

# Info Capsule

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THE INSTITUTE OF  
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भारतीय कम्पनी सचिव संस्थान

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## 1. Lok Sabha passes New Delhi International Arbitration Centre Bill, 2019

Lok Sabha passed the New Delhi International Arbitration Centre Bill, 2019 that seeks to provide for the establishment and incorporation of New Delhi International Arbitration Centre for the purpose of creating an independent and autonomous body for institutional arbitration.

The benefits of institutionalized arbitration will be manifold for the Government and its agency and to the parties to a dispute. This will result in quality experts being available in India and also an advantage in terms of cost incurred. It will facilitate India becoming a hub for institutional arbitration.

The Bill replaces the New Delhi International Arbitration Centre Ordinance, 2019, promulgated by President on 02.03.2019 for the creation of an independent and autonomous regime for institutionalized domestic and international arbitration and establishing India as an International Hub of Arbitration.

*Background:* It has been the endeavor of the Government of India to establish an independent and autonomous institution for resolving International and domestic commercial disputes expeditiously by Alternative Dispute Resolution (ADR) mechanism. In this regard, a High-Level Committee (HLC), headed by Mr. Justice B.N. Srikrishna, former Judge of the Supreme Court of India, was constituted in the year 2017. The HLC recommended that the Government may take over the International Centre for Alternative Dispute Resolution (ICADR), an existing institution which has been established in the year 1995 using the public funds and develop it as an Institution of National Importance.

Taking into consideration the HLC's recommendations, a Bill, namely the New Delhi International Arbitration Centre (NDIAC) Bill 2018 was approved for introduction in the Parliament by the Cabinet in its meeting held on 15th December, 2017. The Bill was introduced in the Lok Sabha on 5th January, 2018 and was passed by the Lok Sabha on 4th January, 2019. The New Delhi International Arbitration Centre Bill, 2018 could not be taken up for consideration and passing by the Rajya Sabha in its 248th Session. Thereafter, the Parliament was adjourned sine die on 13th February, 2019.

The President, in view of the importance of the matter and urgency to make India a hub of institutionalized arbitration and promote 'Ease of Doing Business' in India, promulgated an Ordinance namely "The New Delhi International Arbitration Centre Ordinance, 2019" on 2nd March, 2019. In view of the provisions of the Article 107 (5) and 123 (2) of the Constitution, the New Delhi International Arbitration Centre Bill, 2019 is proposed to be introduced in the Parliament which will replace the New Delhi International Arbitration Centre Ordinance, 2019.

*NDIAC – the future International Hub of Arbitration:* The New Delhi International Arbitration Centre (NDIAC) will be headed by a Chairperson, who has been a Judge of the Supreme Court or a Judge of a High Court or an eminent person, having special knowledge and experience in the conduct or

administration of arbitration, law or management, to be appointed by the Central Government in consultation with the Chief Justice of India.

Aims and objectives of NDIAC :-

- a) bring targeted reforms to develop itself as a flagship institution for conducting international and domestic arbitration
- b) provide facilities and administrative assistance for conciliation, mediation and arbitral proceedings;
- c) maintain panels of accredited arbitrators, conciliators and mediators both at national and international level or specialists such as surveyors and investigators;
- d) facilitate conducting of international and domestic arbitrations and conciliation in the most professional manner;
- e) provide cost effective and timely services for the conduct of arbitrations and conciliations at Domestic and International level;
- f) promote studies in the field of alternative dispute resolution and related matters, and to promote reforms in the system of settlement of disputes; and
- g) co-operate with other societies, institutions and organisations, national or international for promoting alternative dispute resolution.

The detailed bill is available at : <http://loksabhaph.nic.in/Legislation/billspassed.aspx>

## **2. Circular for General Insurers (IRDA Circular No. IRDAI/NL/CIR/MOT/112/07/2019 dated 11<sup>th</sup> July, 2019)**

As per the Circular Ref: IRDA/NL/CIR/MOT/137/08/2018 dated 28th August, 2018 on implementation of the Directions of the Hon'ble Supreme Court of India in the matter of WP No.295/2012 of Shri. S. Rajaseekaran vs Union of India and Ors., all general Insurers shall offer three-year Motor Third Party Insurance cover for new cars and five-year Motor Third Party Insurance policies for new two-wheelers.

It is further reiterated that long term motor product permitted under para 2(i), 5 (i) shall be offered only to new private cars and new two-wheelers. These products shall not be offered for renewal of existing policies or for old vehicles.

However, Long Term Two Wheeler Insurance Policy being issued for three-years as permitted vide circular ref IRDA/NL/CIR/MOTP/192/08/2014 dated 4th August, 2014 may continue to be offered for renewal.

The details are available at:  
[https://www.irdai.gov.in/ADMINCMS/cms/Circulars\\_Layout.aspx?page=PageNo3845](https://www.irdai.gov.in/ADMINCMS/cms/Circulars_Layout.aspx?page=PageNo3845)