Seat Of Arbitration Determines Supervisory Jurisdiction, Not The Venue Where Hearings Are Conducted: Supreme Court

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Introduction

In ***J&K Economic Reconstruction Agency v. Rash Builders India Private Limited*** **[2026 INSC 368]**, the Supreme Court revisited the distinction between the seat and venue of arbitration, and the jurisdictional consequences that follow from that distinction. The Supreme Court held that where Srinagar was expressly designated as the seat of arbitration and New Delhi was designated only as the venue, the courts at Srinagar alone would have supervisory jurisdiction over the arbitral proceedings. The fact that hearings were conducted at New Delhi, or that the award was delivered at New Delhi, could not confer jurisdiction on courts at New Delhi.

The judgment reiterates that the seat of arbitration is the juridical home of the arbitration. Once the seat is designated, it operates akin to an exclusive jurisdiction clause and determines the court having supervisory control over the arbitral proceedings, including challenges to the award.

In this article, we navigate through the facts of the case and the findings rendered by the Supreme Court.

Brief Facts

The dispute arose from four infrastructure road projects in Jammu and Kashmir. Disputes arose between J&K Economic Reconstruction Agency and Rash Builders India Private Limited in relation to contractual claims under the project agreements.

Arbitration was invoked by the contractor. In the course of the arbitral proceedings, an order dated 26 March 2016 recorded, with the consent of parties, that the seat of arbitration would be Srinagar and the venue would be New Delhi.

The arbitral award was later delivered at New Delhi. The employer filed a petition under Section 34 of the Jammu & Kashmir Arbitration and Conciliation Act, 1997 before the High Court of Jammu & Kashmir and Ladakh, seeking to set aside the award insofar as it related to one of the projects.

The contractor raised a preliminary objection to territorial jurisdiction. The High Court accepted the objection and returned the Section 34 petition, holding that since the arbitration proceedings were conducted and the award was rendered at New Delhi, the courts at New Delhi alone would have jurisdiction.

Aggrieved by the order of the High Court, the employer approached the Supreme Court.

Arguments from Both Sides

The employer contended that the seat of arbitration had been expressly fixed as Srinagar by consent of parties. It was submitted that New Delhi was only the venue for conducting

proceedings. Once the seat was fixed as Srinagar, it could be altered only by mutual agreement.

On this basis, the employer argued that the courts at Srinagar alone had supervisory jurisdiction over the arbitral proceedings and the challenge to the award.

The contractor contended that the award recorded New Delhi as the place of arbitration and that the proceedings were also conducted at New Delhi. It was further submitted that parties may alter the seat by mutual consent, and the conduct of proceedings at New Delhi indicated that New Delhi had become the relevant place for jurisdiction.

The central issue before the Supreme Court was therefore whether the place where hearings were conducted or the award was delivered could displace an expressly designated seat of arbitration.

Findings of the Supreme Court

The Supreme Court allowed the appeal and set aside the order passed by the High Court. The Supreme Court first reiterated the settled distinction between the seat and venue of arbitration. The Supreme Court held that the seat is the juridical home of the arbitration. It determines the curial law and the court having supervisory jurisdiction over the arbitral process. The venue, on the other hand, is merely a geographical location chosen for convenience, such as for hearings, meetings or recording of evidence.

The Supreme Court referred to ***Bharat Aluminium Co. v. Kaiser Aluminium Technical Services Inc.*** **[(2012) 9 SCC 552]**, where the Constitution Bench had recognised that arbitration is anchored to the seat chosen by the parties and that the law of the seat governs the arbitration. The Supreme Court noted that party autonomy permits parties to choose the seat, while also allowing hearings to be held at another place for convenience.

The Supreme Court also referred to ***Enercon (India) Ltd. v. Enercon GmbH*** **[(2014) 5 SCC 1]**, where the "closest and most intimate connection" test was applied to determine the juridical seat of arbitration. In **Enercon (supra)**, the Supreme Court held that where the agreement of parties is clear, the designation of the seat must be given full effect.

The Supreme Court further relied on **Indus Mobile Distribution Pvt. Ltd. v. Datawind Innovations Pvt. Ltd. [(2017) 7 SCC 678]**, where it was held that designation of a seat is akin to an exclusive jurisdiction clause. Once a seat is designated, it becomes the centre of gravity of the arbitration and vests exclusive jurisdiction in the courts of that place.

The Supreme Court also referred to ***BGS SGS SOMA JV v. NHPC Ltd.*** **[(2020) 4 SCC 234]**, where it was held that once the seat is designated, it operates as an exclusive jurisdiction clause, irrespective of whether any part of the cause of action arose at that place.

The Supreme Court thereafter summarised the principles governing seat and venue. The Supreme Court held that the seat constitutes the juridical home of arbitration. Once the

seat is designated by agreement of parties, the courts of that place alone have exclusive jurisdiction over all proceedings arising out of the arbitration, including challenges to the award. The venue does not confer jurisdiction and does not alter the seat.

The Supreme Court further held that the mere fact that arbitral proceedings are conducted, or the award is delivered, at a particular place does not confer jurisdiction on courts of that place if it is different from the designated seat. The seat remains fixed unless expressly altered by agreement of parties.

Applying these principles, the Supreme Court noted that the parties had expressly agreed that Srinagar would be the seat of arbitration and New Delhi would be the venue. This distinction was clearly recorded in the arbitral order dated 26 March 2016.

The Supreme Court held that the surrounding circumstances also supported Srinagar as the seat. The contracts were executed in Jammu and Kashmir, the works were to be carried out in Jammu and Kashmir, and the arbitration proceedings were initiated before the High Court at Srinagar. These factors reinforced the conclusion that the arbitration was anchored at Srinagar.

The Supreme Court rejected the argument that the reference to New Delhi in the award as the place of arbitration was determinative of the seat. The Supreme Court held that the seat is governed by the agreement of parties and not by a stray recital in the award. Once fixed, the seat remains immutable unless altered by express agreement.

The Supreme Court held that the High Court erred in treating the place of hearings and delivery of the award as determinative of jurisdiction. The Supreme Court observed that accepting such an approach would render the concept of juridical seat otiose and create uncertainty in arbitral proceedings.

Accordingly, the Supreme Court held that the courts at Srinagar, being the courts of the seat, alone had jurisdiction to entertain and decide the challenge to the arbitral award. The order returning the Section 34 petition was set aside, and the proceedings before the High Court were restored for decision on merits.

Comment

The judgment in ***J&K Economic Reconstruction Agency*** **(supra)** is a clear reaffirmation of the seat-centric approach in Indian arbitration law.

The Supreme Court has reiterated that the seat of arbitration is not a matter of convenience. It is a juridical concept that determines supervisory jurisdiction. Once parties designate a seat, the courts of that place alone exercise jurisdiction over the arbitral process, including challenges to the award.

The decision is significant because arbitral proceedings are often conducted at venues different from the seat. Hearings may be held in another city for convenience, evidence may be recorded elsewhere, and awards may be signed or delivered at a different location. The Supreme Court has clarified that none of these facts will alter the seat unless parties expressly agree to such alteration.

The judgment also reinforces party autonomy and jurisdictional certainty. If parties consciously choose a seat, that choice must be respected. Courts cannot infer a change of seat merely because proceedings took place elsewhere.

The decision is particularly relevant in infrastructure and construction arbitrations, where projects may be located in one State and hearings may be conducted in another city. The judgment clarifies that logistical convenience cannot determine supervisory jurisdiction.

The judgment therefore reiterates a simple but important principle: the venue may shift for convenience, but the seat remains the legal anchor of arbitration unless expressly changed by agreement.

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