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E.MBA, LL.M, PH.D, PGDSAPM

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BBA. LL.B. (Hons.) (Amity University, Rajasthan); LL. M. (UPES, Dehradun) (Nottingham Trent University, UK); PH.D. Candidate (G.D. Goenka University)

Subhrajit did his LL.M. in Sports Law, from Nottingham Trent University of United Kingdoms, with international scholarship provided by university; he has also completed another LL.M. in Energy Law from University of Petroleum and Energy Studies, India. He did his B.B.A.LL.B. (Hons.) focussing on International Trade Law.

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With this thought, we hereby present to you

FINANCING JUSTICE: THE ROLE OF THIRD-PARTY FUNDING IN INDIAN COMMERCIAL ARBITRATION

AUTHORED BY - CHINMAY MADHAV PAWAR

LLM-II

DES's Shri Navalmal Firodia Law College, Pune.

Abstract

*Third-party funding (TPF) has emerged as a transformative mechanism in commercial arbitration, reshaping how disputes are financed and resolved. Traditionally rejected under the doctrines of champerty and maintenance, TPF is now accepted in many jurisdictions as a legitimate means of enhancing access to justice. By enabling an external party to finance arbitration in exchange for a share of the award, TPF reduces cost barriers and allows financially weaker claimants, including small and medium-sized enterprises (SMEs), to pursue meritorious claims. This paper examines the legal position, challenges, and future prospects of TPF in the Indian commercial arbitration framework. While Indian law does not expressly regulate TPF, judicial pronouncements—most notably in *Bar Council of India v. A.K. Balaji* have confirmed that non-lawyer funders may lawfully finance disputes. The Indian Contract Act, 1872 further supports such agreements, provided they are not extortionate or contrary to public policy. However, the absence of statutory recognition creates uncertainties regarding disclosure, confidentiality, cost liability, and conflict of interest. Drawing on comparative experiences from jurisdictions such as Singapore, Hong Kong, the United Kingdom, and Australia, the paper highlights how legislative recognition and regulatory safeguards can balance commercial viability with ethical integrity. TPF offers clear benefits in India: enhanced access to justice, efficient risk management, encouragement of strong claims, and promotion of India's ambition to become a global arbitration hub. Yet, challenges—including the risk of funder influence, exploitation, and over-commercialisation—underscore the urgent need for reform. The paper concludes that India must adopt a hybrid framework combining statutory recognition, mandatory disclosure obligations, regulation of funders, and industry self-regulation. Properly implemented, TPF can strengthen the credibility, fairness, and global competitiveness of Indian commercial arbitration.*

(Key Words: *Third-Party Funding (TPF), Commercial Arbitration, Access to Justice*)

Introduction

In recent years, the way commercial disputes are resolved has changed significantly, especially in the field of arbitration. Arbitration has become the preferred method for businesses because it offers flexibility, allows parties to make their own decisions, and ensures that awards are recognized internationally. However, despite these benefits, arbitration is often criticized for being expensive, which can make it difficult for small and medium-sized enterprises (SMEs) and startups to access. In response to this challenge, Third-Party Funding (TPF) has gained attention globally. TPF allows an outside party—who is not involved in the dispute to pay for the costs of litigation or arbitration in exchange for a share of the final award or settlement.

Historically, common law countries were sceptical of TPF due to the doctrines of champerty and maintenance, which viewed third-party involvement as promoting unnecessary litigation. But with the rise of global trade and increasingly complex disputes, many countries have started to accept and regulate TPF. Today, jurisdictions like Singapore, Hong Kong, the UK, and Australia have established clear legal rules that permit third-party funding in arbitration. International arbitration bodies such as the ICC, SIAC, and LCIA also require parties to disclose funding arrangements to maintain transparency and prevent conflicts of interest.

In India, TPF is still in its early stages. Although Indian law does not explicitly ban third-party funding, there is no specific legal framework to govern it in arbitration. The Supreme Court, in the case of *Bar Council of India v. A.K. Balaji* (2018), clarified that while lawyers cannot fund disputes, non-lawyers may do so, provided the funding agreements are fair and not exploitative. This has opened the door for litigation finance to grow cautiously within India's arbitration landscape.

This paper aims to study the legal standing, challenges, and future prospects of TPF in Indian commercial arbitration. It reviews the current legal position in India, compares international regulatory models, discusses policy issues, and proposes reforms to bring India's arbitration system in line with global standards. The main question it addresses is whether India should officially recognize and regulate TPF in arbitration, and if so, how to design a framework that ensures access to justice, respects party autonomy, and upholds ethical standards.

Third-Party Funding in Dispute Resolution: Conceptual Foundations and Development

Third-Party funding (“TPF”) is defined by the Singapore Institute of Arbitrators as “*when a third party (the Funder) provides financial support to enable a party (the Funded Party) to pursue or defend an arbitration or related court or mediation proceedings. Such financial support is provided in exchange for an economic interest in any favourable award or outcome that may ensue.*”¹ In simple words, it involves a financial arrangement whereby an external party, with no direct interest in the dispute, agrees to fund the legal costs of one party. In return, the funder receives a pre-agreed portion of the award or settlement if the claim succeeds. If the claim fails, the funder typically bears the loss and receives nothing. This arrangement has evolved as a mechanism to enable parties, especially those with limited financial resources, to pursue meritorious claims without being deterred by the prohibitive costs of arbitration or litigation.

Historically, the idea of third-party involvement in disputes was viewed with suspicion in common law jurisdictions under the doctrines of champerty (where a third party supported litigation in exchange for a share of the proceeds) and maintenance (where a third party interfered in litigation without justification).² These doctrines were rooted in the concern that such arrangements would encourage frivolous claims, distort justice, and exploit litigants. For centuries, therefore, TPF agreements were treated as illegal or void in many jurisdictions.

The first known third-party funding arrangement in international arbitration can be traced back to the famous “Rainbow Warrior” case in 1990. In this case, the environmental organization Greenpeace did not have sufficient funds to pursue its claims against the French government and oil company in relation to the sinking of the Rainbow Warrior ship. As a result, Greenpeace obtained funding from a third-party funder, and the case proceeded to arbitration. This case is notable for being one of the earliest examples of third-party funding in international arbitration, and for raising important questions about the role and impact of third-party funders in the arbitration process.³

¹ thearbitrationdigest.com, <https://thearbitrationdigest.com/third-party-funding-in-arbitration-global-trends-challenges-and-the-roadmap-for-india/> (last visited Sept. 15, 2025).

² Max Radin, Maintenance by Champerty, 24, Cal. L. Rev., 48, 49, 51 (1935).

³ Oliver Gayner, Third party funding: from origins to international arbitration, austlii.edu.au (Sept. 21, 2025, 9:23 PM), <https://www.austlii.edu.au/au/journals/ANZRIArbMedr/2018/10.pdf>

In 1995, the Australian Federal Government introduced legislative reforms to allow insolvency practitioners to begin using commercial third-party funding (TPF) in order to meet the expenses of claims which could be characterised as “company property”. Funders such as IMF Bentham Ltd (formerly IMF Australia, with the initials standing for “Insolvency Management Fund”) began contracting with liquidators to meet the costs of such actions in exchange for a return from the proceeds.⁴

The shift in perception began in the late twentieth century, as commercial realities made it clear that the cost of pursuing complex disputes particularly in international trade, construction, energy, and investment arbitration could be overwhelming. Businesses, even financially strong corporations, began to explore alternative models to hedge the risks of legal expenditure. This led to the rise of professional funding companies specializing in litigation and arbitration finance. Unlike historical champerty, modern TPF is regulated by contractual principles, transparency requirements, and ethical guidelines, ensuring that it serves as a legitimate tool to promote access to justice. The evolution of TPF has been particularly striking in international arbitration. Institutions such as the International Chamber of Commerce (ICC), Singapore International Arbitration Centre (SIAC), and London Court of International Arbitration (LCIA) now encourage or mandate disclosure of third-party funding arrangements to arbitral tribunals. This ensures that potential conflicts of interest involving arbitrators, parties, or funders are minimized, thereby preserving the integrity of the arbitral process.

Legal Framework of Third-Party Funding in India

The legal position of Third-Party Funding (TPF) in India occupies a peculiar space. Unlike several foreign jurisdictions that have enacted explicit legislation regulating TPF, Indian law remains silent on the subject. Nevertheless, judicial pronouncements, coupled with certain statutory provisions, suggest that TPF is not prohibited, although its contours remain undefined. This creates a situation where TPF in commercial arbitration is permissible in principle but unregulated in practice.

The Arbitration and Conciliation Act, 1996, which is the principal legislation governing arbitration in India, does not contain any explicit provision relating to third-party funding

⁴ Xiyue Li, *Third-Party Funding in International Arbitration: An Analysis of Policy Challenges and Practical Considerations*, 15 BLR, 195-297 (2024).

(TPF). Unlike jurisdictions such as Singapore or Hong Kong, where third-party funding is expressly regulated, the Indian statute is silent on the issue. Similarly, there is no independent statute that directly addresses the legality of funding agreements in arbitration. However, guidance can be drawn from other areas of Indian law, particularly the Civil Procedure Code, 1908 (CPC) and the Indian Contract Act, 1872.

Order XXV, Rule 1 of the CPC empowers courts to direct a plaintiff to provide security for costs where there is evidence of a funding arrangement.⁵ This provision demonstrates that the legislature was aware of and acknowledged the possibility of third-party involvement in litigation. Although this provision technically applies to civil suits, Indian courts have, on occasion, drawn from its underlying principle in the context of arbitration. The recognition of security for costs indirectly affirms the legitimacy of funding arrangements, so long as they are not tainted by mala fides.

In addition, the enforceability of TPF agreements in India can be assessed under the Indian Contract Act, 1872. Section 10 of the Act provides that all agreements made with free consent, by competent parties, for a lawful consideration and with a lawful object, are contracts and therefore enforceable.⁶ At the same time, Sections 23 and 24 of the Act place restrictions on agreements that are unlawful or opposed to public policy. In the context of TPF, this means that while a funding agreement is not inherently void, it would be unenforceable if it is found to be unconscionable, extortionate, or contrary to public policy.⁷ Thus, under the combined reading of Section 10 and Section 23 of the Indian Contract Act, 1872, TPF contracts are not per se invalid in India. They remain legally enforceable provided that the terms of such agreements are fair, equitable, and not designed to exploit the funded party. The statutory position therefore allows room for the practice of third-party funding in arbitration, even though no direct legislative provision governs the field.

Nonetheless, at the central level, there exists an absence of statutory provisions or legal framework for the promotion of TPF. Hence, concerns of confidentiality, disclosure, costs, and enforcement of awards remain largely unaddressed. Further, Indian law lacks guidance on how to deal with conflicts of interest prevailing between the funder and the funded party. This

⁵ Code of Civil Procedure, 1908, Order XXV, Rule 1 No. 5, Acts of Parliament, 1908 (India).

⁶ The Indian Contract Act, 1872, § 10, No. 9, Acts of Parliament, 1872 (India)

⁷ *Id* at, § 23, 24

hampers the growth of the TPF market as funders are apprehensive to engage in the same. Moreover, due to the absence of legal provisions, the legitimacy of TPF is constantly questioned.⁸

Indian courts have played a crucial role in shaping the legal discourse surrounding third-party funding (TPF). The Privy Council in the landmark case of *Ram Coomar Coondoo v. Chunder Canto Mookerjee* held that the rigid English doctrines of maintenance and champerty do not apply to the Indian jurisdiction and thus allowed TPF on the ground of promoting access to justice.⁹ However, the Council noted that: “But agreements of this kind ought to be carefully watched, and when found to be extortionate, and unconscionable, so as to be inequitable against the party; or to be made, not with the bona fide object of assisting a claim believed to be just, and of obtaining a reasonable recompense therefor, but for improper objects, as for the purpose of gambling in litigation, or of injuring or oppressing others by abetting and encouraging unrighteous suits, so as to be contrary to public policy, effect ought not be given to them.”¹⁰

A significant development came with the Supreme Court’s ruling in *Bar Council of India v. A.K. Balaji* (2018). The Court clarified the limits of permissible funding by observing that while advocates in India are prohibited from financing litigation under the Bar Council of India Rules, non-lawyer third parties are free to fund disputes, provided the arrangements are fair and not exploitative.¹¹ This observation has been widely interpreted as indirect approval of TPF within the Indian legal system, creating a safe space for third-party funders who are not practicing advocates.

The Bar Council of India Rules prohibit advocates from entering into funding arrangements with clients. This restriction is intended to preserve professional independence and avoid conflicts of interest. However, the rules are silent with respect to non-lawyer funders, leaving a regulatory gap. As a result, TPF is lawful when undertaken by private individuals, banks, or institutional funders, but not by advocates.

The legal framework in India, while not hostile to TPF, is fragmented and underdeveloped.

⁸ Kaira Pinheiro & Dishay Chitalia, *Third-Party Funding in International Arbitration: Devising A Legal Framework for India*, 14 NUJS L. Rev. 255, 267 (2021).

⁹ *Id.* at. 267

¹⁰ *Ram Coomar Coondoo v. Chunder Canto Mookerjee*, 1876 SCC OnLine PC 19.

¹¹ *A.K. Balaji v. Bar Council of India*, (2018) 5 SCC 379

Judicial precedents allow non-lawyer third parties to fund disputes, and contract law validates such arrangements unless tainted by unconscionability. However, the absence of specific regulation raises concerns regarding transparency, ethical safeguards, and cost allocation in arbitration. A structured statutory regime similar to those in Singapore or Hong Kong would be necessary for India to fully integrate TPF into its commercial arbitration framework.

Policy and Ethical Concerns in TPF

While third-party funding (TPF) has emerged as a viable mechanism to improve access to justice and facilitate commercial arbitration, it also raises significant policy and ethical concerns. These issues primarily relate to questions of fairness, transparency, independence, and the potential for misuse, which require careful consideration in the Indian context.

Conflict of Interest and Control of Proceedings

One of the foremost ethical challenges in TPF is the possibility of funders exerting undue influence over the course of arbitration. Since funders have a financial stake in the outcome, they may seek to dictate litigation strategy, choice of arbitrators, or settlement terms, potentially undermining the autonomy of the funded party. This creates a tension between ensuring financial support and safeguarding the independence of parties and their legal counsel. The concern is particularly acute in India, where the absence of clear statutory regulation leaves wide discretion in structuring funding agreements.

Transparency and Disclosure

Disclosure of funding arrangements is another area of policy debate. International arbitral institutions such as the ICC and SIAC have introduced rules requiring parties to disclose the existence of TPF, mainly to avoid conflicts of interest with arbitrators. In India, however, there is no statutory requirement for disclosure, creating a risk of undisclosed relationships that may compromise impartiality. Calls for mandatory disclosure are gaining traction, as they would enhance confidence in arbitral proceedings and protect against potential bias.

Public Policy and Unconscionability

Indian contract law, particularly Section 23 of the Indian Contract Act, 1872, invalidates agreements that are opposed to public policy or unconscionable. This principle applies equally to TPF arrangements. Excessive profit-sharing terms, extortionate control, or agreements that

exploit weaker parties may be struck down by courts. Thus, while TPF itself is not prohibited, agreements must be drafted carefully to withstand judicial scrutiny under public policy standards.

Confidentiality and Data Security

Another ethical dimension relates to confidentiality. Arbitration is valued for its private nature, but involving third-party funders necessitates sharing sensitive commercial information. This raises concerns over data protection and the potential misuse of confidential material, especially in high-value business disputes. The lack of a dedicated framework in India heightens these risks.

Access to Justice versus Commercialisation

Finally, there is a broader policy tension between viewing TPF as a tool for access to justice and the risk of turning disputes into commercial ventures. While TPF allows financially weaker parties to pursue legitimate claims, excessive commercialisation may distort the purpose of arbitration and lead to speculative litigation.

In sum, TPF in India must balance the competing objectives of encouraging investment in arbitration while maintaining fairness, transparency, and ethical integrity. Without clear statutory regulation, much depends on judicial oversight and the adoption of best practices inspired by global standards.

Comparative International Perspective

The global experience with third-party funding (TPF) offers valuable insights for India as it continues to shape its legal and policy framework. Various jurisdictions have taken divergent approaches to regulating TPF, ranging from permissive regimes with codified safeguards to cautious acceptance through judicial pronouncements.

United Kingdom

The United Kingdom has been at the forefront of legitimising TPF. Historically, the doctrines of *maintenance* and *champerty* rendered funding illegal. The United Kingdom's Arbitration Act 2025 was a long-awaited fine-tuning of the 1996 Act and has brought into focus several modern issues, not least third-party funding (TPF) in arbitration. A key question considered in the UK's reform process was whether to regulate TPF. Ultimately, the Act did not incorporate

explicit TPF provisions, reflecting a conscious choice to favour party autonomy and flexibility over prescriptive regulation. This UK approach, combined with recent case law, offers valuable insights for jurisdictions like India, where TPF remains in a legal vacuum.¹²

Singapore

Singapore represents a more recent but structured embrace of TPF. In 2017, Singapore's parliament passed the Civil Law Amendment Act and the Civil Law (Third-Party Funding) Regulations 2017, which effectively abolish the common law torts of champerty and maintenance, and permit third-party funding in respect of international arbitration and associated proceedings (e.g., enforcement and mediation proceedings). In June 2021, the Singapore Ministry of Law extended its third-party funding framework through the Civil Law (Third-Party Funding) (Amendment) Regulations 2021 to cover domestic arbitration proceedings and related mediation proceedings (as well as certain proceedings in the Singapore International Commercial Court).¹³

Hong Kong

In light of this growing demand for TPFing in international arbitration, Hong Kong decided to amend the Arbitration Ordinance to ensure that third party funding for arbitration, mediation and associated proceedings in Hong Kong is not prohibited by the common law doctrines of maintenance and champerty. Prior to the TPFing amendment, it was unclear under Hong Kong law whether the doctrines of maintenance and champerty also applied to TPFing for arbitration taking place in Hong Kong, as the Court of Final Appeal in *Unruh v. Seeberger* (2007) 10 HKCFAR 31 left open this question.¹⁴ The legislation explicitly permits TPF in arbitration while prescribing a Code of Practice for Funders, which outlines disclosure obligations, capital requirements, and rules to prevent undue influence.

United States

In the United States, the approach to TPF is fragmented, given its federal structure. While there

¹² Ankit Malhotra, Third-Party Funding in Arbitration: Lessons from the UK's 2025 Act for India, ankitmalhotra.co.in (Sept. 21, 2025, 8.34 PM), <https://www.ankitmalhotra.co.in/post/third-party-funding-in-arbitration-lessons-from-the-uk-s-2025-act-for-india>.

¹³ Charlie Morris & Jordan Howells, Third-party funding in international arbitration, lexology.com (Sept. 21, 2025, 9.13 PM), <https://www.lexology.com/library/detail.aspx?g=8d6bfebe-09cf-4679-a028-96a29e40b1b7>.

¹⁴ Marla Decker, International Arbitration and Third-Party Funding in Hong Kong: Q&A with the Secretary-General of the Hong Kong International Arbitration Centre, lakewhillans.com (Sept. 23, 2025, 9.24 PM), <https://lakewhillans.com/articles/international-arbitration-and-third-party-funding-in-hong-kong-qa-with-the-secretary-general-of-the-hong-kong-international-arbitration-centre/>

is no overarching federal legislation, courts in various states have upheld funding arrangements as long as they are not unconscionable. Disclosure obligations vary by jurisdiction, with some courts mandating transparency to avoid conflicts of interest. The U.S. experience demonstrates a pragmatic reliance on common law principles and judicial discretion rather than codified statutory rules.

Australia

Australia is often cited as a pioneer in embracing TPF. The High Court in *Campbells Cash & Carry Pty Ltd v. Fostif Pty Ltd* (2006) upheld the validity of funding arrangements, signalling judicial approval. Since then, Australia has witnessed a flourishing TPF industry, particularly in class actions. Regulatory oversight, including capital adequacy requirements for funders, has been introduced by agencies such as the Australian Securities and Investments Commission (ASIC) to ensure accountability.

Benefits of TPF in Indian Commercial Arbitration

Third-party funding (TPF) presents several advantages for the Indian arbitration ecosystem, particularly in the commercial sphere where disputes are often high-value, complex, and resource-intensive.

Enhanced Access to Justice

One of the foremost benefits of TPF is that it enables parties with meritorious claims but limited financial resources to pursue arbitration. Commercial arbitration can be prohibitively expensive due to arbitrators' fees, institutional charges, and legal costs. By shifting the financial burden to funders, TPF ensures that smaller companies and financially weaker parties are not denied access to justice merely because of cost barriers.

Risk Management and Cost Allocation

TPF allows parties to manage litigation risk by transferring part of the financial exposure to the funder. Businesses can preserve their cash flow and redirect resources to core operations rather than tying up capital in lengthy arbitral proceedings. This aspect is particularly attractive for companies balancing multiple disputes or operating under financial constraints.

Encouragement of Strong Claims

Since funders invest only in cases with a high probability of success, TPF indirectly acts as a filter against frivolous or speculative claims. This promotes efficiency in arbitration by ensuring that only serious and well-founded disputes proceed to adjudication, thereby strengthening the credibility of the process.

Promotion of Settlement

The involvement of a third-party funder may also facilitate settlements. Funders, having a financial stake in the outcome, often encourage pragmatic resolutions that avoid protracted proceedings. This can help reduce delays and promote quicker dispute resolution.

Development of Arbitration Market in India

Finally, the adoption of TPF could contribute to India's ambition of becoming a global arbitration hub. By aligning with international best practices, TPF can make Indian arbitration more attractive to foreign investors and businesses seeking cost-effective dispute resolution. In sum, TPF not only improves access to justice but also enhances efficiency, fairness, and competitiveness in the Indian commercial arbitration landscape.

Challenges and Criticisms of TPF in India

Despite its advantages, third-party funding (TPF) in Indian commercial arbitration raises several challenges and criticisms that cannot be overlooked.

Lack of Statutory Framework

The foremost challenge is the absence of a dedicated legislative framework. Unlike jurisdictions such as Singapore or Hong Kong, India has no statute or code that expressly governs TPF. This legal uncertainty creates ambiguity regarding disclosure requirements, enforceability of agreements, and ethical safeguards. Parties must therefore rely on general contract law and judicial pronouncements, which may lead to inconsistent outcomes.

Risk of Funders' Control

Critics argue that TPF may compromise the independence of parties and their counsel. Funders, having a direct financial stake, may exert pressure on litigation strategy, selection of arbitrators, or settlement decisions. This raises ethical concerns and can undermine the autonomy of the

funded party.

Confidentiality Concerns

Arbitration is valued for its private and confidential nature. However, the involvement of third-party funders requires disclosure of sensitive commercial information. Without clear data protection standards, there is a risk of misuse of confidential material, which could deter businesses from opting for TPF.

Potential for Exploitation

Another criticism is that TPF agreements may include onerous profit-sharing terms that exploit weaker parties. In the absence of regulation, there is little to prevent funders from negotiating unfair terms that may ultimately reduce the benefits of a successful claim.

Fear of Increased Litigation

Finally, there is concern that TPF could encourage speculative or opportunistic claims, turning disputes into avenues for financial investment rather than genuine justice. This commercialization of disputes could burden the arbitral system and dilute its purpose.

In sum, while TPF has significant potential in India, its challenges highlight the urgent need for a structured legal framework to ensure fairness, transparency, and accountability.

The Way Forward: Proposed Reforms

As third-party funding (TPF) steadily gains relevance in Indian commercial arbitration, the absence of a clear regulatory framework poses both opportunities and risks. To harness the benefits of TPF while addressing its challenges, a structured set of reforms is essential.

Statutory Recognition

The first step would be to expressly recognize TPF in the Arbitration and Conciliation Act, 1996 or through separate legislation. A statutory framework would remove existing ambiguity, provide certainty to funders and litigants, and align India with global arbitration hubs such as Singapore and Hong Kong.

Mandatory Disclosure Requirements

Legislation should require parties to disclose the existence of a funding arrangement and the

identity of the funder. This would help arbitral tribunals and institutions assess potential conflicts of interest, thereby strengthening impartiality and transparency in proceedings.

Regulation of Funders

India could introduce a licensing or registration mechanism for professional funders, similar to the model in Singapore. This would ensure that only entities with sufficient financial capacity and good governance practices are permitted to operate, preventing exploitation and ensuring accountability.

Safeguards Against Abuse

Reforms should also include provisions to prevent funders from exercising excessive control over litigation strategy or settlement decisions. Model agreements or standard guidelines could be developed, emphasizing party autonomy and fairness in contract terms.

Confidentiality and Data Protection

Since TPF requires disclosure of sensitive commercial information, robust confidentiality and data security safeguards are necessary. Rules should mandate that funders protect all information shared with them, with penalties for breaches.

Promotion of Self-Regulation

In addition to statutory measures, industry self-regulation through a code of conduct like the Association of Litigation Funders (ALF) Code in the UK can provide practical guidance. A hybrid model of state oversight combined with voluntary industry standards would balance flexibility with accountability.

Judicial and Institutional Role

Indian courts and arbitral institutions can play a proactive role by framing rules on disclosure, cost allocation, and ethical safeguards. Institutions such as MCIA or ICA could pioneer best practices, which may later be codified into law.

In conclusion, the way forward lies in adopting a balanced regulatory framework one that legitimizes TPF, protects parties from exploitation, and enhances India's attractiveness as an arbitration-friendly jurisdiction. With thoughtful reforms, TPF could evolve into a powerful tool for both access to justice and the growth of India's arbitration market.

Conclusion

Third-party funding (TPF) represents a significant development in the landscape of Indian commercial arbitration. While it is not expressly regulated by statute, judicial pronouncements and contractual principles have created space for its gradual acceptance. TPF offers clear advantages such as enhancing access to justice, reducing financial risks for parties, and strengthening India's position as a competitive arbitration hub. At the same time, it raises concerns around conflicts of interest, confidentiality, and the potential for exploitation in the absence of clear safeguards.

The comparative international experience demonstrates that statutory recognition, mandatory disclosure obligations, regulation of funders, and self-regulatory codes can effectively balance commercial viability with ethical integrity. For India, adopting a similar hybrid approach would provide much-needed certainty and investor confidence, while also aligning with global best practices.

As India aspires to establish itself as a global arbitration centre, ignoring TPF is no longer an option. By introducing targeted reforms and ensuring robust regulatory oversight, TPF can be transformed from a legal grey area into a legitimate and valuable tool of dispute resolution. Properly regulated, it has the potential not only to democratize access to arbitration but also to strengthen India's overall dispute resolution framework.

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