



**Madya Pradesh High Court Clarifies
Limited Role of Execution Courts in
Arbitration Matters**

ARBITRATION AND CONCILIATION

Madya Pradesh High Court Clarifies Limited Role of Execution Courts in Arbitration Matters

AUTHOR Supriya Bhosale, Rahul Sundaram

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In a landmark decision, the High Court of Madhya Pradesh, Indore Bench, shed light on the jurisdiction of Execution Courts concerning arbitral awards. Delivered on December 5, 2024, by Hon'ble Justice Vivek Rusia and Hon'ble Justice Binod Kumar Dwivedi, the judgment emphasized the finality of arbitral awards under the Arbitration and Conciliation Act, 1996, and delineated the limited powers of Execution Courts.

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Background of the Case

The appeals arose from a series of execution proceedings initiated by Akme Fintrade (India) Ltd. in the Commercial Court, Indore. The lower court had dismissed the proceedings and declared the arbitral award void. The appellant argued that the award, which was not challenged under Section 34 of the Arbitration and Conciliation Act, 1996, had attained finality and enforceability. They contended that the Execution Court overstepped its jurisdiction in declaring the award void.

High Court's Observations

The High Court's ruling included several critical findings:

1. Finality and Enforceability of Arbitral Awards:

- The arbitral award became binding under Section 35 of the Arbitration and Conciliation Act, 1996, as no challenge was raised within the stipulated timeframe under Section 34.
- Section 36(1) reinforces that unchallenged awards are enforceable as decrees of the court.

2. Limited Role of Execution Courts:

- Execution Courts are tasked with implementing awards or decrees. They lack the authority to modify, set aside, or declare an arbitral award void.
- Grounds for challenging an arbitral award under Section 34 are exclusively within the purview of appellate courts.

3. Erroneous Action by the Execution Court:

- The Execution Court acted suo motu in declaring the award void without any objections from the respondents. This action contravened established principles of arbitration law.

4. Compromise Agreement:

- The respondents disclosed a compromise agreement dated October 24, 2023, during the High Court proceedings. However, this agreement was not presented before the Execution Court and, therefore, could not be factored into the execution process.

Judgment and Directions

The High Court set aside the Execution Court's order dated May 30, 2024, and reinstated the execution proceedings. It granted the parties the liberty to present their compromise agreement before the Execution Court if they wished to enforce it.

Significance of the Judgment

This ruling reaffirms that arbitral awards, once final and unchallenged, cannot be reviewed or declared void by Execution Courts. It upholds the sanctity of arbitration as a speedy and binding mechanism for dispute resolution. Additionally, the judgment

underscores the procedural limits imposed on Execution Courts and clarifies that compromises between parties must be formally submitted for consideration.

Conclusion

The judgment in *Akme Fintrade (India) Ltd. vs. Seema Jain and Others & Connected Appeals* is a critical precedent in arbitration law. It emphasizes procedural propriety while enabling amicable dispute resolution.

This ruling shows the judiciary's commitment to maintaining the integrity of arbitration processes and ensuring that justice is delivered within the confines of the law.

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