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S.K. SINGHI
Founder & Managing Partner

Message from Managing Partner

It gives me pleasure to hand you the May 2024 issue of our in-house journal, The Exhibit.

Dear Readers, lawyers' character should encompass qualities that enable them to navigate the legal profession and serve their clients effectively. Lawyers must uphold high ethical standards and demonstrate honesty and integrity in all their interactions. Trust is crucial in the lawyer-client relationship.

Lawyers need solid analytical abilities to assess complex legal issues, analyse evidence, and develop sound legal arguments. Effective oral and written communication is essential to convey information clearly to clients, judges, and juries. Minor details can have significant implications for law, so lawyers must have a keen eye for detail to ensure accuracy in legal documents and arguments.

Lawyers spend significant time researching legal precedents, statutes, and regulations. Strong research skills are essential for building persuasive cases. Empathy allows lawyers to understand their clients' perspectives, concerns, and needs, helping them provide compassionate and effective representation.

Many legal matters are resolved through negotiation. Lawyers must be adept negotiators who can secure favourable outcomes for their clients while maintaining professional relationships with opposing parties.

At S.K. Singhi & Partners, we appreciate that the legal profession can be demanding and stressful. Lawyers need resilience to handle setbacks, manage heavy workloads, and persevere in facing challenges. They must also play a critical role in upholding the principles of justice and fairness in society.

At S.K. Singhi & Partners, we believe that a successful lawyer combines legal expertise with personal qualities such as integrity, empathy, and resilience to effectively represent the clients and uphold the principles of justice.

Best wishes





Compromise Settlement With Fraudulent Borrowers is Economic Prudence

- By : Advocate Ankur Singhi, Joint Managing Partner

The Reserve Bank of India (RBI) has issued a circular on compromise settlement with borrowers, including wilful defaulters and fraud accounts. The regulator mandated a board-approved policy for compromise settlements. All proposals regarding debtors classified as fraud or wilful defaulters would invariably require board approval. In the guideline, RBI has defined compromise settlement as any negotiated arrangement with the borrower with full settlement of the regulated entities against the borrower in cash. Such a settlement may involve sacrifice by way of write-off and waiver of a portion of its dues on a one-time basis of the amount due from the borrower.

RBI has also directed banks to fix a minimum cooling period of at least 12 months before making fresh exposures to borrowers who had undergone compromise settlements. The instruction implies that a wilful defaulter or a company involved in fraud can get new loans after 12 months of executing a compromise settlement. A Court has stayed the instructions till September 2023.

Around Rs.2.50 lac crores of NPAs are blocked in fraudulent loan accounts. The Compromise Settlements aim to unlock funds and add liquidity to the banks.

Some economists believe that the RBI's latest 'Framework for compromise settlements and technical write-offs' is a detrimental step that may compromise the integrity of the banking system and undermine the efforts to combat wilful defaulters effectively. It rewards unscrupulous borrowers and sends a distressing message to honest borrowers who strive to meet their financial obligations. Allowing compromise is an affront to the principles of justice and accountability that impact the economy's economic stability. By allowing fraudulent defaulters to settle loans under the compromise, the RBI condones wrongdoings and burdens their misdeeds on ordinary citizens and hardworking bank employees. RBI's nod can lead to a tricky situation where the public will lose more money.

There is truth in what honest borrowers think about the compromise scheme. The step is helping the fraudsters, but is it prudent to lock the public money and let the fraudsters enjoy its fruits without recovering? The Indian economy needs liquidity. It is essential to unlock precious public money, as a fraud case takes two years to detect, another year to report and three to five years to prove and prosecute. Valuable funds must be recovered from the undesirable elements within a short time, as blocking money for so long is not commercially sustainable in a growing economy.

RBI has advised through a letter to the Indian Banks' Association that lenders might enter into a compromise settlement without prejudice to the criminal proceedings against borrowers. The management committee of the Board has to vet such cases. Ongoing legal criminal proceedings will automatically disqualify borrowers with a history of compromised fraud accounts.

For recovery, the moral hazard of dealing with fraudsters has blocked a mountain of funds, leaving banks and their employees bearing the brunt of the losses. It is prudent and practical to recover blocked valuable capital through compromise settlements to fuel an economy chasing the \$5.0 trillion dream by 2027.



A Sound Legal System Strengthens the Economy

- By : Hargovind Sachdev, Banking Advisor

An excellent legal system provides the foundation for a vibrant and dynamic economy by protecting property rights, enforcing contracts, resolving disputes, promoting competition, regulating markets, and encouraging innovation and entrepreneurship.

A sound legal system is essential for fostering economic growth and stability in a country like India, which is the greatest functioning democracy in the world. However, it's vital to acknowledge that maintaining a sound legal system is challenging. For instance, [specific challenge or drawback of maintaining a sound legal system]. Despite these challenges, a sound legal system helps the economy in several ways:

Protection of property rights: A robust legal system ensures property rights are secure. The system encourages investment because individuals and businesses feel confident that their assets escape theft, fraud, and arbitrary seizure. When property rights are safe, people are more willing to invest in assets like land, buildings, and intellectual property, stimulating economic activity. In fact, [specific statistic or data point demonstrating the correlation between secure property rights and increased investment].

Enforcement of contracts: A legal system that effectively enforces contracts provides certainty and predictability for business transactions. When parties know they can rely on the courts to enforce agreements, they are more likely to engage in trade and commerce. The harmony facilitates smoother business operations, encourages long-term investments, and promotes trust among market participants.

Resolution of disputes: Disputes are inevitable in any economic system, but a well-functioning legal system provides mechanisms for resolving them fairly and efficiently. By offering a reliable framework for dispute resolution, businesses can resolve conflicts without resorting to costly and time-consuming litigation or arbitration. This step reduces uncertainty and risk and ensures that fairness and justice prevail, making the business environment more attractive to investors.

Promotion of competition: A well-functioning legal system champions fair competition by enforcing antitrust laws and regulations. This scenario prevents monopolies and oligopolies from stifling competition, which can lead to higher prices, reduced innovation, and lower-quality goods and services. By ensuring a level playing field for businesses, competition drives efficiency, productivity, and innovation, ultimately benefiting consumers and the economy as a whole.

Regulation and consumer protection: An excellent legal system includes rules to protect consumers from harmful products and practices. These rules are crucial for maintaining market integrity and preventing abuses that could undermine economic stability. By setting clear standards and holding businesses accountable for compliance, regulations help preserve the integrity of markets. This, in turn, encourages consumer spending and contributes to economic growth.

Encouragement of innovation and entrepreneurship: Intellectual property laws, such as patents, copyrights, and trademarks, play a crucial role in fostering innovation and entrepreneurship. These laws give inventors and creators exclusive rights to their inventions and creative works, incentivising investment in research and development. By protecting intellectual property, the legal system encourages innovation, promotes economic growth, and enhances competitiveness in the global market.

An efficient legal system creates an environment where businesses can thrive, investors can deploy capital confidently, and individuals can confidently pursue economic opportunities.

Rightly said, "Economy is the art of making the most out of our life; Law is the fulcrum of sustaining virtues for happiness."

SKS Legal QUIZ May 2024

We welcome young college students of Law Colleges to participate in the following Quiz.

The winners shall be offered priority Apprenticeship at any of our offices at Kolkata, Mumbai and New Delhi. Please email your replies to : info@innovaceadvisors.com

1. A party who has equally benefitted from a contract which is illegal and/or void, cannot seek relief against its counterpart to such contract. The doctrine of *pari delicto potior est conditio* applies. Which provision of the Indian Contract Act, 1872, is attracted under such circumstances?

a. Section 32 b. Section 73 c. Section 65 d. Section 56

2. Rahul is a minor of 12 years. Rahul's parents met their unfortunate demise in a road accident. Since such event, Rahul's uncles are trying to sell the house which was owned by Rahul's father and send Rahul to an orphanage. Akshata, being an elder cousin of Rahul, wants to help Rahul from this situation. Can Akshata approach a court of law to seek appropriate relief for Rahul? If yes, then under what provision of law?

a. No, Akshata cannot go to court on Rahul's behalf.
b. Rahul needs to take police assistance to save his house under the provisions of the Indian Penal Code, 1860.
c. Yes, Akshata can go to court under the provisions of Section 42 of the Transfer of Property Act.
d. Yes, Akshata can go to court under the provisions of Order XXXII of the Code of Civil Procedure, 1908.

3. In a suit for specific performance, the contract to be performed need not be registered, in terms of:

a. Schedule I, of the Indian Stamp Act, 1899.
b. Section 49 of the Registration Act, 1908.
c. Section 17 of the Registration Act, 1908.
d. Section 65 of the Limitation Act, 1963.

4. Recently, the Bombay High Court in *Ram Kotumal Issrani v. Directorate of Enforcement* pronounced the right to ____, to be a fundamental right in light of Articles 21 & 22 of the Constitution of India.

a. Be heard b. Sleep c. Marry d. Medication.

5. Mr. Anand is a notorious thief who steals money from people's bank accounts using advanced technology. The concerned police authorities at the cyber cell want to initiate proceedings against Mr. Anand both under the provisions of the Indian Penal Code, 1860 and the Information Technology Act, 2000. Can these proceedings under two penal statutes be maintainable?

a. Yes, Mr. Anand can be punished under both the above-mentioned penal statutes.
b. No, having committed a crime, Mr. Anand should be prosecuted under the provisions of the Indian Penal Code, 1860.
c. Having committed cyber-crimes, Mr. Anand ought to be punished under the provisions of the Information Technology Act, 2000.
d. None of the above.

Continued...

6. When and by way of which amendment to the Constitution of India, was the increase in number of parliamentary seats in India was frozen?
- 1976, 42nd Amendment Act
 - 2004, 88th Amendment Act
 - 1990, 64th Amendment Act
 - 1986, 54th Amendment Act
7. In which of the following judgments did the Hon'ble Supreme Court of India has directed the Election Commission to frame guidelines with regard to the contents of election manifestos in consultation with all the recognized political parties?
- State Bank of India Vs Association for Democratic Reforms and Others
 - S. Subramaniam Balaji Vs Govt. of Tamil Nadu and Others
 - Samarath Lal Vs. Chief Election Commissioner & Others
 - Jyoti Basu & Others Vs. Debi Ghosal & Others
8. A party affected by a final order and/or judgment of a Single Bench of the High Court, may go to appeal from such final order and/or judgment before a Division Bench of the same High Court. What is the provision of law governing such appeal:
- Section 96 of the CPC.
 - Clause 15 of the Letters Patent Act.
 - Article 227 of the Constitution of India.
 - None of the above.
9. Recently, the Apex Court held that an employee cannot be terminated from service in the absence of any disciplinary enquiry against such employee in _____?
- Sanjeev Kumar Vs. GB Pant Institute of Engineering and Technology.
 - State of M.P. Vs. Satish Jain
 - Tejo Ratna Kongara Vs. National Housing Bank.
 - M. Tech Developers Vs. National Faceless Assessment Centre.
10. In which of the following matters has the Hon'ble Supreme Court framed guidelines pertaining to payment of maintenance in matrimonial disputes?
- Jaiveer Singh vs Sunita Chaudhary
 - Amit Kumar vs Sunita Beniwal
 - Mohd. Ahmed Khan v. Shah Bano Begum
 - Rajnesh v. Neha & Anr.

Social Events



Birthday Celebration at Kolkata Office



Birthday Celebration at Mumbai Office



Birthday Celebration at New Delhi Office



Birthday Celebration at Kolkata Office

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