

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

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**CWP-21959-2017
Date of Decision: 09.10.2023**

RELIANCE GENERAL INSURANCE CO. LTD.

... Petitioner

VERSUS

DEVENDER YADAV AND ANR.

... Respondents

CORAM: HON'BLE MR. JUSTICE VINOD S. BHARDWAJ.

Present: Mr. Satpal Dhamija, Advocate and
Mr. Sehaj Mahajan, Advocate
for the petitioner.

Mr. Ankur Sheoran, Advocate for
Mr. J.P. Jangu, Advocate for respondent No.1.

VINOD S. BHARDWAJ, J. (ORAL)

Challenge in the present petition is to the Award dated 14.05.2016
(Annexure P-1) passed by respondent No.2- Permanent Lok Adalat (Public
Utility Services), Rewari.

Briefly summarized, the facts of the present case are that Mr.
Devender Yadav, the registered owner of the vehicle No.HR-36L-7765, is
stated to have sold the vehicle in favour of one Yadvinder son of Jai Lal and
executed a Special Power of Attorney on 12.06.2009. The vehicle in question
had been got insured vide Policy No.2013542311012406 for a period of one
year from 30.09.2014 to 29.09.2015. The premium for the above policy was
undisputedly deposited by the Special Power of Attorney itself. On 20.10.2014,
the Special Power of Attorney holder of the owner- Devender Yadav was
coming from Kosli to his village, driving the abovesaid vehicle. When he

reached near railway crossing, two persons stopped the vehicle for taking lift and eventually they snatched the said vehicle. An FIR was registered qua the said incident on the same date at Police Station Kosli. The vehicle could not be traced out. Thereafter, the claim was lodged through the Special Power of Attorney holder. A surveyor/investigator was appointed by the petitioner-Insurance Company and the ID value of vehicle was assessed at Rs.2,66,195/-. The claim of the owner was, however, repudiated by the petitioner-Insurance Company whereupon an application under 22(C) of the Legal Services Authorities Act, 1987 was instituted before the Permanent Lok Adalat (Public Utility Services), Rewari.

A written statement was filed by the petitioner-Insurance Company before the Permanent Lok Adalat (Public Utility Services), Rewari, wherein reliance was placed on the India Motor Tariff promulgated by the Insurance Regulatory Development Authority of India as per which the vehicle in question had been sold by Devender Yadav to Yadvinder Singh on 12.06.2009. Thereafter, neither the Registration Certificate nor the Insurance of the vehicle was transferred in the name of Yadvinder Singh i.e. the Special Power of Attorney holder. The applicant-Yadvinder Singh thus did not have any insurable interest in the vehicle as on the date of theft i.e. 20.10.2014 and the claim could not be entertained at his behest.

Learned counsel for the petitioner contends that even though the mandate of The Legal Services Authorities Act, 1987 is that conciliation efforts have to be made in terms of Section 22-C(4) to (7) of the said Act before adjudicatory process under Section 22-C(8) of the said Act can be initiated, however, no such attempt was made by the Permanent Lok Adalat (Public Utility Services), Rewari. The mandate of conciliation being a mandatory

perquisite for adjudication of the lis, any failure to make efforts for conciliation would vitiate the subsequent Award passed. It is averred that the above aspect has been settled by the Hon'ble Supreme Court in the matter of Canara Bank Vs. G.S. Jayarama reported as (2022) 7 SCC 776. The relevant extract of the same reads thus.

"23. We must now address the first issue, i.e., whether the conciliation proceedings before the Permanent Lok Adalats are mandatory before it can decide a dispute on its merits.

24. This issue is clearly resolved from a bare reading of Section 22C. Section 22C provides a step-by-step scheme on how a matter is to proceed before the Permanent Lok Adalat. The first step is the filing of the application which ousts the jurisdiction of other civil courts, in accordance with sub-Sections (1) and (2). The second step is the parties filing requisite submissions and documents before the Permanent Lok Adalat, in accordance with sub-Section (3). On the completion of the third step to its satisfaction, the Permanent Lok Adalat can move to the fourth step of attempting conciliation between the parties, in accordance with sub-Sections (4), (5) and (6). Subsequently, in the fifth step in accordance with sub-Section (7), the Permanent Lok Adalat has to draw up terms of settlement on the basis of the conciliation proceedings, and propose them to the parties. If the parties agree, the Permanent Lok Adalat has to pass an award on the basis of the agreed upon terms of settlement. Only if the parties fail to reach an agreement on the fifth step, can the Permanent Lok Adalat proceed to the final step and decide the dispute on its merits.

25. Such an interpretation is also supported by the decision of a two-Judge Bench of this Court in Bar Council of India (supra), where the constitutionality of Chapter VI-A of the LSA Act was upheld. Speaking for the Bench, Justice R M Lodha highlighted that the Permanent Lok Adalats would proceed to adjudication of a

dispute on its merits only after attempting and failing to generate a settlement between the parties:

"22. Chapter VI-A inserted by the 2002 Amendment Act in the 1987 Act, as its title suggests, provides for pre-litigation conciliation and settlement procedure... The disputes in relation to public utility service need urgent attention with focus on their resolution at the 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...

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...

[...]

26. It is necessary to bear in mind that the disputes relating to public utility services have been entrusted to Permanent Lok Adalats only if the process of conciliation and settlement fails. The emphasis is on settlement in respect of disputes concerning public utility services through the medium of Permanent Lok Adalat. It is for this reason that sub-section (1) of Section 22C states in no unambiguous terms that 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. Thus, settlement of dispute between the parties in matters of public utility services is the main theme. However, where despite the endeavours and efforts of the Permanent Lok Adalat the

settlement between the parties is not through and the parties are required to have their dispute determined and adjudicated, to avoid delay in adjudication of disputes relating to public utility services, Parliament has intervened and conferred power of adjudication upon the Permanent Lok Adalat."

26. The appellant's argument, however, is that if the opposite party does not appear before the Permanent Lok Adalat, it can dispense with the conciliation proceedings and straightaway adjudicate the dispute under Section 22C(8). We are unable to accept this submission. Even if the opposite party does not appear, the Permanent Lok Adalat is still bound to follow the step-by-step procedure laid down by Section 22C. Under Section 22C(3), it would require the party before it to file their submissions and documents, and make the best efforts to communicate them to the opposite party for their response. If it is satisfied that no response is forthcoming from the absent opposite party, the Permanent Lok Adalat shall still attempt to settle the dispute through settlement under Section 22C(4). It is important to remember that Section 22C(5) imposes a duty upon the Permanent Lok Adalat to be independent and impartial in attempting to amicably settle the dispute, while Section 22C(6) imposes a duty upon the party present before the Permanent Lok Adalat to cooperate in good faith and assist the Permanent Lok Adalat. Thereafter, the Permanent Lok Adalat, based on the materials before it, shall propose terms of settlement and communicate them to both parties, regardless of whether they participated in the proceedings. If the party present before the Permanent Lok Adalat does not agree or if the absent party does not respond in a sufficient period of time, only then can the Permanent Lok Adalat adjudicate the dispute on its merits under Section 22C(8). Keeping in mind the principles enshrined in Section 22D, the Permanent Lok Adalat shall once

again notify the absent party of its decision to adjudicate the dispute on its merits, in case it wishes to join the proceedings at that stage.

27. Section 22C(8) is amply clear that it only comes into effect once an agreement under Section 22C(7) has failed. The corollary of this is that the proposed terms of settlement under Section 22C(7), and the conciliation proceedings preceding it, are mandatory. If Permanent Lok Adalats are allowed to bypass this step just because a party is absent, it would be tantamount to deciding disputes on their merit ex parte and issuing awards which will be final, binding and will be deemed to be decrees of civil courts. This was simply not the intention of the Parliament when it introduced the LSA Amendment Act. Its main goal was still the conciliation and settlement of disputes in relation to public utilities, with a decision on merits always being the last resort. Therefore, we hold that conciliation proceedings under Section 22C of the LSA Act are mandatory in nature."

(emphasis supplied)

Counsel for the respondent-applicant is not in a position to controvert the above said assertion or to refer to any document on the basis whereof it may be held that conciliation proceeding had been initiated by the Permanent Lok Adalat (Public Utility Services), Rewari. The ratio of the judgment of the Hon'ble Supreme Court in the matter of **Canara Bank (supra)** is also not disputed or denied.

In view of the above, the Award dated 14.05.2016 passed by the Permanent Lok Adalat (Public Utility Services), Rewari is set aside. The matter is remanded to the Permanent Lok Adalat (Public Utility Services), Rewari for fresh adjudication as per the procedure prescribed by law. The parties shall appear before the Permanent Lok Adalat (Public Utility Services), Rewari

within a period of one month from the date of receipt of certified copy of this order, whereupon proceedings in accordance with law shall be carried out by the Permanent Lok Adalat (Public Utility Services), Rewari.

Disposed of in above terms.

OCTOBER 09, 2023
rajender

(VINOD S. BHARDWAJ)
JUDGE

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