

**Bill No. 243 of 2022**

THE ARBITRATION AND CONCILIATION  
(AMENDMENT) BILL, 2022

By

SHRI HANUMAN BENIWAL, M.P.

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BILL

*further to amend the Arbitration and Conciliation Act, 1996.*

BE it enacted by Parliament in the Seventy-third Year of the Republic of India as follows:—

1. (1) This Act may be called the Arbitration and Conciliation (Amendment) Act, 2022.

Short title  
and  
commencement.

5 (2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In section 20 of the Arbitration and Conciliation Act, 1996, in sub-section (1), the following proviso shall be inserted, namely:—

Amendment of  
section 20.

10 “Provided that in all cases related to property loans or vehicle loans, the place of arbitration shall be in the district where the borrower usually resides.”

## STATEMENT OF OBJECTS AND REASONS

There have been many problems with regard to agreement between the parties under the Arbitration and Conciliation Act, 1996. In fact, a lot of provisions have been made to ease the process of arbitration under the Act, but the lending companies are misusing them by getting the borrowers to sign the agreements to the benefit of the companies.

Section 20(1) of the Arbitration and Conciliation Act, 1996 provides that “the parties are free to agree on the place of arbitration.” The same Section 20(1) of the Act is being misused by the lending companies, and in case of a dispute among the parties, these companies do not fail to harass the borrower by determining the place of arbitration thousands of kilometers away from where the borrower resides.

Under the Act, there is a provision to refer the case to the arbitrator in case of any dispute among the parties. At this juncture, the lending company decides the place of appointment of the arbitrator to be included in the terms of the loan agreement as per its own convenience.

Often, it happens that under the guise of Section 20(1) of the Arbitration and Conciliation Act, 1996, the lending companies choose the place of appointment of arbitrator at their own convenience, which becomes a hardship to the borrower. Due to this, in case of a dispute, the borrower has to travel to other States far from his residence to present his case before the arbitrator.

The place of arbitration being chosen far away, the debtor is neither able to appear before the arbitrator nor present his case. This leads to ex-parte decision being passed by the arbitrator which is equivalent to a decree of a civil court.

In view of the above, it is necessary to amend the Arbitration and Conciliation Act, 1996, with a view to provide that in the cases related to property loan or vehicle loan, the place of arbitration shall be in the district, where the borrower usually resides.

NEW DELHI;  
23 November, 2022.

HANUMAN BENIWAL

*ANNEXURE*

EXTRACTS FROM THE ARBITRATION AND CONCILIATION ACT, 1996

(ACT No. 26 OF 1996)

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**20. (1)** The parties are free to agree on the place of arbitration. Place of  
arbitration.

(2) Failing any agreement referred to in sub-section (1), the place of arbitration shall be determined by the arbitral tribunal having regard to the circumstances of the case, including the convenience of the parties.

(3) Notwithstanding sub-section (1) or sub-section (2), the arbitral tribunal may, unless otherwise agreed by the parties, meet at any place it considers appropriate for consultation among its members, for hearing witnesses, experts or the parties, or for inspection of documents, goods or other property.

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*(Shri Hanuman Beniwal, M.P.)*