

\$~46

* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

Date of Decision: 10th May, 2023

+ **W.P.(C) 3722/2023 and CM APPL. 14401/2023**

RACHANA

..... Petitioner

Through: None.

versus

SHREERAM GENERAL INSURANCE CO. LTD.
& ORS.

..... Respondents

Through: Mr. Yasharth Kant, Mr. Chinmay
Bhat & Mr. Masoon Singh,
Advocates for R-1.
Mr. Sudhir Shokeen, Advocate for
R-1 & 2. (M: 9312256004)

CORAM:

JUSTICE PRATHIBA M. SINGH

Prathiba M. Singh, J. (Oral)

1. This hearing has been done through hybrid mode.
2. None appears for the Petitioner.
3. The present petition has been filed seeking the setting aside of the order dated 10th November 2022 passed by the Presiding Officer,(MACT)-02 South West, Dwarka Courts in **MISC No. 117/2022** titled '**Rachna v. Shriram Gen Insurance Co. ltd.**'. By the impugned order, the application filed by the Petitioner seeking cancellation of award dated 12th March 2022 passed in the Lok Adalat, wherein the dispute with the Insurance Company was settled for a sum of Rs. 85,00,000/- was dismissed. The prayers in this petition are extracted below.

"a) To quash the impugned order dated 10.11.2022

b) To quash the proceedings of the LOK ADALAT

dated 12.03.2022

c) To direct the Respondent no. 2 and 3 to share the claim award amount equally among the Petitioner and Respondent No. 2 & 3.

d) Any further order which the Hon'ble Court may deem fit and proper"

4. In the said proceedings an application was filed by the Petitioner for setting aside the award dated 12th March 2022 passed by the Lok Adalat. In the said award which was passed during the proceedings in the Lok Adalat held on 12th March, 2022 at the Dwarka Court Complex, the dispute with the insurance company has been resolved for a total sum of Rs.85,00,000/-. Even the manner in which the amount is to be divided between the Petitioner who is the wife of the deceased and the parents has also been set out in the award as under:

"In view of the facts of the case, the circumstances of the petitioner(s) and in view of the ongoing COVID 19 pandemic, the compensation to the Petitioner(s) be distributed as follows-

S. No.	Name of Petitioner/Claimant	Age (Yrs)	Relation with Injured/Deceased	Amount of Award	Amount to be released	Amount Kept in FDR	Period of FDR	Mode:- Cash/Cheque/DD
1.	Ms. Rachna	About 33 Years	Wife	Rs. 21,00,000/-	Rs. 7,00,000/-	Rs. 14,50,000/-	Fourteen yearly FDRs of Rs.1,00,000/- for a period from one year to fourteen years with cumulative interest and FDR of Rs.50,000/- for a period of one year i.e. the fifteenth year with cumulative interest	RTGS
2.	Shri Balreet Singh	About 63 Years	Father	Rs.31,75,000/-	Rs. 10,75,000/-	Rs. 21,00,000/-	Twenty one yearly FDRs of Rs.1,00,000/-	RTGS

							for a period from one year to twenty one years with cumulative interest	
3.	Shrimati Sheela	About 61 years	Mother	Rs.31,75,000/-	Rs. 10,75,000/-	Rs. 21,00,000/-	Twenty one yearly FDRs of Rs.1,00,000/- for a period from one year to twenty one years with cumulative interest	RTGS
	Total			Rs. 85,00,000/-	Rs. 28,50,000/-	Rs.56,50,000/-		

5. The Petitioner, however, moved a protest petition before the MACT seeking the setting aside of the said award. The said petition has been dismissed vide case no. MISC NO.117/2022. The relevant observations of the MACT Court are as under:

“The present MACT petition No. 1476/16, was disposed of vide order dated 12.03.2022 before the Lok Adalat, being settled. The applicant/petitioner No.1 has not disputed the fact that she has not remarried. The petitioner No.2 and 3 are parents of the deceased of accident. The applicant/petitioner No.1 has no where disclosed in her application the dates on which she has contacted her counsel but she could not contacted. Her Counsel Sh Sudhir Shokeen used to appear regularly in the present case. A fact has also not being disputed that she had not appeared alongwith her present husband for recording statement of financial needs and liabilities. Her statement could not be recorded, as talks of compromise were going on. So prima facie it is there on record that counsel for petitioner/ applicant were in touch with each other and settlement arrived at with her (applicant) own consent.

The law laid down in State of Punjab @ Anr Vs

*Jalour Singh @ Ors by Hon'ble Supreme Court where it is held that "Where an award is made by Lok Adalat in terms of a settlement arrived at between the parties, (which is duly signed by parties and annexed to the award of the Lok Adalat), it becomes final and binding on the parties to the settlement and becomes executable as if it is a decree of a civil court, and no appeal lies against it to any court. If any party wants to challenge such an award based on settlement, it cannot be done only by filing a petition under Article 226 and/or Article 227 of the Constitution, that too on very limited grounds." In view of the above observation as well as law laid down in State of Punjab @ Anrs. (Supra). **The application is not maintainable and same is dismissed.***

6. On the last date, when the matter was listed before this Court on 23rd March, 2023, it was directed that the Petitioner shall satisfy the Court as to whether such an award can be reopened and if so on what grounds.
7. Today, none appears for the Petitioner. Ld. counsel for the insurance company has relied upon the recent decision of the Supreme Court in ***Civil Appeal No. 3486-3488 of 2022*** titled '***K. Srinivasappa & Ors. v. M. Mallamma & Ors.***' dated 18th May 2022, wherein a Lok Adalat order was set aside by the High Court and the Supreme Court has reversed the same and has restored the order.
8. Mr. Shokeen, Ld. Counsel appearing for the parents of the deceased also submits that the award was passed with the consent of all the parties.
9. Section 21 of the Legal Services Authorities Act, 1987 reads as under:

"21. Award of Lok Adalat.—(1) Every award of the Lok Adalat shall be deemed to be a decree of a civil court or, as the case may be, an order of any other court and where a compromise or settlement has been

arrived at, by a Lok Adalat in a case referred to it under sub-section(1) of section 20, the court-fee paid in such case shall be refunded in the manner provided under the Court-fees Act, 1870 (7 of 1870).

(2) Every award made by a Lok Adalat shall be final and binding on all the parties to the dispute, and no appeal shall lie to any court against the award. ”

10. A perusal of the above provision would show that whenever an award is passed by the Lok Adalat, it is deemed to be a decree of a civil court. Thus, unless and until any serious allegation of fraud or coercion is alleged, an award of the Lok Adalat attains finality and is intended to bring about a final resolution of disputes between the parties.

11. In **K. Srinivasappa (supra)** the Supreme Court has observed as under:

“27. At the outset, we observe that we do not find any reason forthcoming from the judgment of the High court while setting aside the order of the Lok Adalat dated 07th July, 2012 whereby the terms of the compromise were recorded. To recall a compromise that has been recorded would call for strong reasons. This is because a compromise would result ultimately into a decree of a Court which can be enforced just as a decree passed on an adjudication of a case. This is also true in the case of a compromise recorded before a Lok Adalat. In this regard, it may be apposite to refer to Section 21 of the Legal Services Authorities Act, 1987, which is extracted as under:

*“21. **Award of Lok Adalat.**-- (1) Every award of the Lok Adalat shall be deemed to be a decree of a civil court or, as the case may be, an order of any other court and where a compromise or settlement has been arrived at, by a Lok Adalat in a case referred to it Under Sub-section (1) of Section 20, the court-fee paid in such case shall be refunded in the manner provided under the Court-fees Act, 1870 (7 of 1870).*

(2) Every award made by a Lok Adalat shall be final

and binding on all the parties to the dispute, and no appeal shall lie to any court against the award.”

28. Section 21 of the Legal Services Authorities Act, 1987 equates an award of the Lok Adalat, to a decree of a Civil Court and imputes an element of finality to an award of compromise passed by the Lok Adalat. When the Lok Adalat disposes cases in terms of a compromise arrived at between the parties to a suit, after following principles of equity and natural justice, every such award of the Lok Adalat shall be deemed to be a decree of a Civil Court and such decree shall be final and binding upon the parties. Given the element of finality attached to an award of the Lok Adalat, it also follows that no appeal would lie, Under Section 96 of the CPC against such award, vide **P.T. Thomas vs. Thomas Job [(2005) 6 SCC 478]**.

29. While we recognise that a Writ Petition would be maintainable against an award of the Lok Adalat, especially when such writ petition has been filed alleging fraud in the manner of obtaining the award of compromise, a writ court cannot, in a casual manner, de hors any reasoning, set aside the order of the Lok Adalat. The award of a Lok Adalat cannot be reversed or set aside without setting aside the facts recorded in such award as being fraudulent arrived at.

xxxxx

35. It is a settled position of law that where an allegation of fraud is made against a party to an agreement, the said allegation would have to be proved strictly, in order to avoid the agreement on the ground that fraud was practiced on a party in order to induce such party to enter into the agreement. Similarly, the terms of a compromise decree, cannot be avoided, unless the allegation of fraud has been proved. In the absence of any conclusive proof as to fraud on the part of the objectors, the High Court could not have set aside the compromise decree in the instant case.”

12. As per the above decision of the Supreme Court a writ petition would

be maintainable for challenging an award of the Lok Adalat. However, the same can only be set aside under extraordinary circumstances..

13. The Petitioner having not appeared before the Court and having not raised any grounds to satisfy the Court as to why the award should be set aside, the petition, along with the pending application, is rejected. The Lok Adalat award is upheld by the Court.

PRATHIBA M. SINGH
JUDGE

MAY 10, 2023
dj/rp

