

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

108

CWP-1314-2025

Date of Decision : May 26, 2025

ROCKY SHARMA @ GAGANDEEP SHARMA

-PETITIONER

V/S

**PERMANENT LOK ADALAT (PUBLIC UTILITY SERVICES)
MANSA AND ANOTHER**

-RESPONDENTS

CORAM: HON'BLE MR. JUSTICE KULDEEP TIWARI

Present: Mr. Krishan Kanha, Advocate
for the petitioner.

Mr. Edward Augustine George, Advocate
for the respondent No.2.

KULDEEP TIWARI, J. (ORAL)

1. Through the instant writ petition, prayer is made for setting aside the award dated 29.08.2021 (Annexure P-2), as passed by the respondent No.1- Permanent Lok Adalat.

2. Succinctly stated; the factual matrix of the present case is that, the respondent No.2 filed an application before the respondent No.1- Permanent Lok Adalat (Public Utility Services), Mansa, thereby seeking compensation of ₹ 7,00,000/- from the petitioner. It was averred in the application that, the petitioner deals in real estate business and constructs buildings on contracts. The respondent No.2 purchased a plot on 14.10.2015, and thereupon, entered into an agreement with the petitioner on 19.10.2015 for construction of house on the said plot. Although the house was constructed, however, after a short time, the floors of the house bent down, cracks started appearing on walls and the wooden work of the doors

also got damaged. Resultantly, the house became unsafe for human habitation. The respondent No.2 had raised a loan of ₹ 19,35,735/- from D.H.F.L. Bank for construction of his house and now he has to get his house repaired by vacating it. In this way, the deficiency in service on the part of the petitioner caused not only financial loss to the respondent No.2 but also caused him mental and physical harassment.

3. The petitioner was proceeded against ex parte vide order dated 23.07.2018, drawn by the Permanent Lok Adalat, and finally, the impugned award was passed, whereby, the petitioner has been directed to pay ₹ 4,70,000/- (i.e. ₹ 4,50,000/- for repair and ₹ 20,000/- as compensation for mental and physical harassment) to the respondent No.2.

4. The learned counsel for the petitioner, in his endeavour to assail the validity of the impugned award, submits that, the respondent No.1- Permanent Lok Adalat does not have the subject matter jurisdiction inasmuch as the present dispute emerged from construction of residential house, which does not fall in the domain of Public Utility Service, as defined in the Legal Services Authorities Act, 1987 (hereinafter referred to as the 'Act of 1987').

5. The learned counsel for the petitioner next submits that, since the petitioner was proceeded against ex parte, therefore, no conciliation proceedings were held, and, without complying with the procedure laid down by Hon'ble the Supreme Court in "*Canara Bank Vs. G.S. Jayarama*", 2022(7) SCC 776, the impugned award has been passed .

6. By referring to the specific observations penned down by Hon'ble the Supreme Court in the case (supra), which are extracted

hereinafter, the learned counsel for the petitioner submits that, even if the petitioner was proceeded against ex parte, the terms of settlement ought to have been communicated to the petitioner, however, the same was not done. Hence, the impugned award has been drawn in gross violation of Section 22-D of the Act of 1987.

“24. This issue is clearly resolved from a bare reading of Section 22-C. 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 22-C 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.” **(emphasis supplied)***

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 22-C(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 22-C. Under Section 22-C(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 22-C(4). It is important to remember that Section 22-C(5) imposes a duty upon the Permanent Lok Adalat to be independent and impartial in attempting to amicably settle the dispute, while Section 22-C(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 22-C(8). Keeping in mind the principles enshrined in Section 22-D, 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 22-C(8) is amply clear that it only comes into effect once an agreement under Section 22-C(7) has failed. The corollary of this is that the proposed terms of settlement under Section 22-C(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 22-C of the LSA Act are mandatory in nature.”

7. On the other hand, the learned counsel for the respondent No.2 although disputes the first argument of the petitioner’s counsel that, the Permanent Lok Adalat does not have the subject matter jurisdiction, however, he fairly concedes that, meticulous compliance of the mandate enclosed in Sections 22-C and 22-D of the Act of 1987 has not been made, therefore, the impugned award requires interference.

8. This Court has heard the submissions made by the learned counsels for the parties and perused the record.

9. There is no wrangle amongst the contesting litigants regarding non compliance of the mandate enclosed in Sections 22-C/22-D and the guidelines framed by Hon’ble the Supreme Court in *Canara Bank’s case (supra)*. Consequently, the **impugned award is set aside** and the matter is remanded to the respondent No.1- Permanent Lok Adalat for adjudication afresh, after making meticulous compliance of the mandate (supra). It is also open for the petitioner to raise dispute before the Permanent Lok Adalat regarding its subject matter jurisdiction.

10. Disposed of accordingly.

May 26, 2025
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(KULDEEP TIWARI)
JUDGE

Whether speaking/reasoned	:	Yes/No
Whether Reportable	:	Yes/No