

GOVERNMENT OF INDIA
MINISTRY OF LAW & JUSTICE
DEPARTMENT OF LEGAL AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO. 1225
ANSWERED ON 05/12/2024

Third-Party Litigation Funding

1225. Shri A. D. Singh:

Will the **Minister of Law and Justice** be pleased to state:

- (a) whether it is a fact that the Third-Party Litigation Funding (TPLF) has received the approval of the Supreme Court;
- (b) whether some of the States have provided for TPLF by amending the relevant statutes, if so, the details thereof;
- (c) whether there is a lack of comprehensive National Frame Work of TPLF;
- (d) whether Government will frame a model National Frame work for TPLF; and
- (e) if not, the reasons thereof?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE) OF THE MINISTRY OF LAW AND JUSTICE; AND MINISTER OF STATE IN THE MINISTRY OF PARLIAMENTARY AFFAIRS

(SHRI ARJUN RAM MEGHWAL)

(a) No. The Hon'ble Supreme Court of India in Bar Council of India Vs. A.K. Balaji and Ors. [AIR 2018 SC 1382] has only observed that there appears no restriction on third party funding of litigation in India provided that the funder is a non-lawyer. The relevant para of the judgment is as under:

“35. In India, funding of litigation by advocates is not explicitly prohibited, but a conjoint reading of Rule 18 (fomenting litigation), Rule 20 (contingency fees), Rule 21 (share or interest in an actionable claim) and Rule 22 (participating in bids in execution, etc.) would strongly suggest that advocates in India cannot fund litigation on

behalf of their clients. There appears to be no restriction on third parties (non-lawyers) funding the litigation and getting repaid after the outcome of the litigation....”

(b) As on date, there is no Central Government legislation in India that governs third party litigation funding. However, the Order XXV of Code of Civil Procedure, 1908 as amended by a few States including Maharashtra acknowledge the role of a third person financing litigation and sets out the situations when such party may be made a party to the proceedings.

(c) to (e) For the present there is no comprehensive framework for Third Party Litigation Funding. Further, there is no proposal to frame a model national framework for Third Party Litigation Funding.
