The India Mod: The Supreme Court permits the limited modification of arbitral awards

21 May 2025

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1. The Supreme Court's ruling in *Gayatri Balasamy v. ISG Novasoft Technologies Ltd.*[2] (2025) marks a significant development in Indian arbitration jurisprudence. Departing from its earlier stance in *Project Director, NHAI v. M. Hakeem*[3] (2021), where the Court declined to interfere with the payment of higher compensation to landowners by way of modifying an arbitral award, the Court has now acknowledged that courts possess a limited power to modify arbitral awards under Sections 34 and 37 of the Arbitration and Conciliation Act, 1996 ("**Arbitration Act**").

A. Background of the Case

2. Gayatri Balasamy, former Vice President of ISG Novasoft Technologies Ltd., resigned in July 2006 alleging sexual harassment by the company's CEO, Krishna Srinivasan. The resignation was not accepted, and she was later terminated. Both parties filed criminal complaints: Balasamy under the Indian Penal Code, 1860 and the Tamil Nadu Prohibition of Harassment of Women Act, 1998, and the company counter-alleging defamation and extortion. The Supreme Court, vide its order dated 18 March 2011 in *SLP (Crl.) Nos. 6135/2009 & 8272/2009*, referred the matter to arbitration.

3. Balasamy sought ₹28.88 crores under 12 heads before the sole arbitrator, who awarded her ₹2 crores as severance benefit while not addressing several other claims. She challenged this under Section 34 of the Arbitration and Conciliation Act, 1996 before the Madras High Court. On 2 September 2014, the Single Judge awarded an additional ₹1.68 crores under the head of non-constitution of an Internal Complaints Committee. On appeal, the Division Bench termed the enhancement "excessive and onerous," and reduced it to ₹50,000 on 8 August 2019.

4. Balasamy filed a Special Leave Petition before the Supreme Court questioning whether courts could modify arbitral awards under Sections 34 and 37, which only provide for

[1] We acknowledge and thank Ms. Mahi Agarwal, Hidayatullah National Law University for her assistance in co-authoring this insight.
[2] Gayatri Balasamy v. ISG Novasoft Technologies Ltd. | SCC OnLine SC 986
[3] Project Director, NHAI v. M. Hakeem | AIR 2021 SC 3471

setting aside an award. Initially heard on 1 October 2021, the matter was placed before multiple benches until a Division Bench comprising Justices Dipankar Datta, K.V. Viswanathan, and Sandeep Mehta heard it in 2024. On 20 February 2024, noting conflicting precedents, the Bench referred the matter to a larger bench to settle whether courts possess the power to modify arbitral awards.

5. The procedural history of the case can be summarized as follows:
   (a) *Arbitral Tribunal (circa 2008)*- The tribunal heard the sexual harassment and wrongful termination claims and awarded Ms. Balasamy ₹2 crores as compensation towards severance benefit.
   (b) *Madras High Court: Single Judge (September 2014)*- Balasamy filed a petition under Section 34 of the Arbitration Act, arguing that the tribunal had overlooked several of her claims. The single judge of the Madras High Court partially set aside the award, holding that the arbitrator's finding on the 12th head of her claim was contrary to law and could not withstand scrutiny in light of India's public policy, and accordingly increased the compensation by ₹1.6 crores.
   (c) *Madras High Court: Division Judge (8 August 2019)*- On ISG Novasoft's Section 37 appeal, the DB largely overturned the single judge, trimming the increase down to ₹50,000. The DB found the earlier enhancement "excessive".
   (d) *Supreme Court (20 February 2024)*- Ms. Balasamy filed a Special Leave Petition. The Supreme Court recognized that the case raised a "crucial question of law" as to whether courts can modify arbitral awards under Sections 34 and 37 of the Arbitration Act and referred that question to a five-judge bench.
   (e) *Constitution Bench (30 April 2025)* - The five-judge Constitution Bench (CJI Khanna, JJ. Gavai, Masih, SK Kaul, and dissenting J. Viswanathan) heard arguments and delivered its judgement settling the law on the modification of awards.

B. <u>Issues before the Constitution Bench</u>

6. The key issues that were referred to the Constitution Bench of the Supreme Court are as follows:[4]

[4] *Gayatri Balasamy* at [1]

(a) Whether the powers of the Court under Sections 34 and 37 of the Arbitration Act will include the power to modify an arbitral award?

(b) If the power to modify the award is available, whether such power can be exercised only where the award is severable, and a part thereof can be modified?

(c) Whether the power to set aside an award under Section 34 of the Arbitration Act, being a larger power, will include the power to modify an arbitral award and if so, to what extent?

(d) Whether the power to modify an award can be read into the power to set aside an award under Section 34 of the Arbitration Act?

(e) Whether the judgment of this Court in *Project Director NHAI v. M. Hakeem*, followed in *Larsen Air Conditioning and Refrigeration Company v. Union of India*, and *SV Samudram v. State of Karnataka*, lay down the correct law, as other benches of two Judges (in *Vedanta Limited v. Shenzden Shandong Nuclear Power Construction Company Limited, Oriental Structural Engineers Pvt. Ltd. v. State of Kerala*, and *M.P. Power Generation Co. Ltd. v. Ansaldo Energia Spa)* and three Judges (in *J.C Budhraja v. Chairman, Orissa Mining Corporation Ltd.*, *Tata Hydroelectric Power Supply Co. Ltd. v. Union of India*, and *Shakti Nath v. Alpha Tiger Cyprus Investment No.3 Ltd*.) of this Court have either modified or accepted modification of the arbitral awards under consideration?[5]

C. <u>The Verdict: Majority Ruling</u>

7. The Supreme Court's decision in *Gayatri Balasamy* resulted in a 4:1 split, where the majority held that courts possess a limited power to modify arbitral awards under the Arbitration Act, while the lone dissenting opinion categorically rejected this interpretation.

8. The majority *inter alia* concluded that courts may, in exceptional circumstances, exercise a modest and narrowly confined power to modify arbitral awards. This

[5] Project Director NHAI v. M. Hakeem | (2021) 9 SCC 1; Larsen Air Conditioning and Refrigeration Company v. Union of India | (2023) 15 SCC 472; SV Samudram v. State of Karnataka | (2024) 3 SCC 623; Vedanta Limited v. Shenzden Shandong Nuclear Power Construction Company Limited | (2019) 11 SSC 465; Oriental Structural Engineers Pvt. Ltd. v. State of Kerala | (2021) 6 SCC 150; M.P. Power Generation Co. Ltd. v. Ansaldo Energia Spa | (2018) 16 SCC 661; J.C Budhraja v. Chairman, Orissa Mining Corporation Ltd. | (2008) 2 SCC 444; Tata Hydroelectric Power Supply Co. Ltd. v. Union of India | (2003) 4 SCC 172; Shakti Nath v. Alpha Tiger Cyprus Investment No.3 Ltd. | (2020) 11 SCC 685

position was primarily grounded in the interpretation of Sections 34 and 37 of the Arbitration Act. The majority explicitly stated that,

> *"We hold that the power of judicial review under Section 34, and the setting aside of an award, should be read as inherently including a limited power to modify the award within the confines of Section 34."*[6]

9. The Supreme Court held that the above power must be exercised only in narrow circumstances where the award is severable, for the correction of patent errors, or to '*do complete justice'* through the extraordinary powers of the Supreme Court under Article 142 of the Constitution of India.

D. Context of the decision

10. The above ruling of the majority of the Supreme Court's Constitution Bench must be seen in the context of the precedents on the powers of a Court to modify or set aside awards in part.

11. The dichotomy in the law on the modification of arbitral awards stemmed from decisions of the Supreme Court of India where minor modifications were carried out, particularly in respect of portions of the award that dealt with interest rates and the date from which interest would accrue. Some instances of these decisions are:
    (a) *M/S Oriental Structural Engineers Pvt. Ltd. v. the State of Kerala*[7]: The Supreme Court upheld an award as contractually sound but intervened to modify the excessive interest rate awarded by the arbitral tribunal. It held that Section 31(7)(a) of the 1996 Arbitration Act incorporates the principle from *Secretary, Irrigation Dept., Govt. of Orissa v. G.C. Roy* that, unless expressly barred, interest is an implied term of the agreement, and arbitrators have the discretion to award pendente lite interest.[8]
    (b) *Tata Hydroelectric Power Supply Co. Ltd. v Union of India*[9]: The Supreme Court adjusted the period from which interest would be calculated, changing it from August 1993 to the date of the award, March 30, 1998. It relied on the reasoning

[6] *Gayatri Balasamy* at [46]
[7] M/S Oriental Structural Engineers Pvt. Ltd. v. the State of Kerala | AIR 2021 SC 2031
[8] Secretary, Irrigation Department, Government of Orissa and Others v. G.C. Roy | (1992) 1 SCC 508
[9] Tata Hydroelectric Power Supply Co. Ltd. v. Union of India | (2003) 4 SCC 172

in *Numaligarh Refinery Ltd. v. Daelim Industrial Co. Ltd.*, which held that where parties have knowingly consented to arbitration, the court may intervene and modify the award when such modification is demonstrably and reasonably justified.[10]

(c) *McDermott International Inc. v. Burn Standard Co. Ltd. and Others*[11]: Relying on its previous decisions, the Supreme Court invoked its power under Article 142 of the Constitution to vary the award, reducing the interest from 10% per annum (as awarded by the tribunal) to 7.5% per annum, citing the significant lapse of time as justification.[12]

(d) *Vedanta Limited v Shenzden Shandong Nuclear Power Construction Company Limited*[13]: The Supreme Court modified an international arbitral award to align the rates of interest due to the parties operating in different currencies, though it did not invoke its power under Article 142 of the Constitution.

12. Indian Courts, however, have drawn the line at making corrections to errors in arbitral awards, preferring instead to direct the parties to approach the arbitral tribunal to exercise its powers under Section 33 of the Arbitration Act to make necessary corrections.[14] It has been held in a catena of judgements that the scope of judicial

[10] *Numaligarh Refinery Ltd. v. Daelim Industrial Co. Ltd.* | (2007) 8 SCC 466

[11] McDermott International Inc. v. Burn Standard Co. Ltd. and Others | (2006) 11 SCC 181

[12] Pure Helium India (P) Limited v. Oil & Natural Gas Commission | (2003) 8 SCC 593; Mukand Ltd. v. Hindustan Petroleum Corpn. Ltd. | (2006) 9 SCC 383

[13] Vedanta Limited v. Shenzhen Shandong Nuclear Power Construction Company Limited | 2018 INSC 959

[14] Section 33, Arbitration and Conciliation Act, 1996: Correction and interpretation of award; additional award.—
(1) Within thirty days from the receipt of the arbitral award, unless another period of time has been agreed upon by the parties— (a) a party, with notice to the other party, may request the arbitral tribunal to correct any computation errors, any clerical or typographical errors or any other errors of a similar nature occurring in the award; (b) if so agreed by the parties, a party, with notice to the other party, may request the arbitral tribunal to give an interpretation of a specific point or part of the award.
(2) If the arbitral tribunal considers the request made under sub-section (1) to be justified, it shall make the correction or give the interpretation within thirty days from the receipt of the request and the interpretation shall form part of the arbitral award.
(3) The arbitral tribunal may correct any error of the type referred to in clause (a) of sub-section (1), on its own initiative, within thirty days from the date of the arbitral award.
(4) Unless otherwise agreed by the parties, a party with notice to the other party, may request, within thirty days from the receipt of the arbitral award, the arbitral tribunal to make an additional arbitral award as to claims presented in the arbitral proceedings but omitted from the arbitral award.
(5) If the arbitral tribunal considers the request made under sub-section (4) to be justified, it shall make the additional arbitral award within sixty days from the receipt of such request.
(6) The arbitral tribunal may extend, if necessary, the period of time within which it shall make a correction, give an interpretation or make an additional arbitral award under sub-section (2) or sub-section (5).

intervention under Section 34 is confined to the limited grounds expressly provided therein, and the Courts do not possess the power to correct errors of fact, reconsider costs, or engage in a review of the merits of the arbitral award.[15] Some instances of these decisions are:

(a) *Project Director, NHAI v. M. Hakeem*[16]*:* The Supreme Court held that under the scheme of the Arbitration Act, an award may either be remanded to the arbitrator or set aside by the court, but not modified under Section 34. It noted that the UNCITRAL Model Law also does not permit such modifications, and any expansion of Section 34 to include this power would require legislative amendment. The reasoning in this judgment became the basis for courts subsequently refusing to uphold modifications in later cases.[17]

(b) *Dyna Technologies Private Limited v. Crompton Greaves Limited*[18]*:* The Supreme Court stated that Section 34 of the Arbitration Act mandates respect for the finality of arbitral awards and the parties' autonomy to have their disputes resolved by an alternative forum. Courts should not interfere with an award merely because an alternative view on facts or contract interpretation exists.

E. Analysis of the Majority Judgement

13. The Supreme Court, through its majority opinion, observed that the fundamental issue distilled from the framed issues was whether the principles of justice and equity could be woven into the Court's power to modify an arbitral award without offending the framework of Section 34 of the Arbitration Act[19].

14. The Court first examined whether Section 34 of the Arbitration Act recognised the principle of severability, which it traced to the proviso to Section 34(2)(a)(iv), which states:

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(7) Section 31 shall apply to a correction or interpretation of the arbitral award or to an additional arbitral award made under this section.

[15] See Maharashtra State Electricity Distribution Company Limited v. Datar Switchgear Limited and Others | (2018) 3 SCC 133; Parsa Kente Collieries Limited v. Rajasthan Rajya Vidyut Utpadan Nigam Limited | (2019) 7 SCC 236; and M.P. Power Generation Co. Ltd. v. ANSALDO Energia SpA | (2018) 16 SCC 661

[16] The Project Director, National Highways Authority of India v. M. Hakeem & Anr. | [2021] 5 S.C.R. 368

[17] Larsen Air Conditioning and Refrigeration Company v. Union of India and Others | 2023 SCC OnLine SC 982; S.V. Samudram v. The State of Karnataka | 2024 INSC 17

[18] Dyna Technologies Private Limited v. Crompton Greaves Limited | (2019) 20 SCC 1

[19] *Gayatri Balasamy* at [25]

"Provided that, if the decisions on matters submitted to arbitration can be separated from those not so submitted, only that part of the arbitral award which contains decisions on matters not submitted to arbitration may be set aside.."

15. The Supreme Court then held that, given the inherent delays in the current regime involving applications to set aside an award under Section 34 of the Arbitration Act followed by appeals under Section 37, the modification of the awards offers a balanced approach to address these systemic delays.

16. The Court held that when an arbitral award is set aside, the parties are compelled to re-arbitrate their disputes without the earlier award offering any benefit of res judicata.[20] This prejudices parties seeking to set aside or correct only a portion of their award, particularly where such a portion is severable.

17. The Supreme Court applied the maxim '*omne majus continent in se minus' (the lesser is located in the greater)* to locate an implied power under Section 34 of the Arbitration Act to modify portions of the arbitral award.[21] It based this reasoning on the clarificatory nature of the proviso to Section 34(2)(a)(iv), which states that if decisions on matters submitted to arbitration can be separated from those not submitted, only the part of the arbitral award dealing with matters not submitted may be set aside. The Court held that this empowers courts to sever and preserve the valid parts of an award while setting aside the invalid ones.

18. Having located its power to modify an arbitral award, the Supreme Court thereafter clarified the limited circumstances under which such power may be exercised. These include situations where the award is severable, allowing the valid and invalid portions to be clearly distinguished; where simple typographical or clerical errors need correction; where post-award interest requires modification in specific cases; and, in rare and exceptional situations, where the Court may invoke its powers under Article 142 of the Constitution to modify the award in order to do complete justice between the parties.

[20] Also see McDermott International Inc. v. Burn Standard Co. Ltd. and Others | (2006) 11 SCC 181 at [25]
[21] *Gayatri Balasamy* at [32]-[34]

19. The Court noted that the power of partial setting aside should be exercised only when the valid and invalid parts of the award can be clearly segregated, particularly in relation to liability and quantum, and without any correlation between them.[22]

20. Additionally, the power to correct "patent mistakes" evident on the face of the award, such as typographical or computational errors, and, in limited circumstances, to modify post-award interest, was deemed an ancillary or incidental power of the court, even if not expressly conferred by the legislature.[23] The Court cautioned, however, that this power must not be conflated with appellate jurisdiction or the power to review a lower court's judgment; any modification under Section 34 must be exercised only where there is no uncertainty or doubt.[24]

21. As far as the Supreme Court's power under Article 142 to do complete justice is concerned, the Court clarified that it must be exercised in consonance with the fundamental principles and objectives of the 1996 Arbitration Act, and not in derogation or suppression thereof. This power is to be invoked only when necessary to bring the litigation or dispute to a final conclusion and to save the parties time and money.[25]

F. The Verdict: Dissenting Opinion

22. In his dissenting opinion, Justice K.V. Viswanathan categorically opposed the idea that courts have the power to modify arbitral awards under the current legislative framework of the Arbitration Act.

23. The dissenting opinion held that Section 34 of the Arbitration Act is exhaustive and does not authorize courts to alter the substance of an award. Permitting such modification would not only breach the statutory scheme but also go against the fundamental philosophy of arbitration, which is rooted in minimal court interference.

[22] *Gayatri Balasamy* at [35]-[36]
[23] Also see Grindlays Bank Ltd. v. Central Government Industrial Tribunal and Others | 1980 Supp SCC 420; Century Textiles Industries Limited v. Deepak Jain and Another | (2009) 5 SCC 634.
[24] *Gayatri Balasamy* at [47]-[54]
[25] *Gayatri Balasamy* at [82]-[84]

The opinion clarified that modifying an award is not a milder or less intrusive form of setting it aside; rather, the two are conceptually and functionally distinct.[26]

24. Justice Viswanathan also noted that Parliament had ample opportunity to introduce a modification power during multiple amendments to the Arbitration Act, in 2015, 2019, and 2021, but deliberately refrained from doing so.[27]

25. A significant part of the dissenting opinion focused on the implications for party autonomy in arbitration. He stated that,

> *"Party autonomy enables parties to dispense with technical formalities and procedures of National Court proceedings, contractually. They agree to abide by the terms of the statute regulating arbitration which they perceive as advantageous. Having done so, they cannot be allowed to cry afoul, when it does not suit their needs and clamour for certain procedures which are legislatively not sanctioned in the arbitration process and are available in the normal machinery of the Courts."*[28]

26. The dissenting opinion also rejected the majority's view that courts could alter the post-award interest rate awarded by arbitrators. It held that, any errors or concerns in this regard should be sent back to the arbitral tribunal for clarification or correction under Section 34(4), rather than being fixed unilaterally by the court.[29]

27. Finally, Justice Viswanathan raised concerns about the international ramifications of modifying arbitral awards. He pointed out that several foreign jurisdictions, such as the UK, Singapore, and New Zealand, expressly allow courts to modify awards by statute, and that such express authority ensures clarity in enforcement. In contrast, India lacks such provisions, and judicial modifications could therefore create hurdles when enforcing awards abroad under the New York Convention.[30] This, he suggested, was yet another reason why any change in this area should come from Parliament, not the courts.

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[26] *Gayatri Balasamy* (Dissent Opinion) at [91]
[27] *Gayatri Balasamy* (Dissent Opinion) at [96]
[28] *Gayatri Balasamy* (Dissent Opinion) at [105]
[29] *Gayatri Balasamy* (Dissent Opinion) at [156]
[30] *Gayatri Balasamy* (Dissent Opinion) at [93], [121]

G. The powers of courts to modify an arbitral award

28. Article 142 empowers the Supreme Court to pass any decree or order necessary to do complete justice in any case or matter pending before it. This is a unique and extraordinary power that allows the Court to transcend statutory limitations to ensure that justice is served. Accordingly, in *Gayatri Balasamy*, the Court found it appropriate to invoke this extraordinary power to reduce unnecessary litigation and help parties achieve substantial justice.

29. However, it is important to note that High Courts do not possess powers analogous to those granted to the Supreme Court under Article 142 of the Constitution. Article 227 confers upon High Courts a supervisory jurisdiction over all courts and tribunals within their territorial limits. This power is intended to ensure that subordinate courts and tribunals act within the bounds of their authority and uphold the standards of justice.

30. The Supreme Court, in *SREI Infrastructure Finance Ltd. v. Tuff Drilling Pvt. Ltd.*, affirmed that High Courts do have supervisory jurisdiction over arbitral tribunals under Article 227.[31] However, this power is to be exercised sparingly and only in exceptional cases, such as where the tribunal has acted beyond its jurisdiction or where there is a patent lack of inherent jurisdiction.

31. Accordingly, any power of the High Court to modify an arbitral award, even in a limited manner, is confined to proceedings under Sections 34 and 37 of the Arbitration Act. The High Court cannot invoke Article 227 to exercise powers akin to those of the Supreme Court under Article 142.

H. Comparative Jurisdictional Analysis

32. A comparative analysis of the law on modification of arbitral awards in other jurisdictions helps understand the international context in which India's law is being developed.
33. The analysis below compares the law in jurisdictions such as the United Kingdom, United States, Singapore, and Dubai.

[31] *SREI Infrastructure Finance Ltd. v. Tuff Drilling Pvt. Ltd* | 2017 SCC OnLine SC 1210

Juris-diction	Statute/ Rules	Power to Modify Awards	Severability/ Partial Enforcement
Dubai (UAE)	**Federal Federal Arbitration Law** (Decree-Law 6/2018); **DIFC Arbitration Law** No.1/2008	Courts (including DIFC Courts) may **set aside** or **enforce** awards on limited grounds (e.g. jurisdiction, irregularity, public policy), but have *no general power* to amend an award on merits.	As a Model Law jurisdiction, if an award contains parts exceeding arbitration scope, UAE courts **effectively sever** the invalid part and enforce the rest. The DIFC Court has recognized that "nullification" of an award (for excess) simply means setting aside that part.[32]
Singapore	**International Arbitration Act** (Cap. 143A, Schedule 1 = Model Law); **Arbitration Act** (Cap. 10) for domestic awards (s.49 appeals).	Under the IAA (Model Law), a court can only **set aside** an award for prescribed defects (e.g. breach of natural justice, excess of jurisdiction); Domestic awards: The Act gives the courts power under Section 49 to hear appeals on questions of law arising from domestic arbitral awards. The court may confirm, vary, remit the award in whole or in part for reconsideration, or set aside the award wholly or partially based on its determination.	Singapore courts **enforce the valid parts** of an award. If part of an award is non-compliant, the court may set aside that portion and uphold the rest.[33]

[32] Naatiq v Nabeeh | [2024] DIFC CFI ARB 018/2024
[33] *BAZ v. BBA* | [2022] SGCA 39

United States	Federal Arbitration Act (9 U.S.C. §§1–16)	**No broad power** to modify on merits. Under FAA §10, courts can vacate an award for narrow statutory grounds (e.g. corruption, excess of power) – *Whole award* is vacated. FAA §11 allows a federal court to **modify or correct** an award only in very limited circumstances: where there is an evident miscalculation, material mistake in description, award on a non-submitted matter (not affecting merits), or an imperfection in form. These are ministerial corrections only. Aside from §11 corrections, courts cannot adjust an award's substantive terms.	Since FAA §11 corrections are limited to *clerical/computation errors*, in effect if part of an award cannot be enforced (e.g. violates law), the usual remedy is to vacate the award and re-arbitrate, or decline enforcement of the whole award.[34] In practice, courts have sometimes "split" awards for enforcement: they may enforce the award to the extent it is severable from the illegal part (similar to maritime salvage cases). But any partial enforcement is by contract/performance (the "blue pencil" principle) rather than statutory amendment.
United Kingdom (England & Wales)	Arbitration Act 1996	The Act gives the courts power to **confirm, vary, remit, or set aside** an arbitral award on appeal under Section 69. This appeal lies only on a question of law, and leave is granted under strict conditions. The power to vary allows limited modification of the award	The Act gives the courts power to **remit, set aside, or declare an award of no effect, in whole or in part**, where serious irregularity under Section 68 is established. The court may exercise this power only if the irregularity has

[34] Alascom v. ITT | 727 F.2d 1419; Hall Street Assocs. v. Mattel, Inc. | 552 U.S. 576 (2008)

		based on the court's legal determination.	caused or will cause substantial injustice. Partial setting aside or remission reflects the court's ability to sever and enforce unaffected portions of the award.

34. Section 34 of the Indian Arbitration Act of 1996 mirrors UNCITRAL Model Law Article 34, which makes annulment the "exclusive" remedy. By contrast, the pre-1996 Arbitration Act expressly empowered courts to *modify* or *remit* awards.[35] The 1996 Act dropped those powers, reflecting a legislative intent to minimize judicial interference. However, in *Gayatri Balasamy*, the Court clarified that the absence of explicit modification powers in the Arbitration Act's language does not imply their absence in principle.[36] Thus, courts exercise a modification power under Article 34, with the effect that the award is read as modified by the judgment or order.

I. Conclusion

35. The Constitution Bench's decision marks a significant development in Indian arbitration law by permitting limited judicial modification of arbitral awards. While the scope of this power is narrow, its endorsement reflects a pragmatic approach aimed at improving procedural efficiency. This approach aligns with broader international trends, where arbitration is not treated as so inflexible that minor clerical mistakes or incidental overreach invalidate the whole outcome. Nevertheless, the ruling has drawn some criticism. Detractors caution that by allowing even limited judicial intervention, the judgment risks diluting arbitration's core values, particularly the finality of awards and respect for party autonomy.[37]

[35] Arbitration and Conciliation Act 1940, ss 15–16
[36] *Gayatri Balasamy* at [69]
[37] Abhinav Sharma, Ayush Srivastava, Mayank Bansal (Chambers and Partners), "Supreme Court on Modification of Arbitral Awards: A Landmark Ruling with Loose Ends," *Chambers and Partners*, 2 May 2025. https://chambers.com/articles/supreme-court-on-modification-of-arbitral-awards-a-landmark-ruling-with-loose-ends

36. The practical upshot is that courts have only limited power under Sections 34 and 37 of the 1996 Arbitration Act to modify an arbitral award. This power may be exercised when the award is severable, by separating the "invalid" portion from the "valid" portion of the award, by correcting clerical, computational, or typographical errors that are apparent on the face of the record, and in some circumstances, by modifying post-award interest. For the Supreme Court, Article 142 of the Constitution applies; however, this power must be exercised with great care, caution, and within constitutional limits. Apart from these limited grounds, Section 34 primarily remains a vehicle for annulment or remand.

37. Ultimately, like Kenya, Singapore, and the UK, the Parliament must amend the Arbitration Act to introduce clearly defined boundaries for modifying arbitral awards. Until then, this interpretation will prevail, blending the Arbitration Act's textual strictness with the Court's desire to prevent manifest injustice.The long-term impact on India's arbitration landscape will depend on how courts interpret and apply the majority's guidance in the future, with restraint and consistency.