

# New UAE-India legal deal gives strong message to loan defaulters: Experts

**Dhanusha Gokulan**

DUBAI — India's decision to declare the UAE as a reciprocating territory for the Civil Procedure Code will deter debtors from absconding after committing fraud, said head of the Indian mission in Dubai to *Khaleej Times* on Monday.

On Saturday, the Indian Ministry of Law and Justice issued a gazette notification declaring the UAE as a reciprocating territory for the Code of Civil Procedure and identifying superior courts in the country, which in turn helps facilitating the execution of UAE civil court orders through Indian courts.

Following the ruling, legal experts and lawyers have welcomed the order and have said the new rule gives a strong message to defaulters of loans.

## 'Finer details to become clear over time'

The finer details of how the rule will be put into practice are yet to be ascertained, said Consul-General of India to Dubai Vipul. He said the new notification was the only remaining part to close the loopholes in a 1999 agreement between the UAE and India related to cooperation in civil and commercial matters. "This is the last leg of the agreement on the Indian side and now the judgement of a UAE court can be executed through a district court in India," said Vipul. He added: "However, details of how it would be put into practice are yet to be seen and would become clear once people start putting the rule into use. The good thing is that you (the plaintiff) won't begin from zero in India."

The consul-general said issues also arise in matters of family settlements and divorce cases.

"For example, in a civil divorce case, if there is an ex-parte judgment in the UAE when the other party is not present, it is unclear if the order can still be executed by a district court in India. It also raises several other issues pertaining to family law, etc.," said Vipul.

## 'Step towards enhancing India - UAE cooperation'

"Overall, it is a good move. It shows the resolve of the Indian government, and gives a strong message



This is the last leg of the agreement on the Indian side and now the judgement of a UAE court can be executed through a district court in India."

**Vipul**, Indian Consul-General

to defaulters of loans that the government is not going to give them protection. This is also another step to enhance cooperation between the UAE and India," said Ashish Mehta, founder and managing partner of Ashish Mehta and Associates.

Mehta said: "This new announcement is like old wine in a

new bottle. It will boost confidence in the financial system. However, its effectiveness needs to be tested in the Indian courts." He said the ruling is particularly helpful towards banks that provide corporate loans. "Owners or shareholders of companies abandon their firms with large amounts of debt. Banks are not left with any or sufficient



Let all the details emerge. We can only wait to check how the Indian courts are going to judge this."

**Ashish Mehta**, founder and managing partner of Ashish Mehta and Associates

security to cover the debt," added Mehta.

He said: "Let all the details emerge. We can only wait to check how the Indian courts are going to judge this." A loophole that absconders could use is contending that they were not given a chance to represent themselves before UAE courts, said Mehta.

Another Simble Krishnaraj, a lawyer from India, said: "The biggest benefit with this rule is that the plaintiff does not need to file another suit in India. However, there are several loopholes," she said. "If the accused files a petition to set aside an ex-parte order, then the court has to hear the case from the start."

*dhanusha@khaleejtimes.com*