

MARCH 2017

FINANCE BILL MERGES QUASI JUDICIAL BODIES

1. INTRODUCTION

The Lok Sabha on March 22, 2017, passed the Finance Bill, 2017 (the "**Finance Bill**"), introducing several key amendments to different laws relating to issues not previously presented in the Union Budget for this financial year.

2. KEY AMENDMENTS

One key amendment seeks to merge eight tribunals into existing ones, in order to bring about a reduction in the number of quasi-judicial bodies in India.

Perhaps the most significant of these is the merger of the Competition Appellate Tribunal ("**COMPAT**") with the National Company Law Appellate Tribunal ("**NCLAT**").

Apart from the COMPAT, other notable tribunals will also be merged. The Employees Provident Fund Appellate Tribunal will be merged into the Industrial Tribunal, the Copyright Board will be merged into the Intellectual Property Appellate Board and the National Highways Tribunal will be merged into the Airport Appellate Tribunal.

Interestingly, the Airports Economic Regulatory Authority Appellate Tribunal and Cyber Appellate Tribunal will both be merged into the Telecom Disputes Settlement and Appellate Tribunal.

The amendments also state that the Central Government will have the power to amend this list of tribunals, through a notification. Therefore, prior Parliamentary approval will not be required to bring other tribunals into this scheme.

The Finance Bill is a money bill and hence, under the Constitution of India, requires only Lok Sabha approval. The Rajya Sabha may recommend changes but the lower house is not bound to accept them under constitutional procedure.

IndusLaw View:

The decision to reduce the number of quasi-judicial bodies operational in India by merging them into a more consolidated and centralised system is generally, a sensible move, though we query how effective merging unrelated sectors will be.

Moreover, most tribunals require judicial members who are generally appointed from a pool of retired judges. This pool in itself is limited and the decision to consolidate the tribunals should result in a more expedient and efficient allocation of judicial members.

This move is likely to bring greater efficiency in dispensing with ongoing proceedings, so long as dedicated benches are set up within the relevant tribunals for adjudication of different categories of matters.

In addition to consolidation of benches, this move will allow for a consolidation of the various bars associated with these tribunals. The legal profession requires familiarity almost as much as experience in any particular practice area. This consolidation may, therefore, result in litigants benefiting from a wider choice of practitioners.

This alert is limited to considering the potential impact of consolidation of tribunals and not the manner in which the constitutional process has been followed.

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March 29, 2017

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