INTERNATIONAL JOURNAL FOR DISPUTE RESOLUTION

ISSN NO.: 2583-8989

RESOLUTION IS JUSTICE!

VOLUME 1 ISSUE 4

ARBITRATION IN INDUSTRIAL DISPUTES: VOLUNTARY VS. COMPULSORY ARBITRATION

Astha Kothari[1] & Arryan Mohanty[2]

ABSTRACT

The Industrial Disputes Act, 1947 ("IDA") forms the foundation of India's industrial relations system. It offers conciliation, arbitration, and adjudication as means of resolving disputes. Within this legal framework, Section 10A presents voluntary arbitration, allowing employers and workers to send disputes to arbitration by mutual agreement. In contrast, Section 10(1) gives the government the power to mandate adjudication in the public interest. While these mechanisms aim to foster industrial peace and self-governance, the relationship between voluntary and compulsory methods raises concerns about neutrality, autonomy, and government involvement. This paper examines the legal structure and practice of voluntary arbitration under Section 10A and contrasts them with those of compulsory arbitration initiated by government referral. It argues that even though voluntary arbitration seeks to support party autonomy, its use in India is limited by strict procedures, a lack of awareness, and heavy state control. By looking at India's model alongside the established systems in Singapore and the United Kingdom, where neutrality is built in through tripartite and independent processes, this paper points out the shortcomings in India's semi-statutory approach. The analysis concludes with recommendations to improve neutrality, institutional trust, and the effectiveness of industrial arbitration in India.

INTRODUCTION

Industrial relations in India have historically unfolded within a dynamic tension between the imperatives of economic liberalisation and the pursuit of social justice. This duality has profoundly shaped the evolution of labour law and policy in the postcolonial context. The Industrial Disputes Act, 1947 ("IDA") was enacted as a legislative response to this tension, seeking to mediate competing interests through the establishment of legally sanctioned procedures for conciliation, arbitration, and adjudication. These three pillars were designed to ensure that industrial peace could be achieved without suppressing legitimate worker representation or compromising economic productivity.

[1] The author is a student of law at Department of Law, Calcutta University, India.
[2] The co-author is a student of law at Symbiosis Law School, Nagpur.

Within this tripartite framework, arbitration occupies a distinctive and somewhat paradoxical position. It is conceived as a mechanism that balances party autonomy, allowing employers and workers to resolve disputes voluntarily, with the state's responsibility to maintain industrial harmony and public order. The incorporation of arbitration within the IDA thus differentiates industrial arbitration from commercial arbitration governed by the Arbitration and Conciliation Act, 1996, which operates primarily within the domain of private commercial law. Unlike its commercial counterpart, arbitration under the IDA is inherently intertwined with public policy objectives and labour welfare considerations.

Section 10A of the IDA embodies the principle of voluntarism, providing parties with the freedom to refer disputes to arbitration through mutual consent before the state's compulsory machinery is invoked.[3] This provision was intended to strengthen the spirit of self-regulation and collective bargaining, allowing stakeholders to arrive at mutually acceptable settlements without the delays of formal adjudication. However, the coexistence of Section 10(1), which empowers the government to make compulsory references to adjudication in the interest of public order, reveals a persistent jurisprudential tension between autonomy and state paternalism.[4] In practice, this duality has often blurred the line between voluntary and mandatory dispute resolution, resulting in limited recourse to Section 10A arbitration and recurring apprehensions regarding its neutrality, independence, and practical utility.

Consequently, the IDA's arbitration framework has evolved into a semi-statutory hybrid system, private in conception but public in operation. Arbitration under Section 10A does not exist entirely within the realm of private contract law; rather, it is subject to government publication requirements, statutory binding effects, and potential judicial scrutiny under writ jurisdiction. This structural interdependence between voluntary action and state control forms the basis for a deeper inquiry into the relationship between voluntariness, neutrality, and state intervention in India's industrial dispute resolution architecture.

The historical roots of industrial arbitration in India can be traced to the early twentieth century, particularly to the colonial-era Trade Disputes Act, 1929, which introduced rudimentary powers of conciliation during periods of industrial unrest. However, this legislation was largely advisory and lacked enforceable authority, relying on persuasion rather than compulsion. With independence in 1947, India's shift towards planned economic development and socialistic policy objectives necessitated a more comprehensive statutory

[3]The Industrial Disputes Act, 1947, § 10A, No.14, Acts of Parliament, 1947 (India)
[4]The Industrial Disputes Act, 1947, § 10(1), No.14, Acts of Parliament, 1947 (India)

framework capable of preventing strikes and lockouts while ensuring fair treatment of workers. This led to the enactment of the Industrial Disputes Act, 1947, which consolidated earlier laws and provided for structured mechanisms of conciliation, adjudication, and arbitration.

Initially, arbitration functioned as an informal adjunct to conciliation efforts, operating more as a tool of moral persuasion than legal compulsion. However, the Industrial Disputes (Amendment) Act, 1956 marked a pivotal turning point by formally introducing Section 10A, thereby elevating voluntary arbitration to a statutory mode of settlement. The legislative intent was to promote industrial self-governance and minimise government intrusion in labour-management relations. Despite this progressive vision, voluntary arbitration has remained underutilised, overshadowed by compulsory adjudication through Labour Courts and Industrial Tribunals.[5] The dominance of adjudication reflects a systemic preference for state-managed mechanisms over party-driven solutions, a trend that has curtailed the growth of a genuinely autonomous arbitration culture in India.[6]

The conceptual foundation of arbitration rests upon the doctrine of party autonomy, which presupposes that the disputing parties possess equal bargaining power and the capacity to negotiate freely. However, within the context of industrial relations, this assumption is frequently challenged by structural imbalances between employers and workers. Recognising this asymmetry, the IDA situates arbitration within a public-law framework, ensuring state supervision through procedures such as government publication of awards and the extension of their binding effect to all relevant parties.

While such state involvement promotes procedural transparency and the enforceability of arbitral outcomes, it simultaneously dilutes the voluntary character of the process. The requirement of government notification, coupled with the possibility of judicial review, transforms arbitration from a consensual process into a quasi-public adjudicatory mechanism.[7] This transformation has been reinforced by judicial decisions. The Indian judiciary, through landmark rulings, has extended the principles of natural justice and constitutional oversight to voluntary arbitration proceedings, thereby constitutionalising the

[5]Dr.Shital S Barhate&Dr. Pratibha R Girbane, The Role of Collective Bargaining in Preventionand Settlement of Industrial Disputes in India, Vol 11 Issue 8, JETIR, 139-145 (2024) https://www.jetir.org/papers/JETIR2408119.pdf

[6]Paul Lansing & Sarosh Kuruvilla, Industrial Dispute Resolution in India in Theory and Practice, Vol 9 No 2, LLAICLR, 345-375 (1987) https://digitalcommons.lmu.edu/cgi/viewcontent.cgi?article=1113&context=ilr

[7]The Industrial Disputes Act, 1947, § 10A(3A), No.14, Acts of Parliament, 1947 (India)

arbitral process under Article 226 of the Constitution.[8] Although this judicial approach enhances fairness and accountability, it also constrains the autonomy that arbitration was originally intended to safeguard.[9]

In comparative perspective, other jurisdictions have approached the balance between autonomy and oversight through distinct institutional designs. Singapore's Industrial Arbitration Court (IAC) operates as a tripartite institution, comprising representatives from the state, employers, and employees under the leadership of a judicial-grade president, thereby embedding neutrality within its very structure. Similarly, the United Kingdom has adopted a dual institutional model, where the Advisory, Conciliation and Arbitration Service (ACAS) facilitates voluntary arbitration and conciliation, while the Central Arbitration Committee (CAC) handles statutory determinations. Both systems maintain institutional independence from direct governmental influence, ensuring neutrality through design rather than statutory assertion.

These comparative experiences underscore a crucial insight: neutrality and legitimacy in industrial arbitration are not achieved merely through the declaration of voluntarism, but through institutional safeguards and procedural independence. For India, this suggests that reform must move beyond statutory formalism toward institutional restructuring that reinforces confidence among industrial actors.

Accordingly, the present study confines its scope to collective industrial disputes, as defined under Section 2(k) of the IDA, thereby excluding individual employment grievances and commercial arbitration.[10] It employs a comparative-doctrinal methodology, combining statutory interpretation, judicial analysis, and cross-jurisdictional evaluation of institutional frameworks in India, Singapore, and the United Kingdom. Further, it adopts a normative lens grounded in the principles of neutrality, procedural fairness, and party autonomy, aiming to contribute to the broader discourse on how India's industrial arbitration regime can evolve into a more balanced, credible, and participatory system of dispute resolution.

[8]INDIA CONST. art.226
[9]Engineering Mazdoor Sabha v. Hind Cycles Ltd., AIR 1963 SC 874
[10]The Industrial Disputes Act, 1947, § 2(k), No.14, Acts of Parliament, 1947 (India)

VOLUNTARY ARBITRATION UNDER SECTION 10A: LEGAL FRAMEWORK. JUDICIAL INTERPRETATION AND PRACTICE

Section 10A of the IDA is a legislative change aimed at helping both employers and workers settle industrial disputes through voluntary arbitration. It lets the parties, through a written agreement, send their dispute to arbitration before the government is involved under Section 10(1). This approach shows the lawmakers' goal to promote party choice while ensuring the process is fair and accountable to the public.

To ensure transparency and legality, Section 10A requires the arbitration agreement to be in writing, signed by both parties, and communicated to the relevant government and the conciliation officer. Once this agreement is published in the Official Gazette, it gains legal recognition, turning a mutual agreement into an official process. After the arbitration concludes, the award becomes binding and enforceable once published, subject to changes or approval under Section 17A of the Act.[11]

Section 10A combines private agreement with statutory enforcement. This shows the lawmakers' effort to balance freedom of choice with public oversight. The process allows parties to choose arbitration as an agreed-upon solution, but it also requires government publication and oversight, preventing it from working completely outside the state. As a result, industrial arbitration under Section 10A exists in a middle ground, neither strictly private nor fully governmental, as part of India's broader strategy to balance industrial democracy with administrative control.

The courts' interpretation of Section 10A has played a key role in defining its practical application and constitutional status. In the important case of Engineering Mazdoor Sabha v. Hind Cycles Ltd., the Supreme Court determined that an arbitrator appointed under Section 10A is not considered a "tribunal" under Article 136 of the Constitution. However, the arbitrator performs quasi-judicial functions, making arbitral awards open to judicial review under Article 226. This ruling marked the start of recognising voluntary arbitration within India's constitutional framework.

This trend continued in Rohtas Industries Ltd. v. Rohtas Industries Staff Union, where the Court confirmed that awards under Section 10A could be examined for legal mistakes or procedural issues. The Court stated that arbitration under the IDA is part of the legal system

[11]The Industrial Disputes Act, 1947, § 17A, No.14, Acts of Parliament, 1947 (India)

for industrial justice, embedding voluntary arbitration within public law.[12] This expansion continued in Gujarat Steel Tubes Ltd. v. Gujarat Steel Tubes Mazdoor Sabha, where the Supreme Court ruled that arbitrators must follow principles of fairness, reasonableness, and natural justice, underscoring that even voluntary processes need to comply with constitutional standards of equity.[13] Together, these decisions have turned Section 10A arbitration into a quasi-public legal process, ensuring fairness while reducing pure party control.

From a procedural view, Section 10A lays out a clear sequence of steps:

a) The parties must sign a written arbitration agreement before any government reference under Section 10(1) begins.
b) The number of arbitrators must be odd to avoid deadlock. One arbitrator can come from the presiding officers of Labour Courts or Industrial Tribunals.
c) The relevant government must publish the arbitration agreement in the Official Gazette, granting legal legitimacy to the process.
d) Once the award is issued and published, it becomes binding and enforceable after thirty days unless changed, suspended, or cancelled under Section 17A.

While these procedural protections aim to improve transparency and accountability, they also create bureaucratic hurdles that clash with the essence of voluntary arbitration. Studies and reports have shown that the mandatory publication process, the possibility of executive interference, and delays in administrative approval make parties less likely to choose this method. Additionally, problems like delays in appointing arbitrators, a lack of impartial and qualified arbitrators, and unclear procedural norms further weaken the perceived effectiveness of Section 10A arbitration.[14]

Data support this underutilization. Research from labour departments and industrial relations experts shows that fewer than two per cent of reported industrial disputes end in voluntary arbitration under Section 10A. Most disputes are settled through conciliation or compulsory government referrals. The low preference for arbitration can be linked to several related issues:

[12]Rohtas Industries Ltd. v. Rohtas Industries Staff Union, 1976 SCC (2) 82
[13]Gujarat Steel Tubes Ltd. v. Gujarat Steel Tubes Mazdoor Sabha, 1980 SCR (2) 146
[14]Ipsita, Arbitration as a method of Industrial Dispute Resolution, Lawyers Club India (19 May 2020, 07:46 A.M.) https://www.lawyersclubindia.com/articles/arbitration-as-a-method-of-industrial-dispute-resolution-5769.asp

- Lack of awareness among trade unions and employers about procedural benefits and enforceability.
- Perceived bias in choosing arbitrators, often nominated by management or influenced by state agencies.
- Overlap between voluntary arbitration and Labour Courts, causing procedural confusion.
- Weak enforcement due to delays in government publication and approval.[15]

In practice, voluntary arbitration, which was initially meant to lessen the state's role in dispute resolution, has ended up relying on the very administrative system it sought to avoid. This reliance undermines the effectiveness, fairness, and perceived legitimacy of the process, leading to reduced stakeholder trust in arbitration as a viable means of industrial justice.

Doctrinally, Section 10A is still a forward-thinking law that includes the principle of autonomy within a legal structure that ensures oversight. However, in practice, its hybrid and state-dependent nature have limited both its operational effectiveness and its consistency with the principles of fairness and voluntarism. Experiences from places like Singapore and the United Kingdom suggest that successful industrial arbitration relies more on institutional independence, professional expertise, and clear procedures than on legal voluntarism.[16]

Thus, the Indian experience with Section 10A arbitration reveals an important paradox: while the law aims to encourage self-regulated dispute resolution in industry, its design and implementation have led to a reliance on bureaucratic systems and reduced operational freedom. Addressing this requires reform to enhance fairness, simplify processes, and build trust among industry players. Only then can voluntary arbitration become a truly effective tool for achieving industrial peace and justice.[17]

[15] Amuktha Malyada Gudla, Voluntary Arbitration Under Industrial Disputes Act, 1947: An Analysis of the Law And Reality, Legal Service India (4 November 2025, 09:25 A.M.) https://www.legalserviceindia.com/legal/article-10499-voluntary-arbitration-under-industrial-disputes-act-1947-an-analysis-of-the-law-and-reality.html#google_vignette

[16] Sarthak Mishra, Arbitrability of Industrial Disputes: Compatibility with Labour Laws and Employment Contracts in India and Abroad, The Chanakya Centre for Alternative Dispute Resolution (CCADR) (4 November 2025, 09:42 A.M.) https://ccadr.cnlu.ac.in/blog/arbitration/arbitrability-industrial-disputes-labour-laws-india-abroad/

[17] Amrut Anil Joshi and Anand Ratnakar Pai, Arbitration as a Method of Adjudication of Industrial Disputes: An Analysis, SCC Online (13 February 2024, 09:35 A.M.) https://www.scconline.com/blog/post/2024/02/13/arbitration-as-a-method-of-adjudication-of-industrial-disputes-an-analysis/

COMPULSORY ARBITRATION AND GOVERNMENT REFERENCES

Section 10(1) of the Industrial Disputes Act 1947, is a key part of India's legal framework for resolving industrial disputes. It allows the appropriate government, either Central or State, depending on the industry, to refer a current or potential industrial dispute to a Labour Court, Industrial Tribunal, or National Tribunal for resolution. Unlike Section 10A, which relies on mutual consent and voluntary participation from the disputing parties, a reference under Section 10(1) is mandatory, based on the government's view that intervention is necessary for the public interest. The main goal is to maintain industrial peace, avoid work stoppages or strikes, and ensure essential services that are crucial to the national economy.

The Supreme Court of India has significantly shaped the understanding of the government's powers and the independence of adjudicatory bodies under Section 10(1) through several important rulings. In State of Bihar v. D.N. Ganguly, the Court clearly stated that once a valid reference is made to an industrial tribunal, the government cannot withdraw or cancel this reference. This decision upholds the independence and finality of the adjudication process, protecting industrial tribunals from arbitrary government interference once proceedings begin.[18] Later, in Telco Convoy Drivers Mazdoor Sangh v. State of Bihar, the Supreme Court affirmed that the government's role under Section 10(1) is purely administrative. It cannot judge the merits or validity of the dispute before referring it. The Court noted that the government's satisfaction relates only to the existence or potential of a dispute, rather than the correctness of the parties' claims.[19] These rulings clarify the difference between executive discretion and judicial decision-making, ensuring that once a matter reaches a tribunal, the process of deciding remains independent and not subject to political influence.

Despite these legal protections, the mandatory reference system under Section 10(1) raises ongoing issues regarding neutrality, transparency, and independence.[20] Three main criticisms are prevalent in academic and policy discussions. First, the government's choice to start or withhold a reference is vulnerable to political and economic pressures. Governments may choose to intervene in some disputes based on electoral needs, industrial lobbying, or broader economic strategies, which can compromise the neutrality of the referral process. Second, Labour Courts and Industrial Tribunals are often seen as extensions of the executive since

[18]State of Bihar v. D.N. Ganguly, AIR 1958 SC 1018
[19]TELCO Convoy Drivers Mazdoor Sangh v. State of Bihar, (1989) 3 SCC 271
[20]Supriya M Swami, Genesis of Industrial Jurisprudence:Government's Discretion to refer IndustrialDisputes for Adjudication, Vol 4 Issue 2, IJNRD, 38-53 (2019) https://www.ijnrd.org/papers/IJNRD1902008.pdf

their members are appointed, reappointed, and paid by the government that approves the reference. This connection raises concerns about their independence and the objectivity of the decisions they make. Third, the lack of a transparent and merit-based system for appointing presiding officers undermines trust among employers and trade unions. The unclear processes for hiring, extending terms, and transferring officers lead to suspicions of bias and lessen public confidence in the adjudication system.

In practice, the mandatory adjudication system under Section 10(1) has become the primary way to resolve industrial disputes in India. Although the IDA allows for voluntary arbitration under Section 10A as a method aimed at encouraging self-regulation and cooperative dispute resolution, this method has seen limited real-world use. Parties, especially trade unions and management, often choose government references over voluntary arbitration because they are more familiar with state-controlled tribunals and believe their decisions are more enforceable. This growing reliance on mandatory references has caused the bureaucratic approach to overshadow voluntary action, blurring the lines between arbitration and adjudication.

The Indian model for resolving industrial disputes operates within a contradictory framework; it is independent in theory but paternalistic in practice. While the text of the IDA supports autonomy and encourages negotiated resolutions, the practical situation reflects a system that heavily depends on government control. This dependence undermines the principles of neutrality and party autonomy while causing delays and inefficiencies. As a result, industrial justice remains tied to government intervention, preventing the development of a truly independent and effective arbitration culture in India's labour law.

COMPARATIVE ANALYSIS: SINGAPORE AND THE UNITED KINGDOM

Singapore's Industrial Arbitration Court (IAC)

Singapore's approach to resolving industrial disputes balances state involvement with institutional independence. The Industrial Arbitration Court (IAC), set up under the Industrial Relations Act of 1960, is the main venue for settling collective industrial disputes and certifying agreements between employers and trade unions. The IAC operates on the principle of tripartism, which is central to Singapore's industrial relations philosophy. It includes three key members: a President, typically a judge or someone with equivalent standing; an employer representative chosen with input from employer federations; and an employee representative selected with help from national trade union bodies like the National Trades Union Congress (NTUC). This tripartite structure makes sure all key players,

government, employers, and employeesare included in the decision-making process. This inclusivity builds legitimacy and reduces potential bias, as decisions result from collective discussions rather than individual decisions. The IAC's outcomes, known as awards, are legally binding for the involved parties and have the same enforcement power as civil court judgments. Judicial interference is minimal; the High Court can only review an award on specific legal questions, ensuring both finality and institutional integrity. Another noteworthy aspect of the IAC is its independence from government or executive control. Although the Ministry of Manpower may help with mediation during the early stages of a dispute, its influence ends once a case goes to the IAC. The IAC follows its own procedures, rules, and codes of practice, ensuring that its adjudication remains free from political or bureaucratic pressure. This autonomy contrasts sharply with the Indian model, where awards under the Industrial Disputes Act 1947 are subject to government publication, notification, and potential modification, effectively tying dispute resolution to the executive branch. Additionally, Singapore's industrial relations system prioritises conciliation before adjudication. It encourages settlements at the earliest stage through the Ministry's Labour Relations Department. The IAC gets involved only when conciliation fails, thus promoting industrial harmony while maintaining judicial efficiency. The structure of the IAC shows how thoughtful institutional design, rather than just statutory requirements, can uphold neutrality, credibility, and trust in the arbitration process. Singapore's success reflects its commitment to tripartite cooperation, consistent procedures, and a culture of industrial self-discipline, qualities that remain aspirational in India's semi-statutory system.[21]

The United Kingdom: ACAS and CAC

The United Kingdom has a dual-institutional model for resolving industrial disputes, which combines voluntary arbitration with statutory adjudication. This model finds a balance between individual choice and collective regulation. It operates through two main institutions: the Advisory, Conciliation and Arbitration Service (ACAS) and the Central Arbitration Committee (CAC). Both institutions developed over decades of legislative reform and practice improvement. ACAS, created under the Employment Protection Act of 1975, is an independent statutory body focused on promoting good industrial relations through advice, conciliation, and voluntary arbitration. Its independence is protected by law, and it is

[21] Ajar Rab, Defining the Contours of the Public Policy Exception-A New Test for Arbitrability in India, Vol 7 Issue 2, IJAL, 161-180 (2019) https://www.nls.ac.in/wp-content/uploads/2020/12/IJAL_Volume_7_Issue_2_Ajar_Rab.pdf

governed by a Council made up of representatives from employers, employees, and independent experts. ACAS has a panel of neutral arbitrators, typically experienced professionals or academics in labour law and industrial relations. These arbitrators can be appointed to settle disputes at the request of both parties. The voluntary nature of ACAS arbitration reflects the UK's dedication to freedom of contract and party autonomy, helping to avoid compulsory state intervention. Alongside ACAS, the Central Arbitration Committee (CAC) was initially formed under the Employment Protection Act of 1975 and later re-established under the Trade Union and Labour Relations (Consolidation) Act of 1992. The CAC handles statutory matters like trade union recognition, collective bargaining rights, and enforcing information and consultation requirements. It represents the statutory side of industrial relations, focusing on rights defined by law, while ACAS handles voluntary conciliation. Together, ACAS and CAC showcase a balanced relationship: voluntary arbitration for consensual disputes and statutory adjudication for rights-based conflicts. Historically, the UK's system saw major changes after World War II.

During the war, compulsory arbitration was introduced to keep production running and prevent strikes. However, after the war, this system was dismantled in favour of a voluntary framework that emphasised industrial democracy and institutional credibility over state coercion.[22] Subsequent reforms, particularly the creation of ACAS, marked a clear shift toward independence, simplicity, and public accountability as the cornerstones of industrial dispute resolution. The strength of the UK model lies in its design, rather than legal mandates. Both ACAS and CAC operate with high transparency, public trust, and professional neutrality, making them examples for other regions. Disputes are resolved quickly and fairly, and outcomes are broadly accepted by both labour and management. In contrast, India's framework under the Industrial Disputes Act of 1947 still relies on government oversight and statutory notifications, even in supposedly voluntary mechanisms. The lack of independent institutions like ACAS or CAC and the complexities of government-controlled publication and enforcement hinder both efficiency and credibility.

Comparative Evaluation and Implications for India

An analysis of Singapore's Industrial Arbitration Court (IAC) and the UK's dual-institutional framework (ACAS and CAC) reveals important insights into how industrial arbitration systems are designed, function, and gain legitimacy. Both regions show that effective and

[22]Jean Trepp McKelvey, Legal Aspects of Compulsory Arbitration in Great Britain, Vol 37 Issue 3, CLR, 403-418 (1952) https://scholarship.law.cornell.edu/cgi/viewcontent.cgi?article=1607&context=clr

neutral dispute resolution depends not solely on legal provisions but on the institutional structure that carries them out. Each model strikes a balance between state oversight and party autonomy, ensuring disputes are resolved with fairness and stakeholder confidence. In Singapore, the IAC's effectiveness comes from its tripartite structure, which ensures that employers, employees, and an impartial judicial member are represented. This arrangement creates balanced participation, so no single group, government, management, or labour controls the resolution process. The result is a fair and inclusive adjudicatory system that gains legitimacy through cooperation.

Furthermore, the IAC's independence from government oversight protects the integrity of its proceedings, ensuring that results are seen as fair and authoritative. Its efficiency is enhanced by clear procedures and timely decision-making, which are often lacking in India's bureaucratic industrial adjudication system. Conversely, the UK's dual structure, through ACAS and CAC, clearly separates voluntary from statutory processes. ACAS focuses on voluntary methods, conciliation, and mediation to encourage early agreements through discussions and expert facilitation. CAC offers a legal forum for addressing rights-based disputes, like union recognition or collective bargaining. This separation allows the UK to remain flexible without losing formality, catering to both voluntary and mandatory processes in distinct institutional settings. The clear division of roles avoids confusion and minimises government involvement, while public confidence stems from independence, transparency, and approachability.

In contrast, India's framework under the Industrial Disputes Act of 1947 combines voluntary and compulsory mechanisms in a way that creates confusion. Section 10A (for voluntary arbitration) and Section 10(1) (government referral) exist within the same statutory structure, diluting true voluntarism. Unlike the IAC or ACAS–CAC setups, where independence promotes neutrality, India's arbitration remains beholden to government processes and notification requirements. This dependence on executive oversight transforms a supposedly 'voluntary' process into a semi-statutory extension of state control, leading to a decline in voluntary arbitration as a preferred option. Parties view it as slow and bureaucratic, open to political influence. The evidence suggests that India's main challenge is not a lack of legal frameworks but the absence of independent, professionally managed institutions for industrial arbitration. The complex intertwining of arbitration within the overall administrative system reduces its legitimacy and efficiency. Additionally, the process for appointing arbitrators and leaders lacks transparency and standardisation, which fosters perceptions of bias. From the

experiences of Singapore and the UK, several key recommendations emerge for reforming India's industrial arbitration:

I. Institutional Independence: Creating a dedicated Industrial Arbitration Board or Council, like the IAC or ACAS, could separate arbitration from government influence and ensure operational autonomy.
II. Tripartite Representation: Including representatives from employers, employees, and unbiased judicial members would provide structural fairness, increasing trust among all parties involved.
III. Simplification of Procedures: Streamlining procedural requirements, especially concerning government publication and enforcement, would align the system more with true voluntarism.
IV. Capacity Building and Awareness:
V. Training arbitrators and educating trade unions on the benefits of voluntary arbitration could help expand its practical use.
VI. Transparent Appointments: Using merit-based public selection criteria for arbitrators would help establish trust in their neutrality and reduce concerns about government bias.

Ultimately, India's system of industrial arbitration is at a turning point. While the legal framework under the Industrial Disputes Act outlines the principles of fairness and autonomy, current practices still reflect a state-centred and paternalistic stance. The comparative examples of Singapore and the UK show that genuine neutrality and effectiveness in industrial arbitration come from thoughtful design, clear processes, and inclusion of all stakeholders, rather than from statutory claims of voluntarism alone. Moving away from state control to institutional independence is therefore not just a procedural upgrade but a fundamental shift toward a modern, participatory, and credible industrial justice system.

Criterion	**India (Sec. 10A/10)**	**Singapore (IAC)**	**United Kingdom (ACAS/CAC)**
Nature	Semi-statutory hybrid	Statutory, tripartite	Independent statutory agencies
Appointment	Party-selected / Govt-notified	President + tripartite members	Rostered neutrals

State Role	Publication & enforcement	Minimal after registration	Advisory & administrative
Review	Broad writ control	Limited	Narrow (judicial review only)
Neutrality Mechanism	Ad hoc arbitrators	Built-in tripartism	Institutional independence

Comparing Singapore and the UK highlights an important point: true neutrality requires institutional independence, transparent governance, and active participation from all stakeholders rather than just legal declarations of voluntary processes.[23]

NEUTRALITY AND STRUCTURAL ASSESSMENT

Neutrality is essential in any reliable system of industrial arbitration. It ensures that arbitration outcomes are unbiased, free from political influence, and fair in procedure. Practically, neutrality depends on three key factors:

- arbitrator independence, which comes from transparent, merit-based appointment processes;
- protection from executive or political interference; and
- a procedural structure that balances efficiency with due process and the right to a fair hearing.[24]

These components form the foundation for legitimate dispute resolution in industrial relations.

However, the Indian system under Section 10A of the Industrial Disputes Act 1947 does not consistently meet these standards. The method for appointing arbitrators is mostly ad hoc and lacks regulation. It often relies on mutual agreement between the parties, without the safeguard of institutional checks or a standardised list of neutrals. This lack of procedural consistency allows for subjective choices and perceived bias, especially when one party, usually management, has greater bargaining power. Additionally, the requirement for arbitration agreements and awards to be published by the relevant government adds executive

[23] MJ Arputharaj & R Gayatri, A Critical Analysis ofthe Efficacy of MechanismsforIndustrial Dispute Resolution in India, Vol 2 No 8, IJCRAR, 328-344 (2014) https://www.ijcrar.com/vol-2-8/M.J.Arputharaj%20and%20R.%20Gayatri.pdf

[24] Ursula Ramsey, The Professional Employer Organisation as Dispute System Designer: Mandatory Arbitration in the Co-Employment Context, 33 U. MIA Bus. L. Rev. 353 ()Available at: https://repository.law.miami.edu/umblr/vol33/iss3/3

oversight, reducing the independence that voluntary arbitration should have. The possibility of writ jurisdiction under Article 226 further turns arbitration into a quasi-judicial process, broadening judicial review and reducing the finality of awards. Together, these structural issues undermine the neutrality and efficiency that the framework is supposed to provide.

Research in employment arbitration highlights a consistent issue known as the "repeat-player effect.[25]" This effect, noted in industrial relations studies, shows that employers who often engage in arbitration tend to have an advantage. Their familiarity with the process, access to better legal resources, and ability to influence arbitrator selection through reputation or economic power often led to more favourable results compared to individual workers or trade unions who participate less frequently. In India, this imbalance appears in subtle, yet crucial ways. Management frequently suggests arbitrators, controls the timing of government publication, or uses bureaucratic connections to speed up or delay the enforcement of awards. Without a dedicated body to oversee these processes, true neutrality remains more of a goal than a reality.[26]

Moreover, neutrality in industrial arbitration is increasingly seen as a moral and ethical necessity within the framework of Corporate Social Responsibility (CSR). Nowadays, CSR goes beyond charity and environmental responsibility to include fair labour practices and fair dispute resolution. Companies are now expected to implement open, accessible, and participatory methods for resolving workplace conflicts, in line with international standards like the UN Guiding Principles on Business and Human Rights and the ILO's Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy. In this view, fair arbitration processes are not just about following procedures; they are crucial parts of a company's ethical responsibilities.[27]

Incorporating CSR principles into industrial arbitration can boost its credibility and public trust. Actions such as equal representation of labour and management in selecting arbitrators, publicly disclosing arbitration guidelines, and providing clear, written awards for all

[25]David B. Lipsky, J. Ryan Lamare & Michael D. Maffie, Mandatory Employment Arbitration: Dispelling the Myths, ResearchGate (October 2014, 06:33 AM) https://www.researchgate.net/publication/266972357_Mandatory_Employment_Arbitration_Dispelling_the_Myths

[26] Sahibnoor Singh Sidhu, Voluntary Arbitration of Industrial Disputes, and the Curious Case of Class-Action Arbitration, Vol 4 Issue 1, IJLMH, 1925-1931 (2021) https://ijlmh.com/wp-content/uploads/Voluntary-Arbitration-of-Industrial-Disputes-and-the-Curious-Case-of-Class-Action-Arbitration.pdf

[27]Ridhi Reddy and Anjali Reddy, Mandatory Arbitration Clauses and their Reflection of CSR Responsibilities and Connection with Labour Law, Taxmann (1 August 2023, 06:42 A.M.) https://www.taxmann.com/research/company-and-sebi/top-story/10501000000000023150/mandatory-arbitration-clauses-and-their-reflection-of-csr-responsibilities-and-connection-with-labour-law-experts-opinion

stakeholders can improve perceptions of fairness and accountability. Additionally, establishing oversight mechanisms like Singapore's tripartite IAC or the UK's ACAS panel system would ensure that neutrality is upheld through systemic design rather than left to individual judgment. Such reforms would align industrial arbitration in India with global best practices, changing it from a semi-statutory administrative process into a truly neutral and inclusive forum that supports both fairness in procedures and corporate responsibility.

In summary, neutrality in industrial arbitration is not just a theoretical concept; it involves legal independence, institutional structure, and ethical duty. Without clear selection processes, structural independence, and procedural fairness, arbitration might become a mere formality instead of a means of delivering justice. On the other hand, incorporating CSR-driven principles and institutional protections can reposition arbitration as a credible, trust-based process, one that resolves disputes and enhances the legitimacy of industrial relations in a modern democratic economy.

POLICY AND REFORM PROPOSALS

Establishment of a Central Industrial Arbitration Authority

Creating a Central Industrial Arbitration Authority (CIAA) would be a crucial step toward restoring trust and fairness in India's system for resolving industrial disputes. The CIAA would operate as an independent body that focuses on all aspects of industrial arbitration. Its main responsibilities would include registering and accrediting arbitrators, maintaining a national list of experts, and ensuring proper procedures are followed in arbitration.

This new Authority would move away from the current informal system, where arbitrators are often chosen without standardised qualifications or clear criteria. The CIAA could set up a tiered accreditation process, grouping arbitrators based on their experience, knowledge of labour law, and ethical standards. This approach would be like the systems used by Singapore's Industrial Arbitration Court and the UK's Advisory, Conciliation and Arbitration Service. The CIAA might also have regional offices in major industrial areas to make it easier for both large companies and small businesses to access arbitration services.

In addition to overseeing technical aspects, the CIAA could issue guidelines, uphold ethical standards, and publish anonymised summaries of cases. This would help foster consistency and transparency in arbitration. These actions would make arbitration more professional, reduce biases, and bring India's system in line with international standards. By being

independent of any government influence and having its leaders chosen by a transparent selection committee, the CIAA could ensure that arbitration decisions are based on fairness and expertise rather than political pressures.

Procedural Simplification and Streamlined Enforcement

A major obstacle to voluntary arbitration in India is its complicated procedures. Currently, every arbitration agreement and award must be published in the Official Gazette, causing delays and creating chances for political interference.

A new model should separate consensual arbitration—from parties agreeing to arbitrate—from statutory arbitration, which serves the public interest. For consensual arbitration, the law should eliminate the need for government publication and allow awards to be directly registered with the CIAA or Labour Court. This change would save time, give parties more freedom, and restore arbitration's role as a fast and flexible alternative to court.

However, in disputes that involve public welfare or multiple unions, publishing details could still be necessary for transparency. This balanced approach would meet accountability needs while respecting voluntary principles. Digitising filings, electronically registering awards, and setting deadlines for enforcement could modernise the process, making it easier and more efficient for everyone involved.

Limiting Judicial Review to Preserve Finality

The success of arbitration relies on the finality of its decisions. In India, however, awards are often challenged in court, turning arbitration into an extension of litigation.

To address this, a legal change should clarify the limited grounds for court review to three areas:

a. Jurisdictional error, where the arbitrator goes beyond their authority.
b. Procedural mistakes, such as violations of fairness.
c. Clear illegality, involving obvious breaches of law.

This reform would align Indian practices more with those in Singapore and the UK, where courts limit intervention to legal issues and serious procedural errors. The advantages would be two-fold: it would enhance the finality and enforceability of arbitration awards while reducing the workload of High Courts and Tribunals, which often face many appeals.

Furthermore, limiting court review would indicate to industry players that arbitration is a legitimate and final means of resolving disputes, not just a step before going to court.

Training, Accreditation, and Capacity Building

A successful arbitration system relies on the skills and knowledge of its practitioners. Currently, many industrial arbitrators in India do not have specialised training in labour law, collective bargaining, or fair procedures. This gap can weaken trust in arbitration outcomes and lead to the impression that voluntary arbitration is unprofessional.

To improve this, the CIAA or the Ministry of Labour could develop training programs with National Law Universities, the Indian Institute of Corporate Affairs, and international organisations like the ILO. These programs should cover topics such as industrial relations theory, arbitration techniques, ethical behaviour, and case management. Regular training updates could ensure arbitrators stay current with legal developments and best practices from around the world.

Capacity building should also target union leaders and employer groups, helping them learn negotiation and mediation skills for better engagement in arbitration. By professionalising everyone involved, arbitrators, legal representatives, and workers, India can foster a culture of respect, procedural discipline, and informed participation, which are essential for effective industrial justice.

CSR-Linked Transparency and Ethical Governance

In today's corporate world, the ethical aspects of industrial relations are a vital part of Corporate Social Responsibility (CSR). The Companies Act of 2013 already requires corporations to support socially beneficial activities; this could be expanded to include clear reporting on how disputes are resolved.

Companies could be asked to include details in their annual CSR or sustainability reports, such as the number of arbitration cases started, average resolution times, the percentage of awards followed through, and steps taken to ensure worker involvement and fairness. Having independent auditors or the CIAA verify these reports could further enhance transparency.

Linking CSR and arbitration would achieve three goals:

i. It would encourage companies to implement fair and effective arbitration processes.

ii. It would hold companies accountable, allowing stakeholders to assess their labour governance standards.
iii. It would establish arbitration as a standard practice of responsible corporate behaviour rather than merely a reactive legal measure.

Over time, this CSR-related transparency could help create a culture of trust-based conflict management, with companies proactively fostering industrial harmony and workers viewing arbitration as a legitimate means of seeking justice.

Implementation and Phased Integration

Though these reforms are ambitious, they can be rolled out through a gradual, step-by-step approach. In the initial phase, the government could test the establishment of Regional Industrial Arbitration Authorities in states with high industrial activity, like Maharashtra, Tamil Nadu, and Gujarat. The second phase could involve changes to Sections 10A and 17A of the Industrial Disputes Act to simplify registration, limit judicial review, and set standards for accreditation.

Finally, in the third phase, arbitration reporting could be integrated into CSR and ESG frameworks, ensuring alignment with India's National Guidelines on Responsible Business Conduct. Through these incremental steps, India could move towards a self-regulating, strong system of industrial arbitration rather than one reliant on government intervention.

CONCLUSION

Voluntary arbitration under Section 10A of the Industrial Disputes Act, 1947 (IDA) was meant to be a key part of India's labour policy after independence. It aimed to balance collective freedom with industrial peace. The creators of this law wanted a way for employers and workers to settle disputes by mutual agreement, avoiding forceful decisions and government interference. They hoped to create a culture of self-managed industrial peace, where both sides would choose their arbitrator, set the process, and accept the outcome as a binding agreement. This model represented the broader goal of balancing economic freedom with social justice, positioning arbitration as a tool for shared governance in industry.

However, despite its good intentions, the practical outcomes of Section 10A have strayed far from its original vision. Over time, the process has become bogged down by unnecessary rules and reliance on government, turning what was supposed to be an informal, cooperative approach into a nearly judicial, state-controlled process. The requirement for publicising

arbitration agreements and awards, along with mandatory updates to the government and conciliation officer, has made arbitration a semi-public operation, rather than a genuinely private and independent one. This heavy formalisation has undermined the spirit of voluntary cooperation that Section 10A aimed to promote.

In practice, compulsory adjudication under Section 10(1) has become the primary method for resolving industrial disputes, overshadowing voluntary arbitration. The government's significant role in directing disputes to Labour Courts and Industrial Tribunals has created a culture of state oversight, where parties often see the government as the final judge of industrial fairness. This situation has encouraged both employers and trade unions to rely on government intervention, rather than taking charge of their disputes. As a result, the concept of voluntary arbitration as a means of industrial democracy has remained mostly theoretical, with very few disputes ever referred under Section 10A.

The prevalence of government-led adjudication has also damaged the perception of neutrality in resolving industrial disputes. Since arbitrators and presiding officers are often chosen through official channels, their independence can be questioned, especially when appointments align with political or bureaucratic interests. Additionally, the broad authority for judicial review under Articles 226 and 136, while constitutionally justified, has unintentionally turned arbitration into another layer of decision-making, thus reducing its speed and finality. All these factors combined mean that voluntary arbitration in India has lost its identity as a self-regulating, effective, and neutral venue for industrial justice.

Looking at other countries highlights the shortcomings of India’s approach. Places like Singapore and the United Kingdom show how neutrality and efficiency can work together within a proper institutional setup. Singapore’s Industrial Arbitration Court (IAC) includes representatives from employers, employees, and a judicial-grade president, ensuring that no single party dominates the process and neutrality is built into the court’s structure. Similarly, the United Kingdom’s Advisory, Conciliation and Arbitration Service (ACAS) and the Central Arbitration Committee (CAC) operate free from government control, addressing industrial disputes in a way that balances efficiency and fairness. These models show that neutrality in arbitration does not just come from voluntary choices or laws; it needs to be built through clear procedures, fair representation, and professional oversight.

In contrast, India’s mixed model, where arbitration is formally voluntary but heavily reliant on government, exposes the limits of legal voluntarism without institutional independence.

The Indian situation shows that autonomy and neutrality cannot coexist in a system dominated by government control. Ultimately, India's voluntary arbitration has become what scholars call a ‘semi-statutory hybrid,’ voluntary in theory, but structurally dependent on administrative oversight and judicial involvement.

To restore the trust and relevance of industrial arbitration, India needs to shift from a procedural to an institutional approach. Reform efforts should focus on creating a Central Industrial Arbitration Authority. This authority would be responsible for accrediting arbitrators, overseeing the proceedings, and ensuring consistent procedures. It would operate as an independent entity, shielded from government influence, thus boosting confidence in the fairness of the arbitration process. Simplifying procedures, like removing the requirement for government publication in purely consensual arbitrations, would eliminate unnecessary delays and make arbitration a truly quick alternative to litigation.

Moreover, neutrality should be seen as a structural principle rather than just an external requirement. This calls for mechanisms to ensure balanced representation of employers and workers, proper training for arbitrators, and limited court involvement focused only on procedural issues or jurisdiction errors. Integrating neutrality into the system's design would not only boost the legitimacy of arbitration but also bring India’s industrial relations more in line with global standards of fairness and efficiency.

Ultimately, the broader aim of reforming arbitration should be to rebuild trust in collective self-governance. When industrial arbitration functions independently and reliably, it can connect private freedom with public accountability, balancing the needs for productivity and justice. Only with independent institutions, clear processes, and ethical standards can voluntary arbitration regain its essential role in democratic industrial relations in India.

In summary, reviving the original spirit of Section 10A requires more than just changing laws. It calls for a cultural and structural shift in how the state, employers, and workers view industrial justice. When neutrality is a built-in value rather than something imposed from the outside, arbitration can develop into not just a legal process but a moral tool for industrial democracy, balancing freedom, equality, and social welfare within India's complex industrial environment.