



ARBITRATION AND CONCILIATION

# Post-Award Extension of Arbitral Mandate under Section 29A: Supreme Court Reaffirms a Pro-Arbitration Interpretation

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## Introduction

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The Arbitration and Conciliation Act, 1996 was enacted to promote arbitration as an efficient, expeditious and party-driven mechanism for dispute resolution. However, persistent delays in the completion of arbitral proceedings prompted legislative intervention through the insertion of Section 29A, which prescribes mandatory timelines for the rendering of arbitral awards while empowering courts to extend such timelines in appropriate cases. In *C. Velusamy v. K. Indhera*<sup>1</sup>, the Supreme Court examined the scope and nature of this power and addressed a significant question of law, namely whether a court can extend the mandate of an arbitrator under Section 29A (5) even after an arbitral award has been delivered beyond the statutory time limit. The decision regarding post-award extension of arbitral mandate assumes importance as it clarifies the interplay between arbitral discipline and judicial supervision under the Act.

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## Factual Background

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The dispute arose out of three agreements to sell executed between the parties, pursuant to which arbitral proceedings were initiated following the emergence of disputes. A sole arbitrator was appointed by the Madras High Court, and pleadings were completed on 20 August 2022, thereby commencing the twelve-month period prescribed under Section 29A(1) of the Act. By mutual consent of the parties, the mandate of the arbitrator was extended by six months under Section 29A(3), with the extended period expiring on 20 February 2024. Although arguments were concluded and the matter was reserved for award, repeated adjournments took place due to ongoing settlement discussions. Eventually, the arbitrator passed the award on 11 May 2024, after the expiry of the mandate.

## Issues for Consideration

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Following the passing of the award, the respondent filed a petition under Section 34 of the Act seeking to set aside the award on the ground that the arbitrator's mandate had expired and the tribunal had become functus officio. The appellant, on the other hand, filed an application under Section 29A(5) seeking extension of the arbitrator's mandate. The Madras High Court dismissed the extension application as not maintainable and allowed the challenge to the award, holding that an award passed after expiry of mandate is a nullity. The principal issue before the Supreme Court was whether an application for extension of mandate under Section 29A(5) is maintainable even after an arbitral award has been rendered beyond the statutory period.

## Court's Observations

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The Supreme Court undertook a detailed examination of the object, scheme and legislative history of Section 29A. The Court observed that the provision was introduced to address delays in arbitration without defeating the arbitral process itself. Referring to the recommendations of the Law Commission of India, the Court noted that Parliament intended to ensure that arbitral proceedings culminate in an award and are not terminated in a manner that results in wastage of time, cost and evidence already recorded. The Court clarified that the termination of mandate under Section 29A(4) is not absolute in nature and is subject to the supervisory jurisdiction of the court. The power conferred upon courts to extend the mandate either before or after the expiry of the statutory period reflects a deliberate legislative choice to preserve arbitral proceedings rather than abort them on technical grounds. The Court further held that Section 29A does not contain any express prohibition against entertaining an extension application after the delivery of an award.

Addressing the legal effect of an award passed after expiry of mandate, the Court held that such an award is unenforceable under Section 36 of the Act and does not attain the status of a decree. However, the unilateral act of an arbitrator in passing an award without a subsisting mandate cannot curtail the jurisdiction of the court under Section 29A. The power of the court to extend the mandate stands on an independent statutory footing and is not influenced by the arbitrator's procedural lapse. The Court also drew support from international arbitration practice, noting that courts across jurisdictions have adopted a pragmatic approach by retrospectively extending timelines to preserve arbitral proceedings and prevent technical frustration of arbitration.

## What the Judgment Draws a Difference

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The judgment marks a clear departure from a rigid and formalistic interpretation of Section 29A that treated expiry of mandate as a point of no return. Prior to this ruling, several High Court decisions had proceeded on the assumption that once an award was passed after expiry of mandate, the arbitral process stood irreversibly terminated, leaving courts with no jurisdiction to intervene. The Supreme Court decisively rejects this approach by holding that the court's power under Section 29A survives both the expiry of mandate and the passing of a delayed award. By characterising such awards as unenforceable rather than void or non est, the Court introduces a nuanced distinction that preserves judicial oversight while preventing automatic annulment of arbitral proceedings. This interpretation ensures that Section 29A operates as a corrective and facilitative mechanism, rather than a punitive provision that rewards procedural opportunism and undermines the finality of arbitration.

## Judgment

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The Supreme Court held that an application under Section 29A(5) for extension of the arbitrator's mandate is maintainable even after the expiry of the time prescribed under Sections 29A(1) and 29A(3) and even after an arbitral award has been rendered during such period. While an award passed after expiry of mandate remains unenforceable unless the mandate is extended, the court's power to consider and grant extension is not impaired. The Court further held that while granting extension, courts may impose costs, reduce the fees of the arbitrator, substitute arbitrators where circumstances so warrant, and impose appropriate terms and conditions to ensure efficiency and integrity in arbitral proceedings. Accordingly, the appeal was allowed and the matter was remanded to the High Court for fresh consideration of the extension application in light of the principles laid down.

## Conclusion

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The decision in *C. Velusamy v. K. Indhera* represents a significant reaffirmation of the Supreme Court's pro-arbitration approach and its commitment to ensuring that arbitration remains an effective and credible dispute resolution mechanism. By holding that courts retain the power to extend an arbitrator's mandate even after a delayed award has been rendered, the Court has ensured that arbitral proceedings are not defeated by procedural rigidity. The judgment strikes a careful balance between enforcing discipline in arbitral timelines and safeguarding substantive justice, thereby reinforcing Section 29A as a provision designed to secure the logical and meaningful conclusion of arbitral proceedings rather than their premature termination.

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