

MODEL DISPUTE RESOLUTION CLAUSE

Model NLP Tiered Dispute Resolution Clause

Negotiation, then mediation, then arbitration: a single clause that escalates step by step.

About this clause

Use this clause when you want the parties to try to settle a dispute by themselves first, then with the help of a mediator, and to have it decided by a sole arbitrator only if those steps fail. Every step is conducted online through NoLegalPaisa.

The arbitral award at Step 3 is final and binding, subject to the limited recourse available under the Arbitration and Conciliation Act, 1996.

Before you use it

1. Replace "this Agreement" and "Party" with the terms your contract uses. The numbering assumes this is clause 1, so update the cross-references if you renumber it.
2. Choose the negotiation period in clause 1.3.4(b). The default is fifteen (15) days.
3. Insert each party's email address for service in clause 1.9.
4. Mumbai is the default seat of arbitration and English the default language. You may agree a different seat in India or a different language.

Text shown [highlighted in brackets] is a default or an option. Complete, confirm or delete it before signing, and remove the brackets.

About the Mediation Act, 2023: as at October 2026, only some provisions of the Mediation Act, 2023 have been brought into force. The provisions not yet in force include those on enforcing a mediated settlement agreement as a judgment or decree of a court (section 27) and on online mediation (section 30). Until they commence, a settlement reached under this clause binds the parties as a contract. The clause is drafted to take effect under the Act as and when the relevant provisions are brought into force.

The clause

Copy the text below into your contract.

1. Tiered Dispute Resolution

- 1.1 Any dispute, controversy or claim arising out of or in connection with this Agreement, including any question regarding its existence, validity, interpretation, performance, breach or termination (a "**Dispute**") shall be resolved in the stages set out in this clause, administered by NoLegalPaisa, the online dispute resolution platform owned and operated by Kaahmucree Solution Private Limited, acting as the administering institution ("**NLP**"), and conducted online through NLP's platform at www.nolegalpaisa.com (the "**Platform**").
- 1.2 In this clause, the "**Rules**" means the NLP Negotiation Rules, the NLP Mediation Rules and the NLP Arbitration Rules, together with the NLP Fee Schedule, each in the version in force on the date on which the relevant stage is commenced under those Rules. The Rules form part of this clause. If there is any conflict between this clause and the Rules, this clause shall prevail.

- 1.3 **Step 1: Negotiation.** The Parties shall first attempt to resolve the Dispute through good-faith negotiation under the NLP Negotiation Rules.
- 1.3.1 The Party raising the Dispute shall commence negotiation by filing a written notice of dispute on the Platform in the form required by the NLP Negotiation Rules, which refer to it as the Letter of Request (the "**Notice of Dispute**"). The Notice of Dispute shall set out the nature of the Dispute, the material facts and the relief or outcome sought.
- 1.3.2 Within seven (7) days of service of the Notice of Dispute, each Party shall nominate a representative with authority to negotiate and settle the Dispute. The representatives shall negotiate in good faith with a view to resolving the Dispute.
- 1.3.3 The Parties may jointly request NLP to appoint a facilitator under the NLP Negotiation Rules to assist with the conduct of the negotiation.
- 1.3.4 The negotiation stage shall end on the earliest of:
- (a) the signing of a written settlement agreement by all Parties;
 - (b) the expiry of [fifteen (15)] days from the date on which the Notice of Dispute is served in accordance with the NLP Negotiation Rules, or any longer period the Parties agree in writing; or
 - (c) written notice by any Party, delivered through the Platform, that it declines to participate in, or wishes to discontinue, the negotiation.
- 1.3.5 If the negotiation stage ends without a signed settlement agreement, the Dispute shall be referred to mediation under Step 2.
- 1.4 **Step 2: Mediation.** The Dispute shall then be referred to mediation conducted online under the NLP Mediation Rules and, to the extent its provisions are in force, the Mediation Act, 2023.
- 1.4.1 Any Party may commence the mediation by filing a request for mediation on the Platform in accordance with the NLP Mediation Rules.
- 1.4.2 The Parties may jointly nominate a mediator from NLP's panel of mediators within the time allowed by the NLP Mediation Rules, failing which NLP shall appoint the mediator in accordance with those Rules. The mediator shall disclose any circumstances likely to give rise to justifiable doubts about the mediator's independence or impartiality, and any Party may object on that ground in accordance with the NLP Mediation Rules.
- 1.4.3 The mediation stage shall end on the earliest of:
- (a) the signing of a settlement agreement by the Parties and its authentication by the mediator;
 - (b) the issue by the mediator of a non-settlement report under the NLP Mediation Rules;
 - (c) written notice by any Party, delivered through the Platform, that it withdraws from the mediation;
 - (d) the other Party failing to accept the invitation to mediate within the time allowed by the NLP Mediation Rules; or

- (e) the expiry of forty-five (45) days from the appointment of the mediator, or of any extension of up to a further thirty (30) days agreed by the Parties in writing.
- 1.4.4 A settlement reached in mediation shall be recorded in writing, signed by the Parties and authenticated by the mediator. It shall bind the Parties and persons claiming under them, and may be enforced in any manner permitted by law, including under the Mediation Act, 2023 once the relevant provisions are in force.
- 1.4.5 The mediator shall not act as arbitrator, or as representative or counsel of any Party, in any proceedings relating to the Dispute.
- 1.5 **Step 3: Arbitration.** If the mediation stage ends without a settlement, the Dispute shall be referred to and finally resolved by arbitration administered by NLP under the NLP Arbitration Rules and the Arbitration and Conciliation Act, 1996 (the "**Arbitration Act**").
 - 1.5.1 The arbitral tribunal shall consist of a sole arbitrator. The Parties may jointly nominate the arbitrator from NLP's panel of arbitrators within the time allowed by the NLP Arbitration Rules, failing which NLP shall appoint the arbitrator in accordance with those Rules. No Party shall be entitled to appoint or select the arbitrator alone. No person who is ineligible under section 12(5) of, read with the Seventh Schedule to, the Arbitration Act shall be appointed, and the arbitrator shall make the disclosures required by section 12 of the Arbitration Act.
 - 1.5.2 The seat of arbitration shall be [Mumbai], India. The proceedings shall be conducted online through the Platform, which shall be the venue, unless the Parties agree or the arbitral tribunal directs that a hearing be held in person. Conducting the proceedings online shall not change the seat.
 - 1.5.3 The language of the arbitration shall be [English].
 - 1.5.4 The arbitral award shall be final and binding on the Parties, subject only to the recourse available under the Arbitration Act.
 - 1.5.5 This agreement to arbitrate shall be governed by the laws of India.
- 1.6 **Confidentiality.** The negotiation and mediation stages shall be confidential and conducted on a without-prejudice basis. Nothing said, offered, admitted or proposed in those stages, including any view expressed by a facilitator or mediator, may be relied on in any later arbitral or judicial proceedings, except as required by law or to enforce a settlement. The arbitration shall be confidential in accordance with section 42A of the Arbitration Act.
- 1.7 **Rights preserved.** Nothing in this clause shall prevent any Party from:
 - (a) seeking interim measures at any stage from a court under section 9 of the Arbitration Act, from the arbitral tribunal under section 17 of the Arbitration Act, or by way of emergency relief under the NLP Arbitration Rules;
 - (b) commencing arbitration under Step 3 before Step 1 or Step 2 has ended, by notice under section 21 of the Arbitration Act or otherwise, where this is necessary to prevent a claim from becoming time-barred. In that case the Parties shall continue with the pending stage and shall request the arbitral tribunal to stay the arbitration, save for interim measures, until that stage has ended; or

- (c) where a Party is a consumer within the meaning of the Consumer Protection Act, 2019, filing a complaint before a Consumer Commission, or exercising any other right or remedy that cannot lawfully be excluded by agreement.
- 1.8 **Fees and costs.** Fees shall be payable through the Platform in accordance with the Rules and the NLP Fee Schedule. Unless the Parties agree otherwise in writing, the Party commencing each stage shall pay the platform fee for that stage, and the fees of any facilitator, mediator or arbitrator shall be shared equally between the Parties. Each Party shall bear its own costs of representation, subject to the power of the arbitral tribunal to award costs under section 31A of the Arbitration Act.
- 1.9 **Notices.** Notices and other communications under this clause may be delivered through the Platform and to the email address of each Party stated below (or any other address that Party later notifies through the Platform), and shall be treated as served in accordance with the applicable Rules. Email for service: [Party A: _____]; [Party B: _____].
- 1.10 **Role of NLP.** NLP acts solely as a neutral administrator of proceedings under this clause. It does not adjudicate or decide any Dispute and does not advise any Party. Facilitators, mediators and arbitrators act independently of NLP and of the Parties.
- 1.11 **Survival and severability.** This clause is an agreement separate from the other terms of this Agreement and shall survive the termination, expiry or invalidity of this Agreement. If any part of this clause is held to be invalid or unenforceable, the remaining parts shall continue in full force and effect. In particular, if Step 1 or Step 2 cannot be given effect for any reason, the Parties' agreement to arbitrate under Step 3 shall not be affected.

Important

This model clause is published by Kaahmucnee Solution Private Limited, which owns and operates NoLegalPaisa, for general information only. It is not legal advice, and NLP does not advise any party on whether or how to use it. Whether a clause suits a particular contract depends on its facts, so parties should take independent legal advice. Proceedings under the clause are governed by the NLP Rules and the NLP Fee Schedule published at www.nolegalpaisa.com. The clause is intended for contracts between parties other than Kaahmucnee Solution Private Limited, and is not used for disputes to which it is itself a party.

Version 1.0 | October 2026