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**JUSTICE DELAYED, PROSPERITY DENIED: AN IN-DEPTH ECONOMIC ANALYSIS  
OF JUDICIAL BACKLOGS IN INDIA***Nileena Banerjee<sup>1</sup>***ABSTRACT**

*India's judicial system, often a subject of scrutiny for its perceived sluggishness, has emerged as a central point of contention regarding its influence on the nation's evolving economic landscape. This paper conducts a thorough examination of India's judicial system, specifically addressing the escalating backlog of cases in the Supreme Court, High Courts, and District Courts. The study delves into the significant implications this backlog holds for the country's economic prosperity. The historical background and constitutional mandates for timely justice underscore the significance of the issue. The analysis of pendency in the Supreme Court, High Courts, and District Courts reveals a troubling pattern of judicial delay, with backlogs consistently increasing over the years. Over a ten-year period, encompassing data from 2012 to 2022, this study endeavors to establish correlations and regression models that illuminate the relationship between indicators of judicial efficiency, including average case disposal time and case backlog, and economic performance, as evidenced by GDP growth. The findings reveal a modest yet negative correlation between the duration of average case disposal and GDP growth, signifying that as judicial processes decelerate, there is a concomitant reduction in economic growth. Furthermore, a mild yet significant inverse correlation is observed between the volume of pending cases, denoted by the case backlog, and GDP growth. This trend underscores that as the backlog of cases awaiting resolution expands, economic growth tends to experience a modest decline. In conclusion, this paper underscores the substantial impact of court delays on India's economic progress, highlighting the pressing need for systemic reform aimed at ensuring the swift and efficient administration of justice. As India progresses in its economic development journey, it is crucial to tackle the efficiency challenges within the judicial system to maintain growth and uphold the principles of justice.*

**Keywords:** *Judicial Efficiency, Case Backlog, Supreme Court, Economic Impact.*

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## 1. INTRODUCTION

An efficient legal system plays a pivotal role in upholding social order, regulating governance, fostering economic growth, and serving as a catalyst for political reform and socio-economic transformation.<sup>2</sup> It encompasses a network of intertwined laws designed not only to safeguard citizens' rights but also to instill a sense of civic responsibility.<sup>3</sup> Moreover, various legislative measures seek to ensure the seamless implementation of government policies aimed at strengthening the nation.<sup>4</sup> In India, the judicial system operates through a hierarchical structure comprising the Supreme Court as the apex court of the country, followed by the High Courts, and then by the Subordinate Courts. High courts, often possessing rich historical legacies, are situated in state capitals or major metropolitan areas, while Subordinate Courts are strategically dispersed across the nation to accommodate litigants' needs.

Independence, effectiveness, accessibility, accountability, and efficiency represent the fundamental characteristics of a well-functioning judicial system.<sup>5</sup> Efficiency is quantified through a ratio-analysis measurement that considers the relationship between inputs and outputs,<sup>6</sup> where inputs are represented by the initiation and filing of cases, and outputs are evaluated based on the number of cases resolved and the caliber of the judgments rendered. Timely and effective delivery of verdicts assumes paramount importance in cementing the system's legitimacy,<sup>7</sup> and protracted delays in dispensing justice erode public trust in the legal framework and adversely impact economic endeavors and social cohesion.<sup>8</sup> Unfortunately, even with the increase in the number of courts across the nation, the accessibility of judicial services falls short of addressing the growing

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<sup>2</sup> Kevin Davis & Michael J. Trebilcock, *What Role Do Legal Institutions Play In Development*, IMF (Oct. 20, 1999), <https://www.imf.org/external/pubs/ft/seminar/1999/reforms/trebil.pdf>.

<sup>3</sup> *Id.*

<sup>4</sup> *Policy Shaping And Policy Making: The Governance Of Inclusive Growth*, OECD, (2015) <https://www.oecd.org/governance/ministerial/the-governance-of-inclusive-growth.pdf>.

<sup>5</sup> *Basic Principles on the Independence of the Judiciary*, OFFICE OF THE UNITED NATIONS HIGH COMMISSIONER FOR HUMAN RIGHTS (Sept. 6, 1985), <https://www.ohchr.org/en/instruments-mechanisms/instruments/basic-principles-independence-judiciary>.

<sup>6</sup> Courtney Bir et al., *Evaluating Financial Performance and Position*, OKLAHOMA STATE UNIVERSITY (Jan. 5, 2022), <https://extension.okstate.edu/fact-sheets/evaluating-financial-performance-and-position.html>.

<sup>7</sup> Sumanti Sen, *Pending Cases & Absence Of Judges: Indian Judiciary Delays Justice Denies Equity*, THE LOGICAL INDIAN (Mar. 3, 2020, 11:40 AM), <https://thelogicalindian.com/story-feed/awareness/indian-justice-system-delay-19973>.

<sup>8</sup> *Effectiveness and fairness of judicial systems*, in *Government at a Glance 2015*, ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, [https://www.oecd-ilibrary.org/docserver/gov\\_glance-2015-65-en.pdf?expires=1697718505&id=id&acname=guest&checksum=60DC0831A85176865F7E5C2995E77BA9](https://www.oecd-ilibrary.org/docserver/gov_glance-2015-65-en.pdf?expires=1697718505&id=id&acname=guest&checksum=60DC0831A85176865F7E5C2995E77BA9).

need for justice.<sup>9</sup> This incongruity exacerbates delays and contributes to the mounting backlog of cases. India's global ranking in the Rule of Law Index, at a lowly 77th among 140 countries,<sup>10</sup> underscores its subpar performance, particularly in the domains of civil justice, order, and security.<sup>11</sup> This pattern underscores the pressing need to address the alarming impact of court delays on the economy.

## 1.1 Historical Background

At the core of India's dynamic democracy is its intricate and diverse judicial system, molded by historical legacies and constitutional mandates. This system plays a crucial role in upholding rule of law and safeguarding citizens' rights.<sup>12</sup> However, during recent years, courts in India have been grappling with a mounting case backlog, especially in the District Courts,<sup>13</sup> High Courts,<sup>14</sup> and Supreme Court,<sup>15</sup> and this issue has far-reaching implications for the nation's economic well-being. Understanding the historical development of this issue is critical to appreciating the current challenges faced by the Indian legal system.

## 1.2 Relevance of the Study

The research is highly pertinent in the contemporary Indian and international context. In India, the issue of increasing case backlogs and delays in the judicial system has become a topic of significant concern. It affects not only the quality of justice but also has wide-reaching economic implications. Delays in the disposal of cases can hinder economic activities, discourage investments, and weaken public trust in the legal system.<sup>16</sup> Internationally, the operation of the legal system attracts

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<sup>9</sup> Pratik Datta & Suyash Rai, *How to Start Resolving the Indian Judiciary's Long-Running Case Backlog*, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE (Sept. 09, 2021), <https://carnegieendowment.org/2021/09/09/how-to-start-resolving-indian-judiciary-s-long-running-case-backlog-pub-85296>.

<sup>10</sup> Mekhala Saran, *Rule of Law Index: India Ranks 77 Out of 140; Higher than China But Not Nepal*, THE QUINT (Oct. 26, 2022, 9:31 AM), <https://www.thequint.com/news/law/world-justice-project-rule-of-law-index-fundamental-rights-open-government-india-ranking>.

<sup>11</sup> *Now, govt eyes better Rule of Law Index score*, THE TIMES OF INDIA (Jan. 1, 2023, 7:30 AM), <https://timesofindia.indiatimes.com/india/now-govt-eyes-better-rule-of-law-index-score/articleshow/96655787.cms>.

<sup>12</sup> *History - Supreme Court of India*, THE SUPREME COURT OF INDIA, <https://main.sci.gov.in/pdf/Museum/m2.pdf>.

<sup>13</sup> *National Judicial Data Grid (District and Taluka Courts of India)*, E-COURTS, <https://njdg.ecourts.gov.in/njdgnew/index.php>.

<sup>14</sup> *National Judicial Data Grid (High Courts of India)*, E-COURTS, <https://njdg.ecourts.gov.in/hcnjdgnew/>.

<sup>15</sup> *National Judicial Data Grid (Supreme Court of India)*, E-COURTS, <https://njdg.ecourts.gov.in/scnjdg/>.

<sup>16</sup> Alok Prasanna Kumar, *Delayed justice: When judgement day arrives too late*, THE MINT (Jun. 07, 2016, 12:56 AM), <https://www.livemint.com/Politics/AaR91YL6KuVo3ZcN3q3JfO/Delayed-justice-When-judgement-day-arrives-too-late.html>.

considerable attention, particularly concerning economic development and commitment to upholding legal principles and rule of law. Consequently, findings of this study hold relevance for addressing broader concerns related to legal efficiency, economic prosperity, and the preservation of justice globally.

## **2. RESEARCH QUESTION**

What is the extent of the relationship between the efficiency of the Indian judicial system, as reflected in average case disposal time and case backlog, and the country's economic performance measured by GDP growth?

## **3. METHODOLOGY**

This paper employs a law and economics interface to address the research question. It leverages economic principles and legal analysis to assess the interplay between India's judicial system and its economic performance. This interdisciplinary approach allows for a comprehensive examination of how judicial efficiency, case backlog, and GDP growth are interconnected, providing valuable insights for policymakers and stakeholders.

## **4. THE CONSTITUTIONAL IMPERATIVE FOR TIMELY JUSTICE**

The requirement for delivering prompt and timely justice in India is unambiguous and unquestionable according to the Constitution. It highlights the inherent and fundamental entitlement of every individual to seek and receive justice.<sup>17</sup> This right is designed to be safeguarded by the Indian State under a spectrum of constitutional provisions, including but not limited to Art.14, Art.19, Art.21, Art.32, Art.226, and the Preamble. Furthermore, the prompt administration of justice goes beyond being a discretionary consideration and is, in fact, a constitutional obligation, as can be seen in the Directive Principles of State Policy outlined in Articles 38(1), 39, and 39A. These obligations are further reinforced by India's international legal commitments to ensure the expeditious provision of justice.

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<sup>17</sup> Anita Kushwaha v. Pushap Sadan, (2016) 8 SCC 509.

The interpretation of this constitutional provision was examined in the case of in *Babu v. Raghunathji*.<sup>18</sup> In this case, the Supreme Court emphasized that, “*social justice would include ‘legal justice’ which means that the system of administration of justice must provide a cheap, expeditious and effective instrument for realization of justice by all section of the people irrespective of their social or economic position or their financial resources.*”

The commitment within the Indian constitutional framework to ensure the timely delivery of justice, as delineated in Articles 14, 19, and 21, holds a firmly established position in constitutional jurisprudence. The esteemed Constitution Bench of the Apex Court expressed this commitment in the case of *P. Ramachandra Rao v. State of Karnataka*.<sup>19</sup> The court underscored that, “*It is the constitutional obligation of the State to dispense speedy justice, more so in the field of criminal law, and paucity of funds or resources is no defence to denial of right to justice emanating from Articles 21, 19 and 14 and the preamble of the Constitution as also from the directive principles of State policy. It is high time that the Union of India and the various States realize their constitutional obligation and do something concrete in the direction of strengthening the justice delivery system. We need to remind all concerned of what was said by this Court in Hussainara Khatoon (IV) 9: ‘The State cannot be permitted to deny the constitutional right of speedy trial to the accused on the ground that the State has no adequate financial resources to incur the necessary expenditure needed for improving the administrative and judicial apparatus with a view to ensuring speedy trial. The State may have its financial constraints and its priorities in expenditure, but, ‘the law does not permit any Government to deprive its citizens of constitutional rights on a plea of poverty’, or administrative inability. (para 10)’”*

The right to a speedy trial and the timely delivery of justice are not only safeguarded within the domestic legal framework but are also explicitly recognized in various international agreements and conventions that have relevance to India. Of significant note is the International Convention on Civil and Political Rights (ICCPR), which India signed in 1979. These international commitments have significantly influenced Indian legal principles, strengthening the protection of basic rights within the country's constitutional framework.

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<sup>18</sup> *Babu v. Raghunathji*, AIR 1976 SC 1734.

<sup>19</sup> *P. Ramachandra Rao v. State of Karnataka*, (2002) 4 SCC 578.

This influence is discernible cases such as *Vishaka and Others v. State of Rajasthan and Others*,<sup>20</sup> *Nilabati Behera v. State of Orissa*,<sup>21</sup> and *People's Union for Civil Liberties v. Union of India*.<sup>22</sup> Furthermore, the constitutional provision found in Article 51(c) of the Indian Constitution,<sup>23</sup> which calls for the adherence to international law and treaty commitments, coupled with the authority vested in the Indian state by Art.73(1)(b) of the Constitution of India,<sup>24</sup> serves to reinforce the constitutional commitment of the Indian State to ensuring the timely provision of justice. In summary, the constitutional framework of India unambiguously underscores the imperative of delivering justice in a timely manner. This mandate is founded on fundamental rights, constitutional principles, and international obligations, all of which collectively establish the Indian State's unwavering commitment to ensuring the swift administration of justice as an essential component of a just and democratic society.

## 5. JUDICIARY'S PERSPECTIVE

The imperative of delivering justice in a timely manner has been consistently underscored by both the Supreme Court and High Courts of India. More than three decades ago, the Supreme Court affirmed that, "*speedy trial is of essence to criminal justice and there can be no doubt that the delay in trial by itself constitutes denial of justice.*"<sup>25</sup> The landmark case of *Maneka Gandhi v. Union of India*,<sup>26</sup> further emphasized that, "[t]here can, therefore, be no doubt that speedy trial, and by speedy trial we mean a reasonably expeditious trial, is an integral and essential part of fundamental right to life and liberty enshrined in Art 21." In the case of *Anil Rai v. State of Bihar*,<sup>27</sup> the Supreme Court made an effort to outline guidelines for the prompt delivery of judgments. The Constitution Bench of the Supreme Court, in the case of *P. Ramachandra Rao v. State of Karnataka*,<sup>28</sup> reasserted the adage that 'justice delayed is justice denied.'

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<sup>20</sup> *Vishaka and Others v. State of Rajasthan and Others*, 1997 (6) SCC 241.

<sup>21</sup> *Nilabati Behera v. State of Orissa*, 1993 (2) SCC 746.

<sup>22</sup> *People's Union for Civil Liberties v. Union of India*, 1997 (3) SCC 433.

<sup>23</sup> INDIA CONST. art. 51, cl. c.

<sup>24</sup> INDIA CONST. art. 73, cl. 1(b).

<sup>25</sup> *Hussainara Khatoon v. State of Bihar*, AIR 1979 SC 1364.

<sup>26</sup> *Maneka Gandhi v. Union of India*, AIR 1978 SC 597.

<sup>27</sup> *Anil Rai v. State of Bihar*, (2001) 7 SCC 318.

<sup>28</sup> *P. Ramachandra Rao v. State of Karnataka*, (2002) 4 SCC 578.

In the case of *All India Judge's Association v. Union of India*,<sup>29</sup> the Supreme Court took decisive action by issuing specific directives aimed at “increasing the judicial strength from 10.5 judges per 10 lakh population to 50 judges per 10 lakh population” within a five-year timeframe. Additionally, the court mandated the prompt filling of judicial vacancies within a year and the appointment of necessary ad hoc judges to alleviate the backlog of pending cases. This directive was issued in tandem with the requisite infrastructure enhancements, taking into consideration the recommendations outlined in the 85th Parliamentary Standing Committee Report from 2001 and the 120th Law Commission Report from 1987.

The cases highlighted above underscore the judiciary's commitment to ensuring timely justice delivery in India and the recognition that delays in legal proceedings can result in a denial of justice. Furthermore, these cases have prompted critical measures to increase the judicial workforce and improve the efficiency of the legal system to address case backlogs and expedite the resolution of legal matters. These initiatives are geared towards upholding the constitutional right to a fair and timely trial, a crucial aspect for upholding justice and ensuring the protection of individuals' freedoms.

## 6. PENDENCY IN SUPREME COURT

The Supreme Court, currently comprising 34 judges,<sup>30</sup> grapples with a mounting caseload that significantly impairs its efficiency, impacting both the quantity and quality of cases it can adjudicate.<sup>31</sup> This surge in pending cases and associated delays poses significant barriers to equitable access to justice, eroding public trust in the institution.<sup>32</sup> The increasing volume of appeals against decisions made by lower courts underscores concerns about the quality of

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<sup>29</sup> *All India Judge's Association v. Union of India*, (2002) 4 SCC 247.

<sup>30</sup> *Constitution: Supreme Court Of India*, THE SUPREME COURT OF INDIA, <https://main.sci.gov.in/constitution#:~:text=The%20Supreme%20Court%20of%20India%20comprises%20the%20Chief%20Justice%20and,the%20age%20of%2065%20years..>

<sup>31</sup> *State Of The Judiciary And Access To Justice*, OFFICE OF JUSTICE PROGRAMS, <https://www.ojp.gov/pdffiles1/Digitization/48528NCJRS.pdf>.

<sup>32</sup> Rajnish Jindal & Amit Raj Agrawal, *Delays And Pendency Of Court's Cases In India*, 18 PALARCH'S JOURNAL OF ARCHAEOLOGY OF EGYPT 1763-1774, 1766 (2021), <https://archives.palarch.nl/index.php/jae/article/download/9013/8371/17681>.

judgments and the shortcomings in the judicial system,<sup>33</sup> with adverse repercussions for the country's social and economic well-being. The foremost challenge faced by the Supreme Court is the persistent issue of case backlog, which has steadily escalated over the years. In 1951, the Supreme Court had 827 pending cases, a number that had ballooned to 69,781 cases by 2022, representing an 84.37-fold increase.<sup>34</sup>

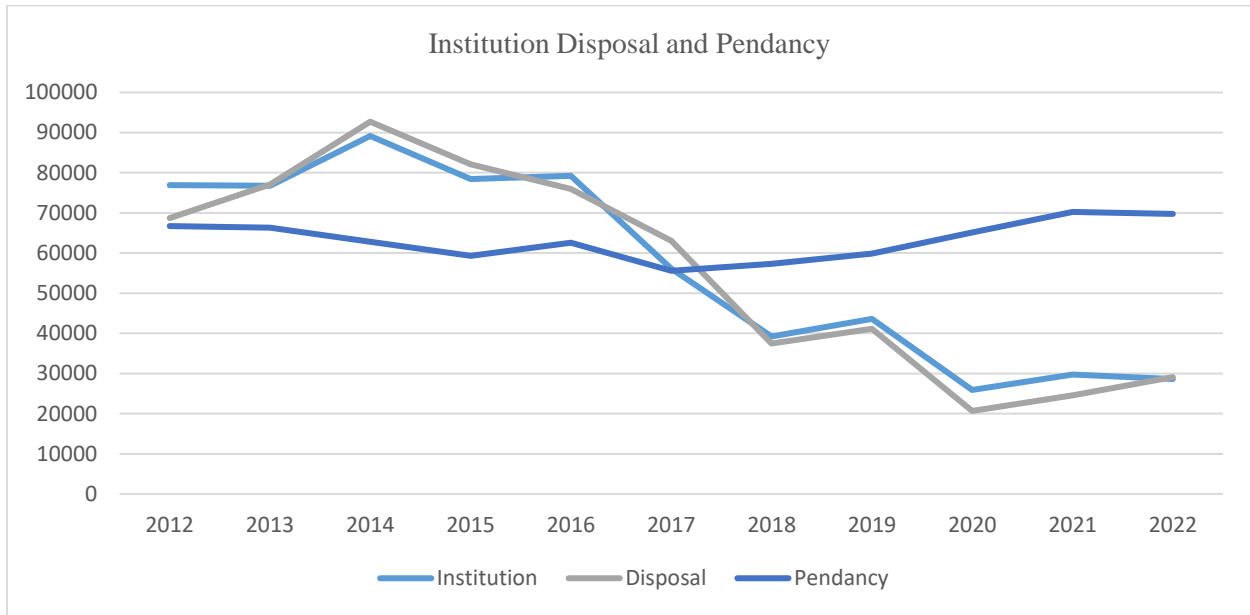


Fig. 1: Institution disposal and pendency (Supreme Court)<sup>35</sup>

With regard to the Supreme Court, the graph shows the pattern of pending cases over the years. As can be seen, it is clear that there is a persistent issue of judicial delay in this system. The overall trend over time has seen a growing number of pending cases. The year 2020 saw a significant increase in pending cases, and while there was a slight reduction in 2021, the overall situation remains concerning, with a high number of cases pending in 2022. This suggests that the judicial system is not disposing of cases at a rate that keeps up with the rate at which new cases are being instituted, indicating a delay in the resolution of cases.

<sup>33</sup> Richard Nobles & David Schiff, *The Right to Appeal and Workable Systems of Justice*, 65 THE MODERN LAW REVIEW 676-701, 699 (2002), <https://www.jstor.org/stable/1097612>.

<sup>34</sup> *The Indian Judiciary Annual Report 2021-22*, THE SUPREME COURT OF INDIA, <https://main.sci.gov.in/pdf/AnnualReports/INDIAN%20JUDICIARY%20Annual%20Report%202021-22.pdf>.

<sup>35</sup> *Id.*



## 7. ECONOMIC ANALYSIS (SUPREME COURT)

To determine the relationship between judicial efficiency (average disposal time and case backlog) and economic performance (GDP growth), the correlation coefficients have been calculated. Additionally, regression analysis has also been used to estimate the economic cost of judicial delay. All calculations have been done using data in Table 1.

<b>Year</b>	<b>Cases Instituted</b>	<b>Cases Disposed</b>	<b>Cases Pending</b>	<b>Average Disposal Time (Months)</b>	<b>Case Backlog (%)</b>	<b>GDP Growth (%)</b>
2012	76917	68744	66692	10.71	86.69	5.46
2013	76742	77085	66349	10.69	86.32	6.39
2014	89164	92722	62791	10.71	70.58	7.41
2015	78444	82092	59272	10.69	75.59	8.00
2016	79244	75979	62537	10.72	79.07	8.26
2017	56104	63053	55588	10.73	99.17	6.80
2018	39228	37470	57346	11.36	145.84	6.45
2019	43613	41100	59859	10.60	137.45	3.87
2020	25897	20670	65086	13.46	250.86	-5.83
2021	29739	24586	70239	13.32	236.10	9.05
2022	28651	29109	69781	13.21	243.63	7.00

Table 1: Calculation of correlation coefficients (Supreme Court)<sup>36</sup>

### 7.1 Correlation Analysis

1. *Correlation between Average Disposal Time and GDP Growth* ( $r = -0.388$ ): The negative correlation coefficient (-0.388) suggests a weak negative relationship between average disposal time and GDP growth. In other words, as average disposal time increases (indicating slower judicial processes), GDP growth tends to decrease, though the relationship is not very strong.

2. *Correlation between Case Backlog and GDP Growth* ( $r = -0.4422$ ): Similarly, the negative correlation coefficient (-0.4422) indicates a weak negative relationship between case backlog and GDP growth. As the case backlog increases (more pending cases), GDP growth tends to decrease, though, again, the relationship is not very strong.

### 7.2 Regression Analysis

1. *Average Disposal Time vs. GDP Growth* ( $\hat{y} = -1.30681X + 20.70723$ ): In this linear regression model, the coefficient 'b' (-1.30681) suggests that for every unit increase in average disposal time, GDP growth is estimated to decrease by approximately 1.31 units. The positive intercept (20.70723) represents the estimated GDP growth when average disposal time is zero (which may not have practical significance in this context).

2. *Case Backlog vs. GDP Growth* ( $\hat{y} = -0.02493X + 9.1403$ ): In this linear regression model, the coefficient 'b' (-0.02493) indicates that for every unit increase in case backlog, GDP growth is estimated to decrease by approximately 0.025 units. The positive intercept (9.1403) represents the estimated GDP growth when case backlog is zero (which may not be practically achievable).

## 8. PENDENCY IN HIGH COURTS

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<sup>36</sup> *Supra* note 34.

India is home to 25 High Courts, and the approved capacity for Judges across these courts stands at 1114.<sup>37</sup> However, out of this only 785 Judges are working and 329 posts of Judges are vacant.<sup>38</sup> In 1980, pendency in the High Courts were 1515, which rose to 727031 cases in 2022 (479.88 times).<sup>39</sup>

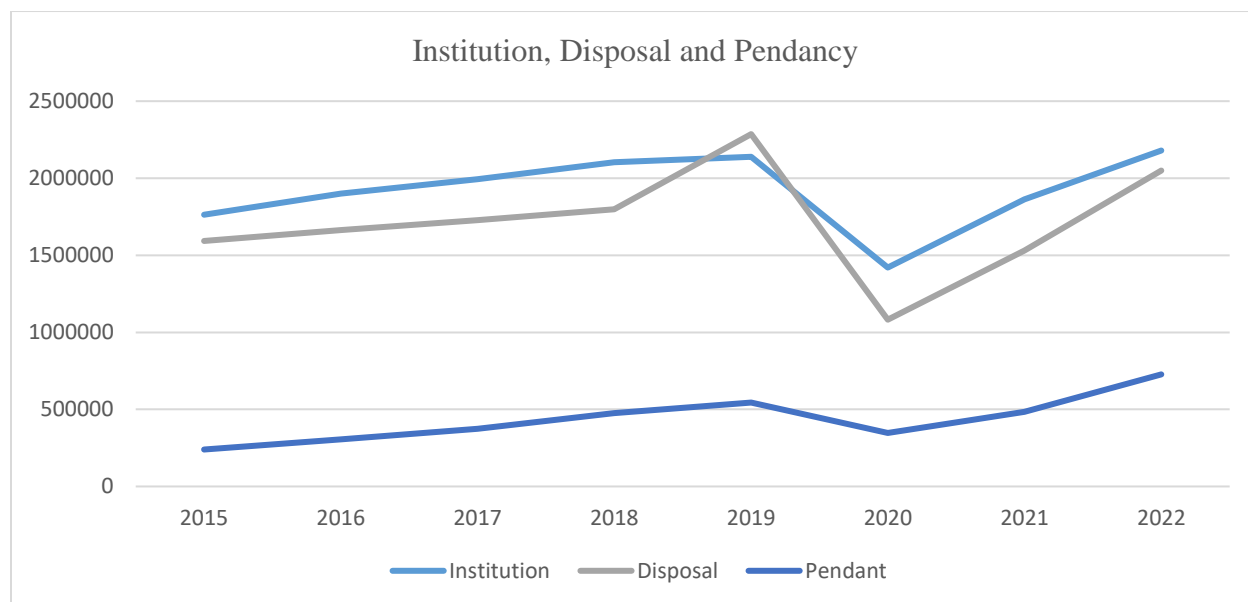


Fig. 2: Institution, Disposal and Pendency (High Courts)<sup>40</sup>

With regard to High Courts, the graph suggests a persistent issue of judicial delay. While there was a significant reduction in pending cases in 2020, the years 2016, 2017, 2018, and 2019 all saw increases in the number of unresolved cases, indicating a delay in case resolution. The situation improved in 2020 but worsened again in 2022, with a substantial increase in pending cases. Overall, this data indicates that the judicial system is struggling to keep up with the rate at which new cases are being instituted, leading to delays in case resolution.

<sup>37</sup> *The Indian Judiciary Annual Report 2021-22*, THE SUPREME COURT OF INDIA, <https://main.sci.gov.in/pdf/AnnualReports/INDIAN%20JUDICIARY%20Annual%20Report%202021-22.pdf>.

<sup>38</sup> *Strength of Judges*, MINISTRY OF LAW AND JUSTICE PIB DELHI (Mar. 24, 2023, 6:16 PM), <https://pib.gov.in/PressReleasePage.aspx?PRID=1910433>.

<sup>39</sup> *National Judicial Data Grid (High Courts of India)*, E-COURTS, <https://njdg.ecourts.gov.in/hcnjdgnew/>.

<sup>40</sup> *Id.*

## 9. ECONOMIC ANALYSIS (HIGH COURTS)

To determine the relationship between judicial efficiency (average disposal time and case backlog) and economic performance (GDP growth), the correlation coefficients have been calculated. Additionally, regression analysis has also been used to estimate the economic cost of judicial delay. All calculations have been done using data in Table 2.

Year	Cases Instituted	Cases Disposed	Cases Pending	Average Disposal Time (Months)	Case Backlog (%)	GDP Growth (%)
2015	1762210	1593453	239641	6.35	13.59	5.46
2016	1899887	1664510	306501	7.35	16.08	6.39
2017	1993516	1727594	374360	7.69	18.76	7.41
2018	2102812	1798694	476142	8.04	22.67	8.00
2019	2138226	2286084	545148	8.76	25.50	8.26
2020	1420443	1082211	346559	7.71	24.40	6.80
2021	1863016	1531154	484015	8.31	26.03	6.45
2022	2179770	2048902	727031	8.43	33.35	3.87

Table 2: Calculation of correlation coefficients (High Courts)<sup>41</sup>

### 9.1 Correlation Analysis

1. *Correlation between Average Disposal Time and GDP Growth (r = 0.2371)*: The positive correlation coefficient ( $r = 0.2371$ ) indicates a weak positive relationship between average disposal

<sup>41</sup> *Supra* note 39.

time and GDP growth. This implies that with the rise in average disposal time, there is a slight inclination for GDP growth to also increase. However, the correlation is relatively weak, suggesting that other factors have a more prominent influence on GDP growth.

2. *Correlation between Case Backlog and GDP Growth* ( $r = -0.2558$ ): The negative correlation coefficient ( $r = -0.2558$ ) implies a weak adverse association between the growth of case backlog and GDP growth. This means that with an escalation in the case backlog, there is a slight inclination for a reduction in GDP growth. However, the correlation remains relatively feeble, indicating that other factors might wield a more substantial influence on GDP growth.

## 9.2 Regression Analysis

1. *Average Disposal Time vs. GDP Growth* ( $\hat{y} = 0.44975X + 3.05846$ ): The regression equation for Average Disposal Time vs. GDP Growth indicates that, on average, for each unit increase in Average Disposal Time, there is a predicted increase of 0.44975 units in GDP Growth. The intercept (3.05846) represents the estimated GDP Growth when Average Disposal Time is zero. This suggests that an increase in Average Disposal Time is associated with a positive but modest increase in GDP Growth.

2. *Case Backlog vs. GDP Growth* ( $\hat{y} = -0.05793X + 7.88607$ ): The regression equation for Case Backlog vs. GDP Growth indicates that, on average, for each unit increase in Case Backlog, there is a predicted decrease of 0.05793 units in GDP Growth. The intercept (7.88607) represents the estimated GDP Growth when Case Backlog is zero. This suggests that an increase in Case Backlog is associated with a negative impact on GDP Growth, albeit a relatively small one.

## 10. PENDENCY IN DISTRICT AND TALUK COURTS

India's judicial landscape is extensive, encompassing a total of 672 District Courts,<sup>42</sup> designed to serve as the foundation of the legal system across the country. These courts are crucial in guaranteeing citizens at the grassroots level access to justice.<sup>43</sup> However, the efficiency of this vital

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<sup>42</sup> *District Courts In India*, LEGOPEDIA, <https://legodesk.com/legopedia/district-courts-in-india/>.

<sup>43</sup> Jayanth K. Krishnan et al., *Grappling at the Grassroots: Access to Justice in Lower s Lower Tier*, MAURER LAW (2014), <https://www.repository.law.indiana.edu/cgi/viewcontent.cgi?article=2302&context=facpub>.

tier in the judicial hierarchy is compromised due to a substantial shortage of judges.<sup>44</sup> Out of the total sanctioned strength, which is 25,042 judges,<sup>45</sup> a worrying 5,850 positions remain vacant,<sup>46</sup> hampering the courts' ability to handle cases effectively. In 1980, pendency in the District Courts were 19792, which rose to 8476091 cases in 2022 (428.25 times).<sup>47</sup>

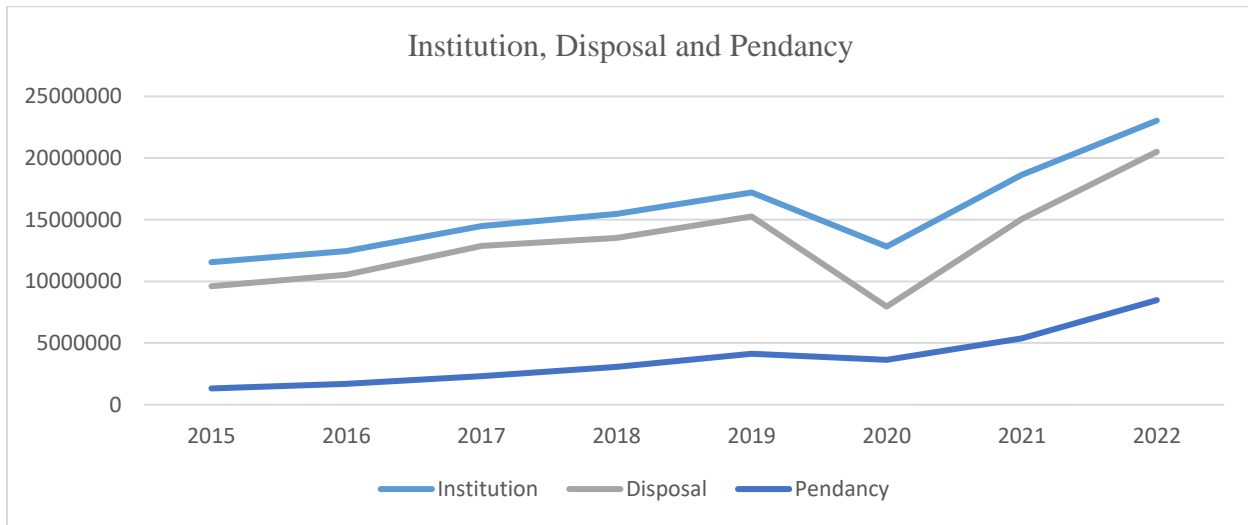


Fig. 3: Institution, Disposal and Pendency (District and Taluk Courts)<sup>48</sup>

With regard to District Courts, the data presented in the graph clearly illustrates and demonstrates that there is a pronounced issue of judicial delay. The graph clearly shows an upward trend in pending cases, indicating the number of unresolved cases at the conclusion of each year. It consistently demonstrates significant growth over the years, underscoring a troubling backlog in case resolution. From 2016 to 2022, the number of pending cases steadily grew, with a particularly pronounced surge in 2022. This trend underscores a systemic challenge in district courts, where the capacity to manage new cases is outpaced by the accumulation of pending ones, resulting in

<sup>44</sup> *Pendency and Vacancies in the Judiciary*, PRS INDIA, <https://prsindia.org/policy/vital-stats/pendency-and-vacancies-in-the-judiciary>.

<sup>45</sup> Sumeda, *The clogged state of the Indian judiciary*, THE HINDU (May 10, 2022, 11:30 AM), <https://www.thehindu.com/news/national/indian-judiciary-pendency-data-courts-statistics-explain-judges-ramana-chief-justice-undertrials/article65378182.ece>.

<sup>46</sup> Kanu Sarda, *District courts in India have a vacancy of 5850 judges*, INDIA TODAY (Dec. 23, 2022, 20:35 PM), <https://www.indiatoday.in/law/story/district-courts-in-india-have-a-vacancy-of-5850-judges-law-minister-tell-rajya-sabha-2312841-2022-12-23>.

<sup>47</sup> *National Judicial Data Grid (District and Taluka Courts of India)*, E-COURTS, <https://njdg.ecourts.gov.in/njdgnew/index.php>.

<sup>48</sup> *Id.*

considerable delays in the justice system, necessitating urgent and comprehensive reforms to address this pressing issue.

## 11. ECONOMIC ANALYSIS (DISTRICT AND TALUK COURTS)

To determine the relationship between judicial efficiency (average disposal time and case backlog) and economic performance (GDP growth), the correlation coefficients have been calculated. Additionally, regression analysis has also been used to estimate the economic cost of judicial delay. All calculations have been done using data in Table 3.

<b>Year</b>	<b>Cases Instituted</b>	<b>Cases Disposed</b>	<b>Cases Pending</b>	<b>Average Disposal Time (Months)</b>	<b>Case Backlog (%)</b>	<b>GDP Growth (%)</b>
2015	11555626	9599328	1317414	2.96	11.42	5.46
2016	12467167	10528544	1688625	2.94	13.55	6.39
2017	14492734	12867997	2313900	3.01	15.94	7.41
2018	15460697	13522454	3072808	3.00	19.87	8.00
2019	17198455	15273662	4118239	3.05	23.95	8.26
2020	12819952	7954575	3636614	4.08	28.42	6.80
2021	18630735	15043120	5382511	4.17	28.86	6.45
2022	23031174	20512087	8476091	4.32	36.81	3.87

Table 3: Calculation of coefficients (District and Taluk Courts)<sup>49</sup>

<sup>49</sup> *Supra* note 47.

## 11.1 Correlation Analysis

1. *Correlation between Average Disposal Time and GDP Growth ( $r = -0.5366$ ):* The negative correlation coefficient of  $-0.5366$  indicates a moderately strong negative relationship between the time it takes to resolve legal cases (Average Disposal Time) and the rate of economic growth (GDP Growth). In simpler terms, as the judicial process becomes lengthier, there is a significant tendency for economic growth to decline. The larger the delays in case disposal, the more pronounced the negative impact on the economy. This means that as legal processes take more time, the economy tends to grow at a slower pace.

2. *Correlation between Case Backlog and GDP Growth ( $r = -0.3546$ ):* This negative correlation coefficient of  $-0.3546$  suggests a moderate negative relationship between the backlog of unresolved legal cases (Case Backlog) and GDP Growth. As the backlog of cases waiting to be resolved increases, there is a tendency for GDP Growth to decrease. While the correlation isn't as strong as with Average Disposal Time, it still indicates that a growing backlog negatively affects the economy. In essence, a larger backlog implies slower economic growth.

## 11.2 Regression Analysis

1. *Average Disposal Time vs. GDP Growth ( $\hat{y} = -1.22556X + 10.79747$ ):* The regression equation demonstrates a negative relationship between Average Disposal Time and GDP Growth. For each additional month of average disposal time, the model estimates that GDP Growth decreases by approximately 1.22556 percentage points. The intercept (10.79747) represents the estimated GDP Growth when Average Disposal Time is zero, which is a theoretical scenario where cases are resolved instantly. This means that extended case disposal times are associated with a significant reduction in economic growth.

2. *Case Backlog vs. GDP Growth ( $\hat{y} = -0.05783X + 7.87254$ ):* In this regression equation, the relationship between Case Backlog and GDP Growth is also negative. For each additional percentage point increase in the backlog of unresolved cases, the model estimates that GDP Growth decreases by approximately 0.05783 percentage points. The intercept (7.87254) represents the estimated GDP Growth when Case Backlog is zero. This indicates that a growing backlog of cases is linked to a decline in economic growth.



## 12. ROLE OF LEGAL SYSTEMS IN ECONOMIC DEVELOPMENT OF INDIA

In the field of economics, the central role of the government is to create and enforce laws and regulations that foster a country's economic progress and advancement.<sup>50</sup> The activities of the government sector are largely shaped by the requirements and principles of the private sector.<sup>51</sup> In this context, the law plays a dual role in facilitating economic development within a nation.<sup>52</sup>

Firstly, it plays an allocative role by determining the allocation of resources, their sources, and their intended utilization. It addresses whether resource allocation is driven by the state or left to market forces.<sup>53</sup> Secondly, it assumes a procedural role, ensuring the efficiency of legal enforcement and the alignment of legal institutions with the overarching objective of attaining economic growth and development.<sup>54</sup> This procedural dimension may adopt either a discretionary approach, wherein the State can modify laws at its discretion, or a rule-based approach, necessitating adherence to specific legal rules and principles.<sup>55</sup> These two aspects of laws and legal systems significantly influence a country's economic development, with a preference for market-driven resource allocation and rule-based procedural mechanisms to optimize economic progress.<sup>56</sup>

In the Indian context, the connection between law, legal systems, and economic development can be encapsulated in two primary assertions. The first assertion posits that "law" determines a firm's

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<sup>50</sup> Kevin Davis & Michael J. Trebilcock, *What Role Do Legal Institutions Play In Development*, INTERNATIONAL MONETARY FUND (Oct. 20, 1999), <https://www.imf.org/external/pubs/ft/seminar/1999/reforms/trebil.pdf>.

<sup>51</sup> A.J. Perry, *The Relationship between Legal Systems and Economic Development: Integrating Economic and Cultural Approaches*, 2 JOURNAL OF LAW AND SOCIETY 282-307, 292 (2002), [https://www.researchgate.net/publication/227617607\\_The\\_Relationship\\_between\\_Legal\\_Systems\\_and\\_Economic\\_Development\\_Integrating\\_Economic\\_and\\_Cultural\\_Approaches](https://www.researchgate.net/publication/227617607_The_Relationship_between_Legal_Systems_and_Economic_Development_Integrating_Economic_and_Cultural_Approaches).

<sup>52</sup> K. Pistor, K. & P.A. Wellons, *The Role of Law and Legal Institutions in Asian Economic Development*, OXFORD UNIVERSITY PRESS (1998), <http://www.asianlii.org/asia/other/ADBLPRes/1998/3.pdf>.

<sup>53</sup> *Id.*

<sup>54</sup> *Id.*

<sup>55</sup> T. R. S. Allan, *Human Rights and Judicial Review: A Critique of 'Due Deference'*, 65 THE CAMBRIDGE LAW JOURNAL 671-695, 673 (2006), <http://www.jstor.org/stable/4509244>.

<sup>56</sup> Perry, A.J., *The Relationship between Legal Systems and Economic Development: Integrating Economic and Cultural Approaches*, 2 JOURNAL OF LAW AND SOCIETY 282-307, 292 (2002), [https://www.researchgate.net/publication/227617607\\_The\\_Relationship\\_between\\_Legal\\_Systems\\_and\\_Economic\\_Development\\_Integrating\\_Economic\\_and\\_Cultural\\_Approaches](https://www.researchgate.net/publication/227617607_The_Relationship_between_Legal_Systems_and_Economic_Development_Integrating_Economic_and_Cultural_Approaches).

access to financial resources and its capacity to raise capital for operational needs.<sup>57</sup> The second assertion underscores the pivotal role that a country's legal system and legal origins play in determining its adaptability to modify and evolve its regulatory framework.<sup>58</sup> A direct correlation exists between the effectiveness of the legal system in protecting investor interests and the advancement of the external finance market.<sup>59</sup> As a result, India has seen a substantial increase in laws aimed at protecting equity investors.<sup>60</sup> Industries heavily reliant on equity financing, such as pharmaceuticals and software, have witnessed more substantial growth compared to those predominantly dependent on debt financing, like heavy manufacturing.<sup>61</sup> The role of the legal system in facilitating industry growth is evident, as robust legal provisions have been formulated to enhance equity financing processes in contrast to debt financing.<sup>62</sup>

India has experienced continuous economic development, as evidenced by its Gross Domestic Product growth rates over the past decade (Figure 4). Research suggests that sustained high growth rates, such as the 8% growth rate, must be coupled with an investment effort exceeding 35% of GDP.<sup>63</sup> Investment and equity finance play pivotal roles in influencing a country's economic advancement, stimulating demand, introducing new technology, enhancing productivity, generating employment opportunities, and expanding overall capacity.<sup>64</sup>

In consequence, when evaluating the influence of laws and the legal system on India's economic growth, it is essential to focus on their influence on investment policies serves as a vital connection between the two domains. This perspective aligns with the findings of the Economic Survey of

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<sup>57</sup> John Armour & Priya Lele, *Law Finance and Politics: The Case of India*, LAW AND SOCIETY REVIEW (Apr. 1, 2009), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1116608](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1116608).

<sup>58</sup> *Id.*

<sup>59</sup> Amanda Perry, *Effective Legal Systems and Foreign Direct Investment: In Search of the Evidence*, 49 THE INTERNATIONAL AND COMPARATIVE LAW QUARTERLY 779-799, 783 (2000), <http://www.jstor.org/stable/761760>.

<sup>60</sup> *Supra* note 51.

<sup>61</sup> Michael Mussa, *Factors Driving Global Economic Integration*, INTERNATIONAL MONETARY FUND (Aug. 25, 2000), <https://www.imf.org/en/News/Articles/2015/09/28/04/53/sp082500>.

<sup>62</sup> *Capital market instruments to mobilize institutional investors to infrastructure and SME financing in Emerging Market Economies*, THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, <https://www.oecd.org/g20/topics/development/WB-IMF-OECD-report-Capital-Markets-Instruments-for-Infrastructure-and-SME-Financing.pdf>.

<sup>63</sup> S Sanyal, *Improving legal system is the best investment India can make*, THE ECONOMIC TIMES (Jul. 5, 1998), <https://economictimes.indiatimes.com/news/economy/policy/view-improving-legal-system-is-the-best-investment-india-can-make/articleshow/7007%E2%80%A6>.

<sup>64</sup> Amanda Perry, *Effective Legal Systems and Foreign Direct Investment: In Search of the Evidence*, 49 THE INTERNATIONAL AND COMPARATIVE LAW QUARTERLY 779-799, 783 (2000), <http://www.jstor.org/stable/761760>.

2019,<sup>65</sup> which emphasizes the importance of strengthening the legal system to encourage investments and promote growth in India.

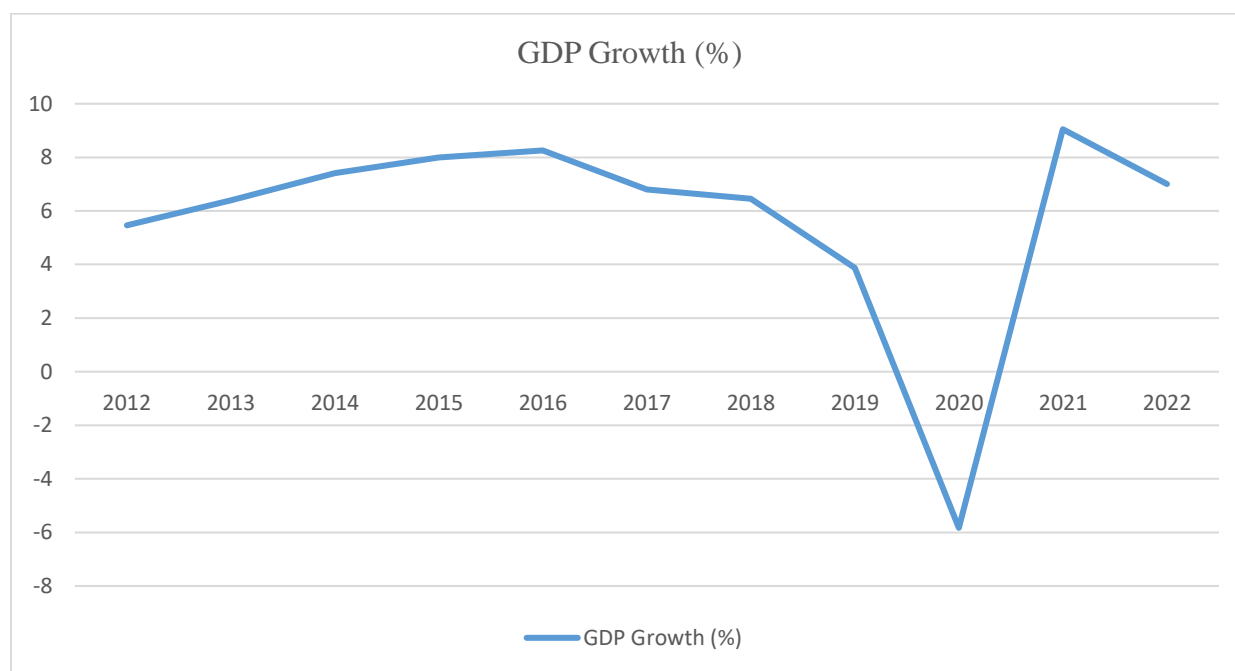


Fig. 4: GDP Growth (%)<sup>66</sup>

India's legal landscape post-independence was characterized by a lack of robust and effective legislation, impeding the progress and development of industries.<sup>67</sup> A notable example is the Companies Act of 1956,<sup>68</sup> which did not contain provisions enabling businesses to continue their operations during corporate restructurings and negotiations.<sup>69</sup> Nevertheless, the transformative New Economic Policy of 1991,<sup>70</sup> brought about significant changes to the investment environment

<sup>65</sup> *The Economic Survey 2019-20*, INDIA BUDGET, <https://www.indiabudget.gov.in/budget2020-21/economicsurvey/doc/echapter.pdf>.

<sup>66</sup> *Year-wise Real Gross Domestic Product (GDP) Growth Rate from 2014-15 to 2021-22*, OPEN GOVERNMENT DATA PLATFORM INDIA (Feb. 21, 2023), <https://data.gov.in/resource/year-wise-real-gross-domestic-product-gdp-growth-rate-2014-15-2021-22>.

<sup>67</sup> Nimish Adhia, *The History of Economic Development in India since Independence*, 20 INDIA PAST PRESENT AND FUTURE 18-22, 19 (2015), <https://www.asianstudies.org/publications/ea/archives/the-history-of-economic-development-in-india-since-independence/>.

<sup>68</sup> The Companies Act 2013, No. 18, Acts of Parliament, 2013 (India).

<sup>69</sup> S. Batra, *The Asian recovery: Progress and pitfalls, The position of India*, GLOBAL FORUM ON INSOLVENCY RISK MANAGEMENT, WORLD BANK GLOBAL FORUM ON INSOLVENCY RISK MANAGEMENT (2003), <http://siteresources.worldbank.org/GILD/ConferenceMaterial/20157508/Batra%20-%20India%20-%20FINAL.pdf>.

<sup>70</sup> Ushma Upadhyay, *India's New Economic Policy of 1991*, 6 TAYLOR & FRANCIS JOURNALS 105-122, 111 (2000), <https://ideas.repec.org/a/taf/femeco/v6y2000i3p105-122.html>.

in India.<sup>71</sup> This shift was accomplished by expanding the extent of safeguarding investors, which included the introduction of pivotal laws such as the Foreign Exchange Management Act of 1999.<sup>72</sup> Additionally, the formation of significant institutions like NSE and SEBI in 1992 played a vital role in this transformation.<sup>73</sup> The financial system benefited significantly from these legal modifications, ultimately fostering economic development.<sup>74</sup>

When a country or region provides legal safeguards for its investors and shareholders, it attracts increased external finance.<sup>75</sup> As a result, India boasts a highly developed equity market. Notably, the service sector constitutes a substantial 48.58% of India's GDP (as depicted in Figure 5). Service-oriented industries typically lack tangible assets that can be used as collateral to secure debt financing, making equity financing a primary source of capital.<sup>76</sup> India's proactive implementation of equity finance laws has fueled investment in lucrative sectors within the country, thereby fostering economic growth.<sup>77</sup>

The development of the legal framework of India, especially concerning investor protection and equity finance, has been instrumental in shaping its economic landscape. The legal reforms introduced in the wake of the 1991 New Economic Policy have not only attracted external investment but have also bolstered the growth of key industries, which, in turn, have contributed significantly to India's economic progress.

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<sup>71</sup> Davinder Kumar Madan, *India's New Economic Policy - A Macro Study*, 2 INDIAN JOURNAL OF ASIAN AFFAIRS 104-113, 111 (1995), <http://www.jstor.org/stable/41950393>.

<sup>72</sup> Foreign Exchange Management Act, 1999, No. 42, Acts of Parliament, 1999 (India).

<sup>73</sup> Raj Krishna, *The Economic Development of India*, 23 SCIENTIFIC AMERICAN 166-181, 173 (1980), <https://www.jstor.org/stable/24966416>.

<sup>74</sup> *Id.*

<sup>75</sup> R. La Porta et al., *Legal Determinants of External Finance*, 3 THE JOURNAL OF FINANCE 1131-1150, 1139 (1997), <https://www.jstor.org/stable/2329518>.

<sup>76</sup> John Armour & Priya Lele, *Law Finance and Politics: The Case of India*, LAW AND SOCIETY REVIEW (Apr. 1, 2009), [https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=1116608](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1116608).

<sup>77</sup> *Capital market instruments to mobilize institutional investors to infrastructure and SME financing in Emerging Market Economies*, THE ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT, <https://www.oecd.org/g20/topics/development/WB-IMF-OECD-report-Capital-Markets-Instruments-for-Infrastructure-and-SME-Financing.pdf>.

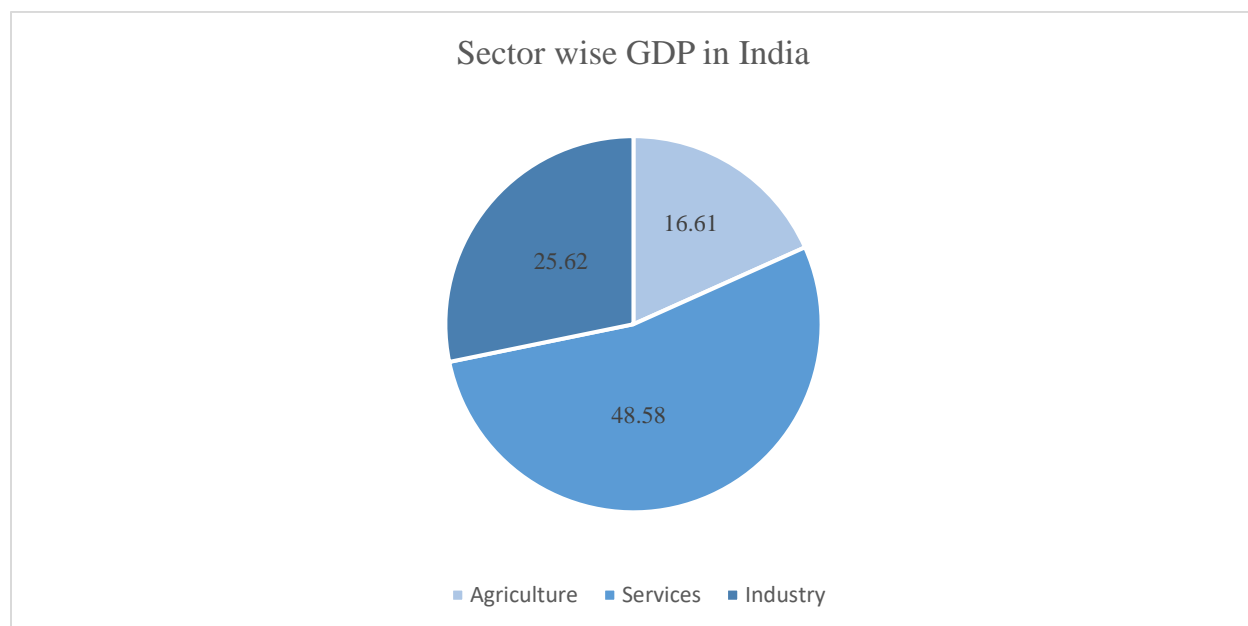


Fig. 5: Sector wise GDP in India<sup>78</sup>

The concept of 'legal origin' primarily hinges on the origins of a country's legal system and the dichotomy between civil law and common law jurisdictions.<sup>79</sup> However, this categorization has faced criticism from scholars,<sup>80</sup> due to its oversimplification, given that many countries have legal systems that incorporate elements of both civil law and common law.<sup>81</sup> Nevertheless, for analytical purposes, we can adhere to the division between common law and civil law to examine how legal systems influence a country's economic development.

<sup>78</sup> India: Distribution of gross domestic product (GDP) across economic sectors from 2012 to 2022, STATISTA (Oct. 13, 2023), [https://www.statista.com/statistics/271329/distribution-of-gross-domestic-product-gdp-across-economic-sectors-in-india/#:~:text=International-Distribution%20of%20gross%20domestic%20product%20\(GDP\)%20across,economic%20sectors%20in%20India%202022&text=In%202022%2C%20almost%20half%20of,telecommunications%2C%20IT%2C%20and%20software.](https://www.statista.com/statistics/271329/distribution-of-gross-domestic-product-gdp-across-economic-sectors-in-india/#:~:text=International-Distribution%20of%20gross%20domestic%20product%20(GDP)%20across,economic%20sectors%20in%20India%202022&text=In%202022%2C%20almost%20half%20of,telecommunications%2C%20IT%2C%20and%20software.)

<sup>79</sup> R. LaPorta et al., *What Works in Securities Laws*, 1 JOURNAL OF FINANCE 1-32, 26 (2006), <https://scholar.harvard.edu/shleifer/publications/what-works-securities-laws>.

<sup>80</sup> M. Siems, *Legal origins: reconciling law and finance and comparative law*, CENTRE FOR BUSINESS RESEARCH, UNIVERSITY OF CAMBRIDGE (2006), <https://EconPapers.repec.org/RePEc:cbr:cbrwps:wp321>.

<sup>81</sup> William Tetley, *Mixed Jurisdictions: Common Law v. Civil Law (Codified and Uncodified)*, 60 UNIDROIT UNIFORM LAW REVIEW 676- 738, 721 <https://digitalcommons.law.lsu.edu/cgi/viewcontent.cgi?article=5822&context=lalrev>.

Common law systems are characterized by their adaptability to changing economic conditions, as they rely on a case-by-case application of laws.<sup>82</sup> Conversely, civil law systems are characterized by rigidity and can only be modified through lengthy legislative processes.<sup>83</sup> In common law systems, judges play a vigilant role and wield a substantial degree of influence in shaping legal interpretations and decisions.<sup>84</sup> Consequently, they are well-positioned to effectively protect privately-owned property from potential encroachments by government entities. In contrast, civil law systems often grant an imbalanced level of control to the legislature, not only in the realm of law-making but also in the appointment of judges.<sup>85</sup> This dynamic can render judges less inclined to protect the interests of investors and private property over those of the state.<sup>86</sup>

India, as a common law country, benefits from affording the judiciary a significant degree of influence and control over the legal system.<sup>87</sup> This characteristic contributes to the growth of equity finance in India, ultimately fostering economic prosperity.<sup>88</sup> However, the practical implementation of these advantages is hampered by the substantial backlog of cases that burden the Indian judiciary. Despite operating within a common law framework, Indian judges face challenges in being as proactive as desired due to the overwhelming number of pending cases.<sup>89</sup> This constraint limits their capacity to serve as positive enforcers of economic development.

Resolving disputes is of paramount importance to any economy, and the efficiency of contract enforcement mechanisms plays a pivotal role in attracting financial investments.<sup>90</sup> Contract enforcement is a crucial factor in determining a country's ranking in the “Ease Of Doing Business”

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<sup>82</sup> *The Common Law And Civil Law Traditions*, BERKELY LAW, <https://www.law.berkeley.edu/wp-content/uploads/2017/11/CommonLawCivilLawTraditions.pdf>.

<sup>83</sup> *Id.*

<sup>84</sup> *The scope of judicial law-making in the common law tradition*, THE UK SUPREME COURT, <https://www.supremecourt.uk/docs/speech-191028.pdf>.

<sup>85</sup> Carlo Guarnieri et al., *The Power of Judges: A Comparative Study of Courts and Democracy*, OXFORD UNIVERSITY PRESS, <https://academic.oup.com/book/7687/chapter/152746875>.

<sup>86</sup> *Supra* note 74.

<sup>87</sup> Ashish Bhan & Mohit Rohatgi, *Legal Systems in India: Overview*, PRACTICAL LAW (Oct. 1, 2022), [https://uk.practicallaw.thomsonreuters.com/w-017-5278?transitionType=Default&contextData=\(sc.Default\)&firstPage=true](https://uk.practicallaw.thomsonreuters.com/w-017-5278?transitionType=Default&contextData=(sc.Default)&firstPage=true).

<sup>88</sup> *Id.*

<sup>89</sup> *Judicial delay in India*, THE TIMES OF INDIA (Feb. 20, 2023, 23:13 PM), <https://timesofindia.indiatimes.com/readersblog/lawpedia/judicial-delay-in-india-50731/>.

<sup>90</sup> *Why it matters in Enforcing Contracts*, THE WORLD BANK, <https://subnational.doingbusiness.org/en/data/exploretopics/enforcing-contracts/why-matters>.

index, a metric prepared by the World Bank, where India currently ranks 66th.<sup>91</sup> India's subpar performance in this index deters financial firms from investing in the country, thereby hindering the prospects of economic development.<sup>92</sup>

The protracted resolution of contractual disputes in India is a significant contributing factor to this issue. It takes over 1,445 days to resolve contractual disputes in the country, and nearly 1,000 cases have been pending for over half a century.<sup>93</sup> The backlog in Indian courts is exacerbated by the shortage of judges per capita and the persistent vacancies in judicial posts.<sup>94</sup> Complex procedural laws often frustrate litigants, and lawyers are incentivized to prolong proceedings, as their fees are typically billed by the hour.<sup>95</sup>

Despite these constraints, Indian courts have exhibited a level of adaptability in how they construe and implement laws, guided by the overarching aim of fostering the economic progress of the nation.<sup>96</sup> The Indian Supreme Court, in particular, has employed the Constitution to extend the realm of legal protection, enabling challenges to legislation even when the applicants do not have a vested interest in the outcome.<sup>97</sup>

In summary, the influence of legal regulations and systems on the economic progress of India is multifaceted. While India's common law tradition provides a favorable environment for the judiciary to play a role in shaping legal interpretations, the practical challenges of case backlogs and inefficient contract enforcement mechanisms continue to impede the full realization of these

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<sup>91</sup> Hemant Kashyap, *Economic Survey 2022-23: India Reduced 39,000+ Compliances For Ease Of Doing Business*, INC 42 (Jan. 31 2023), <https://inc42.com/buzz/economic-survey-2022-23-india-reduced-39000-compliances-ease-of-doing-business/>.

<sup>92</sup> *Id.*

<sup>93</sup> S. Shukla, *The biggest reform needed to fix Indian economy is not economic but Judicial*, THE TIMES OF INDIA (FEB.28, 2020, 03:11 PM), <https://timesofindia.indiatimes.com/blogs/science-nomad/the-biggest-reform-needed-to-fix-indian-economy-is-not-economic-but-legal/>.

<sup>94</sup> B. DEBROY, *SOME ISSUES IN LAW REFORM IN INDIA, GOVERNANCE, DECENTRALIZATION AND REFORM IN CHINA, INDIA AND RUSSIA*, BOSTON, 339-368 (Kluwer Academic Publishers 2000).

<sup>95</sup> Umakanth Varottil & Sriram Chakravarthi, *Judicial Delays in India and Turning Tides*, OXFORD BUSINESS LAW BLOG (Apr. 14, 2016), <https://blogs.law.ox.ac.uk/business-law-blog/blog/2016/04/judicial-delays-india-and-turning-tides-%E2%80%93-significance-commercial>.

<sup>96</sup> Pradeep S. Mehta, *How Can India's Judiciary be More Economically Responsible*, THE WIRE (Feb. 26, 2021), <https://thewire.in/economy/india-judiciary-economically-responsible-environment>.

<sup>97</sup> S.K. VERMA & K. KUSUM, *FIFTY YEARS OF THE SUPREME COURT OF INDIA: IT'S GRASP AND REACH*, 67 (Oxford University Press 2002).

advantages.<sup>98</sup> Legal reforms and improvements in judicial efficiency are imperative to unlock the full potential of the Indian legal system in facilitating economic growth.

### 13. CONTEMPORARY DEVELOPMENTS

In addressing the persistent challenges of backlog and delayed justice, the Indian judiciary has embarked on a technological journey, notably through initiatives like Digital India and e-Courts.<sup>99</sup> These endeavors aim to harness the power of technology to bring about transformative changes within the legal system. The infusion of technology into traditional court systems is a focal point of these initiatives.<sup>100</sup> By integrating modern solutions, the judiciary seeks to expedite case resolution and alleviate the burden of pending litigation. This strategic approach reflects a commitment to leveraging technology as a catalyst for increased efficiency and improved access to justice.<sup>101</sup> One key aspect of this technological integration is the adoption of innovative solutions to enhance the practice of law. Legal practitioners and judiciary stakeholders now benefit from automated processes, including document management, legal research, and scheduling.<sup>102</sup> This not only reduces administrative burdens but also amplifies productivity, allowing for more effective management of caseloads.

As part of this broader technological transformation, e-Courts have emerged as a promising avenue. The digital era has ushered in new possibilities for court proceedings, particularly highlighted during the COVID-19 pandemic.<sup>103</sup> Virtual court hearings and electronic filing systems have become integral components, addressing challenges posed by physical distances and

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<sup>98</sup> Umakanth Varottil & Sriram Chakravarthi, *Judicial Delays in India and Turning Tides*, OXFORD BUSINESS LAW BLOG (Apr. 14, 2016), <https://blogs.law.ox.ac.uk/business-law-blog/blog/2016/04/judicial-delays-india-and-turning-tides-%E2%80%93-significance-commercial>.

<sup>99</sup> Deepika Kinhal et al., *Virtual Courts in India*, VIDHI LEGAL POLICY (Apr. 23, 2020), [https://vidhilegalpolicy.in/wp-content/uploads/2020/07/20200501\\_\\_Strategy-Paper-for-Virtual-Courts-in-India\\_Vidhi-1.pdf](https://vidhilegalpolicy.in/wp-content/uploads/2020/07/20200501__Strategy-Paper-for-Virtual-Courts-in-India_Vidhi-1.pdf).

<sup>100</sup> Jane Donoghue, *The Rise of Digital Justice: Courtroom Technology, Public Participation and Access to Justice*, 6 THE MODERN LAW REVIEW 995-1025, 1010 (2017), [https://csja.gov.in/images/p1195/s\\_3\\_lct\\_court\\_and\\_case\\_management/jane\\_donoghue\\_rise\\_of\\_digital\\_justice.pdf](https://csja.gov.in/images/p1195/s_3_lct_court_and_case_management/jane_donoghue_rise_of_digital_justice.pdf).

<sup>101</sup> *Id.*

<sup>102</sup> *The benefits of automating legal processes: An overview*, INFOSYS BPM (Oct. 11, 2021), <https://www.infosysbpm.com/blogs/legal-process-outsourcing/benefits-of-automating-legal-processes.html>.

<sup>103</sup> Mayura Sabne & Ms. Gouri Konpure, *Evolving Technology & Access to Justice in India*, LEGASIS PRIVATE LIMITED (Nov. 6, 2023), <https://www.linkedin.com/pulse/evolving-technology-access-justice-india-legasispvtltd-nipzc/>.



contributing to the reduction of delays in legal proceedings.<sup>104</sup> Infrastructure plays a pivotal role in the success of e-Courts. Video conferencing systems, court management tools, document management systems, electronic display systems, and court recording and transcription systems collectively contribute to a seamless and efficient judicial process.<sup>105</sup> These technological elements are crucial for ensuring that the benefits of e-Courts are fully realized.

India's E-Court initiative is at the forefront of these technological advancements. The initiative aims to offer transparent and efficient services to litigants by facilitating electronic submission, case administration, and online availability of case details.<sup>106</sup> Virtual court hearings and video conferencing capabilities have further facilitated remote participation, addressing geographical constraints and reducing delays caused by physical distances.<sup>107</sup> The integration of technology, particularly through the implementation of e-Courts, represents a significant stride towards a more accessible and efficient judicial system in India. These innovations not only contribute to the reduction of backlog and improved case resolution but also signify a commitment to embracing the possibilities offered by the digital era in the pursuit of justice for all.<sup>108</sup>

#### 14. RECCOMENDATIONS AND WAY FORWARD

The recommendations and the way forward outlined are aimed at addressing the challenges associated with India's judiciary, particularly concerning the backlog of cases and the timely dispensation of justice. One of the most pressing issues is the shortage of judges per capita compared to other major economies.<sup>109</sup> To alleviate this problem, it is recommended to prioritize the appointment of judges to bridge this gap. The 120th report from the Law Commission,<sup>110</sup> and

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<sup>104</sup> *Id.*

<sup>105</sup> *Supra* note 101.

<sup>106</sup> Anmol Yadav, *Initiatives Taken by E-Courts Committee of Supreme Court for Facilitating Access to Justice*, 5 LAW AUDIENCE JOURNAL 39-61, 54 (2023), <https://www.lawaudience.com/initiatives-taken-by-e-committee-of-supreme-court-for-facilitating-access-to-justice/>.

<sup>107</sup> *Supra* note 100.

<sup>108</sup> Toshan Watts, *The Role of Technology In The Future and Its Impact on Society*, THE TIMES OF INDIA (Apr. 14, 2023), <https://timesofindia.indiatimes.com/readersblog/amitosh/the-role-of-technology-in-the-future-and-its-impact-on-society-52565/>.

<sup>109</sup> Pratik Datta & Suyash Rai, *How to Start Resolving the Indian Judiciary's Long-Running Case Backlog*, CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE (Sept. 09, 2021), <https://carnegieendowment.org/2021/09/09/how-to-start-resolving-indian-judiciary-s-long-running-case-backlog-pub-85296>.

<sup>110</sup> *Law Commission 120<sup>th</sup> report*, THE LAW COMMISSION OF INDIA,

the Supreme Court have both examined this issue and recommended an augmentation of the judge-to-population ratio to 50 judges for every one million people.<sup>111</sup> This step is essential to ensure that the judiciary has adequate manpower to handle the caseload effectively. In addition to increasing the number of judges, there is a call to set specific time limits for hearing cases and delivering judgments.<sup>112</sup> This would ensure that cases are not indefinitely delayed, providing litigants with a sense of certainty and a prompt resolution to their legal matters.<sup>113</sup>

The practice of granting adjournments,<sup>114</sup> especially in cases where they are not essential, contributes to case delays.<sup>115</sup> The recommendation is to restrict adjournments to emergencies and exceptional cases. This would deter lawyers from handling numerous cases simultaneously, leading to a focus on a few and frequent requests for adjournments in others.<sup>116</sup> By reducing unnecessary adjournments, the legal process becomes more efficient and cases can proceed in a timelier manner.<sup>117</sup>

Another critical aspect to be taken note of are Alternative Dispute Resolution mechanisms, such as conciliation, mediation and arbitration. These ADR methods offer a quicker and often less costly alternative to traditional court litigation.<sup>118</sup> Encouraging their use can alleviate the burden on the court system, provide litigants with more expedient dispute resolution, and diminish the accumulation of pending cases within the judicial system.<sup>119</sup> Furthermore, pre-trial counseling and dispute resolution measures are recommended to minimize the load on the courts and expedite the

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<https://cdnbbsr.s3waas.gov.in/s3ca0daec69b5adc880fb464895726dbdf/uploads/2022/08/2022080852.pdf>.

<sup>111</sup> *Subordinate Courts of India: A Report on Access to Justice*, THE SUPREME COURT OF INDIA, <https://main.sci.gov.in/pdf/AccessstoJustice/Subordinate%20Court%20of%20India.pdf>.

<sup>112</sup> Vandana Ajay Kumar, *Judicial Delays in India: Causes & Remedies*, 4 JOURNAL OF LAW POLICY AND GLOBALIZATION 16, 19-20 (2012), <https://core.ac.uk/download/pdf/234649558.pdf>.

<sup>113</sup> *Id.*

<sup>114</sup> Varun Agarwal, *Adjournments: The Bane of Civil Litigation*, SSRN PAPERS (Apr. 7, 2023), <https://ssrn.com/abstract=4549011>.

<sup>115</sup> Gaurav Pandey, *The Unsettling Consequences of Justice Delay in India: A Grave Situation with Alarming Data*, The Times of India (Jun. 11, 2023, 20:53 AM), <https://timesofindia.indiatimes.com/readersblog/the-legal-perspective/the-unsettling-consequences-of-justice-delay-in-india-a-grave-situation-with-alarming-data-55042/>.

<sup>116</sup> Edward Laws, *Addressing case delays caused by multiple adjournments*, GSDRC HELPDESK RESEARCH REPORT (Jun. 14, 2016), <https://assets.publishing.service.gov.uk/media/57a9c983e5274a0f6c000006/HDQ1374.pdf>.

<sup>117</sup> *Supra* note 94.

<sup>118</sup> Sterling Miller, *The problems and benefits of using alternative dispute resolution*, THOMSON REUTERS (Apr. 29, 2022), <https://legal.thomsonreuters.com/en/insights/articles/problems-and-benefits-using-alternative-dispute-resolution>.

<sup>119</sup> Jethro K. Lieberman & James F. Henry, *Lessons from the Alternative Dispute Resolution Movement*, 53 THE UNIVERSITY OF CHICAGO LAW REVIEW 424, 429 (1986), <https://www.jstor.org/stable/1599646>.

resolution of cases.<sup>120</sup> This approach allows for the early identification of disputes and encourages parties to seek out-of-court solutions.<sup>121</sup>

The provision outlined in Section 89A of the Civil Procedure Code of 1908,<sup>122</sup> plays a vital role in this context. It provides the court with the authority to ensure that litigants first explore alternative dispute resolution methods before pursuing a court trial.<sup>123</sup> By leveraging this legal provision, the court can significantly reduce the backlog of cases, cut down litigation costs, and promote timely and amicable dispute resolution.<sup>124</sup>

In conclusion, these recommendations and the way forward emphasize the need to address systemic challenges within the Indian judiciary that contribute to case delays and backlog. These measures have the potential to notably improve the overall efficiency of the Indian legal system and uphold the constitutional right to prompt and timely justice.

## 15. CONCLUSION

The state of India's legal system presents a complex and multifaceted challenge. While the system is often lauded for its commitment to fair and impartial judgments, it grapples with contentious issues related to efficiency and timeliness. The exponential growth in litigation can be viewed as a testament to the increasing awareness of citizens regarding their rights, reflecting the system's pivotal role in upholding social order and civic responsibility. However, the shadow of unreasonable delays in the administration of justice looms large, casting doubt on the system's reputation and resulting in an unconscionable denial of justice. The statistics presented in this research emphasize the intricate relationship between judicial efficiency and economic growth.

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<sup>120</sup> *Experts discuss how we can reduce load on courts*, THE TIMES OF INDIA (Apr. 24, 2022, 04:14 AM), [http://timesofindia.indiatimes.com/articleshow/91038850.cms?utm\\_source=contentofinterest&utm\\_medium=text&utm\\_campaign=cppst](http://timesofindia.indiatimes.com/articleshow/91038850.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst).

<sup>121</sup> *Id.*

<sup>122</sup> The Code of Civil Procedure, 1908, § 89A, No. 5, Acts of Parliament, 1908 (India).

<sup>123</sup> Katie Shonk, *What is Alternative Dispute Resolution*, HARVARD BLOG (Aug. 22, 2023), <https://www.pon.harvard.edu/daily/dispute-resolution/what-is-alternative-dispute-resolution/>.

<sup>124</sup> R.V. Raveendran, *Justice Delivery – Some Challenges and Solutions*, SCC ONLINE (Oct. 15, 2022), <https://www.scconline.com/blog/post/2022/10/15/justice-delivery-some-challenges-and-solutions/>.

These findings highlight that the efficiency and timeliness of the legal system are inextricably linked to the nation's economic performance.

The analysis of pending cases in District Courts, High Courts and the reveals a troubling pattern of judicial delay, with backlogs increasing over the years. The correlation and regression analyses provide quantitative evidence of the adverse impact of judicial inefficiency on economic growth. As average disposal times lengthen and case backlogs increase, there is a notable negative effect on GDP growth. While the relationship may not be extraordinarily strong, the findings underscore the significant economic cost of judicial delay. These models provide empirical evidence on how inefficiencies in the judicial system affect the economic vitality of the nation. In light of these findings, urgent and comprehensive reforms are imperative to enhance the efficiency of the Indian legal system, reduce case backlogs, and ensure timely justice delivery.

The paper also explored the influence of law and legal systems on fostering economic growth in India, emphasizing aspects such as safeguarding investor interests, equity finance, and the legal foundations of the nation. Legal reforms and improvements in judicial efficiency are crucial for unlocking the full potential of the Indian legal system in facilitating economic progress. To address these challenges, the paper has offered a set of recommendations and a way forward. These include increasing the number of judges, setting time limits for case resolution, limiting adjournments, promoting alternative dispute resolution mechanisms, and leveraging legal provisions for pre-trial counseling and dispute resolution. The objective of these actions is to simplify the legal procedures, diminish the backlog of cases, and guarantee a more prompt and effective delivery of justice.

Ultimately, guaranteeing the prompt delivery of justice is not only a legal and constitutional duty but also a fundamental necessity for fostering a just and prosperous society. By implementing these recommendations and taking proactive steps, India can work towards a more efficient and responsive legal system that upholds the principles of justice and supports economic development. It is a path toward a brighter future where the rule of law is not just a promise, but a reality for all citizens.