



SUPREME COURT REITERATES DISTINCTION BETWEEN ‘SEAT’ AND ‘VENUE’ OF ARBITRATION

Case Title: J&K Economic Reconstruction Agency V. Rash Builders India Pvt. Ltd.

Case No.: 2026 INSC 368

Court: Supreme Court of India

Date of Judgment: April 15, 2026

Bench: Justice Pamidighantam Sri Narasimha & Justice Alok Aradhe

I. BACKGROUND AND CONTEXT

The Supreme Court of India, in a significant ruling on arbitration law, has revisited the distinction between the Seat and Venue of arbitration and its impact on territorial jurisdiction for arbitration-related proceedings.

The dispute arose out of contractual works executed between J&K Economic Reconstruction Agency (“Appellant”) and Rash Builders India Pvt. Ltd. (“Respondent”).

In the present case, arbitration proceedings were initiated to resolve disputes between the parties, therefore, an arbitrator was appointed by High Court of Jammu & Kashmir and Ladakh (“High Court”). As per the order of the Arbitral Tribunal dated March 26, 2016, Srinagar was designated as the seat of arbitration, while New Delhi was fixed as the venue for conducting proceedings i.e., hearings. Subsequently, upon the demise of the appointed sole arbitrator, High Court appointed a substitute arbitrator, who ultimately rendered the arbitral award in New Delhi. Thereafter, the Appellant filed a petition before the High Court under Section 34 of the Arbitration and Conciliation Act, 1996 to set aside the award, wherein a preliminary objection regarding territorial jurisdiction was raised.

II. LEGAL FRAMEWORK

The dispute required interpretation of key provisions and principles under the Arbitration and Conciliation Act, 1996 (“Act”) and settled jurisprudence governing arbitration:

- i. The concept of seat of arbitration, which determines the juridical home of arbitration and the supervisory jurisdiction of courts;



- ii. The distinction between seat and venue, where the venue is merely the physical location for conducting proceedings;
- iii. Section 34 of the Act, which provides for recourse to courts for setting aside arbitral awards;
- iv. The principle that designation of seat confers exclusive jurisdiction on courts of that place for arbitration-related proceedings;
- v. The “closest and most intimate connection” test applied where the seat is not expressly designated.

III. ISSUE BEFORE THE COURT

The core issue before the Apex Court was whether, despite the express designation of Srinagar as the seat of arbitration, the conduct of proceedings and delivery of the award in New Delhi would confer jurisdiction upon the courts at New Delhi.

IV. JUDICIAL ANALYSIS

In addressing this issue, the Supreme Court relied upon several landmark precedents, including *Bharat Aluminium Co. v. Kaiser Aluminium Technical Services Inc.* (2012) 9 SCC 552; *Enercon (India) Ltd. v. Enercon GmbH* (2014) 5 SCC 1; *Naviera Amazonica Peruana S.A. v. Compania Internacional de Seguros del Peru* (1988) and *Indus Mobile Distribution Pvt. Ltd. v. Datawind Innovations Pvt. Ltd.* (2017) 7 SCC 678, wherein it was held that arbitration is anchored to the law of the seat, which constitutes its juridical home. Once designated, the seat becomes the centre of gravity of arbitration, conferring exclusive jurisdiction on the courts of that place. Even in cases of ambiguity, the seat is to be determined by identifying the place with the closest and most intimate connection to arbitration.

The Court clarified that once the seat is designated, it retains its legal significance irrespective of where the hearings are conducted or where the award is delivered. The designation of seat is not merely indicative but carries determinative legal consequences, as it confers exclusive supervisory jurisdiction on the courts of that place.

The Court further emphasised that party autonomy is central to arbitration, and the intention of the parties in designating the seat must be given full effect. Such intention cannot be diluted by procedural aspects such as the location of hearings or the place where the award is signed.



Rejecting the contention that the place of award or hearings could determine jurisdiction, the Apex Court held that such an approach conflates the concept of venue with seat and is contrary to settled arbitration jurisprudence. The place where the award is rendered was held to be incidental and incapable of conferring jurisdiction.

The Court also observed that any deviation from the principle that the seat determines jurisdiction would undermine certainty and predictability in arbitration, and could lead to jurisdictional ambiguity.

V. CORE LEGAL PRINCIPLES

Thus, the Supreme Court summarized and reiterated the principles governing the distinction between the seat and venue of arbitration, as under:

- i. The seat of arbitration is the juridical home and determines the applicable law and supervisory court.
- ii. Once designated, the seat confers exclusive jurisdiction on courts of that place for all arbitration-related proceedings, including challenges to the award.
- iii. The venue is only for convenience of hearings and does not confer jurisdiction or determine the seat.
- iv. Conduct of proceedings or rendering of the award at a different place does not change the seat or confer jurisdiction on such courts.
- v. Where the seat is not specified, it is determined by:
 - (a) the closest and most intimate connection test; and
 - (b) the intention inferred from the agreement and circumstances.
- vi. The intention of the parties is paramount and must be given full effect by the courts.

VI. DECISION

In the present matter, not only had the parties expressly agreed upon Srinagar as the seat of arbitration, but the surrounding circumstances also reinforced this position. The contracts were



executed in Jammu & Kashmir, the works were to be performed within the State, the arbitration proceedings were initiated there, and the arbitrator was appointed by the High Court. Applying the “closest and most intimate connection” test, the Apex Court found that Srinagar constituted the juridical seat of arbitration.

The Apex Court observed that the approach adopted by the High Court, treating the place of award or hearings as determinative of jurisdiction, would render the concept of juridical seat meaningless and will introduce uncertainty in arbitration proceedings.

Accordingly, the Court held that courts at Srinagar alone possess jurisdiction to entertain and decide the challenge to the arbitral award.

Judgement Dated: April 15, 2026 [[Read Here](#)]

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