

ABSTRACT

**SECURITY FOR COSTS- A TREND FOLLOWED IN THE RAREST OF
THE RARE CIRCUMSTANCES?**

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When indigent claimant initiates arbitration, is at a benefit if he wins. But, a respondent is compelled to take part in the arbitration proceedings as otherwise; the tribunal can pass an award unfavourable to him. In this process, he might incur huge costs to defend himself, even if the claims against him are frivolous and if he wins, he might not get back the damages or the costs he incurred as the claimant will have no money to pay. The ultimate way, a respondent can secure his position is by asking for security for costs. But, as security of the costs is granted before the final award and it will involve looking into the financial status of the claimant, it might lead to the tribunal pre-judging the merits of the case which goes against the principle of equality. Either way interests of one of the parties is affected. Which is why there is a raising concern as to if security for costs is a valid form of an interim measure and several opinions are put forth on this highly debated issue. So, it is essential to understand and analyse the current in this arena of international arbitration.