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

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**CWP-37012-2019 (O&M).
Date of Decision: 24.09.2024.**

SANGMESHWAR EDUCATION TRUST (REGISTERED)

... Petitioner

Versus

**PERMANENT LOK ADALAT (PUBLIC UTILITY SERVICES),
KURUKSHETRA AND OTHERS**

... Respondents

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

Present: Mr. Tarun Dhingra, Advocate,
for the petitioner.

Mr. S.S. Sidhu, Advocate,
for respondents No.2 and 3.

VINOD S. BHARDWAJ, J. (ORAL)

The present petition has been filed for seeking modification of the award dated 16.03.2018 (Annexure P-2), passed by the Permanent Lok Adalat (Public Utility Services), Kurukshetra, in case No.296 of 2016 vide which even though the application under Section 22-C of the Legal Services Authorities Act, 1987 had been allowed but interest on the awarded amount has not been awarded despite the respondents being found lacking.

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2 Learned counsel for the petitioner-trust has argued that the petitioner-trust had obtained an insurance policy No.261303/11/2015/549 from the respondents-insurance company (in the application before the Permanent Lok Adalat (Public Utility Services), Kurukshetra) which was valid w.e.f. 27.03.2015 to 26.03.2016 on payment of a premium of Rs.13,481/- for covering the building, plant, machinery, furniture, fixtures and fittings etc. of Gyan Ganga Polytechnic College, Salpani Khurd, against a sum assured of Rs.2,40,00,000/-. He contends that on 04.04.2015, two students of the said college along with instructor without the permission and knowledge of the college authority, started conducting training work in the welding workshop of the college. During the performance of the said welding work, a blast took place in the gas cylinder at the welding workshop causing a heavy explosion and the emanating fire therefrom caused immense damage to the building, plant, machinery, furniture, fixtures and fittings etc. of Gyan Ganga Polytechnic College, Salpani Khurd. The window glasses of adjoining building of college were blown off while the walls and windows were deformed and damaged along with other burn marks. Two college students as well as the instructor had succumbed to the injuries suffered by them from the fire that erupted. The said accident was immediately reported to the Fire Brigade Authority which made extensive efforts to extinguish the fire and succeeded in doing so by 4:00 P.M. The matter was also reported to the police as well as the respondent-Insurance Company. On receipt of the information about the damage/loss

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caused, the respondent-insurance company deputed their surveyor for assessing the loss. The petitioner furnished the documents in proof pertaining to the cost of the construction, purchase as well as repair to the tune of Rs.73,12,476/- whereupon the Surveyor assessed the damage to the tune of Rs.16,41,391/- after taking into consideration the salvage value and depreciation factor of the items.

3 Aggrieved of the aforesaid assessment, a claim was lodged by the petitioner before the Permanent Lok Adalat (Public Utility Services), Kurukshetra.

4 The respondent-insurance company entered appearance and filed its written statement taking various objections to the maintainability of the claim and also raised objections on the merits by pressing that the accident in question took place on account of the negligence on the part of the management of the college and that an FIR bearing No.28 dated 04.04.2015 under Section 304-A IPC was registered at Police Station Jhansa against the chairperson of the petitioner-trust. A final report prima facie proving the charge was filed under Section 173 Cr.P.C. and charges were also framed. Since the criminal proceedings had been initiated against the petitioner-trust and its office bearers, hence, the claim for damages was declined as per the terms and conditions of the Policy.

5 The Chairperson of the Trust was later acquitted of the said charge by the Court of Judicial Magistrate First Class, Kurukshetra, vide judgment dated 19.09.2017.

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6 It is argued by the counsel for the petitioner-trust that notwithstanding the loss having been established and determined in his report by the surveyor appointed by the respondent-insurance company itself and the property being covered under the terms of the insurance policy, the respondent-insurance company failed to release the damages to indemnify the petitioner-trust for the said loss. He contends that it was under the said circumstances that an application No.296 dated 10.03.2016 was instituted by the petitioner-trust before the Permanent Lok Adalat (Public Utility Services), Kurukshetra which was ultimately allowed and the respondent-insurance company was directed to make the payment of Rs.16,14,397/- as assessed by the Surveyor of the respondent-insurance company but no interest on the above said amount had been awarded. He contends that failure of the Permanent Lok Adalat (Public Utility Services), Kurukshetra in awarding the interest on the above said amount has caused pecuniary loss to the petitioner-trust. It is submitted that the above said benefit had been retained and enjoyed by the respondent-insurance company for the entire duration and that the benefit thereof ought to be extended to the petitioner-trust.

7 Learned counsel appearing on behalf of the respondent-insurance company contends that even though the amount in question had been assessed, however, the same could not be released in favour of the petitioner-trust despite the accident having taken place on 04.04.2015, for the reason that an FIR regarding the accident had been registered against the

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insured himself for negligence and resulting loss. Till such time, that the petitioner got an order of acquittal in FIR bearing No.28 dated 04.04.2015 under Section 304-A IPC was registered at Police Station Jhansa, the petitioner himself was *prima facie* found guilty of negligence resulting in damage and hence could not seek indemnification of the loss from the respondent-insurance company. Such an act and conduct would fall in the exclusion clause, hence, the claim was rightly declined. It was only after an order of acquittal has been passed by the Judicial Magistrate First Class, Kurukshetra, in favour of the petitioner that he became entitled to it. There was thus no undue or unnecessary delay on the part of the respondent-insurance company in releasing the said benefit and that it was on account of said circumstances that the Permanent Lok Adalat (Public Utility Services), Kurukshetra, did not award interest at the time of passing of the award on 16.03.2018. He submits that the payment, however, as per the directions was released without any delay.

8 I have heard learned counsel appearing for the respective parties and have also gone through the documents appended along with the present petition.

9 Even though the argument advanced by the counsel for the respondent-insurance company appears to be forceful and convincing at the first instance, however, it is required to be considered that the respondent-insurance company continued to enjoy the aforesaid money which was owed by it to the petitioner-trust. The plea of a valid order repudiating the

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claim lodged by the petitioner-trust could have at best sustained till such time that an order of acquittal was passed in favour of the petitioner and till expiry of the statutory period from the date of passing of the said order. Since the judgment of acquittal was passed on 19.09.2017, hence, the aforesaid period of limitation would come to an end on 18.10.2017. The respondent-insurance company ought not to have retained the amount any further or awaited for the final outcome of the application by the Permanent Lok Adalat (Public Utility Services), Kurukshetra and should have taken an initiative to pay the said loss as assessed in favour of the petitioner-trust.

10 Taking into consideration, the totality of the circumstances as well as the fact that Section 34 of the Code of Civil Procedure as well as the provisions of the Interest Act, 1978, which necessitate that a person ought to be compensated for wrongful denial of the sum/monies due to him, I deem it appropriate that the award passed by the Permanent Lok Adalat (Public Utility Services), Kurukshetra, needs to be suitably modified. I am of the opinion that the interest of justice would be served in case the petitioner is also awarded interest @ 6% per annum from 18.10.2017 till final disbursement of the compensation as awarded by the Permanent Lok Adalat (Public Utility Services), Kurukshetra vide award dated 16.03.2018. The present writ petition is accordingly partly allowed.

September 24, 2024
raj arora

(VINOD S. BHARDWAJ)
JUDGE

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