FININ2MIN PROFESSIONAL LAW CORPUS - BATCH 05

Chapter IIIA - Pre-Institution Mediation and Settlement

Do not institute a non-urgent commercial suit before exhausting PIMS; preserve limitation exclusion, service and the settlement or non-starter record.

Commercial Courts Act, 2015 | Reviewed through 2026-07-18 | India-first professional reference

Source control: The official India Code Act PDF, current Rules, Gazette notifications, State/High Court instruments and event-date court orders prevail. This publication is an implementation guide and source map, not a substitute for signed official text or matter-specific legal advice.

Dedicated Finin2min Summary - Chapter in 2 Minutes

- A non-urgent commercial suit cannot be instituted until PIMS is exhausted; the process is time-bound and limitation is excluded during mediation.
- Apply the current State/High Court notification and commercial CPC Schedule, not the Act heading alone.

Section-by-section provision map

Provision / gate	Subject	Status	Finin2min decode	Implementation	Evidence
Section 12A	Pre-Institution Mediation and Settlement.	Current / mapped	A non-urgent commercial suit cannot be instituted until PIMS is exhausted; the process is time-bound and	Run a written urgent-relief screen, file the prescribed PIMS application, prove service, attend through authorised representatives, track time and retain	PIMS application, fee, notice, service tracking, appearance authority, mediation record, non-starter or settlement and

Provision / gate	Subject	Status	Finin2min decode	Implementation	Evidence
			limitation is excluded during mediation.	settlement/non-starter output.	limitation exclusion sheet.

Finin2min clause-by-clause decode

> **Section 12A - Pre-Institution Mediation and Settlement.**
> A non-urgent commercial suit cannot be instituted until PIMS is exhausted; the process is time-bound and limitation is excluded during mediation.
> **Status:** Current / mapped

Finin2min implementation explanation

Opening control

Freeze the transaction, relief, cause of action, limitation, specified value, territorial facts, current notified court, urgent-relief position and arbitration/ special-statute interface.

Execution control

Assign legal, finance, records, business and authorised-signatory owners. Use one dated matter file and a court-calendar owner with exception escalation.

Practical examples and calculations

A supplier seeks principal, contractual interest and damages. The team classifies the supply agreement as a commercial dispute, computes interest only to filing for specified value, completes PIMS unless genuine urgent relief exists, and opens a 120-day written-statement and disclosure calendar.

Calculation	Method	Evidence
Specified value	Principal or market/intangible value plus interest computed only up to filing; arbitration uses claim plus counterclaim.	Invoices, contract, interest schedule, valuation and arbitration pleadings.
Interest	State legal/contract basis, rate, from/to dates, total to filing and daily accrual afterwards.	Contract clause, MSMED/statute analysis, ledger and bank records.
Litigation economics	Claim, defence/set-off, court fees, PIMS cost, legal/expert cost, interest, recovery probability and time value.	Approved claim model and settlement authority.

Practical transaction application

1. Classify the transaction and every relief.
2. Compute specified value and limitation using a reproducible working.
3. Identify the currently notified commercial forum and appeal route.
4. Complete PIMS or document genuine urgent interim relief.
5. Preserve pleadings, disclosure, electronic evidence, court calendar and settlement authority.

Authority, consent and execution controls

Authority

- Correct legal entity and counterparty.
- Board, partner, delegated authority or power of attorney.
- Named deponent acquainted with facts.
- Settlement and payment authority matrix.

Execution

- Statement of Truth and verification.
- PIMS application/appearance authority.
- Electronic signature and filing credentials.
- Execution, notarisation and court-specific requirements.

Stamp duty and registration alerts

The Act does not create one national stamp or registration rule for underlying contracts, powers, settlement deeds, property instruments or security documents. Apply the relevant State stamp law, Registration Act, court-fee law and settlement-enforcement route. Do not treat PIMS or court filing as curing an inadequately stamped or unregistered underlying instrument.

Evidence and document-retention checklist

- Executed contract and amendments
- Invoices, delivery and acceptance
- Ledger, bank and tax records
- Demand and settlement offers
- PIMS application and outcome
- Valuation and limitation working
- State/High Court notifications
- Pleadings and Statement of Truth
- Disclosure and adverse-document list
- Email, cloud, metadata and logs
- Admission/denial affidavit
- Case-management and hearing orders
- Costs budget and authority
- Appeal/stay and enforcement file

Performance, delivery and payment controls

Performance

Map milestones, specifications, variation approvals, delivery, inspection, acceptance, defects, cure, termination and mitigation to contemporaneous records.

Payment

Reconcile principal, GST, TDS, retention, credits, debit notes, interest basis, payment appropriation and MSMED exposure before pleading.

Breach, loss, mitigation and remedy framework

Separate breach, causation, remoteness, proof, avoided cost, mitigation, liquidated sum, restitution, interest, specific relief, interim protection, set-off/counterclaim, costs and enforceability. A large invoice or contractual figure is not by itself proof of recoverable loss.

Limitation and forum controls

Limitation

Record accrual, invoice/due date, breach/refusal, acknowledgement, part payment, PIMS exclusion, arbitration commencement, certified-copy time and filing date.

Forum

Verify commercial category, specified value, territory, original side, court level, State notification, statutory bar, arbitration allocation and appealability.

Arbitration and mediation interface

Section 10 allocates qualifying Arbitration Act applications and appeals to the commercial forum. Section 12A PIMS applies to qualifying suits not contemplating urgent interim relief. Contractual mediation, MSMED conciliation, consumer mediation, arbitration and court-annexed settlement must be classified separately rather than blended into one procedure.

Company, partnership, GST and tax overlays

Entity overlay

Check company/LLP/partnership authority, related-party restrictions, insolvency moratorium, assignment, guarantees, insurance and officer admissions.

Finance and tax overlay

Reconcile GST supply/credit notes, TDS, interest accounting, provision/contingent liability, bad-debt/recovery treatment, stamp duty and settlement allocation.

Finin2min Q&A

Is PIMS optional when no urgent interim relief is sought?

No. Section 12A is framed as a pre-institution bar for a qualifying suit; apply current Supreme Court guidance and the PIMS Rules.

Does mediation time count for limitation?

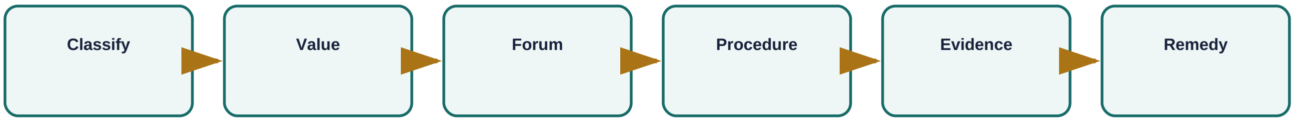
The statutory mediation period is excluded as provided by section 12A; maintain a date-by-date limitation working.

What is the effect of settlement?

A signed settlement under section 12A has the status and effect of an arbitral award on agreed terms.

Chapter-specific decision flowchart

Chapter IIIA - Pre-Institution Mediation and Settlement - Decision Flow



Verify current Act, Rules, State/High Court notifications, practice directions and event-date law before filing or advising.