

CWP No.22880 of 2014

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

CWP No.22880 of 2014
Date of decision: 19.09.2015

Sh. Vishal Singh Rana and another

....Petitioners

Versus

Ishwar Chand and another

....Respondents

CORAM: HON'BLE MR. JUSTICE PARAMJEET SINGH

- 1) Whether Reporters of the local papers may be allowed to see the judgment ?
- 2) To be referred to the Reporters or not ?
- 3) Whether the judgment should be reported in the Digest ?

Present: - Mr. Varun Chawla, Advocate, for the petitioners.
Mr. A.D.S. Bal, Advocate, for respondent No.1.

PARAMJEET SINGH, J.

Instant writ petition under Articles 226 & 227 of the Constitution of India has been filed for issuance of a writ in the nature of *certiorari* to quash the impugned award dated 24.12.2013 (Annexure P-1) passed by Permanent Lok Adalat (Public Utility Services), Union Territory, Chandigarh (hereinafter referred to as 'PLAPUS'), on an application moved by respondent No.1 whereby petitioners have been directed to refund ₹ 40,000/- to respondent No.1 after deducting ₹ 10,000/- within a period of one month from passing of the award and in case of default the amount shall carry interest @ 10% per annum till the whole amount is paid.

The facts and circumstances giving rise to the present writ

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petition in nutshell are that respondent No.1 being a prudent person, fully understanding the terms and conditions of “Capital Unit Gain” unit linked plan, proposed for the said policy himself. Respondent No.1 submitted a proposal form dated 18.06.2007 duly signed by him and opted to pay regular yearly premiums @ ₹ 50,000/- for the term of ten years. The proposal of respondent No.1 was accepted by the petitioners and policy bearing number 0054783782 was issued to him. The original policy bond containing terms and conditions of the contract was admittedly received by respondent No.1. Respondent No.1 failed to discharge his contractual obligations under the aforesaid policy and did not pay yearly regular premiums due on 07.08.2008 and onwards, thus, the policy in question lapsed w.e.f. 07.08.2008. Respondent No.1 did not get the policy revived within permissible revival period of two years which ultimately expired on 06.08.2010. Respondent No.1 had an option to review the terms and conditions of the policy and in case of being dissatisfied with any of the terms and conditions to return the same within 15 days of the receipt of the policy document. There was a freelook period to cancel the policy by giving written notice of cancellation to the petitioners along with return of the policy documents. As per schedule of the said policy bond, yearly premium @ ₹ 50,000/- was stipulated to be paid by respondent No.1 without any obligation on the company to issue notices for reminding payment of regular premium. Respondent No.1 filed an application before the PLAPUS for refund of amount, which has been allowed vide impugned award. Hence, this writ

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petition.

The award of PLAPUS has been challenged only on the ground that PLAPUS has no jurisdiction to pass the impugned award. The award can only be passed if the parties agreed before the PLAPUS. There is no power with the PLAPUS to decide the dispute on merits. The application of respondent No.1 was wrongly entertained by PLAPUS. Petitioners had appeared before PLAPUS and filed reply taking various objection to the effect that respondent No.1 failed to discharge his contractual obligation under the contract of insurance as he did not pay regular premium due on 07.08.2008 and onwards. On account of non-payment of the premium, the policy lapsed w.e.f. 07.08.2008 and so no amount is payable to respondent No.1. The application was filed almost after six years of the issuance of policy and thus was highly belated.

I have heard learned counsel for the parties and perused the record.

Learned counsel for the petitioners vehemently contended that PLAPUS has no jurisdiction to decide the cases unless parties are agreeing for settlement of dispute by negotiation, conciliation, settlement or mediation. The procedure adopted by PLAPUS is illegal, arbitrary and bad in law and is not binding on the petitioners. The PLAPUS has no power, jurisdiction and authority to decide the dispute between the parties under sub-section (8) of Section 22C of the Legal Services Authority Act, 1987 (hereinafter referred as 'the Act'). Learned counsel

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for the petitioners made reference to the judgments of the Hon'ble Supreme Court in *L.I.C. v. Suresh Kumar*, 2011 SCC 491, *State of Punjab and others v. Ganpat Raj*, 2006(4) R.C.R. (Civil) 497, *State of Punjab and another v. Jalour Singh and others*, 2008(1) R.C.R.(Civil) 857 and judgments of this Court in *Reliance General Insurance Company Limited v. Vijay Kumar and another*, 2012(1) PLR 794, *CWP No.23519 of 2011* titled '*Master Vikrant v. P.O. the Permanent Lok Adalat and others* decided on 13.02.2013 and *Uttar Haryana Bijli Vitran Nigam and another v. Kusum Jain*, 2015(3) PLR 360.

Per contra, learned counsel for respondent No.1 vehemently contended that award passed by PLAPUS is in accordance with law and defended the same. Learned counsel further contended that once the petitioners appeared before the PLAPUS and have filed reply, they cannot agitate the matter on the ground that PLAPUS has no jurisdiction to decide the issue on merit. Once the application is made under the provisions of the Act to PLAPUS, no party to that application shall invoke jurisdiction of any court in the same dispute.

I have given my anxious and thoughtful consideration to the contentions raised by learned counsel for the parties.

In the light of the arguments addressed by learned counsel for the parties, following questions arise for consideration in this writ petition: -

“1. *Whether PLAPUS has been set up for providing compulsory pre-litigation mechanism for settlement of*

cases relating to public utility services?

2. *Whether PLAPUS has power, jurisdiction and authority to decide a dispute between the parties on merit under sub-section (8) of Section 22C of the Act, although parties fail to reach such settlement, negotiation under sub-section (7) of Section 22C of the Act?*
3. *Whether writ petition is maintainable against the award passed by PLAPUS?"*

Before I ponder upon the questions formulated above, it would be necessary to have a bird's eye view of the concept of Lok Adalat and Permanent Lok Adalat and their establishment and functioning etc.

The concept of Lok Adalat (People's Court) is ancient innovative Indian contribution towards "jurisprudence". The word "Lok" stands for people and "Adalat" stands for Court. India has a long tradition and history of settling the disputes in the society at grassroot level. Disputes settling process was known as "Panchayat". The justice in Panchayat was dispensed summarily without too much emphasis on legal technicalities. Ancient concept of settlement of disputes by way of mediation, negotiation and settlement has been conceptualized and institutionalized in the philosophy of Lok Adalat. As a result of this evolution of the Lok Adalat as an alternative disputes resolution system has now become a part of the strategy which may give respite to the over-burdened judicial Courts keeping in view the gigantic pendency of cases. Lok Adalat not only gives speedy justice to the parties but enmity of the parties is also shunned away by amicable resolution of their disputes.

Now I proceed to embark upon the questions involved.

Re: Question No.1

Article 39-A was inserted in the Constitution of India directing the Government to enact free legal aid scheme. With a purpose to accelerate legal aid movement, the Act was enacted by the Government. A perusal of the Act reveals that Chapter VI of the Act deals with holding of Lok Adalats. According to Sections 19, 20 and 21 of the Act pending disputes yet to arrive at the Courts can be settled in Lok Adalat. Section 21 of the Act provides to refund the court fee to the parties. Chapter VI-A of the Act provides mechanism for pre-litigation lis on conciliation and settlement. This Chapter has been added by amendment to the Act in the year 2002.

It would be appropriate to refer to the statement of objects and reasons of 2002 Amendment Act, which inter alia reads as under: -

"(1) The Legal Services Authorities Act, 1987 was enacted to constitute legal services authorities for providing free and competent legal services to the weaker sections of the society to ensure that opportunities for securing justice were not denied to any citizen by reason of economic or other disabilities and to organise Lok Adalats to ensure that the operation of the legal system promoted justice on a basis of equal opportunity. The system of Lok Adalat, which is an innovative mechanism for alternate dispute resolution, has proved effective for resolving disputes in a spirit of conciliation outside the courts.

(2) However, the major drawback in the existing scheme of organisation of the Lok Adalats under Chapter VI of the said

Act is that the system of Lok Adalats is mainly based on compromise or settlement between the parties. If the parties do not arrive at any compromise or settlement, the case is either returned to the court of law or the parties are advised to seek remedy in a court of law. This causes unnecessary delay in the dispensation of justice. If Lok Adalats are given power to decide the cases on merits in case parties fail to arrive at any compromise or settlement, this problem can be tackled to a great extent. Further, the cases which arise in relation to public utility services such as Mahanagar Telephone Nigam Limited, Delhi Vidyut Board, etc. need to be settled urgently so that people get justice without delay even at pre-litigation stage and thus most of the petty cases which ought not to go in the regular courts would be settled at the pre-litigation stage itself which would result in reducing the workload of the regular courts to a great extent. It is, therefore, proposed to amend the [Legal Services Authorities Act, 1987](#) to set up Permanent Lok Adalats for providing compulsory pre-litigative mechanism for conciliation and settlement of cases relating to public utility services.

(3) The salient features of proposed legislation are as follows:

- (i) to provide for the establishment of Permanent Lok Adalats which shall consist of a Chairman who is or has been a District Judge or Additional District Judge or has held judicial officer higher in rank than that of the District Judge and two other persons having adequate experience in public utility services;*
- (ii) the Permanent Lok Adalat shall exercise jurisdiction in respect of one or more public utility services such as transport services of passengers or goods by air, road and water, postal, telegraph or*

telephone services, supply of power, light or water to the public by any establishment, public conservancy or sanitation, services in hospitals or dispensaries, and insurance services;

(iii) the pecuniary jurisdiction of the Permanent Lok Adalat shall be up to rupees ten lakhs. However, the Central Government may increase the said pecuniary jurisdiction from time to time. It shall have no jurisdiction in respect of any matter relating to an offence not compoundable under any law;

(iv) it also provides that before the dispute is brought before any court, any party to the dispute may make an application to the Permanent Lok Adalat for settlement of the dispute;

(v) where it appears to the Permanent Lok Adalat that there exist elements of a settlement, which may be acceptable to the parties, it shall formulate the terms of a possible settlement and submit them to the parties for their observations and in case the parties reach an agreement, the Permanent Lok Adalat shall pass an award in terms thereof. In case parties to the dispute fail to reach an agreement, the Permanent Lok Adalat shall decide the dispute on merits; and

(vi) every award made by the Permanent Lok Adalat shall be final and binding on all the parties thereto and shall be by a majority of the persons constituting the Permanent Lok Adalat."

From the perusal of statement of objects and reasons mentioned above, it is crystal clear that Chapter VI-A has been

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introduced in the Act for establishment of PLAPUS to eradicate the drawbacks in the scheme of organization of Lok Adalat under Chapter VI. Reading of Chapter VI makes it clear that Lok Adalat established under Section 19 of the Act is to decide the cases on the basis of compromise and settlement between the parties. If the parties do not arrive at any compromise or settlement, the case is to be returned to the Court of law or the parties are advised to take recourse in accordance with law. This caused delay in dispensation of justice, therefore, it was felt necessary to give power to the Lok Adalat to decide the cases on merits in the event of parties failing to arrive at any compromise or settlement. It was further considered necessary that cases which arise in relation to public utility services should be decided by Permanent Lok Adalat. To achieve the said object, Chapter VI-A has been inserted.

Sections 22A to 22E contained in Chapter VI-A of the Act, which were added for the purpose of disposal of cases at pre-litigation stage on conciliation and mutual settlement, read as under: -

“22A. Definitions. - In this Chapter and for the purposes of sections 22 and 23, unless the context otherwise requires, -

(a) "Permanent Lok Adalat" means a Permanent Lok Adalat established under sub-section (1) of section 22B;

(b) "public utility service" means any -

(i) transport service for the carriage of passengers or goods by air, road or water; or

(ii) postal, telegraph or telephone service; or

(iii) supply of power, light or water to the public by any establishment; or

(iv) *system of public conservancy or sanitation; or*
(v) *service in hospital or dispensary; or*
(vi) *insurance service, and includes any service which the Central Government or the State Government, as the case may be, may, in the public interest, by notification, declare to be a public utility service for the purposes of this Chapter.*

22B. Establishment of permanent Lok Adalats. –

(1) *Notwithstanding anything contained in section 19, the Central Authority, or as the case may be, every State Authority shall, by notification, establish Permanent Lok Adalats at such places and for exercising such jurisdiction in respect of one or more public utility services and for such areas as may be specified in the notification.*

(2) *Every Permanent Lok Adalat established for an area notified under subsection (1) shall consist of -*

(a) *a person who is, or has been district judge or additional district judge or has held judicial office higher in rank than that of a district judge, shall be the Chairman of the Permanent Lok Adalat; and*

(b) *two other persons having adequate experience in public utility service to be nominated by the Central Government or, as the case may be, the State Government on the recommendation of the Central Authority or, as the case may be, the State Authority, appointed by the Central Authority or, as the case may be, the State Authority, establishing such Permanent Lok Adalat and the other terms and conditions of the appointment of the Chairman and other persons referred to in clause (b) shall be such as may be prescribed by the Central Government.*

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 the 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 where the value of the property in dispute exceeds twenty five lakh rupees.

Provided also that the Central Government, may, by notification, increase the limit of twenty five 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 of dispute under the application, points or issues in such dispute and grounds relied in support of, or in opposition 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 shall, 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 opinion that there exist elements of settlement in such proceedings which may be acceptable to the parties, it may formulate the terms of a 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) Where 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.

22D. Procedure of Permanent Lok Adalat. - *The Permanent Lok Adalat shall, while conducting conciliation proceedings or deciding a dispute on merit under this Act, be guided by the principles of natural justice, objectivity, fair play, equity and*

other principles of justice, and shall not be bound by the Code of Civil Procedure, 1908 and the Indian Evidence Act, 1872.

22E. Award of Permanent Lok Adalat to be final. - (1) *Every award of the Permanent Lok Adalat under this Act made either on merit or in terms of a settlement agreement shall be final and binding on all the parties thereto and on persons claiming under them.*

(2) Every award of the Permanent Lok Adalat under this Act shall be deemed to be a decree of a civil court.

(3) The award made by the Permanent Lok Adalat under this Act shall be by a majority of the persons constituting the Permanent Lok Adalat.

(4) Every award made by the Permanent Lok Adalat under this Act shall be final and shall not be called in question in any original suit, application or execution proceeding.

(5) The Permanent Lok Adalat may transmit any award made by it to a civil court having local jurisdiction and such civil court shall execute the order as if it were a decree made by that court.”

It needs to be mentioned here that earlier the jurisdiction of PLAPUS in the matter of value of property was upto ₹10.00 lacs, it was subsequently increased to ₹25.00 lacs by Ministry of Law and Justice, Government, India vide notification No.SO 2083(E) dated 15.09.2011 and further increased to ₹1.00 crore. It may be mentioned here for clarification that although Amendment Act, 2002, whereunder Chapter VI-A was introduced in the Act, stands repealed w.e.f. 13.05.2015 vide notification No.21 by Ministry of Law and Justice, but the acts done prior to repeal have been saved. Therefore, Chapter VI-A of the Act is

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applicable in the present case.

The paramount consideration for Lok Adalat and PLAPUS is to settle the dispute between the parties amicably in order to avoid prolonged litigation amongst the parties in a traditional way. So far as PLAPUS is concerned, the settlement of dispute between the parties in the matter of public utility services is the essence of Permanent Lok Adalat (PLA). Therefore, [Section 22-C](#) of the Act postulates that any party to a dispute may, before the dispute is brought before any Court, make an application to the PLA for settlement of the dispute. "Settlement" means determination of legal proceeding by mutual consent. "Compromise" means settlement of differences by mutual concessions. In cases relating to public utility services, where parties fail to reach any settlement, PLAPUS is empowered under Section 22-C (8) of the Act to pass appropriate order on merit while deciding the dispute between the parties after giving reasonable opportunity of hearing to the parties. However, it would be appropriate to mention that before proceeding to decide the case on merits, on receipt of application, PLAPUS shall afford opportunity to file statement/additional statement and reply, if any and thereafter shall conduct conciliation proceedings between the parties to the application, in such a manner as it thinks fit. The conduct of conciliation proceedings is mandatory in view of Section 22-C(4) and efforts shall be made to assist the parties in their attempt to reach the amicable settlement. When during the conciliation proceedings, PLAPUS is of the opinion that there exist elements of

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settlement, it will formulate the terms of possible settlement of the dispute and give to the parties concerned to reach an agreement/settlement. PLAPUS shall afford opportunity to the parties to produce evidence or relevant documents. If the settlement is arrived at between the parties, they will sign the settlement agreement and PLAPUS will pass the award. This is the requirement of Section 22-C (7). If the parties fail to reach an agreement, as envisaged under subsection (7) of Section 22-C, the PLAPUS shall decide the dispute on merit except the dispute relating to any offence, following principles of fair play and natural justice.

The PLAPUS should follow the scheme of the Act as provided in Chapter VI-A, which has been referred above.

It would be appropriate to refer to the decision of the Hon'ble Supreme Court in ***Interglobe Aviation Limited v. N. Satchidanand***, (2011) 7 SCC 463 wherein it has been held as under: -

"26.....Each and every provision of Chapter VI-A of the LSA Act emphasises that the Permanent Lok Adalat is a Special Tribunal which is not a "court". As noted above, Section 22-C of the LSA Act provides for an application to the Permanent Lok Adalat in regard to a dispute before the dispute is brought before any court and that after an application is made to the Permanent Lok Adalat, no party to the application shall invoke the jurisdiction of any court in the same dispute, thereby making it clear that Permanent Lok Adalat is distinct and different from a court.

27. The nature of proceedings before the Permanent Lok Adalat is initially a conciliation which is non- adjudicatory in

nature. Only if the parties fail to reach an agreement by conciliation, the Permanent Lok Adalat mutates into an adjudicatory body, by deciding the dispute. In short, the procedure adopted by the Permanent Lok Adalats is what is popularly known as "CON-ARB" (that is, "conciliation-cum-arbitration") in the United States, where the parties can approach a neutral third party or authority for conciliation and if the conciliation fails, authorise such neutral third party or authority to decide the dispute itself, such decision being final and binding. The concept of "CON-ARB" before a Permanent Lok Adalat is completely different from the concept of judicial adjudication by the courts governed by [the Code of Civil Procedure](#). The Permanent Lok Adalat not being a "court", the provision in the contract relating to exclusivity of jurisdiction of courts at Delhi will not apply.

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32. We may also at this juncture refer to the confusion caused on account of the term Permanent Lok Adalat being used to describe two different types of Lok Adalats. The LSA Act refers to two types of Lok Adalats. The first is a Lok Adalat constituted under [Section 19](#) of the Act which has no adjudicatory functions or powers and which discharges purely conciliatory functions. The second is a Permanent Lok Adalat established under [Section 22-B\(1\)](#) of the LSA Act to exercise jurisdiction in respect of public utility services, having both conciliatory and adjudicatory functions. The expression "Permanent Lok Adalat" should refer only to Permanent Lok Adalats established under [Section 22-B\(1\)](#) of the LSA Act and not to the Lok Adalats constituted under [Section 19](#). However, in many States, when Lok Adalats are constituted under [Section 19](#) of the LSA Act for regular or continuous sittings (as contrasted from periodical sittings), they are also called

as Permanent Lok Adalats even though they do not have adjudicatory functions.

33. In LIC v. Suresh Kumar this Court observed:

"It is needless to state that Permanent Lok Adalat has no jurisdiction or authority vested in it to decide any lis, as such, between the parties even where the attempt to arrive at an agreed settlement between the parties has failed."

The said decision refers to such a "Permanent Lok Adalat" organised under Section 19 of the Act and should not be confused with Permanent Lok Adalats constituted under Section 22-B(1) of the Act. To avoid confusion, the State Legal Services Authorities and the High Courts may ensure that Lok Adalats other than the Permanent Lok Adalats established under Section 22- B(1) of the Act in regard to public utility services, are not described as Permanent Lok Adalats. One way of avoiding the confusion is to refer to the Lok Adalats constituted under Section 19 of the Act on a regular or permanent basis as "Continuous Lok Adalats". Be that as it may."

Section 22D of the Act prescribes that PLAPUS while conducting conciliation proceedings or deciding a dispute on merit shall be guided by the principles of natural justice, objectivity, fairplay and equity and other principles of natural justice and shall not be bound by the provisions of the Code of Civil Procedure and the Indian Evidence Act. Section 22E provides that award of PLAPUS made either on merit or in terms of settlement, agreement, shall be final and binding on all the parties and the award shall be deemed to be a decree of Civil Court. Every award by the PLAPUS shall be final and shall not be called in

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question in any original suit, application or execution proceeding. PLAPUS may transfer any award made by it to a Civil Court having legal jurisdiction and such Civil Court shall execute the order/award as if a decree or order made by that Court.

From the above, it is amply clear that the PLAPUS has been set up to provide compulsory pre-litigative mechanism for conciliation and settlement in cases relating to public utility services urgently so that people get justice without delay and even at pre-litigation stage. Question No.1 is answered accordingly.

Re: Question No.2

Before I answer the question involved, it would be appropriate to refer to the decided cases.

Hon'ble Supreme Court in ***Bar Council of India v. Union of India***, (2012) 8 SCC 243 has held as under: -

“22. Chapter VI-A inserted by the 2002 [Amendment Act](#) in 1987 Act, as its title suggests, provides for pre-litigation conciliation and settlement procedure. The disputes relating to public utility service like transport service for carriage of passengers or goods by air, road or water or postal, telegraph or telephone service or supply of power, light or water or public conservancy system or sanitation or service in hospital or dispensary or insurance service, etc., in the very scheme of things deserve to be settled expeditiously. Prolonged dispute in respect of the above matters between the service provider and an aggrieved party may result in irretrievable damage to either party to the dispute. Today, with increasing number of cases, the judicial courts are not able to cope with the heavy

burden of inflow of cases and the matters coming before them. The disputes in relation to public utility service need urgent attention with focus on their resolution at threshold by conciliation and settlement and if for any reason such effort fails, then to have such disputes adjudicated through an appropriate mechanism as early as may be possible. With large population in the country and many public utility services being provided by various service providers, the disputes in relation to these services are not infrequent between the service providers and common man. Slow motion procedures in the judicial courts are not conducive for adjudication of disputes relating to public utility service.

23. The statement of objects and reasons itself spells out the salient features of Chapter VI-A. By bringing in this law, the litigation concerning public utility service is sought to be nipped in the bud by first affording the parties to such dispute an opportunity to settle their dispute through the endeavours of the Permanent Lok Adalat and if such effort fails then to have the dispute between the parties adjudicated through the decision of the Permanent Lok Adalat. The mechanism provided in Chapter VI-A enables a party to a dispute relating to public utility service to approach the Permanent Lok Adalat for the settlement of dispute before the dispute is brought before any court.

24. Parliament can definitely set up effective alternative institutional mechanisms or make arrangements which may be more efficacious than the ordinary mechanism of adjudication of disputes through the judicial courts. Such institutional mechanisms or arrangements by no stretch of imagination can be said to be contrary to constitutional scheme or against the rule of law. The establishment of Permanent Lok Adalats and

conferring them jurisdiction upto a specific pecuniary limit in respect of one or more public utility services as defined in [Section 22-A\(b\)](#) before the dispute is brought before any court by any party to the dispute is not anathema to the rule of law. Instead of ordinary civil courts, if other institutional mechanisms are set up or arrangements are made by the Parliament with an adjudicatory power, in our view, such institutional mechanisms or arrangements cannot be faulted on the ground of arbitrariness or irrationality.

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34. The alternative institutional mechanism in Chapter VI-A with regard to the disputes concerning public utility service is intended to provide an affordable, speedy and efficient mechanism to secure justice. By not making applicable the Code of Civil Procedure and the statutory provisions of the [Indian Evidence Act](#), there is no compromise on the quality of determination of dispute since the Permanent Lok Adalat has to be objective, decide the dispute with fairness and follow the principles of natural justice. Sense of justice and equity continue to guide the Permanent Lok Adalat while conducting conciliation proceedings or when the conciliation proceedings fail, in deciding a dispute on merit.”

Hon'ble Supreme Court in ***S.N. Pandey v. Union of India and another***, (2012) 8 SCC 261, upholding the constitutional validity of Chapter VIA of the Act, has held as under: -

“2. We have gone through the provisions of the said Chapter which contemplate the setting up of Permanent Lok Adalats for deciding disputes in which public utility services is one of the matters involved. It is quite obvious that the effort of the legislature is to decrease the workload in the courts by

resorting to alternative dispute resolution. Lok Adalat is a mode of dispute resolution which has been in vogue since over two decades. Hundreds of thousands of cases have been settled through this mechanism and is undisputedly a fast means of dispensation of justice. The litigation is brought to a quick end with no further appeals or anguish to the litigants. The constitution of the Permanent Lok Adalat mechanism contemplates the judicial officer or a retired judicial officer being there along with other persons having adequate experience in the public utility services.

3. We do not find any constitutional infirmity in the said legislation. The Act ensures that justice will be available to the litigant speedily and impartially. We do emphasise that the persons who are appointed on the Permanent Lok Adalats should be persons of integrity and adequate experience. Appropriate rules, inter alia in this regard, no doubt will have to be framed, if not already in place.

4. We upheld the validity of the said Act and hope that the Permanent Lok Adalats will be set up at an early date. The Lok Adalats are enacted to primarily bring about settlement amongst the parties. The parties are normally required to be present in person and since the impugned provisions are in the interest of the litigating public, the Lok Adalats shall perform their duties and will function, even if members of the Bar choose not to appear.”

In view of the aforesaid settled position of law, PLAPUS has power, jurisdiction and authority to decide a dispute between the parties on merit under sub-section (8) of Section 22C of the Act, even if parties fail to reach such settlement, negotiation under sub-section (7) of Section 22C of the Act.

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Question No.2 is answered accordingly.

Re: Question No.3

As per sub-section (4) of [Section 22E](#), every award made by Permanent Lok Adalat under the [Legal Services Authorities Act, 1987](#) shall be final and shall not be called in question in any original suit, application or execution proceeding.

In ***Bar Council Of India*** (supra), Hon'ble Supreme Court has observed that the award passed by PLAPUS is binding on all parties concerned and if any party having grievance against the award of PLAPUS can always approach the High Court under its supervisory and extraordinary jurisdiction under Articles 226 and 227 of the Constitution of India, in para 38, the Hon'ble Supreme Court held as under:-

“38. There is no inherent right of appeal. Appeal is always a creature of statute and if no appeal is provided to an aggrieved party in a particular statute, that by itself may not render that statute unconstitutional. [Section 22-E\(1\)](#) makes every award of the Permanent Lok Adalat under the 1987 Act either on merit or in terms of a settlement final and binding on all the parties thereto and on persons claiming under them. No appeal is provided from the award passed by the Permanent Lok Adalat but that in our opinion does not render the impugned provisions unconstitutional. In the first place, having regard to the nature of dispute up to a specific pecuniary limit relating to public utility service and resolution of such dispute by the procedure provided in [Sections 22-C\(1\) to 22-C\(8\)](#), it is important that such dispute is brought to an end at the earliest and is not prolonged unnecessarily. Secondly, and more importantly, if at all a party to the dispute

has a grievance against the award of Permanent Lok Adalat it can always approach the High Court under its supervisory and extraordinary jurisdiction under Articles 226 and 227 of the Constitution of India. There is no merit in the submission of the learned counsel for the petitioner that in that situation the burden of litigation would be brought back on the High Courts after the award is passed by the Permanent Lok Adalat on merits”

In view of above, if substantial grounds are made out for assailing the award passed by PLAPUS, writ petition is maintainable before the High Court under its supervisory and extraordinary jurisdiction under Articles 226 and 227 of the Constitution of India.

Question No.3 is answered accordingly.

Now coming to the facts of the present case, admittedly respondent No.1 had paid premium of ₹ 50,000/- which was lying with the petitioners. A categorical finding has been recorded by PLAPUS that policy documents nowhere state that on account of lapse of policy, the amount paid will stand forfeited and at the best some deductions could be made on account of payment to the agent and administrative charges etc. Therefore, direction has been issued to the petitioners to refund ₹ 40,000/- to respondent No.1 after deducting ₹ 10,000/- within a period of one month from passing of the award and in case of default the amount shall carry interest @ 10% per annum till the whole amount is paid. The award passed by PLAPUS is in consonance with the provisions of the Act. In view of Section 22-C(8) of the Act, PLAPUS has passed the award by following the principles of natural justice,

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equity, fair play and has ordered the cancellation of policy and refund of amount.

In view of the judgment of the Hon'ble Supreme Court in ***Bar Council of India v. Union of India***, (2012) 8 SCC 243, authorities referred to by learned counsel for the petitioners are not applicable to the facts of the present case.

In view of above, I do not find any illegality or perversity in the impugned award passed by PLAPUS.

Dismissed.

September 19, 2015
R.S.

(Paramjeet Singh)
Judge