the said Work.
- On 10th June 2022, Respondent No.2 terminated the said Agreement under Clause 62 of the Indian Railways Standard General Conditions of Contract (“GCC”) and forfeited the performance guarantee furnished by the Appellant.
- The Appellant challenged the said termination vide a Writ Petition before the Telangana High Court (“High Court”) on the ground that the termination is in contravention of the provision laid down in the GCC.
- The Ld. Single Judge of the High Court vide order dated 18th October 2022, dismissed the Writ Petition on the ground that serious and complicated questions of fact are not amenable to adjudicate under [Article 226 of the Constitution of India](#). The Ld. Single Judge also held that, since Appellant had already invoked the arbitration clause contained in the said Agreement, it could raise all its defences before the Arbitral Tribunal.
- The Appellant challenged the order dated 18th October 2022, before the Division Bench of the High Court.
- The Division Bench of the High Court set aside the finding of the Ld. Single Judge that there was no irregularity in the termination of the said Agreement. The Division Bench further held that the Appellant was at liberty to raise all its claims before the Arbitral Tribunal, which was to adjudicate the same strictly in accordance with the terms of the said Agreement.
- Aggrieved by the aforesaid direction requiring the Arbitral Tribunal to decide the Appellant’s claims “strictly in accordance with” the terms of the said Agreement, the Appellant approached the Hon’ble Supreme Court (“Hon’ble Court”), challenging the order passed by the Division Bench to the limited extent of the aforesaid direction.

Issues Framed

- Whether the direction of the Division Bench requiring the Arbitral Tribunal to adjudicate the Appellant’s claims “strictly in accordance with” the terms of the Agreement is beyond the scope of jurisdiction of the High Court under Article 226 of the Constitution of India and impermissibly curtails the jurisdiction of the Arbitral Tribunal under Section 16 of the [Arbitration and Conciliation Act, 1996](#) (“Act”).

What the Court Held

- At the outset, the Hon’ble Court held that Clause 63 of the GCC merely excludes excepted matters from the scope of arbitration and does not bar the jurisdiction of courts to examine the validity of decisions rendered in respect of such matters.
- The Hon’ble Court observed that Section 16(1) of the Act empowers the Arbitral Tribunal to rule on its own jurisdiction, including objections concerning the existence or validity of the arbitration agreement, thereby incorporating the principle of [kompetenz-kompetenz](#).
- The Hon’ble Court traced the evolution of judicial scrutiny under Section 11 of the Act, observing that [the scope of the referral Court’s jurisdiction](#) had progressively narrowed. The Hon’ble Court further observed that the insertion of Section 11(6A) to the Act limited the Court’s examination at the stage of appointment of an arbitrator to the existence of the arbitration agreement while relying on the judgment in the cases of *Duro Felguera, S.A. v. Gangavaram Port Ltd.* and *Mayavati Trading (P) Ltd. v. Pradyut Deb Burman*, which affirmed and clarified the limited scope of such examination.

- The Hon'ble Court observed that, judgment in the case of *Vidya Drolia v. Durga Trading Corporation*, adopted the “eye of the needle” standard harmonizing review under Sections 8 and 11 of the Act and holding that courts should decline reference to arbitration only in cases where the arbitration agreement is manifestly non-existent or invalid, or the dispute is non-arbitrable.
- Based on various judgments the Hon'ble Court held that the question of whether a particular claim falls within or outside an “excepted matters” clause in a works contract lies squarely within the competence of the Arbitral Tribunal under Section 16 of the Act. The Hon'ble Court further held that such a question is not for determination by a Court exercising jurisdiction under Section 11, even under the wider scope of scrutiny applicable at the appointment stage, much less by a Court exercising judicial review under Article 226 of the Constitution of India.
- The Hon'ble Court observed that the Division Bench, while exercising its writ appellate jurisdiction, had no authority to pre-empt or constrain such determination by directing the Arbitrator to adjudicate the claim strictly in accordance with the terms of the said Agreement, particularly when the arbitrability of the termination dispute was not an issue before it.
- The Hon'ble Court further held that the judgment in the cases of *ABS Marine Services v. Andaman and Nicobar Administration and General Manager, Northern Railway and Another v. Sarvesh Chopra* relied upon by the Appellant and Respondent respectively, are not applicable to the present case.
- Finally, Hon'ble Court clarified that the direction issued by the Division Bench requiring the Arbitrator to decide the Appellant's claims strictly in accordance with the contract must not be interpreted as restricting the Arbitrator's jurisdiction to decide the dispute concerning termination of the contract and accordingly disposed of the present appeal.

Our View

The judgment reaffirms that the principle of kompetenz-kompetenz is fundamental to the scheme of the Act, and clarifies that the question of whether a claim falls within or outside an “excepted matters” clause in an arbitration agreement is a matter for the Arbitral Tribunal to determine. Such a question does not fall for adjudication by a Court exercising jurisdiction under Section 11 of the Act, much less by a High Court exercising writ jurisdiction under Article 226 of the Constitution of India. The judgment further clarifies that a High Court, in the exercise of its writ jurisdiction, cannot pre-empt the Arbitral Tribunal's determination of its jurisdiction by prescribing the manner in which the Tribunal must adjudicate the claims or by imposing limitations on such adjudication. Any such directions cannot be construed as curtailing the Arbitral Tribunal's jurisdiction to rule on its own jurisdiction.

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