

IN THE HIGH COURT FOR THE STATES OF PUNJAB AND HARYANA AT
CHANDIGARH

CR No.13 of 2013

Date of decision: March 11, 2016.

Shriram General Insurance Co. Ltd.

... **Petitioner**

v.

Permanent Lok Adalat and another

... **Respondents**

CORAM: **HON'BLE MR. JUSTICE AMIT RAWAL**

Present: Mr. Rajbir Singh, Advocate for the Petitioner.

None for respondent No.1.

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

Amit Rawal, J. (Oral):

The petitioner is aggrieved of the order dated 15.5.2012 (Annexure P-1) passed by the Permanent Lok Adalat (Public Utility Services), Gurgaon under Section 22-C of the Legal Services Authority Act, 1987, whereby in respect of theft of a vehicle, despite the fact, that the insurance company has repudiated the claim and the fact that the jurisdiction of the Permanent Lok Adalat itself is ousted, the Lok Adalat proceeded to award compensation on merits after rejecting the objections filed by the petitioner-insurance company.

In support of contention, reliance has been placed upon United India Insurace Co. Ltd. v. Ajay Sinha and another, 2008(7) SCC 454, that in such a situation, the ideal course was not to form any opinion *inter se* the claims of the parties as disputed questions of law and facts being involved.

Present petition qua respondent No.2 already stands dismissed on May 12,

2014.

It would be apt to reproduce paragraphs 35 to 41 of the judgment cited (supra), which read as under:-

“35. We must also take notice of a recent decision of this Court in State of Punjab and another vs. Jalour Singh and others : JT 2008 (2) SC 83 where this Court expressed its dismay with the manner in which the Lok-Adalat matters are dealt with. Chief Justice of India speaking for the Bench, upon noticing the provisions of the Legal Services Authority Act, 1987, observed that whereas Lok Adalat had to arrive at a just settlement in their conciliatory role guided by the principles of justice, equity, fair play and other legal principles, but in that case it assumed a judicial role, heard parties, ignored the absence of consensus, and increased the compensation to an extent it considered just and reasonable, by a reasoned order which is adjudicatory in nature. It arrogated to itself the appellate powers of the High Court and ‘allowed’ the appeal and ‘directed’ the respondents in the appeal to pay the enhanced compensation within a period fixed by it. It was held that such an order is not an Award.

36. Section 22-C(1) read with Section 22-C(2), Section 22-C(8) and Section 22-E of the Act, exclude the jurisdiction of the civil courts by providing that when an application is made by either party to the Permanent Lok Adalat to settle a dispute at the pre-litigation stage, the PLA shall do so, and the other party is precluded from approaching the civil court in such a case.

37. Section 22-C(1) contains certain Provisos which limit the jurisdiction of the PLA. Given the principle of statutory interpretation stated earlier, these Provisos, as a corollary, must be interpreted in an expansive manner.

38. What is important to note is that with respect of public utility services, the main purpose behind Section 22-C(8) seems to be that "most of the petty cases which ought not to go in the regular Courts would be settled in the pre-litigation stage itself."

39. Therefore, in the instant case, the terms "relating to" an "offence" appearing in Proviso 1 must be interpreted broadly, and as the determination before the Permanent Lok Adalat will involve the question as to whether or not an offence, which is non-compoundable in nature, has indeed been committed, this case falls outside the jurisdiction of the Permanent Lok Adalat.

40. We must guard against construction of a statute which would confer such a wide power in the Permanent Lok Adalat having regard to sub-section (8) of Section 22-C of the Act. The Permanent Lok Adalat must at

the outset formulate the questions. We however, do not intend to lay down a law, as at present advised, that Permanent Lok Adalat would refuse to exercise its jurisdiction to entertain such cases but emphasise that it must exercise its power with due care and caution. It must not give an impression to any of the disputants that it from the very beginning has an adjudicatory role to play in relation to its jurisdiction without going into the statutory provisions and restrictions imposed thereunder.

41. For the reasons above mentioned the order of the High Court cannot be sustained and is set aside accordingly. The appeal is allowed. In the facts and circumstances of the case, there shall be no order as to costs.”

Keeping in view the ratio of law laid down by the Apex Court in the afore-mentioned judgment, the permanent Lok Adalat could not assume the role of an adjudicator to hear and decide the matter on merits. In the instant case, the Permanent Lok Adalat ordered the petitioner-Insurance Company to pay compensation towards the stolen vehicle together with interest which it could not have done as the theft of the vehicle was seriously disputed and the insurance company having repudiated the claim on account thereof.

Keeping in view the afore-mentioned discussion, the impugned order is set aside. The revision petition is allowed. However, it would not preclude the respondent from having recourse to any procedure other than the procedure under the Legal Service Authority Act.

March 11, 2016.
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[Amit Rawal]
Judge