



# **DAILY EDITORIAL ANALYSIS**

**TOPIC**

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**BUILDING LEGAL AND JUDICIAL  
CAPACITY FOR INDIA'S ECONOMIC  
MOMENTUM**

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## BUILDING LEGAL AND JUDICIAL CAPACITY FOR INDIA'S ECONOMIC MOMENTUM

### Context

- As India ascends to become the **world's fourth-largest economy**, strengthening the judiciary is a **prerequisite for sustaining India's economic momentum**.

### Why Legal Capacity Matters for India's Growth?

- The judiciary needs to evolve to handle increasingly complex economic and regulatory matters, as **India's GDP** crosses **\$4.18 trillion** and is **projected to reach \$7.3 trillion by 2030**.
- It underscores the nation's growing aspirations to play a **leading global role**, making **legal and judicial capacity building** a central pillar of India's economic governance strategy.

### From 1991 Reforms to 21st Century Challenges

- Economic Reforms (1991):** India's economy transitioned from a state-controlled system to a market-driven economy, followed by **exponential growth in private enterprise, foreign investment, and infrastructure expansion**, giving rise to **complex corporate and commercial legal issues**.
  - Indian courts primarily handled civil, criminal, and family disputes before liberalization.
  - Today, they face **FDI-related conflicts, corporate restructuring cases, financial sector disputes**, and emerging **digital economy challenges**.
- It demands a judiciary to be **efficient and commercially literate** and **technologically equipped**.

### Current State of India's Judiciary

- Pendency Problem:** Currently, **4.8 crore cases** are pending across all levels of the judiciary, with **government entities** involved in nearly **half** of them.
  - Of these, **over one crore civil cases** remain unresolved, with **57% pending for more than a year**.
  - The Supreme Court alone has over 89,000 pending cases, with some dating back to the 1980s.
- Severe Judge Shortage:** India has only one judge in the High Court for every 1.87 million people.
  - Over 33% of sanctioned posts in High Courts remain vacant, contributing to a 20% rise in case pendency over four years.
- Infrastructure Gaps:** Commercial litigation, including **Insolvency and Bankruptcy Code (IBC)** cases, has surged sharply, as the **NCLT alone** reported **14,961 pending cases as of March 31, 2025**.
  - But, India's judicial infrastructure continues to operate on a **20th-century model**, ill-equipped to handle **21st-century commercial realities**.
- Low Enforcing Contracts:** India's rank of **163rd in enforcing contracts** remains a major concern, despite progress in the **Ease of Doing Business** rankings (63rd in 2020 from **142nd in 2014**).
  - It currently takes **nearly 1,500 days** on average to resolve a standard commercial dispute in a court of first instance.
  - According to the **World Bank**, delays in judicial efficiency directly affect **time, cost, and the quality of judicial processes**, undermining investor confidence and economic momentum.

### Pillars For Building Judicial Competence

- Corporate Governance and Company Law:** Judges need to be trained in **board structures, fiduciary duties, shareholder agreements**, and emerging domains like **ESG and digital governance**.
  - Judicial academies should collaborate with **academics, law firms, and regulators** to design advanced corporate law curricula.
- Commercial Contracts and Complex Transactions:** Judges require training on **PPP models, project finance**, and **cross-border contract disputes** as infrastructure and M&A cases proliferate.

- ♦ The **Dubai International Financial Centre (DIFC)** offers a **global model** through its joint judicial and financial training initiatives.
- **Financial, Banking, Insurance, and Insolvency Law:** A deep understanding of **restructuring principles**, **valuation methods**, and **economic analysis** is essential.
  - ♦ The **US Bankruptcy Courts** exemplify it through their **specialized annual judicial education programmes** led by the Federal Judicial Centre.
- **Competition Law and Market Economics:** Judges need to grasp concepts like **market definition**, **dominance**, and **economic evidence**.
  - ♦ The **European Judicial Training Network** provides a precedent by equipping EU judges with **industrial economics training**.
- **Technology, Digital Economy, and Data Governance:** Judges need to be prepared to handle **algorithmic accountability** and **AI-in-contract law**, with **AI, fintech, and data governance** shaping legal landscapes.
  - ♦ Countries such as **Singapore** and **Estonia** have introduced structured training for technology-related adjudication.

### Conclusion

- The Chief Justice of India (CJI) has identified reducing pendency as a **core institutional goal**, and achieving it requires a **systemic reimagination**, one that integrates **judicial education**, **technological modernization**, and **commercial law literacy** into the fabric of India's legal ecosystem.
- Judicial capacity building aims to support the system and **cornerstone of sustainable economic governance** as India moves toward its **\$7.3 trillion economic target**.

Source: BL

### Daily Mains Practice Question

**[Q]** Examine the role of legal and judicial capacity in sustaining India's economic momentum. What reforms are necessary to align the judiciary with the country's evolving economic aspirations?