


The Economic Costs of Litigation: A Case Study on the State of Goa (2002-2017)

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ABSTRACT

This study, titled “*The Economic Costs of Litigation: A Case Study on the State of Goa*,” examines the financial implications of litigation on litigants and evaluates the effectiveness of alternative dispute resolution (ADR) mechanisms. The research is based on a dataset comprising 300 cases from selected District Courts of North and South Goa, spanning the years 2002 to 2017. Using both primary and secondary data, the study adopts a mixed-method approach incorporating quantitative and qualitative analysis.

The findings reveal that litigation imposes a significant financial burden on litigants, with the average cost incurred by a Petitioner being substantial. In a majority of cases, the cost of litigation exceeds the damages awarded, resulting in a net financial loss for the Petitioner. The study further analyzes appellate behavior and finds that higher litigation costs tend to discourage appeals, while dissatisfaction with lower court judgments motivates litigants to pursue higher judicial remedies.

The research also highlights the role of ADR as a cost-effective and time-efficient alternative to traditional litigation. Although ADR mechanisms demonstrate advantages in reducing time and cost, their adoption remains limited, with most litigants in Goa continuing to prefer conventional court processes.

Additionally, the study identifies delays in the judicial process, including significant gaps between filing dates and hearings, contributing further to the economic burden on litigants. Through statistical analysis using STATA SE 12, the research establishes correlations between litigation costs, damages awarded, number of appeals, and dispute resolution methods.

Overall, the study concludes that high litigation costs and procedural delays negatively impact access to justice and emphasizes the need for greater promotion and institutional support for ADR mechanisms in the State of Goa.

Keywords

Litigation Costs, Alternative Dispute Resolution (ADR), Appeals, Economic Analysis of Law, Judicial Delay, Access to Justice, Goa Judiciary, Civil and Criminal Litigation, Cost-Benefit Analysis, Dispute Resolution.

INTRODUCTION

The Legal Definition of Litigation and Appeals

Litigation is a legal process in which two parties contest to enforce the rule of law, where one party is the aggrieved side and the other is the party alleged to have caused the injury. The aggrieved party is referred to as the Plaintiff, while the party alleged to have caused the injury is referred to as the Defendant.

If, after the disposal of the case, any party believes that the judgment is unjust or erroneous, that party may approach a higher court. This process is known as an appeal.

What are Litigation Costs?

Litigation costs play a crucial role in determining whether a litigant will pursue an appeal. If the costs of litigation exceed the potential benefits, the party may choose not to proceed further. Conversely, if the expected benefits outweigh the costs, the party may decide to continue litigation.

What is the Concept of Alternative Dispute Resolution?

Alternative Dispute Resolution (ADR) refers to methods of resolving disputes outside the traditional court system. ADR provides an alternative to lengthy litigation processes and is generally considered more cost-effective and efficient.

Important Terminologies under Alternative Dispute Resolution

Arbitration refers to a process in which an impartial third party (the arbitrator), appointed with the consent of both parties, and resolves the dispute.

Mediation is a process in which a neutral third party facilitates communication between the parties to help them reach a mutually acceptable settlement.

Conciliation is a process aimed at resolving disputes by reducing hostility and fostering agreement between the parties.

Evolution of ADR in India

The concept of ADR has existed in India since ancient times. Traditionally, rulers acted as arbitrators, and at the village level, disputes were resolved by community leaders. Ancient Indian society followed hierarchical systems of dispute resolution, such as the *Puga*.

Due to the prevalence of joint family systems, many disputes arose within families, and elders often acted as arbitrators to resolve such disputes.

ADR during British Rule in India

Many of the legal systems in India today were shaped during British rule. The British administration recognized that prolonged litigation was costly and inefficient, and therefore introduced alternative mechanisms to resolve disputes in a more economical and effective manner, particularly after the establishment of the East India Company.

ADR in India Post-Independence

After independence, the Government of India continued to promote ADR through legal aid initiatives, Lok Adalats, and the enactment of the Arbitration and Conciliation Act, 1996.

Law Commission of India and ADR

The Law Commission of India has consistently advocated the use of ADR mechanisms to reduce judicial backlog, minimize litigation costs, and address systemic inefficiencies in the justice delivery system.

Historical Background of the Judicial System in Goa

Following the Portuguese conquest of Goa, an administrative and judicial framework was established. Local courts were instituted, governed by officials such as the Governor and the Chief Justice, who exercised authority over both civil and criminal matters. Religious authorities, particularly priests, also played a quasi-judicial role and were respected as arbiters in dispute resolution.

Judicial System in Goa Post-Liberation

After liberation, Goa retained certain aspects of its unified civil code. The legal system now functions within the broader framework of Indian law, including precedents established by the Supreme Court of India. Guidelines relating to legal fees have also evolved, with indicative limits placed on advocate fees and costs.

Research Objectives

1. To determine the actual cost of litigation borne by the litigant in the State of Goa and to analyze whether the litigant incurs a financial gain or loss.
2. To study the number of cases appealed to higher courts and to analyze the reasons for such appeals in the State of Goa.
3. To conduct a detailed study on the damages awarded through alternative dispute resolution mechanisms and to evaluate their effectiveness in delivering cost-efficient and speedy justice.
4. To examine whether litigants in Goa prefer alternative forms of dispute resolution or the traditional litigation process.

Research Questions

1. Do legal institutions deliver cost-effective and speedy justice in the State of Goa?
2. Is it cost-effective to use alternative forms of dispute resolution in delivering justice in the State of Goa?

Hypothesis

1. Higher litigation costs lead to lower court participation in the State of Goa.
2. The higher the cost of litigation, the fewer the number of appeals to higher courts in the State of Goa.

Sampling Frame

This research employs deliberate and convenience sampling methods to collect data from selected respondents.

Scope of the Study

The study is confined to selected District Courts representing both North and South Goa and covers 300 disputes across various legal domains, including civil, criminal, and matrimonial cases. It also seeks to compute the costs borne by the Petitioner and the Respondent during the course of litigation.

The primary objective of the study is to analyze the economic burden of litigation on litigants and to conduct a cost-benefit analysis to determine whether such costs influence the decision to pursue further litigation or opt for alternative dispute resolution mechanisms.

Significance of the Study

This study examines cost data collected from selected District Courts in North and South Goa. It analyzes the relationship between litigation costs and the number of cases pursued in courts. It also explores the growing relevance of alternative dispute resolution mechanisms as compared to traditional litigation.

The findings suggest that increasing litigation costs are encouraging litigants to consider alternative methods of dispute resolution. The study provides insights that may assist the legal system in Goa in reassessing cost structures and promoting more efficient and affordable mechanisms for dispute resolution. It may also guide policymakers in expanding alternative avenues for resolving disputes.

DATA BASE AND RESEARCH METHODOLOGY

The dataset pertains to the cost of litigation borne by both the Petitioner and the Respondent. It is based on both primary and secondary data and includes quantitative as well as qualitative elements. The dataset comprises 300 cases spanning the years 2002 to 2017.

For ease of analysis, the data has been subdivided into the following categories: serial number, case type, relevant Act, filing date, date of first hearing, date of decision, case status, number of advocates representing the Petitioner, number of advocates representing the Respondent, court number and presiding judge, court complex, cost incurred by the Petitioner, cost incurred by the Respondent, number of appeals, claims under Alternative Dispute Resolution (ADR), claims or damages awarded to the Petitioner, fines imposed on the Petitioner, and instances where no claim was awarded.

Under the category of “case type,” each proceeding has been assigned a specific code based on the nature of the suit, along with the corresponding applicable statute. The dataset includes a wide range of cases across multiple categories, such as civil cases, criminal cases, cases under the Indian Penal Code, fast-track cases, matrimonial petitions, cases relating to the protection of women against domestic violence, cases under the Motor Vehicles Act, cases under the Negotiable Instruments Act and the Limitation Act, cases governed by the Portuguese Civil Code, as well as cases relating to the Gambling Act and the Agricultural Tenancy Act.

The cases have been organized according to their filing dates. A notable observation is the significant gap that may exist between the filing date and the date of the first hearing, as reflected in the dataset. For instance, some cases filed in 2002 reached the stage of trial only in 2008. Furthermore, proceedings often take several years from the first hearing to final disposal.

The data has been collected from selected District Courts of Goa representing both North and South Goa, including the Margao Civil and Criminal Court, Margao District and Sessions Court, Quepem Civil and Criminal Court, Sanguem Civil and Criminal Court, Vasco da Gama Civil and Criminal Court, Canacona Civil and Criminal Court, Panaji Civil and Criminal Court, Mapusa Civil and Criminal Court, Fast Track Court at Tiswadi, Pernem Civil and Criminal Court, Ponda Civil and Criminal Court, Sattari and Valpoi Civil and Criminal Courts, and Bicholim Civil and Criminal Court.

The dataset includes cases that have been disposed of as well as those that have been withdrawn. Cases that were withdrawn were typically resolved through alternative dispute resolution mechanisms (ADR). The data also reflects the time taken to dispose of each case and the corresponding costs incurred by both the Petitioner and the Respondent throughout the proceedings. It is important to note that the cost estimates presented may be subject to overestimation or underestimation. This is primarily due to the reluctance of lawyers to disclose exact fee structures. Additionally, the age of certain cases made it difficult to contact the litigants involved. Nevertheless, most of the cost estimates are reasonably accurate; where precise figures were unavailable, estimates were based on informed approximations aligned with the fee structures generally prescribed or observed in practice, including those referenced by the Law Commission of India.

The dataset also provides insight into whether litigants choose to pursue further litigation through appeals and, if so, the number of appeals filed. The scope of appeals in this study is limited to the High Court of Bombay at Goa, and appeals to the Supreme Court of India have not been included.

Further, the dataset highlights the claims, damages, and fines awarded to the Petitioner or paid by the Respondent. While most figures relating to claims, damages, fines, and ADR settlements are accurate, there may be some degree of overestimation, particularly in ADR-related awards. However, these estimates are based on reasonable approximations consistent with prevailing practices.

In addition to data from the District Courts, information has also been collected from various law firms. Efforts were made to assess the costs incurred by litigants during ongoing cases. While this was successful in some instances, it was limited by time constraints and the difficulty of tracing litigants in long-pending cases. Data obtained through interviews with litigants and lawyers forms part of the primary data, while secondary data has been sourced from All India Reporter (AIR) publications, other law reports, e-court portals, and lawyers' diaries and journals.

An e-Court, or electronic court, is a platform where legal matters are adjudicated by qualified judges using advanced technological infrastructure. In India, the concept of e-Courts was introduced under the National Policy and Action Plan for the implementation of Information and Communication Technology (ICT). The objective of the e-Courts project is to provide efficient services to litigants, lawyers, and the judiciary through the computerization of district and subordinate courts and the enhancement of ICT in the justice delivery system. The e-Courts platform enables easy access to case information through search parameters such as CNR number, party name, case number, filing number, advocate name, FIR number, Act, case type, court number, and order date.

Law reports, such as the All India Reporter (AIR), are compilations of judicial decisions from various courts across India. These reports play a crucial role in legal research and citation, as they determine the format in which judicial opinions are referenced.

The data has been analyzed using STATA SE 12 statistical software and presented in tabular form, categorizing cases based on the applicable statutes and calculating the average costs incurred by both the Petitioner and the Respondent. Additionally, the average value of claims under ADR, the average number of appeals, and the average time taken for case disposal have been computed.

Further analysis has been conducted using graphical representations, including bar charts depicting the mean claims and damages awarded to the Petitioner in relation to the number of appeals, mean claims under different statutes, the distribution of claims and damages, the ratio of claims to litigation costs in relation to the number of appeals, and the statutes under which the maximum and minimum number of appeals occur.

Finally, the data has also been analyzed through tabular methods to examine the correlation between ADR and the cost incurred by the Petitioner.

SCHEME OF CHAPTERIZATION

The research paper titled *“The Economic Costs of Litigation: A Case Study on the State of Goa”* has, for convenience, been divided into four chapters.

Chapter I

This chapter provides a detailed introduction to the concepts of litigation, litigation costs, and appeals. It also discusses the concept of Alternative Dispute Resolution (ADR) along with related principles.

Furthermore, the evolution of ADR in India, including its prevalence during the British regime and in the post-independence period, has been examined in detail. The chapter also considers the views of the Law Commission of India on ADR.

In addition, special reference is made to Goa's judicial system, both prior to and after liberation. Lastly, this chapter outlines the research objectives, research questions, hypothesis, sampling framework, scope, limitations, and significance of the study, along with the database used and the research methodology adopted.

Chapter II

This chapter specifically deals with a review of the literature relevant to the field of this research.

Chapter III

This chapter is divided into two parts: the theoretical analysis of data and the regression and graphical analysis of the data. In the first part, the data is analyzed primarily through tables, from which relevant insights are derived. In the second part, the data is examined using regression models, and graphical representations such as bar charts are used to support and arrive at probable conclusions.

Chapter IV

The final chapter presents a detailed summary of the findings based on the in-depth analysis conducted and sets out the final conclusions drawn from the study.

REVIEW OF LITERATURE

Introduction

In this chapter I have reviewed literature that is pertaining to my topic of research. This has helped me to take a look at the work of other researchers in the similar field and gain inputs in areas which I have not touched upon in my research. Furthermore by reviewing the literature of other studies one gets an idea of the work that has been done before in the field.

Review of Related Literature

Louis Kaplow and Steven Shavell (1999) based their research in 3 areas of law namely civil, criminal and property law and have found out that any plaintiff goes in for a suit only if the cost to litigate is less than the benefits they would derive from it. They also focused on social and private benefit. They say that people not only go to see their private costs but also social costs. The higher the private costs the less chance of a litigant going for litigation and vice versa.

Carrie Menkel Meadow (2004) mainly gave attention to other areas apart from litigation. Hence she focused on ADR which provided speedy, accurate and effective justice. She focuses mainly on conflicts in organizations. She said that ADR was the tool of a middle class man who wanted to do an out of court settlement not only because of monetary costs but also because of non-monetary costs that are associated with it like the character of the litigants.

The U.S Chamber Institute for Legal Reform (2013) focused on 4 countries Japan, Europe, Canada and the US. They mainly focused on costs and liabilities. They spoke about direct and indirect costs. They say that when a litigant faces high costs it leads to heavy borrowing and hence can distort business considerably. They said only regulator policies could help and this could lead to further economic development in the country.

Keith N. Hylton (1991) says there are 2 approaches to this kind of law the positive and the normative. He makes a difference between the private and the social incentive to bring a suit and secondly he says that all damages that compensate a victim may not be optimal in nature. He also says that not all people who are victims go for litigation also there is a low probability that you may always win a lawsuit.

Law Commission of India (2012) highlighted the issues of awarding costs in civil matters and under the need for its revision as per the directives of the SC. In its report it says that a lot of corruption within the judicial system has led to faulty judgments and escalation costs. Hence the SC has laid down certain rules to be followed by advocates which says that the cost should be equivalent to the type of suit and the award should be proportional to the damage suffered by the litigant.

Mitchell Polsinky and Daniel L. Rubinfeld (1988) says that the main concern of economic theory is to reduce the loss of the victim. They have further stated that the victim may not always sue the injurer and also the injurer may further be more careful. They say that if a person is the victim and the offence committed is not too serious the victim will decide to go for an out of court settlement rather than actually taking the dispute to the court. In this manner they say that there are actually many disputes that never see the light of an actual litigation.

Richard A. Posner and William M. Landes (1996) have mainly focused on the definition and protection of transfer property but they focus less on issues that arise when there is a dispute over ownership of property in uncertainty. They mainly focused their study on what made art so valuable and found out that art was intangible, valuable for a long period of time and hence there were higher chances that a dispute over art would arise between a former owner and a current owner. They also say that the higher the value of art that is stolen the higher the chances of a dispute arising. **Marc Galanter and Jayanth K. Krishnan (2004)** find that India is respected for upholding the dignity of the constitution and for having a very active judicial system aided by an acclaimed bar counsel which is supported by the state and cherished by the citizens. However this is not true for all the citizens of the country as justice may be ineffective, delayed, and costly and biased against the poorer sections of the Indian society. Due to this most of the citizens of the country avoid the lengthy process of litigation and prefer an out of court settlement. Due to this the country came up with the idea of LokAdalat which is also known as the court of the people. But they say that even though LokAdalats were supposed to be a boon for the needy it has only turned out to be a bane.

Nandan Nawn (2003) has touched upon the topics such as market economics, the course of justice and legal rules. He pointed out that economics of the market relied heavily on legal rules for the appropriate working and market based economic development. He says that since humans have lived there have been conflicts and so have been the strategies to solve these conflicts. He says that during the time of the kings there existed a judicial system which was simple in nature but today the judicial system is more diverse and complex. He further stated that today it is not an easy task for poor to get justice as it has become a very costly affair. He was of the mind that every developing country needs to have an economic reform and divert that money towards the administration of cheap and effective justice. Therefore he propagated the idea of ADR which started in the US in the 19th century and became famous worldwide in the 20th century. He was further of the view that economics played a very important role in the legal system. He also mentions the words judicial efficiency was actually given by the World Bank.

The National Bureau of Economic Research (2003) has made a thorough study on the basic theory of litigation. It has then divided litigation into three stages which are the initiation stage through suit, the actual determination of whether two parties will settle their case on their own or proceed to trial and the final trial results and then we have the expenditures one incurs during a trial.

This research article has also studied how the social desire of a litigant's decisions and how the actual private incentives to litigate may bifurcate from what is socially acceptable. This paper has also made an effort to explain private systems of adjudication, the value of accurate adjudication, the process of appeals, and the functioning of legal advice.

Digital access to scholarship at Harvard (2018) has made a detailed study on the burden of proof rules as a tool for reducing the costly litigation. They speak about the characteristics of burden of proof. In this paper what they say is that the judicial system hands the task over the parties to find evidence related to the dispute and not the judge. This leads to a conflict between the two parties as they do not know how to divide the task at hand. Therefore we use the tool of burden of proof which states that a certain party as advised by the court has to get the evidence and prove his innocence. In this manner the work gets equally divided. This paper further says that the idea of burden of proof actually reduces expenditures and makes the course of litigation relatively cheaper. Lastly this paper states that determining the relative cost structures of both the parties is the duty of the court. Therefore due to this lengthy process even the judicial system encourages out of court settlement or alternative forms of dispute disposal.

The US Senate Commerce Committee (1997) and the National Federation of Independent Businesses (2002) and Thomas J. Campbell Et Al In their reports and research papers have highlighted the impact that massive private litigation has on businesses and the economy. The researchers point out that there are two in which we can determine economic harms that is caused to the economy due to meritless forms of adjudication. They say that there redirect costs that the defendant has to bear even if the suit is false if the suit is taken for further litigation and the second reason is that the harm maybe more than just to the actual defendant it may actually be towards the society at large. They give an example of accompany and say that if the litigation costs of a company are high and the company keeps having disputes than they is little money to invest in actual research and the company may actually start going into a loss instead of making any profit.

The US Council of Economic Advisors (2002) have found out that for manufacturers, higher litigation costs lead to higher production costs, which hinders their ability to compete internationally with producers in countries with lower legal costs. A 2003 analysis of tort litigation costs for the United States and five of its largest trading partners Canada, Japan, Germany, the United Kingdom, and France shows that US tort costs, at two percent of Gross Domestic Product, were 50 percent higher than tort costs in Germany (1.3 percent of GDP) and more than twice as high as tort costs in the other four nations.

The report also states that litigation costs can also be a key determinant as to whether an undertaking will enter or continue in a product market. This is particularly important given the financial and time strains that litigation places on a corporate defendant. According to this report increasing caseload absorbs significant company time and resources but provides little economic benefit to plaintiffs and harms the employees and shareholders of the defendants.

Deffains, D. Demougin and C. Desrieux (2015) have said that there is always a choice that a litigant has to either choose between ADR or to go through the full process of a trail to resolve a dispute. They say that going to the court is a much costlier procedure than ADR. They say that but party's are still hesitant to choose ADR because they are not sure of its effectiveness and because sometimes they have already spent too much on the course of trail that turning back seems almost a bad choice. But the authors believe that ADR is a less formal procedure than courts and have a cheaper cost structure. They further say that if a party is not completely satisfied with the outcome of a trial they can instead of going for another procedure of costly appeal go for an out of court settlement.

The Australian Law Reform Commission review of the litigation cost rules(1995) touched upon topics such as an economic perspective of litigation, the governments assistance in setting precedent's, and the possible form of the litigation cost rules. They say that in improving the efficiency of the ALRC a lot of importance should also be given to the efficient working of the legal system. The ORR states that cost indemnity rule in the legal aid system can help in doing this. For this they say that there should be a fund that is set up and there should be mutual benefit to everyone.

Dalton W.McGrath, Q.C, Michael McCachen and Michael O' Brien (2015) pointed out that litigation costs management is a significant concern to corporations. They say that effective litigation management is not only the key to reducing costs but also to achieving timely and desirable results. Through their research they have pinned down 10 ideas for achieving efficient litigation management.

They are as follows aggressive initial case evaluation, deciding ones litigation goals, Use of litigation plan, Procedural applications that save money, Effectively managing staff, Use of paralegals/consultants, Formal settlement offers, budgets, billable rates and lastly to focus on the results.

Mitchell Polinsky and Steven Shavell (2012) in their research have stated that the damages that are awarded by the injurer should be equal to the actual harm that is caused to the victim. But this contention is faulty because there are not only private costs that are included in any litigation but also social costs are also added. They also believe that most of the cases settle outside of the court. They say that this is a much more costly affair because the parties gather evidence and waste money in actually going for hearings and then decide to negotiate with each other. They also say that settlements costs will always be more than the actual damages that are awarded to the victim if they would choose the lengthy process of litigation.

Syed Asif Iqbal Advocate, High Court of Delhi (2013) says that there is a lot of imbalance in the judicial system of India. He further that that if a person wants to seek justice in India it is very difficult as the cost is increasing day after day. He has suggested that the only way to fight this rising cost of seeking justice is too have a middleclass legal aid system which would benefit low income communities. He says that the cost of civil litigation in the country is around rs.50, 387 crore and this is increasing day by day. It forms part of 0.48% GDP of the country.

Eric Helland and Jungmo Yoon (2015) have spoken about of the British rule for fee allocation. They said that the British rule states that the losing party of a lawsuit pays the winning parties litigation costs. The theory of economics predicts that the British rule negates settlement by raising the bar payment necessary for settlement. They say that plaintiffs win more of tenat trial, receive high era wards in these trials, and receive larger settlements.

John Bronsteen (2009) says that most of the judges today that higher the number of trials less will be the efficiency of the civil system in delivering justice. He further says that settlement is not that good too it has its negative sides as well. He says that the benefits and cost so flout of court settlement cannot be captured through monetary terms. Lastly he states that trial is not only a costly version ADR it has its benefits to and can be very advantageous both monetarily and non-monetarily.

ANALYSIS OF DATA

3.1. A Theoretical Analysis of the Data

The above dataset pertains to the cost of litigation borne by both the Petitioner and the Respondent. For ease of analysis, the data has been subdivided into the following categories: serial number, case type, relevant Act, filing date, date of first hearing, date of decision, case status, number of advocates representing the Petitioner, number of advocates representing the Respondent, court number and presiding judge, court complex, cost incurred by the Petitioner, cost incurred by the Respondent, number of appeals, claims under Alternative Dispute Resolution (ADR), claims or damages awarded to the Petitioner, fines imposed on the Petitioner, and instances where no claim was awarded.

Under the heading of “case type,” each proceeding has been assigned a specific code based on the nature of the suit, along with the corresponding applicable statute. The dataset includes a wide range of cases spanning multiple categories, such as civil cases, criminal cases, cases under the Indian Penal Code, fast-track cases, matrimonial petitions, cases relating to the protection of women against domestic violence, cases under the Motor Vehicles Act, cases under the Negotiable Instruments Act and the Limitation Act, cases governed by the Portuguese Civil Code, as well as cases relating to the Gambling Act and the Agricultural Tenancy Act.

The cases have been organized according to their filing dates, and both the date of the first hearing and the date of the final decision have been taken into account for each case type.

For analytical convenience, the cases have been further categorized based on the applicable statutes. Within each category, the total number of cases, the number of cases withdrawn, and the number of cases disposed of have been recorded. Additionally, the maximum and minimum costs incurred by the Petitioner in each category have been identified, and the same analysis has been conducted for the Respondent. Subsequently, the average cost incurred by both the Petitioner and the Respondent has been calculated.

Furthermore, the number of appeals under each case type has been recorded, and the average damages awarded through ADR have been computed. Finally, the study calculates the overall average of claims, damages, and fines awarded to the Petitioner, along with the average time taken for the disposal of cases.

(a) Table showing Cost to Petitioner

Acts	Max Cost (₹)	Min Cost (₹)	Average Cost (₹)	Case Disposal Time (Years)
Civil Procedure Code	34,00,000	500	1,78,403	9
Civil Procedure Code (Mental Health Act)	20,000	0	20,000	3
Criminal Procedure Code	30,00,000	1,000	30,256	6
Railways Act	45,000	0	45,000	5
Indian Police Act	45,000	3,000	36,111	7
Indian Forest Act	45,000	0	45,000	1
Goa Building, Rent and Eviction Control Act	15,000	2,000	8,500	10
Negotiable Instruments Act	60,000	0	20,006	2
Protection of Women under Domestic Violence Act	45,000	10,000	23,800	7
Portuguese Civil Code	4,000	3,000	3,500	20
Motor Vehicles Act	60,000	1,000	12,000	4
Matrimonial Petition	14,000	0	14,000	6
Limitation Act	5,50,000	3,000	2,76,500	20
Indian Divorce Act	40,000	0	40,000	2
Indian Penal Code (Special Cases)	70,000	45,000	48,636	6

Acts	Max Cost (₹)	Min Cost (₹)	Average Cost (₹)	Case Disposal Time (Years)
Law of Divorce	5,50,000	80,000	3,15,000	2
Indian Penal Code (IPC)	45,000	1,000	7,433	8
Goa Agricultural Tenancy Act	14,72,900	7,980	3,63,734	25
Domestic Violence Act (Goa)	40,000	0	40,000	6
Gambling Act	45,000	9,000	32,800	2

The above table depicts the highest, lowest and average cost that the litigant had spent during the course of litigation. From the above table we can conclude that the Petitioner had the maximum cost in cases under the civil procedure code which was Rs.34, 00,000 and had the minimum cost of Rs.0 under the civil procedure code (mental health act), Railways act, negotiable instruments act, matrimonial petition, Indian divorce act and domestic violence act (Goa) respectively. Apart from that the average cost of the Petitioner has been highest for the Goa agricultural tenancy act which is Rs.3,63,734 respectively and has been the lowest under the Portuguese civil code which is Rs. 3,500 respectively.

The above table also shows us the average time taken to dispose of case and hence we can see that the maximum time taken to dispose of a case has been under Goa agricultural tenancy act which was 25 years and the lowest number of years to dispose of a case has been under the heading of the Indian Forest act.

(b) Table showing Damages Awarded and the Number of Appeals undertaken by the Petitioner

Acts	Number of Appeals	of Damages under ADR (₹)	Average Damages through Litigation (₹)
Civil Procedure Code	56	18,164	6,74,425
Civil Procedure Code (Mental Health Act)	0	0	12,000
Criminal Procedure Code	28	4,050	86,393
Railways Act	0	0	70,000
Indian Police Act	0	0	4,944
Indian Forest Act	0	0	5,000
Goa Building Rent & Eviction Control Act	2	7,000	7,000

Acts	Number Appeals	of Damages ADR (₹)	Average Damages under Damages through Litigation (₹)
Negotiable Instruments Act	0	9,676	13,983
Domestic Violence Act	2	0	13,750
Portuguese Civil Code	0	0	4,200
Motor Vehicles Act	3	0	5,645
Matrimonial Petition	1	0	50,000
Limitation Act	3	0	10,00,400
Indian Divorce Act	1	0	90,000
IPC (Special Cases)	4	0	3,44,081
Law of Divorce	0	0	5,25,000
IPC	6	0	3,490
Goa Agricultural Tenancy Act	9	0	18,71,111
Domestic Violence Act (Goa)	0	0	20,000
Gambling Act	0	0	4,984

The above table shows the damages/claims that are awarded to the Petitioner under a particular act by following the traditional method of litigation and by following the cost effective method of ADR respectively. Apart from this the table above also shows us the number of times a Petitioner has gone in appeal under a particular act.

From the above table we can conclude that the highest damage/claim under the traditional method of litigation was awarded under the agricultural tenancy act which was Rs. 18, 71,111 and the lowest cost to the Petitioner under the same heading was awarded under IPC which was Rs. 3,490.

The table also shows us that under ADR the highest claim of the Petitioner was under the civil procedure code which was a sum of Rs. 18,164 and the lowest claim was a sum of Rs.4,050 under the criminal procedure code. The cases under the remaining acts were disposed through the traditional method of litigation.

Another factor that the table throws light on is the no. of appeals that the Petitioner has undertaken under each act. Under which the highest number of appeals by the Petitioner have been under the act of the civil procedure code namely 56 appeals and the lowest number of appeals by the Petitioner have been under the act of matrimonial petition and Indian divorce act which is 1 respectively. The acts which have 0 written beside the min the appeals column show

us that those cases have not gone into appeal in a higher court and have stopped at what was decided for reasons convenient to the petitioner.

3.2 Regression Model and Graphical Analysis of Data

Damages awarded = B0 + B1cost to petitioner + B2number of appeals (Both are significant and Rsqadj is not bad).

```
regClaim_DamageAwarded_PetitionerCost_to_PetitionerNum_Appeals
```

Source	SS	df	MS	Number of obs =	
300					
-----				F (2,	297) =
22.53					
Model	3.7153e+13	2	1.8576e+13	Prob> F	= 0.0000
Residual	2.4489e+14	297	8.2456e+11	R-squared	= 0.1317
-----				Adj R-squared =	
0.1259				Root MSE	= 9.1e+05
Total	2.8205e+14	299	9.4330e+11		

Claim_DamageAwarded					
Interval]					

Cost_to_Petitioner	1.082757	.2015966	5.37	0.000	.6860179
1.479495					
Num_Appeals	240026	89399.66	2.68	0.008	64088.92
415963					
_cons	86590.83	63015.11	1.37	0.170	-37421.86
210603.5					

From the above OLS regression model summary we can see that the cost to Petitioner and the number of appeals are both significant which states that the cost to Petitioner and the number of appeals have a correlation with the damages awarded. If the damages awarded to the Petitioner are higher than the cost then he will pursue the case otherwise he will not go further. Similarly if the damages awarded are low but the cost of litigation is also low then the Petitioner may go in for appealing the case in a higher court i.e. if they are not happy with the outcome of the litigation at the end.

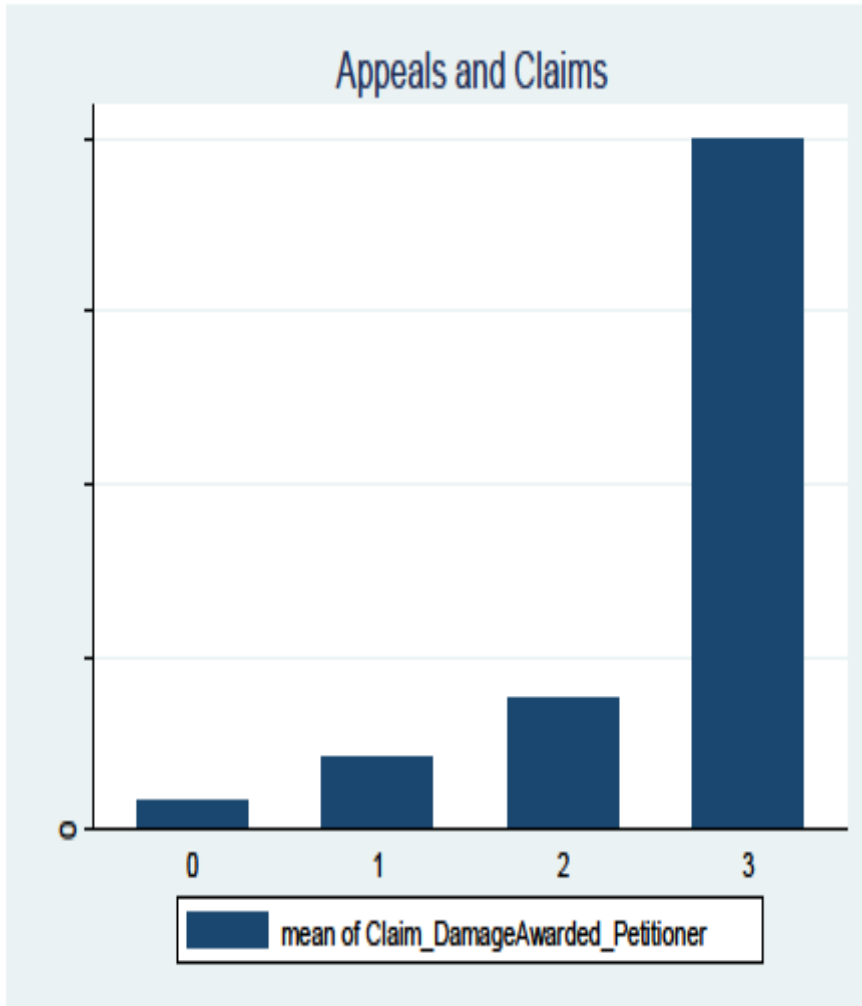
3.2.(a) Summary of Claim Damage Awarded to Petitioner

Summary of Fine_Awarded_Petitioner				
casetype	Mean	Std. Dev.	Freq.	
ABA	0	0	14	
AOA	3588.4848	4773.5568	33	
BA	8181.8182	21362.669	11	
CMA	125000	500000	16	
CMAF	133.33333	230.94011	3	
CP	0	0	1	
CRA	0	0	3	
CRIA	222.22222	666.66667	9	
CRMA	1014.2857	3350.4797	28	
CRRA	0	0	5	
CS	0	0	1	
EXA	0	0	4	
FRA	0	0	1	
IP	0	0	5	
IPC	0	0	14	
MCA	0	0	3	
MCP	0	0	8	
MP	0	0	4	
MVA	0	0	31	
MVC	0	0	6	
OA	1044.4444	2917.5377	18	
OCMA	0	0	1	
PGA	2600	0	1	
PWD	0	0	1	
PWDVA	0	0	2	
RA	0	0	1	
RC	0	0	1	
RCA	0	0	2	
RCS	0	0	28	
REXA	0	0	9	
RIP	0	0	9	
SC	0	0	1	
SCORS	0	0	1	
SCS	0	0	9	
SEXA	0	0	5	
SIP	0	0	3	
TA	0	0	3	
TCS	0	0	5	
Total	7535.4	115517.25	300	

Above is the summary statistics showing us the mean claim/damages awarded to the petitioner. So here we see that the total mean of all the cases comes up to 277189.01, while the total standard deviation is 971237.79 and the total frequency is 300.

From the summary statistics we can conclude that acts falling under the code of SIP have the highest mean claim damage awarded to them which is 2476666.7 and the lowest mean claim awarded to the Petitioner comes in acts falling under the case code CS,PGA, RA, RC, SC and SCORS i.e. 0 respectively. The highest frequency of cases falls under the acts falling under the cases code of MVA i.e. 31. Similarly the lowest frequency of cases falls under the case code of CP, CS, FRA, OCMA, PGA, PWD, RC, RA, SC and SCORS i.e. 1 respectively.

.3.2. (b) Bar chart showing mean Claims and Damages Awarded to Petitioner with respect to the number of Appeals. This indicates that the Petitioner will pursue the case further if the Quantum of Compensation desired is high



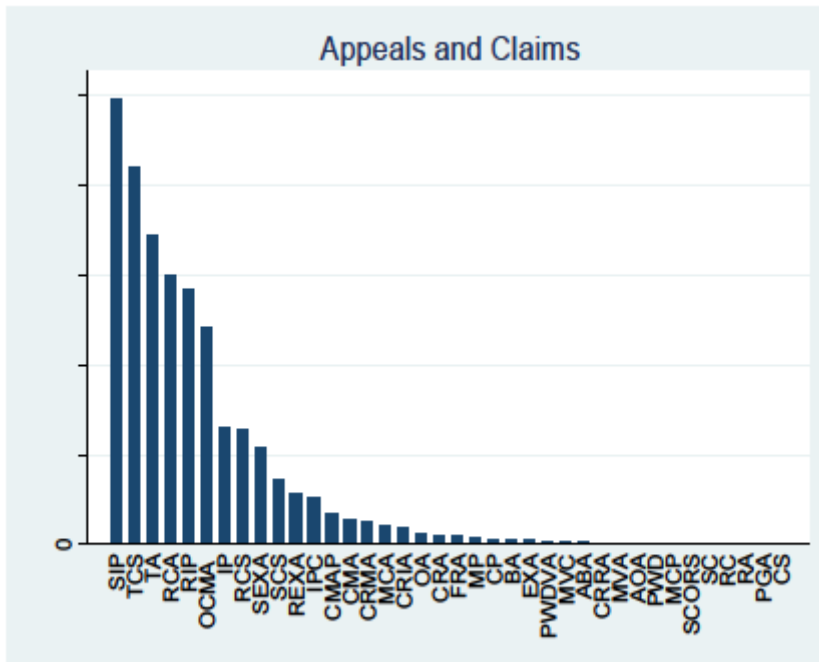
The above bar graph shows us that if the mean of claim/damage awarded to Petitioner is low as in the case when the mean of claim/damage awarded to Petitioner is 0 then the Petitioner will go in for an appeal as he desires a higher quantum of compensation. But on the other hand of the mean value of the claim/damage awarded to Petitioner is 3 then the Petitioner may not go in for further litigation i.e. he will not appeal further as the quantum of compensation awarded to the Petitioner is very high.

3. 2. (c) If you were a Petitioner what is the Risk of getting a Fine under Different Acts?

Summary of Fine_Awarded_Petitioner				
casetype	Mean	Std. Dev.	Freq.	
ABA	0	0	14	
AOA	3588.4848	4773.5568	33	
BA	8181.8182	21362.669	11	
CMA	125000	500000	16	
CMAF	133.33333	230.94011	3	
CP	0	0	1	
CRA	0	0	3	
CRIA	222.22222	666.66667	9	
CRMA	1014.2857	3350.4797	28	
CRRA	0	0	5	
CS	0	0	1	
EKA	0	0	4	
FRA	0	0	1	
IP	0	0	5	
IPC	0	0	14	
MCA	0	0	3	
MCP	0	0	8	
MP	0	0	4	
MVA	0	0	31	
MVC	0	0	6	
OA	1044.4444	2917.5377	18	
OCMA	0	0	1	
PGA	2600	0	1	
PWD	0	0	1	
PWDVA	0	0	2	
RA	0	0	1	
RC	0	0	1	
RCA	0	0	2	
RCS	0	0	28	
REKA	0	0	9	
RIP	0	0	9	
SC	0	0	1	
SCORS	0	0	1	
SCS	0	0	9	
SEKA	0	0	5	
SIP	0	0	3	
TA	0	0	3	
TCS	0	0	5	
Total	7535.4	115517.25	300	

Above is the summary statistics of the probability of fine being awarded to the Petitioner under different acts? The total mean of fine being awarded to Petitioner is 7535.4 and the total frequency of fine being awarded to the Petitioner is 300. The highest mean of fine being awarded comes in the acts falling under the code of BA which is 8181.8182 and the hugest frequency of fine being awarded comes under the acts falling under the case code of AOA which is 33 respectively.

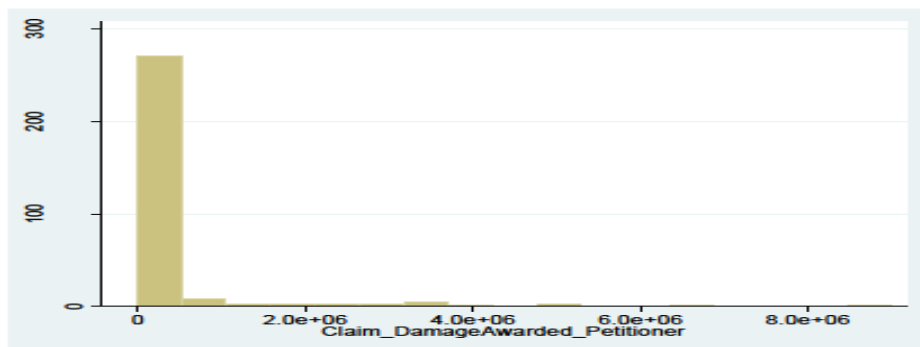
3.2.(d) Bar Chart showing mean of Claims by Petitioner under different Acts



The above graph gives us a summary of the mean claims by Petitioner under different acts. As we can see the x axis shows us the different codes under which different acts have been classified and the y-axis gives us the mean of claim/damage awarded to the petitioner.

From the above graph we can clearly state that the highest mean of claim/damage to the Petitioner has been awarded to acts falling under the SIP code (2.5e+06), followed by TCS, TA, RCA and so on and the least claim/damage has been awarded to the acts falling under the code of MVA, AOA, PWD, MOP, SOORS, SC, RC, RA, PGA and CS which is 0 respectively.

3.2. (e) Bar Chart showing Distribution of Claim Damage Award



The above bar graph shows us the distribution of the claim/damage award to the petitioner. The x axis shows the claim/damage awarded to the Petitioner and the y axis shows us the frequency. We can clearly see that the claim/damage awarded at 0 has the highest frequency which is around 270 while the claim/damage awarded to the Petitioner at 8.0e+06 has the lowest frequency which is 0.

3.2(f) Did the Petitioner Make A Financial Gain? Did the Damage Award Exceed The Cost?

NO. OF APPEALS	Freq.	Percent	Cum.
0	139	75.14	75.14
1	38	20.54	95.68
2	8	4.32	100.00
Total	185	100.00	

tab noofappeals if Claim_Damage>Cost_to_Petitioner

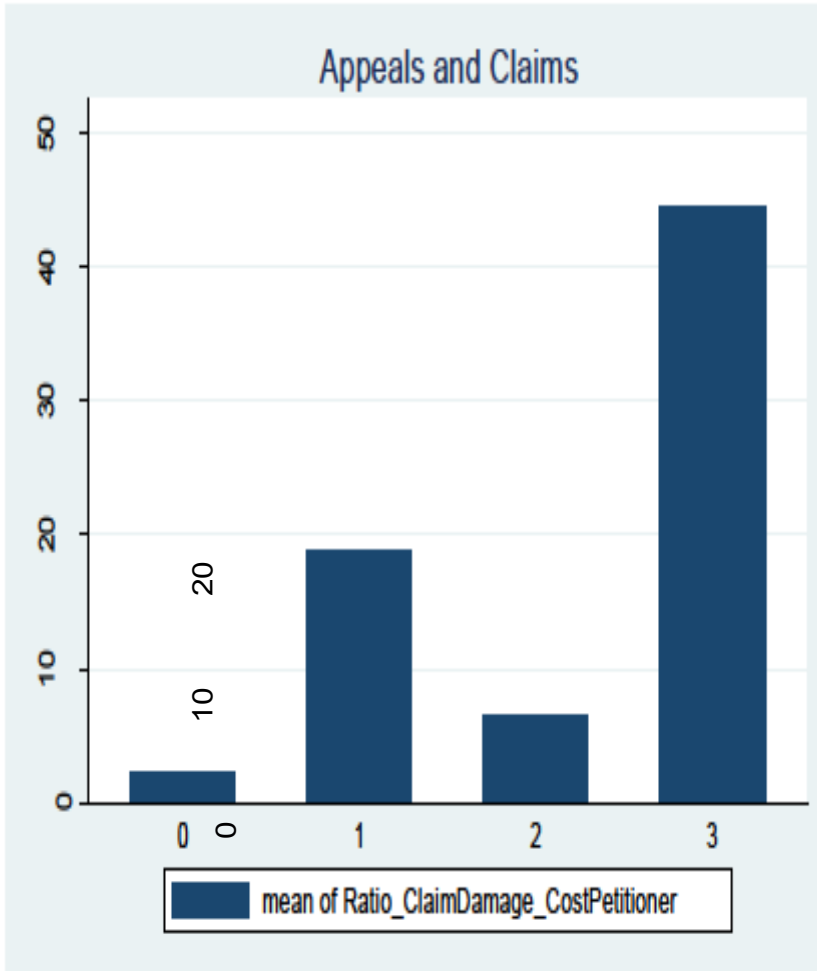
NO. OF APPEALS	Freq.	Percent	Cum.
0	63	55.75	55.75
1	41	36.28	92.04
2	8	7.08	99.12
3	1	0.88	100.00
Total	113	100.00	

From the Above Summary Statistics I Have Derived The Following Table:

Category	Number of Cases
Damage > Cost	113
Damage < Cost	185
Damage = Cost	2

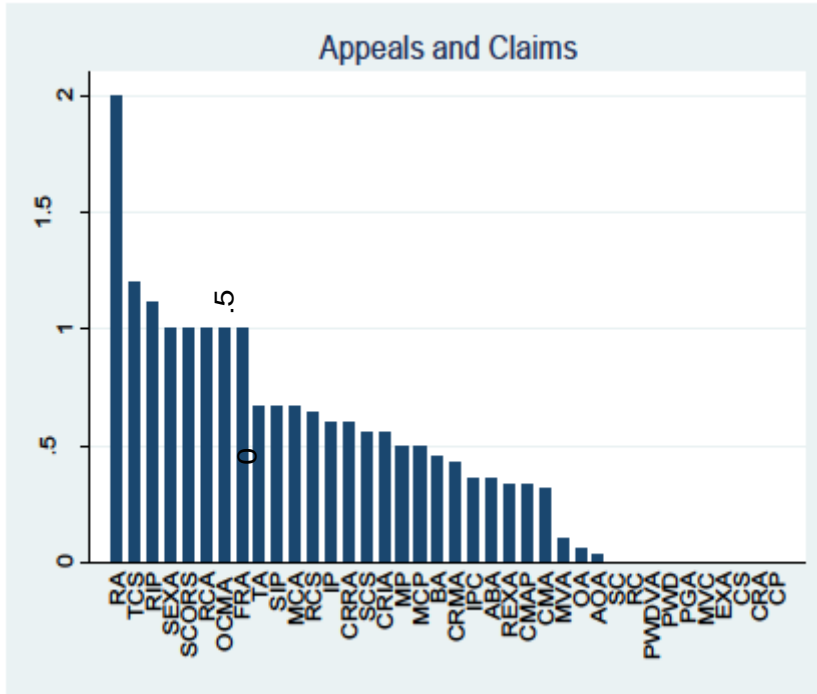
From the above table we can conclude that in 113 cases the Petitioner made a financial gain i.e. the damage awarded to the Petitioner exceeded the cost of the petitioner. On the other hand in 185 cases the Petitioner made a financial loss i.e. cost to the Petitioner was much higher than the damage awarded to the Petitioner and lastly we find that in 2 cases the damage awarded to the Petitioner and cost incurred by the Petitioner in the whole process of litigation was equal neither did he make a financial gain nor did he make a financial loss.

3.2.(g) Bar Chart showing Ratio of Claim Damage by Cost to Petitioner by the Number of Appeals



The above graph shows us Ratio of Claim damage by Cost to Petitioner by the number of appeals. The x axis shows us the mean ratio of claim damage /cost of Petitioner while the y axis shows us the mean ratio of claim damage /cost of petitioner/number of appeals. After plotting all the relevant values we find that the highest mean values is at the largest appeal which are 3 and the lowest mean value is at the smallest appeal which is 0 respectively.

3.2.(h) Bar Chart showing the Acts under which the Maximum and Minimum Number of Appeals appear



The above graph shows the act under which the maximum and minimum numbers of appeals appear. The x axis shows us the relevant codes under which the act appear and the y axis shows us the mean number of appeals. As shown the mean highest number of appeals appear in the acts falling under the code of RA which is 2 while the mean lowest number of appeals appear in the acts falling under the codes of SC, RC, PWDVA, PWD, PGA, MVC, EXA, CS, CRA and CP respectively which is 0.

3.2.(i) Table showing the Relation between ADR and the Cost to Petitioner

Condition Number of Cases

ADR
 Claim < 9
 Cost

ADR
 Claim > 11
 Cost

The above table talks about the claim that the Petitioner derived in ADR and the cost of the petitioner. What the table shows us is that in 9 cases where ADR was availed by the Petitioner the cost to Petitioner was much higher than the claim they actually derived through the process of ADR .On the other hand in 11 cases where ADR was availed by the Petitioner the claim derived through ADR was much higher than the cost to Petitioner.

SUMMARY OF STUDY AND CONCLUSIONS

The present research, titled “*The Economic Costs of Litigation: A Case Study on the State of Goa,*” was undertaken to assess the impact of costly litigation on Petitioners in the State of Goa. The study involves a detailed examination of cases from the District Courts of North and South Goa. Through this research, an effort has been made to collect comprehensive data regarding the claims and damages awarded to Petitioners under various statutes, as well as the average cost incurred by a Petitioner over the course of litigation. Additionally, the study identifies cases in which the Petitioner was not awarded any claim and/or damages but was instead subjected to a fine.

Beyond the traditional litigation process, this research also examines alternative forms of dispute resolution. In this regard, attention has been given to cases where disputes were resolved outside the courtroom, along with an analysis of the approximate claims or settlements received by the parties through such mechanisms.

The study further explores the correlation between the cost of litigation and a litigant’s inclination to pursue an appeal when dissatisfied with the initial judgment.

Finally, the research seeks to determine the total compensation that may be obtained through ADR, as well as the average time required for the disposal of cases under different statutory frameworks.

CONCLUSIONS

Based on detailed research and in-depth analysis of the economic costs of litigation and the attitude of Petitioners, the following conclusions have been derived.

With respect to the **first objective**, which was to determine the average cost of litigation borne by a litigant, it was found that over the course of an entire suit, a litigant incurs a cost of not less than Rs.3,63,734, which is substantial. The analysis further reveals that in 185 cases, the cost incurred by the Petitioner exceeded the actual damages awarded; whereas in only 113 out of 300 cases did the damages awarded exceed the cost borne by the Petitioner. Therefore, it can be concluded that, in a majority of cases, petitioners experience a net financial loss when engaging in litigation.

The first part of the **second objective** examined the total number of cases appealed in higher courts. Out of 114 cases appealed before the High Court, those arising under the Civil Procedure Code accounted for the highest number of appeals. However, several statutes recorded no appeals at all, including the Mental Health Act, Railways Act, Indian Police Act, Indian Forest Act, Negotiable Instruments Act, Portuguese Civil Code, Law of Divorce, the Domestic Violence Act (Goa), and the Gambling Act.

The second part of the **second objective** sought to understand why litigants choose to appeal or not appeal. It was observed that litigants are more likely to file an appeal when they perceive the lower court’s judgment to be inaccurate or unsatisfactory. Conversely, they tend not to appeal when they consider the judgment appropriate or when the cost of further litigation is prohibitively high.

Further analysis indicates that when the mean value of claims or damages awarded to the Petitioner is low particularly when it is zero Petitioners are more inclined to pursue an appeal in the hope of obtaining higher compensation. On the other hand, when the mean value of damages awarded is high (for instance, at a level of 3), Petitioners are less likely to pursue further litigation, as the compensation awarded is considered adequate.

Additionally, the mean number of appeals was found to be highest in cases categorized under the case code “RA,” with a value of 2. In contrast, the lowest mean number of appeals, recorded as 0, was observed in cases falling under the case heads SC, RC, PWDVA, PWD, PGA, MVC, EXA, CS, CRA, and CP.

An analysis of the ratio of claim or damage to the cost incurred by the Petitioner, in relation to the number of appeals, revealed that the highest mean values correspond to cases with the highest number of appeals (3), while the lowest mean values are associated with cases with no appeals (0).

The **third objective** was divided into two parts. The first part analyzed the maximum and minimum damages obtained through the process of Alternative Dispute Resolution (ADR). The findings indicate that under ADR, the highest claim awarded to a Petitioner was Rs.18,164 in cases under the Civil Procedure Code, while the lowest claim was Rs.4,050 in cases under the Criminal Procedure Code. Cases under other statutes were resolved through traditional litigation.

The second part of the **third objective** examined whether ADR delivers cost-effective and speedy justice. The findings affirm that ADR mechanisms resolve disputes more quickly and at a lower cost compared to traditional litigation.

The **fourth and final objective** focused on whether litigants in Goa prefer ADR mechanisms or traditional litigation. The data collected indicates that litigants in Goa continue to prefer the conventional method of litigation. Out of the 300 cases analyzed, only 20 were resolved through ADR, while the remaining cases were settled through traditional court proceedings.

Furthermore, the analysis shows that in 9 ADR cases, the mean value of claims and/or damages awarded was lower than the cost incurred by the Petitioner, whereas in 11 cases, the damages awarded exceeded the cost to the Petitioner.

This brings me to my two **research questions**:

My **first research question** mainly focused on whether legal institutions delivered speedy cost effective justice and through my research I have found out that this is not true .The average time taken to dispose of a case has been 25 years and that has been for the cases falling under the Goa Agricultural Tenancy Act and the average cost that the Petitioner pays is not less than a sum of Rs.3,63,734. This value can be an underestimated value.

My **second research question** was whether it is cost effective to use alternate forms of litigation in the delivery of justice? The answer to this question has already been given in my third and fourth objective respectively.

This brings me to the last part of my research which focuses on the hypothesis. For the sake of convenience I had framed 2 hypotheses

HO: Higher cost of litigation has lead to a lower court turnout in the state of Goa

Here we can see that the null hypothesis as been rejected as even today there is huge turnout in the courts even with a costly form of litigation. From the year 2002-2017 only 114 cases have been disposed of through ADR.

HO: The higher the cost of litigation the less will be the number of appeals to higher courts

Here we do not reject the null hypothesis. As through my in depth analysis I have found out that only 114 cases have been appealed in the higher courts till date from 2002-2017.

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