



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

1

**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

(217)

Date of Decision : 17.02.2025

1. CWP-24338-2016 (O&M)

Reliance Life Insurance Company Ltd. and others ...Petitioners

Versus

Permanent Lok Adalat and another ...Respondents

2. CWP-24339-2016 (O&M)

Reliance Life Insurance Company Ltd. and others ...Petitioners

Versus

Permanent Lok Adalat and another ...Respondents

CORAM: HON'BLE MR. JUSTICE KULDEEP TIWARI

Present: Ms. Neha Jain, Advocate for
Mr. Manish Dadwal, Advocate
for the petitioners in both the cases.

Mr. Aakash Singla, Advocate and
Ms. Vaishali Singla, Advocate
for respondent No.2, in both the cases.

KULDEEP TIWARI, J.(ORAL)

1. Both the instant writ petition(s) are amenable to be decided together, as the common issue has been raised, therefore, both the instant petitions are taken up together for adjudication.

2. Though, different awards has been challenged, however, the common issue which has been raised through the instant petition(s), is that the provisions of Section 22-C of The Legal Service Authorities Act, 1987, has not been meticulously complied with, therefore, the Permanent Lok Adalat,



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

2

Patiala, does not have any jurisdiction, to decide the issue, on merits.

3. Learned counsel for the petitioner, in order to substantiate the submissions, draws the attention of this Court, towards the interim orders passed by the learned Permanent Lok Adalat concerned, on dated 23.03.2016 and 16.04.2016, to submit that no possible terms of settlement has been framed, before proceeding towards the conciliation proceedings, and therefore, in the absence of laying down the terms of settlement, simply fixing the matter for conciliation, is of no consequence. She further referred to the impugned award, to submit that no possible terms of settlement has been mentioned, therefore, the Permanent Lok Adalat concerned, does not have further jurisdiction, to decide the issue, on merits, before making meticulous compliance of the provisions of Section 22-C of the *ibid* Act.

4. Therefore, in the absence of framing of any terms of settlement, the Permanent Lok Adalat concerned, does not have any vested jurisdiction to adjudicate the matter in dispute. The Hon'ble Supreme Court in '***United India Insurance Company Ltd. vs. Ajay Singh and another***' 2008 (7) SCC 454, has held that the Permanent Lok Adalat, must not give any impression to any of the disputants that it has adjudicator's role from the very beginning. The relevant paragraphs are extracted hereinafter :-

"21. The term "conciliation" is not defined under the Act. It should, therefore, be considered from the perspective of Arbitration and Conciliation Act, 1996. In order to understand what Parliament meant by 'Conciliation', we have necessarily to refer to the functions of a 'Conciliator' as visualized by Part III of the 1996 Act. Section 67 describes the role of a conciliator. Sub-section (1) states that he shall assist parties in an independent and impartial manner. Subsection (2) states that he shall be guided by



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

principles of objectivity, fairness and justice, giving consideration, among other things, to the rights and obligations of the parties, the usages of the trade concerned and the circumstances surrounding the dispute, including any previous business practices between the parties. Sub-section (3) states that he shall take into account "the circumstances of the case, the wishes the parties may express, including a request for oral statements". Sub-section (4) is important and permits the 'conciliator' to make proposals for a settlement. This section is based on Article 7 of UNICTRAL Conciliation Rules.

Section 73, which is important, states that the conciliator can formulate terms of a possible settlement if he feels that there exists elements of settlement. He is also entitled to 'reformulate the terms' after receiving the observations of the parties. The above provisions in the 1996 Act make it clear that the 'Conciliator' under the said Act, apart from assisting the parties to arrive at a settlement, is also permitted to make "proposals for a settlement" and "formulate the terms of a possible settlement" or "reformulate the terms". This is indeed the UNCITRAL concept.

22. Section 89 of the Code of Civil Procedure inter alia was enacted to promote resolution of disputes through mutual settlement. Chapter VI-A of the Act seeks to achieve a different purpose. It not only speaks of conciliation qua conciliation but conciliation qua determination. Jurisdiction of Permanent Lok Adalat, although is limited but they are of wide amplitude. The two provisos appended to Section 22-C (1) of the Act curtail the jurisdiction of the Permanent Lok Adalat which are as under :-

Provided that the Permanent Lok Adalat shall not have jurisdiction in respect of any matter relating to an offence



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

not compoundable under any law:

Provided further that the Permanent Lok Adalat shall also not have jurisdiction in the matter where the value of the property in dispute exceeds ten lakh rupees:

23. Chapter VI-A stands independently. Whereas, the heading of the Chapter talks of pre-litigation, conciliation and settlement, Section 22-C (8) of the Act speaks of determination. It creates another adjudicatory authority, the decision of which by a legal fiction would be a decision of a civil court. It has the right to decide a case. The term 'decide' means to determine ; to form a definite opinion ; to render judgment. (See Advanced Law Lexicon 3rd Edition 2005 at 1253). Any award made by the Permanent Lok Adalat is executable as a decree. No appeal thereagainst shall lie. The decision of the Permanent Lok Adalat is final and binding on parties. Whereas on the one hand, keeping in view the Parliamentary intent, settlement of all disputes through negotiation, conciliation, medication, Lok Adalat and Judicial Settlement are required to be encouraged, it is equally well settled that where the jurisdiction of a court is sought to be taken away, the statutory provisions deserve strict construction. A balance is thus required to be struck. A court of law can be created under a statute. It must have the requisite infrastructure therefor. Independence and impartiality of Tribunal being a part of human right is required to be taken into consideration for construction of such a provision. When a court is created, the incumbents must be eligible to determine the lis.

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25. Sub-section (1) of Section 22-C speaks of settlement of disputes. The authority has to take recourse to conciliation mechanism. One of the essential ingredients of the conciliation proceeding is that nobody shall be forced to



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

take part therein. It has to be voluntary in nature. The proceedings are akin to one of the recognized ADR mechanism which is made of Medola. It may be treated at par with Conciliation and Arbitration. In such a case the parties agree for settlement of dispute by negotiation, conciliation or mediation. The proceedings adopted are not binding ones, whereas the arbitration is a binding procedure. Even in relation to arbitration, an award can be the subject matter of challenge. The provisions of the Arbitration and Conciliation Act, 1996 shall apply thereto. The jurisdiction in terms of Section 34 of the Arbitration and Conciliation Act, 1996 is wide. The court in exercise of the said jurisdiction may not enter into the merit of the case but would be entitled to consider as to whether the arbitrator was guilty of misconduct. If he is found to be biased, his award would be set aside. The scope of voluntary settlement through the mechanism of conciliation is also limited. If the parties in such a case can agree to come to settlement in relation to the principal issues, no exception can be taken thereto as the parties have a right of self determination of the forum, which shall help them to resolve the conflict, but when it comes to some formal differences between the parties, they may leave the matter to the jurisdiction of the conciliator. The conciliation only at the final stage of the proceedings would adopt the role of an arbitrator.

26. Here, however, the Permanent Lok Adalat does not simply adopt the role of an Arbitrator whose award could be the subject matter of challenge but the role of an adjudicator. The Parliament has given the authority to the Permanent Lok Adalat to decide the matter. It has an adjudicating role to play.”

5. The coordinate Bench of this Court in **‘United India Insurance Company Ltd. vs. Ranjit Singh and another’ 2013 (3) R.C.R. (Civil) 325**, has



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

also held that if the Permanent Lok Adalat, has not framed any proposal for settlement, the Permanent Lok Adalat loses the jurisdiction. The relevant paragraphs is extracted hereinafter :-

11. Now coming to the other questions, "whether the Lok Adalat had the jurisdiction to decide the dispute on merits without forming an opinion that there was proposal for settlement and the settlement had failed" and regarding the true interpretation of the words "where the parties failed to compromise, the Court would proceed to decide the dispute." Section 22-C of the Legal Services Authorities Act, 1987 (for brevity 'the Act') requires to be reproduced as under:-

"22C. Cognizance of cases by Permanent Lok Adalat:-

(1) Any party to a dispute may, before the dispute is brought before any Court, make an application to the Permanent Lok Adalat for settlement of dispute:

Provided that the Permanent Lok Adalat shall not have jurisdiction in respect of any matter relating to an offence not compoundable under any law:

Provided further that the Permanent Lok Adalat shall also not have jurisdiction in the matter whether the value of the property in dispute exceeds ten lakh rupees:

Provided also that the Central Government may, by notification increase the limit of ten lakh rupees specified in the second proviso in consultation with the Central Authority.

(2) After an application is made under sub-section (1) to the Permanent Lok Adalat, no party to that application shall invoke jurisdiction of any Court in the same dispute.

(3) Where an application is made to a Permanent Lok Adalat under sub- section (1), it-

(a) shall direct each party to the application to file before it a written statement, stating therein the facts and nature



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

of dispute under the application, points or issues in such dispute and grounds relied in support of or in opposite to, such points or issues, as the case may be, and such party may supplement such statement, with any document and other evidence which such party deems appropriate in proof of such facts and grounds and shall send a copy of such statement together with a copy of such document and other evidence, if any, to each of the parties to the application;

(b) may require any party to the application to file additional statement before it at any stage of the conciliation proceedings;

(c) shall communicate any document or statement received by it from any party to the application to the other party, to enable such other party to present reply thereto.

(4) When statement, additional statement and reply, if any, have been filed under sub-section (3), to the satisfaction of the Permanent Lok Adalat, it shall conduct conciliation proceedings between the parties to the application in such manner as it thinks appropriate taking into account the circumstances of the dispute.

(5) The Permanent Lok Adalat, during conduct of conciliation proceedings under sub-section (4), assist the parties in their attempt to reach an amicable settlement of the dispute in an independent and impartial manner.

(6) It shall be the duty of every party to the application to cooperate in good faith with the Permanent Lok Adalat in conciliation of the dispute relating to the application and to comply with the direction of the Permanent Lok Adalat to produce evidence and other related documents before it.

(7) When a Permanent Lok Adalat, in the aforesaid conciliation proceedings, is of the opinion that there exist elements of settlement in such proceedings which may be acceptable to the parties, it may formulate the terms of a



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

possible settlement of the dispute and give to the parties concerned for their observations and in case the parties reach at an agreement on the settlement of the dispute, they shall sign the settlement agreement and the Permanent Lok Adalat shall pass an award in terms thereof and furnish a copy of the same to each of the parties concerned.

(8) When the parties fail to reach at an agreement under sub-section (7), the Permanent Lok Adalat shall, if the dispute does not relate to any offence, decide the dispute.”

13. In the instant case, the matter was vehemently contested; no opinion regarding the hope of compromise was formed and no terms for such settlement were framed. The petitioner-company, at the very initial stage while appearing in the Court, had outrightly condemned the conduct of respondent No.1 and pleaded his ineligibility to the compensation. As such, to decide the dispute on merits was not within the purview of the Lok Adalat.

*14. At this stage, it would be pertinent to mention here that in the instant case, the Permanent Lok Adalat never resorted to the Provisions of sub-sections 3, 4 and 7 of Section 22C of the Act before proceeding to decide the case on merits. As a matter of fact, the Court neither complied with the aforesaid provisions nor advised the parties to seek their remedy before a Court of Law. While elaborating the scope of jurisdiction of Permanent Lok Adalat to decide such disputes, the Hon'ble Apex Court in case **State of Punjab & another Vs. Jalour Singh & others, 2008 (1) Civil Court Cases 591**, observed as under:-*

“8. It is evident from the said provisions that Lok Adalats have no adjudicatory or judicial functions. Their functions relate purely to conciliation. A Lok Adalat determines a reference on the basis of a compromise or settlement



**CWP-24338-2016 (O&M) and
CWP-24339-2016 (O&M)**

between the parties at its instance and puts its seal of confirmation by making an award in terms of the compromise or settlement. When the Lok Adalat is not able to arrive at a settlement or compromise, no award is made and the case record is returned to the Court from which the reference was received, for disposal in accordance with law. No Lok Adalat has the power to 'hear' parties to adjudicate cases as a court does. It discusses the subject matter with the parties and persuades them to arrive at a just settlement. In their conciliatory role, the Lok Adalats are guided by principles of justice, equity, fair play. When the L.S.A. Act refers to 'determination' by the Lok Adalat and 'award' by the Lok Adalat, the said Act does not contemplate nor require an adjudicatory judicial determination, but a non-adjudicatory determination based on a compromise or settlement, arrived at by the parties, with guidance and assistance from the Lok Adalat. The 'award' of the Lok Adalat does not mean any independent verdict or opinion arrived at by any decision making process. The making of the award is merely an administrative act of incorporating the terms of settlement or compromise agreed by parties in the presence of the Lok Adalat, in the form of an executable order under the signature and seal of the Lok Adalat.”

15. While taking the case from another angle, it transpires that the Permanent Lok Adalat instead of taking the steps for settlement between the parties, performed the role and the duty of the Consumer Redressal Commission under the Consumer Protection Act, 1986, which deals with the questions regarding “deficiency in service”, “unfair trade practice” and “consumer” and the said Act also provides for compensation and other remedies. But the Legal Services Authorities Act, 1987, does not define the aforesaid terminology. As such, the dispute could not be



dragged to the jurisdiction of the Lok Adalats.

*16. Permanent Lok Adalat never assisted or guided the parties to explore possibility of amicable settlement under sub-sections (5) and (6). Neither the Permanent Lok Adalat ever opined that there was possibility of amicable settlement nor it has formulated terms of possible settlement as required under sub-section (7). Thus, without following the procedure, as laid down under sub-sections (4), (5), (6) and (7) of the Act, the Lok Adalat could not straightway invoke the provisions of sub-section (8) of the Act. As such, the order could not be sustained. Similar observations were made by this Court in case **Reliance General Insurance Company Limited Vs. Vijay Kumar & another, CWP No.20825 of 2010 (decided on 04.01.2012).**”*

6. In view of the settled principles, this Court deems it fit and appropriate, to interfere in the impugned awards, therefore, both the impugned awards, as challenged before this Court, are hereby **set aside**. However, the *lis* is remanded back to the Permanent Lok Adalat concerned, to decide the issue afresh, after adhering to the conditions laid down in Section 22-C of the Act (*supra*).

7. Consequently, both the instant petition(s) are **disposed of**. Pending applications, if any, also stands disposed of accordingly.

8. Photocopy of this order be placed on the connected case file.

(KULDEEP TIWARI)
JUDGE

February 17, 2025
Manpreet

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No