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AI-ASSISTED ARBITRATION UNDER THE INDIAN ARBITRATION AND CONCILIATION ACT, 1996: FEASIBILITY AND DESIRABILITY

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ABSTRACT

The increasing use of artificial intelligence in arbitration has moved from experimental pilots to institutional practice in several leading arbitral fora. The American Arbitration Association–International Centre for Dispute Resolution (AAA–ICDR) has launched an "AI arbitrator" for documents-only construction disputes, which analyses submissions, structures issues, and drafts awards subject to human oversight, while expressly preserving the final decision-making authority of human arbitrators. In parallel, the China International Economic and Trade Arbitration Commission (CIETAC) has issued the Asia-Pacific region's first Guidelines on the Use of Artificial Intelligence Technology in Arbitration, emphasizing party autonomy, transparency, proportionality, and the non-deferability of adjudicative functions, and the Chartered Institute of Arbitrators (Ciarb) has promulgated a global guideline on AI in arbitration built around similar principles.

These developments reflect a broader turn toward efficiency-driven adjudication, in which AI tools support fact-management, legal analysis, and the generation of reasoned awards. By contrast, the Indian Arbitration and Conciliation Act, 1996 ("the 1996 Act"), though technologically neutral and heavily grounded in party autonomy, is silent on AI-assisted decision-making. Key provisions, Section 19 on procedural flexibility, Section 28 on the applicable substantive law, Section 31 on reasoned awards, and Section 34 on judicial review have been interpreted by the Supreme Court to require an independent application of mind by arbitrators and strict adherence to principles of natural justice, especially through the doctrinal evolution of "public policy" and "patent illegality" in cases such as *ONGC v Saw Pipes* and *Associate Builders v DDA*. Against this background, this article pursues two aims. First, it examines whether AI-assisted arbitration, where AI tools provide analytical and drafting support but humans retain decisional authority, is feasible within the existing statutory framework of the 1996 Act and the jurisprudence on Section 34. Secondly, it critically evaluates whether such AI integration is normatively desirable for Indian-seated arbitrations, balancing putative efficiency

gains against systemic concerns relating to transparency, bias, data protection, explainability, and accountability.

The article argues that the 1996 Act, read purposively and in light of international practice, already permits a human-in-the-loop model of AI-assisted arbitration without legislative amendment, provided that the use of AI is disclosed, party participation rights are respected, and the tribunal's reasoning remains intelligibly its own. However, the absence of express statutory or soft-law guidance generates uncertainty for Section 34 review, particularly around procedural regularity, public policy, and patent illegality where AI tools hallucinate facts, rely on extra-record material, or embed undisclosed biases. To reconcile technological innovation with due process, the article proposes a calibrated reform strategy comprising (a) India-specific soft-law guidelines modelled on the CIETAC and CIARB frameworks, (b) measured amendments to the 1996 Act recognizing the permissibility of AI assistance while codifying non-delegation and disclosure duties, and (c) a Section 34-sensitive standard that treats AI-related defects as grounds for challenge only where they result in demonstrable prejudice to party rights.

I. INTRODUCTION

The last decade has witnessed an accelerating convergence between arbitral practice and AI-driven legal technology. What began as the use of predictive coding and analytics for document review has progressed towards tools that can summaries submissions, map issues, and draft skeletal awards, culminating, at least in experimental form, in the deployment of institutional "AI arbitrators".[1] The AAA–ICDR's launch of an AI arbitrator, initially confined to low-value, documents-only construction disputes, signals that leading institutions are prepared to embed AI at the core of adjudicatory workflows, albeit within a human-in-the-loop architecture.[2] Concurrently, CIETAC's 2025 Provisional Guidelines on the Use of Artificial Intelligence Technology in Arbitration constitute Asia-Pacific's first comprehensive attempt to articulate principles and risk-mitigation measures for responsible AI use in arbitral proceedings.[3]

These institutional developments have prompted a growing body of commentary on AI in arbitration, including comparative analyses of guidelines, normative critiques of AI-influenced awards, and proposals for legislative or soft-law reform.[4] Most of this discourse, however, has focused on European and East Asian seats, or on international commercial arbitration in general, with less sustained engagement with the specific configuration of the Indian arbitral framework.

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[1] Construction Law Insights, 'AAA-ICDR Introduces AI Arbitrator to Streamline Construction Dispute Resolution: Great Promise or Reason for Concern?' (2025) https://www.constructionlawinsights.com/2025/11/aaa-icdr-introduces-ai-arbitrator-to-streamline-construction-dispute-resolution-great-promise-or-reason-for-concern/ accessed 8 March 2026.

[2] American Arbitration Association, 'AAA-ICDR AI Arbitrator Now Available' https://www.adr.org/press-releases/aaa-icdr-ai-arbitrator-now-available/ accessed 8 March 2026.

[3] Belgravia Law, 'CIETAC Issues China's First AI Guidelines for Arbitration' https://belgravia.law/news/cietac-issues-chinas-first-ai-guidelines-for-arbitration accessed 8 March 2026.

[4] Mohammed Talib, 'AI in Arbitration' https://mohammedtalib.substack.com/p/ai-in-arbitration accessed 8 March 2026.

Yet India's aspirations to become a global arbitration hub, coupled with its large and rapidly digitalizing litigation and arbitration dockets, make the question of AI-assisted arbitration particularly salient. The Indian Arbitration and Conciliation Act, 1996[5], adopted from the UNCITRAL Model Law, is predicated on party autonomy, minimal judicial intervention, and the finality of arbitral awards.

Subsequent amendments in 2015, 2019 and 2021 were primarily aimed at correcting the over-expansion of judicial review that followed the Supreme Court's decision in *ONGC v Saw Pipes*[6], re-aligning Indian practice with international standards while retaining a domestic ground of "patent illegality" for setting aside awards. Although the statute is technology-neutral and flexible enough to accommodate electronic filings and virtual hearings, it does not address, expressly or by necessary implication, the permissibility or limits of using AI tools in the fact-finding or reasoning phases of arbitration.[7]

This silence raises two interrelated questions. *Firstly*, within the four corners of the 1996 Act and the extant case law on Section 34, to what extent can Indian-seated tribunals rely on AI tools to assist in the generation of awards without undermining the requirement of independent application of mind and adherence to natural justice? *Secondly*, even if such AI-assisted arbitration is formally feasible, is it normatively desirable from the perspective of the Indian arbitral ecosystem, having regard to efficiency, cost, transparency, bias, accountability, and the need for user trust in the system? The remainder of this article addresses these questions in turn.

II. TYPOLOGIES OF AI USE IN ARBITRATION

A. From Legal-Tech Tools to AI-Assisted Adjudication

AI in arbitration should not be conceptualized as a binary between no AI and robot arbitrator, but rather along a continuum of use cases.[8] At the least controversial end lie tools such as predictive coding for document review, transcription and translation engines for hearings, and analytics for case management; these applications typically operate in the background and do not directly substitute the tribunal's evaluative functions.[9] Moving along the spectrum are tools that structure complex factual records, generate chronologies, cluster issues, and identify potentially relevant

[5] The Indian Arbitration and Conciliation Act, 1996.
[6] *ONGC v Saw Pipes Ltd* (2003) 5 SCC 705.
[7] Bhavana Chandak Dhoundiyal and Shambhavi Upadhyay, 'Embracing AI in Arbitration: Enhancing Efficiency Without Compromising Justice' *SCC Online Blog* (5 September 2025) https://www.scconline.com/blog/post/2025/09/05/embracing-ai-in-arbitration-enhancing-efficiency-without-compromising-justice/ accessed 16 March 2026.
[8] Lawcurb, 'Impact of AI and Technology on Arbitration Proceedings in India' https://www.lawcurb.in/post/impact-of-ai-and-technology-on-arbitration-proceedings-in-india accessed 8 March 2026.
[9] ibid

authorities here AI outputs may shape how arbitrators perceive the case, but the ultimate findings remain explicitly attributed to human actors.[10]

The more legally and ethically sensitive category consists of AI systems that draft significant portions of awards, synthesize submissions, and propose findings on liability or quantum, which human arbitrators may then adopt, modify, or reject.[11] The AAA–ICDR's AI arbitrator, for instance, has reportedly been trained on more than 1,500 construction awards and is designed to analyses parties filings, deconstruct claims, and prepare draft awards for human review in documents-only construction disputes.[12] Although the institution emphasizes that people remain at the core of every decision, the very act of drafting a reasoned award is central to adjudication and raises questions about whether, and in what sense, the decision remains human.

At the far end of the spectrum, conceptually at least, lie fully automated AI arbitrators issuing awards without any meaningful human vetting or endorsement. Such models have not been adopted in mainstream institutional practice, and existing guidelines, such as those of CIETAC and Ciarb, explicitly reject the delegation of decision-making authority to AI.[13] Nonetheless, the conceptual possibility of fully automated adjudication is relevant in clarifying where Indian law ought to draw the line.

B. AI-Assisted Arbitration as the Relevant Focus

For Indian law, the most immediately relevant category is AI-assisted arbitration, in which human arbitrators use AI tools to support but not replace their decision-making. Most commentators and institutional frameworks have converged on a "human-in-the-loop" standard, under which AI may assist but not determine the outcome, and under which the tribunal remains fully responsible for the correctness and fairness of the award.[14] The critical doctrinal question is whether, under the 1996 Act as interpreted by Indian courts, such a model is compatible with the requirements of reasoned awards, independent application of mind, and natural justice.

III. THE STATUTORY ARCHITECTURE OF THE 1996 ACT

A. Party Autonomy and Procedural Flexibility under Section 19

[10] Global Arbitration News, 'AAA's AI Arbitrator: A Glimpse of What's Next' (2025) https://www.globalarbitrationnews.com/2025/11/05/aaas-ai-arbitrator-a-glimpse-of-whats-next/ accessed 8 March 2026.

[11] Akin Gump, 'International Arbitration: AI Arbitrator Launched by the AAA-ICDR' https://www.akingump.com/en/insights/alerts/international-arbitration-ai-arbitrator-launched-by-the-aaa-icdr accessed 8 March 2026.

[12] ibid

[13] Pinsent Masons, 'CIETAC AI Guidelines: APAC' https://www.pinsentmasons.com/out-law/news/cietac-ai-guidelines-apac accessed 8 March 2026.

[14] Belgravia Law, 'CIETAC Issues China's First AI Guidelines for Arbitration' (24 September 2025) https://belgravia.law/news/cietac-issues-chinas-first-ai-guidelines-for-arbitration accessed 16 March 2026

Section 19 of the 1996 Act declares that the parties are "free to agree on the procedure to be followed by the arbitral tribunal in conducting its proceedings", failing which the tribunal may conduct the proceedings in such manner as it considers appropriate, subject to the provisions of the Act.[15] This provision embodies the principle of party autonomy in procedural matters and has been interpreted broadly to permit considerable flexibility in evidentiary rules, modes of hearing, and the structuring of submissions, provided that the core requirements of fairness and natural justice are respected.[16] The statute does not specify or limit the technologies that may be used in conducting proceedings, and practice has evolved to accept electronic filings, virtual hearings, and online case management systems as consistent with Section 19.

From a textual standpoint, nothing in Section 19 would prevent parties from agreeing, ex ante in their arbitration agreement or ex post in procedural orders, that the tribunal may use AI tools to assist in evidence organization or even in drafting the award, so long as such use does not contravene other mandatory provisions. Similarly, in the absence of party agreement, a tribunal's decision to deploy AI tools could be defended as an aspect of its discretion in conducting proceedings, subject to the proviso that parties must be treated with equality and each must be given a full opportunity to present its case under Section 18. The key constraints, therefore, do not arise from Section 19 as such but from intersecting provisions and judicial doctrines on due process and reasoning.

B. Reasoned Awards under Section 31

Section 31(3) mandates that an arbitral award shall state the reasons upon which it is based, unless the parties have agreed that no reasons are to be given or the award is on agreed terms.[17] Indian courts have treated this requirement as substantive rather than merely formal, reasons must demonstrate a nexus between the evidence, the applicable law, and the conclusions reached, and the absence of intelligible reasoning can amount to a jurisdictional error or violation of public policy. In *Associate Builders v DDA*, the Supreme Court underscored that the award must show that the arbitrator has applied his or her mind to the pleadings, evidence and law, and that perversity arises where findings are based on no evidence, ignore vital evidence, or take a view that no reasonable person would adopt.[18]

The act of drafting reasons has traditionally been performed by the arbitrator or tribunal secretary, sometimes with research support from law clerks or counsel, but Indian law has never required that every word of an award be directly typed by the arbitrator personally. What is essential is that the tribunal understands, endorses, and takes responsibility for the reasoning embodied in the award. AI-assisted drafting could, in principle, be treated analogously to

[15] The Indian Arbitration and Conciliation Act, 1996, s19
[16] Airacle, 'Arbitration and Conciliation Act, 1996 Explained' https://airacle.in/blog/arbitration-and-conciliation-act-1996/ accessed 8 March 2026.
[17] The Indian Arbitration and Conciliation Act, 1996 s31.
[18] *Associate Builders v Delhi Development Authority* (2015) 3 SCC 49.

secretarial or research assistance, provided that the tribunal exercises active and critical oversight and does not mechanically sign an AI-generated text. However, because AI systems can hallucinate authorities, misstate the record, or embed non-transparent inferences, Section 31's requirement of genuine reasoning becomes a crucial filter for assessing whether AI use has crossed into impermissible delegation.

C. Judicial Review and Public Policy under Section 34

Section 34[19] sets out the grounds on which a court may set aside an arbitral award, largely mirroring Article 34 of the UNCITRAL Model Law[20] but with an additional domestic ground of patent illegality for non-international commercial awards introduced by the 2015 amendment. The public policy ground in Section 34(2)(b)(ii) was initially given an expansive interpretation in *ONGC v Saw Pipes*, where the Supreme Court held that an award that is patently illegal, for example, contrary to substantive law or the terms of the contract, would be against public policy and hence liable to be set aside.[21] This approach was criticized for opening the door to de facto appellate review on merits, prompting legislative clarification and subsequent judicial recalibration.

In *Associate Builders v DDA*, the Court attempted to systematize the public policy inquiry, identifying three components, fundamental policy of Indian law, interests of India, and justice or morality, and recognizing patent illegality as a distinct head applicable to domestic awards.[22] Subsequent decisions and the 2015 amendment sought to confine patent illegality to errors that are apparent on the face of the award, excluding mere erroneous application of law within the tribunal's jurisdiction.[23]

Despite this narrowing, Section 34 remains the principal mechanism through which courts scrutinize arbitral reasoning and procedural regularity. In the context of AI-assisted arbitration, potential challenges under Section 34 could arise under Section 34(2)(a)(iii), Section 34(2)(a)(v), Section 34(2)(b)(ii)), and Section 34(2A).

IV. Feasibility of AI-Assisted Arbitration within the Existing Framework

A. Technology-Neutrality and the Human Decision-Maker

Commentary on the 1996 Act has generally treated it as technology-neutral: its provisions are broad enough to accommodate digital processes, virtual hearings, and electronic evidence

[19] The Indian Arbitration and Conciliation Act, 1996 s34.
[20] UNCITRAL Model Law on International Commercial Arbitration 1985 (as amended in 2006) art 34.
[21] Discovery Researcher, 'Public Policy under the Indian Arbitration Act: In Defence of the Indian Supreme Court's Judgment in ONGC v Saw Pipes' https://discovery.researcher.life/article/public-policy-under-the-indian-arbitration-act-in-defence-of-the-indian-supreme-court-s-judgment-in-ongc-v-saw-pipes/ddcdbde97dcd317f80f6ebeb0bcb9717 accessed 8 March 2026.
[22] *Associate Builders v Delhi Development Authority* (2015) 3 SCC 49.
[23] *State of Chhattisgarh v Sal Udyog Pvt Ltd* (2022) 2 SCC 275.

without requiring express amendments. Institutional rules of leading Indian centers, such as the Delhi International Arbitration Centre and the Mumbai Centre for International Arbitration, already provide for e-filing and virtual hearings, and courts have endorsed such modalities as consistent with natural justice, particularly in the wake of the pandemic.[24] Extending this functional approach, AI tools that assist in managing evidence or drafting awards can be viewed as part of the tribunal's toolkit, provided that they do not alter the normative structure of decision-making. The critical constraint is that, under both statutory interpretation and case law, adjudicative authority cannot be delegated to an entity other than the appointed tribunal. Ciarb's AI guideline explicitly states that arbitrators cannot delegate decision-making to AI and must independently verify AI outputs, while CIETAC's Guidelines reiterate that the tribunal's duties of diligence, independence, and impartiality are unchanged by AI use.[25] These principles are consonant with Indian jurisprudence that treats independent application of mind and observance of natural justice as basic to arbitral legitimacy. Thus, a human-in-the-loop model, in which AI supports but does not determine outcomes, is conceptually compatible with the 1996 Act.

B. Party Autonomy, Consent, and Procedural Orders

Given the centrality of party autonomy under Section 19, the safest route for AI-assisted arbitration in India is through explicit agreement of the parties, either in the arbitration clause or via subsequent procedural orders. CIETAC's AI Guidelines treat party agreement as the primary determinant of whether AI may be used and encourage parties to address AI at the contract stage, including specifying permitted tools, disclosure obligations, and limits on AI-driven drafting.[26]

Ciarb's guideline similarly requires arbitrators to consult parties before using AI tools and to refrain from such use if a party objects, save where it is plainly uncontroversial (for example, spell-checking software).[27] Transposed to the Indian context, tribunals could, at the first procedural conference, raise the possibility of using AI tools in limited ways, such as for summarizing submissions or organizing evidence, and record any agreement or objections in Procedural Order No. 1.

Where both parties consent to specified AI assistance, it would be difficult to argue subsequently that such use rendered the procedure contrary to party agreement under Section 34(2)(a)(v), provided that the agreed boundaries are respected. Conversely, if a tribunal unilaterally uses AI tools in a way that materially affects the reasoning or outcome, without disclosure or party

[24] Lawcurb, 'Impact of AI and Technology on Arbitration Proceedings in India' https://www.lawcurb.in/post/impact-of-ai-and-technology-on-arbitration-proceedings-in-india accessed 8 March 2026.
[25] Clifford Chance, 'CIETAC Issues APAC's First Guidelines on AI in Arbitration' (2025) https://www.cliffordchance.com/insights/resources/blogs/arbitration-insights/2025/09/cietac-issues-apac-first-guidelines.html accessed 8 March 2026.
[26] ibid
[27] Mohammed Talib, 'AI in Arbitration' https://mohammedtalib.substack.com/p/ai-in-arbitration accessed 8 March 2026.

consultation, challenges may arise under Section 34(2)(a)(iii) and (v), particularly where a party can show prejudice.

C. Independent Application of Mind and the Use of AI Drafts

Indian courts have repeatedly emphasized that arbitral awards must reflect independent application of mind by the tribunal. In *Associate Builders*, the Supreme Court held that interference is warranted where the award is "perverse", for example, where findings are based on no evidence, ignore vital evidence, or take an impossible view, and stressed that courts must be satisfied that the arbitrator has, in fact, assessed the material before reaching conclusions.[28] Similarly, in the *ONGC v Saw Pipes* line of cases, the concern was that awards contradicting clear contractual terms or substantive law indicate a failure to properly apply mind to the governing framework.

AI-assisted drafting complicates this inquiry because courts reviewing an award cannot directly observe the internal process by which the text was generated or vetted. However, the doctrinal test remains whether the reasons, as recorded in the award, demonstrate a rational engagement with the evidence and law, not whether a human or AI first proposed the wording. If a tribunal uses AI to generate a draft but then painstakingly reviews, revises, and signs it, the resultant award should still be seen as an expression of the tribunal's mind.

Conversely, if AI outputs contain obvious hallucinations, references to non-existent authorities, or misstatements of the record that the tribunal has failed to correct, this may evidence a lack of genuine scrutiny and could attract intervention under the headings of public policy or patent illegality.

D. Confidentiality, Data Protection, and Extra-Record Material

AI use in arbitration also raises confidentiality and data protection concerns that intersect with statutory and contractual obligations. Uploading pleadings, evidence, or draft awards to third-party AI platforms may expose sensitive commercial information and personal data to jurisdictions with weaker data protection regimes or to models that use inputs to further train their systems.[29]

From an Indian law perspective, such practices may give rise to claims of breach of confidentiality obligations in arbitration agreements, and could, in extreme cases, be argued to undermine the integrity of the proceedings. A more immediate Section 34 risk arises where AI tools rely on external data or legal materials that have not been cited by the parties and that are not capable of adversarial scrutiny. If AI-generated reasoning depends on such extra-record

[28] IJLLR, 'Case Analysis: Associate Builders v Delhi Development Authority' https://www.ijllr.com/post/case-analysis-associate-builders-v-delhi-development-authority-1 accessed 8 March 2026.
[29] Grant Thornton, 'Data Privacy Considerations in AI Adoption' https://www.grantthornton.ie/insights/factsheets/7-data-privacy-considerations-in-ai-adoption/ accessed 8 March 2026.

material, without affording parties an opportunity to comment, a court could characterize this as a violation of the audi alteram partem principle under Section 34(2)(a)(iii) or as contrary to fundamental policy of Indian law. Accordingly, any deployment of AI in award drafting must be structured to ensure that the factual and legal premises of the reasoning are traceable to the record or to publicly accessible sources that parties can address.

V. Comparative Institutional Developments

A. The AAA–ICDR AI Arbitrator

The AAA–ICDR's AI arbitrator, launched in 2025, represents one of the first concerted attempts by a major institution to integrate AI into the core adjudicatory phase.[30] Initially confined to two-party, documents-only construction cases capped at relatively low values, the system is trained on a large corpus of AAA construction awards and operates through a prompt-driven interface hosted on the institution's case management platform.[31] Parties file written submissions and evidence as usual, after which the AI analyses the material, decomposes claims, and generates a draft award, including findings of fact, liability and quantum, for human arbitrator review.The AAA emphasizes that humans remain at the core of every decision: parties validate the AI's understanding of their submissions, and experienced human arbitrators must review, revise if necessary, and authorize each outcome before issuance.

This architecture is explicitly framed as "human-in-the-loop" rather than "robot-on-the-bench", with the AI cast as a tool that accelerates analysis and drafting. Commentary on this initiative highlights both its promise, especially for small, repetitive, data-heavy disputes, and its risks, including potential biases from the training corpus, lack of transparency in AI reasoning, and uncertainties about accountability if systemic errors emerge.

B. CIETAC's Provisional Guidelines on AI in Arbitration

CIETAC's 2025 Provisional Guidelines on the Use of Artificial Intelligence Technology in Arbitration, effective from 18 July 2025, constitute the first dedicated AI guidelines issued by an arbitration institution in the Asia-Pacific region.[32] The Guidelines are addressed to parties, tribunals, arbitrators' assistants, and institutions and set out high-level principles for AI adoption alongside a checklist of risk-mitigation measures.

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[30] American Arbitration Association, 'AAA-ICDR to Launch AI-Native Arbitrator Transforming Dispute Resolution' https://www.adr.org/press-releases/aaa-icdr-to-launch-ai-native-arbitrator-transforming-dispute-resolution/ accessed 8 March 2026.

[31] Lexology, 'AI Arbitrators and International Arbitration' https://www.lexology.com/library/detail.aspx?g=e62b3d46-5612-4844-a10f-4fdbeadb306c accessed 8 March 2026.

[32] Practical Law (Thomson Reuters), 'Artificial Intelligence and Arbitration' https://uk.practicallaw.thomsonreuters.com/ accessed 8 March 2026.

Parties are free to agree whether, and how, AI will be used in their arbitration, including by permitting, restricting, or prohibiting specific tools; absent contrary law, such agreement prevails over institutional preferences. AI may not replace the tribunal's independent judgment; the duties of diligence, efficiency, independence, and impartiality remain with human arbitrators.[33] Tribunals must consider whether AI use is necessary and proportionate in light of case complexity, value, and risks. Users must assess the security, reliability, and accuracy of AI tools, especially when handling confidential or sensitive information. Tribunals are encouraged to inform parties of intended AI use and to allow them to comment.

The Guidelines recommend practical measures such as including AI clauses in arbitration agreements, using procedural orders and pre-hearing conferences to discuss AI, and documenting AI-related decisions in the record.[34] They explicitly caution that AI use does not relieve parties of responsibility for the authenticity and legality of their submissions, nor does it dilute arbitrators' accountability for the award.

C. Ciarb's Global Guideline and Emerging Soft Law

Ciarb's global guideline on AI in arbitration, though non-binding, is highly influential and aligns in many respects with CIETAC's approach. It provides model clauses, procedural templates, and recommendations centered on transparency, proportionality, disclosure, and human oversight.

Among its core propositions are that; Arbitrators should disclose their intended use of AI at an early stage and seek party views. Parties may agree to permit, restrict, or prohibit particular AI applications. Additionally, arbitrators remain solely responsible for the decision and may not delegate adjudicative functions to AI under any circumstances; and arbitrators should independently verify AI-generated content and avoid over-reliance on unverified outputs.

Taken together, the AAA–ICDR's initiative, CIETAC's Guidelines, and Ciarb's global framework suggest an emerging international consensus in favor of a regulated human-in-the-loop model for AI in arbitration.[35] This consensus can provide interpretive guidance for Indian courts and legislators, particularly given India's status as a Model Law jurisdiction seeking alignment with global arbitral standards.

VI. Desirability of AI-Assisted Arbitration in the Indian Context

A. Efficiency, Cost, and Access to Justice

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[33] Oxford Law Faculty, 'Artificial Intelligence Arbitrators' https://academic.oup.com/info-oxford-law-pro/pages/artificial-intelligence-arbitrators accessed 8 March 2026.

[34] Silicon Valley Arbitration and Mediation Center, 'Guidelines on the Use of Artificial Intelligence in Arbitration 2024' https://jusmundi.com/en/document/rule/en-svamc-silicon-valley-arbitration-mediation-center-guidelines-on-the-use-of-artificial-intelligence-in-arbitration-2024-svamc-guidelines-on-the-use-of-ai-in-arbitration-2024-tuesday-30th-april-2024 accessed 8 March 2026.

[35] HFW, 'New CIArb Guidelines on the Use of AI in Arbitration' https://www.hfw.com/insights/new-ciarb-guidelines-on-the-use-of-ai-in-arbitration/ accessed 8 March 2026.

One of the principal attractions of AI in arbitration is its potential to enhance efficiency and reduce cost, especially in document-heavy, low-to-medium value disputes. The AAA–ICDR has marketed its AI arbitrator as a means to deliver faster, more cost-effective resolutions in small construction cases, where traditional arbitrator time and scheduling bottlenecks can be disproportionately expensive relative to the amounts in dispute.[36] By automating elements of evidence organization and drafting, AI can shorten the time between close of submissions and issuance of awards, thus advancing the statutory objective of speedy dispute resolution underpinning the 1996 Act.

In India, where the arbitration ecosystem encompasses a large volume of infrastructure, construction, and commercial disputes with relatively modest quantum, AI assistance could help tribunals manage caseloads more efficiently. Scholarly and practitioner analyses of technology in Indian arbitration emphasise that digital tools have already improved filing, case management, and remote participation, and that AI could further enhance consistency and predictability in awards by exposing arbitrators to a broader corpus of relevant decisions. For small and medium enterprises, the ability to obtain reasoned awards at lower cost and within shorter timelines may significantly improve access to effective dispute resolution.

B. Transparency, Explainability, and Trust

Balanced against these benefits are serious concerns about transparency and explainability. Most state-of-the-art AI systems operate as black-box models, making it difficult even for developers to trace the precise inferential pathways leading to specific outputs. If a substantial portion of an award's reasoning is drafted by such a system, parties may question whether the tribunal truly understood and endorsed the analysis, and courts may struggle to assess the robustness of the underlying reasoning in a Section 34 challenge.[37] CIETAC and Ciarb both respond to this concern by requiring disclosure of AI use and insisting that arbitrators remain responsible for verifying AI outputs.

Nevertheless, where an AI model suggests complex inferences from a dense factual record, human arbitrators may, in practice, defer to outputs that appear plausible but rest on subtle statistical correlations or biases not immediately apparent. In the Indian context, where trust in arbitral institutions and neutrality of decision-making remains a live concern, opaque AI involvement may undermine party confidence unless accompanied by clear disclosure, robust governance, and effective ex post review mechanisms.

C. Bias, Data Quality, and Unequal Arms

[36] Herbert Smith Freehills Kramer, 'The AAA-ICDR AI Arbitrator: A New Chapter in Dispute Resolution' (2025) https://www.hsfkramer.com/notes/arbitration/2025-11/the-aaa-icdr-ai-arbitrator-a-new-chapter-in-dispute-resolution accessed 8 March 2026.

[37] NUJS Law Review, 'Enforcing AI-Influenced Arbitral Awards under the Indian Arbitration Act' (2025) https://nujslawreview.org/2025/11/18/enforcing-ai-influenced-arbitral-awards-under-the-indian-arbitration-act/ accessed 8 March 2026.

AI systems trained on historical arbitration awards or court judgments risk reproducing and amplifying existing biases in those corpora, including sector-specific, geographical, or counter-party biases. If an AI arbitrator trained on a dataset of construction awards disproportionately favors certain types of employers or contractors, for example, this could embed structural unfairness into the decision-support process.[38]

Indian parties may also be disadvantaged if global AI tools are trained predominantly on foreign awards, legal concepts, or standards of proof that diverge from Indian law. Moreover, high-end AI tools are often proprietary and expensive, raising the spectre of "unequal arms" where only well-resourced parties can effectively harness AI for strategy, while tribunals and smaller counterparties lag behind. Though this concern is not unique to AI, its scale and speed in reshaping litigation and arbitration tactics may accentuate disparities unless institutions and tribunals adopt measures to ensure a baseline of shared technological capacity (for example, by providing neutral AI tools accessible to all parties on equal terms).

D. Accountability and Liability

If a tribunal adopts AI-generated reasoning that turns out to be erroneous or biased, responsibility under the 1996 Act formally rests with the arbitrators, who sign the award and may face challenges under Section 34 or even potential liability in extreme cases. However, systemic defects in AI tools, such as flawed training data, coding errors, or unanticipated interactions with particular fact patterns, may reflect institutional or vendor failures that are not easily addressed within existing arbitral frameworks.

International commentary suggests a multi-layered accountability model, in which arbitrators remain legally responsible to parties, institutions bear responsibility for vetting and supervising AI tools within their rules and codes of ethics, and vendors are regulated through contractual warranties and, where applicable, sectoral regulation.[39] Indian law currently lacks specific provisions addressing such AI-related accountability in arbitration, which may deter tribunals from adopting AI assistance absent clear institutional and regulatory guidance.

VII. AI-Assisted Awards and Section 34: Doctrinal Pathways

A. Procedural Irregularity and Party Inability to Present Case

Under Section 34(2)(a)(iii), an award may be set aside if the party making the application was "unable to present his case".[40] This ground has been invoked where tribunals have denied a fair opportunity to lead evidence, cross-examine witnesses, or make submissions, or where decisions are based on material not disclosed to the parties.

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[38] International Journal of Commercial Arbitration, 'Artificial Intelligence and Arbitration' https://iacajournal.org/articles/10.36745/ijca.598 accessed 8 March 2026.

[39] Reed Smith, 'AI in International Arbitration' https://www.reedsmith.com/media/3745B59F-1AC9-4823-89C2-BB52427B09F6/International_Arbitration_Focus_Newsletter__AI_in_IA.pdf accessed 8 March 2026.

[40] The Indian Arbitration and Conciliation Act, 1996 s 34(2)(a)(iii).

In AI-assisted arbitration, analogous situations could arise if, for example, the tribunal relies on AI-generated summaries or classifications that misrepresent key aspects of the evidence, without giving parties a chance to correct the record. Similarly, if AI tools draw on external data sources or prior awards that have not been shared with the parties, and such material significantly influences the outcome, a court could characterize this as an undisclosed evidentiary basis that deprived parties of a fair opportunity to contest the case. To mitigate this risk, tribunals should, at minimum, disclose any non-record material that AI tools bring into the reasoning process and invite party comments before relying on it. Failure to do so may render the award vulnerable under Section 34(2)(a)(iii).

B. Procedure Contrary to Party Agreement

Section 34(2)(a)(v) permits setting aside an award where the arbitral procedure was not in accordance with the agreement of the parties, unless such agreement conflicted with a non-derogable provision of the Act. If parties expressly agree to prohibit AI use in adjudication, or to limit it to specified functions (for example, transcription but not award drafting), a tribunal's disregard of such agreement could ground a Section 34(2)(a)(v) challenge.[41]

Conversely, where parties have agreed to permit certain AI uses, a challenge framed on the basis of mere AI involvement is unlikely to succeed, absent specific prejudice. Commentary has suggested that arbitrators who intend to use AI should make an explicit declaration in initial disclosures or procedural orders, and that failure to do so may, in some jurisdictions, be treated as a breach of procedural agreement or arbitrator duty. An SCC-based analysis, for example, argues that non-disclosure of AI use could be characterized as a deviation from agreed procedure and thus a ground for annulment.

C. Public Policy, Fundamental Policy, and Natural Justice

Public policy under Section 34(2)(b)(ii), as shaped by *Saw Pipes and Associate Builders*, includes violations of fundamental policy of Indian law and the most basic notions of justice and morality. The Supreme Court has treated egregious breaches of natural justice, irrational or perverse findings, and decisions that shock the conscience as justifying interference.

The question is whether AI-related defects can attain this threshold. One possibility is where an award's reasoning is so opaque, obviously machine-generated, or riddled with hallucinated authorities that it undermines confidence in the adjudicative process. In such cases, courts may characterize the award as contrary to fundamental policy because it fails to exhibit the hallmarks of a reasoned human decision.

[41] NUJS Law Review, 'Enforcing AI-Influenced Arbitral Awards under the Indian Arbitration Act' (2025) https://nujslawreview.org/2025/11/18/enforcing-ai-influenced-arbitral-awards-under-the-indian-arbitration-act/ accessed 8 March 2026.

Similarly, if AI bias leads to systemic discrimination against particular classes of parties or claims, awards tainted by such bias could be challenged as offending justice or morality. However, public policy is not intended to be a backdoor merits review; absent clear evidence of profound unfairness, merely pointing to AI assistance should not suffice.

D. Patent Illegality and Errors on the Face of the Award

For domestic awards, Section 34(2A) permits setting aside on the ground of "patent illegality" appearing on the face of the award. Post-2015, this ground is confined to errors that do not require re-appreciation of evidence, such as decisions contrary to substantive law, the terms of the contract, or the Act itself.[42]

If an AI-assisted award misstates the governing law, ignores binding contractual provisions, or awards relief plainly beyond the scope of the arbitration agreement, such defects could be characterized as patent illegality regardless of whether a human or AI drafted the text. Commentators writing specifically about "AI-influenced" awards in India argue that AI-related risks, such as hallucinations, reliance on non-Indian precedents, or confusion between similar contracts, may manifest as patent illegality on the face of the award, thus activating Section 34(2A). They caution that unless tribunals adopt robust verification and localization practices when using AI, courts may be drawn into more frequent patent illegality challenges, undermining arbitral finality. This reinforces the importance of clear internal protocols for AI use that ensure legal and factual accuracy in the award.

VIII. Toward an Indian Regulatory and Soft-Law Framework

A. Soft-Law Guidelines for AI in Indian-Seated Arbitration

Given the flexibility of the 1996 Act and the rapid evolution of AI technologies, soft-law instruments may be better suited than immediate statutory amendments to provide detailed guidance. Drawing on CIETAC's Guidelines and Ciarb's global framework, Indian arbitral institutions and professional bodies could develop AI guidelines addressing at least the following: Classification of AI tools by risk level (for example, low-risk spell-checkers and transcription versus higher-risk award-drafting tools); disclosure obligations for arbitrators regarding any intended use of AI in analysis or drafting; requirements for party consultation and consent for higher-risk AI uses; non-delegation clauses affirming that arbitrators remain solely responsible for decisions; data security standards and restrictions on uploading confidential material to public AI platforms; and expectations of record-keeping regarding how AI outputs were used and verified.

[42] Discovery Researcher, 'Public Policy under the Indian Arbitration Act: In Defence of the Indian Supreme Court's Judgment in ONGC v Saw Pipes' https://discovery.researcher.life/article/public-policy-under-the-indian-arbitration-act-in-defence-of-the-indian-supreme-court-s-judgment-in-ongc-v-saw-pipes/ddcdbde97dcd317f80f6ebeb0bcb9717 accessed 8 March 2026

Such soft-law guidance would help tribunals and parties navigate AI use while providing courts with a reference point in Section 34 proceedings. It would also signal that Indian institutions are proactively engaging with AI governance, thereby supporting India's ambitions as an arbitration hub.

B. Targeted Statutory Amendments

In the medium term, targeted amendments to the 1996 Act could codify certain baseline principles without over-prescribing technical details. For example, a new explanation to Section 19 or Section 31 could clarify that the use of digital or AI tools to assist in conducting proceedings or drafting awards is permissible, provided that (a) the parties are treated with equality and afforded full opportunity to present their case; (b) the tribunal independently applies its mind and remains responsible for the award; and (c) any use of such tools that materially affects reasoning is disclosed to the parties.

Similarly, the definition of agreement or the provisions on institutional arbitration could be expanded to recognize the incorporation of institutional AI guidelines by reference, thereby giving them a firmer legal footing. However, care must be taken not to freeze the law around specific technologies, as AI capabilities and risk profiles are evolving rapidly. The legislative focus should remain on protecting core values, natural justice, transparency, and accountability, while leaving operational details to soft law and institutional practice.

C. Judicial Role and Evolving Standards of Review

Indian courts, in exercising Section 34 review, will play a crucial role in shaping the contours of permissible AI use. Early cases involving AI-assisted awards are likely to set precedents on issues such as the sufficiency of disclosure, the threshold for AI-induced procedural unfairness, and the application of public policy and patent illegality to AI-related defects.

Courts should adopt a calibrated approach that distinguishes between harmless use of AI tools (for example, formatting, translation) and high-impact use (for example, award drafting). It focuses on substantive fairness and prejudice rather than formal objections to AI per se; and It encourages transparency and good practice by signaling that disclosed and properly supervised AI assistance will generally not invalidate awards. At the same time, courts should not hesitate to set aside awards where AI use has demonstrably undermined party rights or produced manifestly unjust outcomes. Over time, a body of jurisprudence can develop that internalizes AI within the existing Section 34 framework rather than treating it as a radical discontinuity.

IX. Conclusion

AI-assisted arbitration is no longer a speculative prospect but an emerging reality in international dispute resolution, as evidenced by the AAA–ICDR's AI arbitrator and CIETAC's pioneering Guidelines on AI use.

Indian arbitral law, while currently silent on AI, is structurally well-positioned to accommodate a human-in-the-loop model of AI assistance within the existing framework of the Arbitration and Conciliation Act, 1996. Sections 19, 31 and 34, read purposively and in light of comparative practice, permit tribunals to use AI tools as long as party autonomy, natural justice, and independent application of mind are preserved.

The feasibility of AI-assisted arbitration under current Indian law, however, does not automatically settle the question of desirability. Efficiency gains, cost savings, and improved access to justice must be balanced against serious concerns about transparency, bias, data protection, and accountability, particularly in a jurisdiction where trust in arbitral outcomes and judicial oversight remains fragile. The most promising path lies in a layered regulatory strategy: institution-led soft-law guidelines, limited statutory clarification of core principles, and a cautious but progressive judicial approach under Section 34 that targets genuine unfairness rather than technological novelty.

If India can harness AI to support, rather than supplant, human adjudication, it may be able to enhance the speed and quality of arbitral justice without sacrificing the foundational commitments to reasoned decision-making and natural justice that animate both the 1996 Act and the broader constitutional order. In this sense, AI should be viewed not as an arbitrator in its own right, but as a sophisticated assistant within a human-centered arbitral process, subject to clear norms and vigilant oversight.