

Understanding Judicial Delays in Debt Tribunals

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- Why delays in courts?
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Why delay?

- Courts are slow and inefficient; and/or
- Courts are highly efficient, but understaffed; and/or
- Courts are too liberal in granting adjournments; and/or
- Courts have too little administrative support; and/or . . .

What is Judicial delay?

- Defining delay is not easy.
- Courts in India mostly track pendency.
- Pendency is the stock of cases that have been instituted, but not yet disposed of.
- High pendency does not imply that cases are delayed.

What is Judicial delay? Contd.

- Defining delay: One approach is to define a 'normal' time.
- Eg: Malimath committee: case is delayed when it takes >2 years.
- By this definition, only about 7% cases in Delhi HC are delayed.

Our Approach

- The concept of 'Failed hearings'.
- We identify the cause of the delay.
- We identify the party who caused the delay.
- Delay = the time lost due to 'failed hearings'.

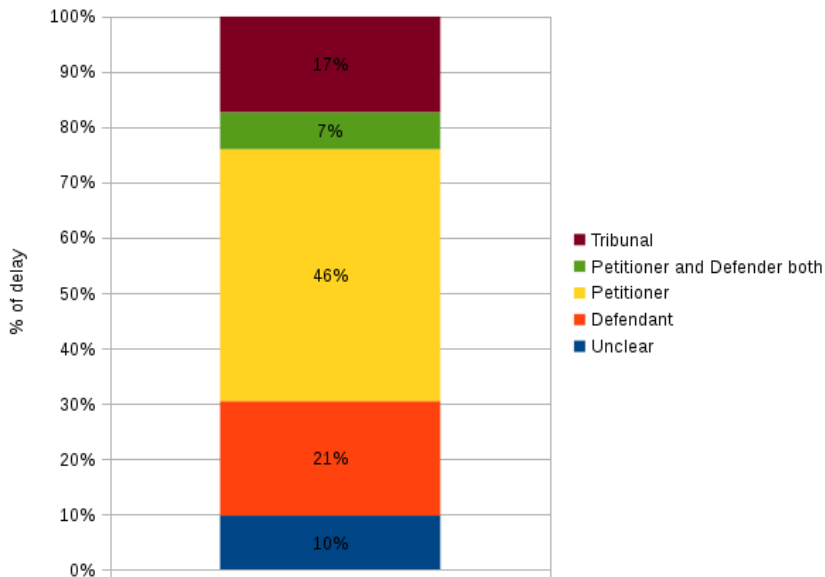
Data

- DRT-III, Delhi
- 22 cases, 474 orders
- Type of case:
 - OA
 - SA
 - RC

Findings: Delays

- Duration: 5 months to 7.5 years
- 2.7 years on average
- Each delay: 40 calendar days
- 58% of hearings were failures!

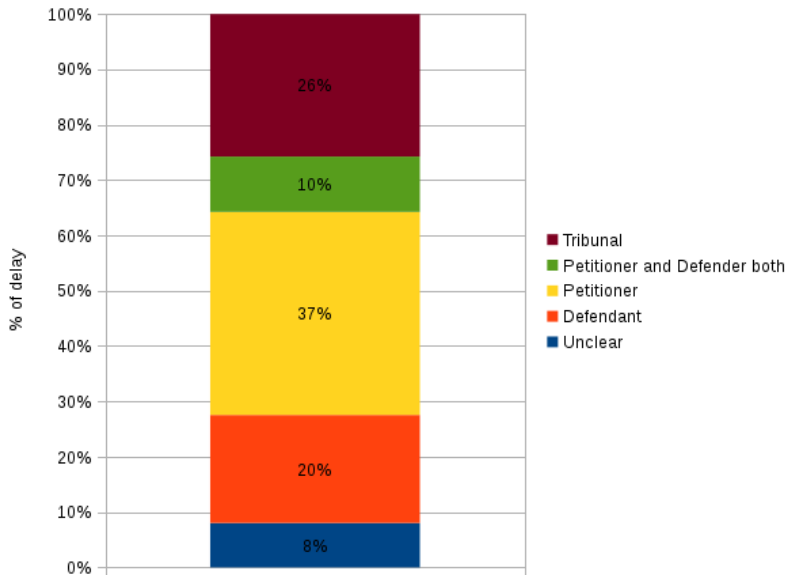
Cases filed by Borrowers



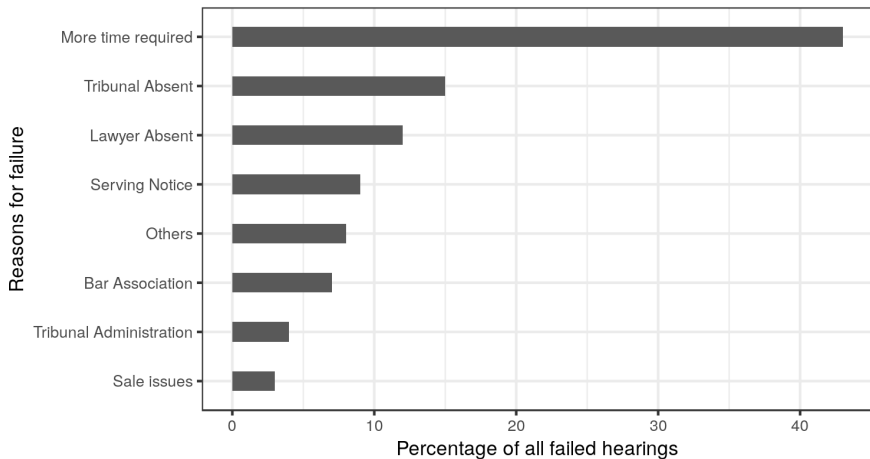
Cases filed by Lenders

- One would expect that the lender-petitioner would want a quick disposal of the case.
 - It would presumably like its money back as soon as possible.
 - These lenders are sophisticated institutions that maintain proper documentation and have lawyers on retainer.

Cases filed by Lenders - II



Reasons for Failure



Reasons for Failure

- Single biggest reason for adjournment requests: more time required for submitting documents.
- The documents ought to be easily available — the creditors are financial institutions!
- Breakup of this adjournment (%):

Party	OA	RC	SA
Defendant	25	34	38
Plaintiff	75	66	62
Total	100	100	100

- The plaintiffs cause this delay more frequently.

Type of Bank

- We have both private banks and PSBs in our sample.
- Are PSBs especially bad?

Type of Bank

- We have both private banks and PSBs in our sample.
- Are PSBs especially bad?
- Yes!
 - 2 failures per case in case of private banks
 - 5.5 in case of PSBs.
 - $p=0.005$

Why delays?

- Objectives/incentives of the parties
- Incentives of the lawyers
- Culture of the judicial system
- Judicial processes
- Tribunal capacity

Thank you!

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