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IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

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Date of decision:14.10.2025

THE KARNAL CENTRAL COOPERATIVE BANK LTD., KARNAL
...PETITIONER

VERSUS

THE PERMANENT LOK ADALAT AND ORS....RESPONDENTS

CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL

Present: Ms. Veena Hooda, Advocate
for the petitioner.

Mr. Karan Nehra, Advocate
for respondent No.2.

SUVIR SEHGAL, J.

1. This petition has been filed *inter alia* assailing award dated 20.10.2015, Annexure P-8, passed by Permanent Lok Adalat (Public Utility Services), Karnal (for short, 'the Lok Adalat').

2. Factual matrix, leading to the filing of the petition, is that respondent No.2 applied for advancement of a loan for installation of a mini sheller. A loan of Rs.2,21,000/- was sanctioned by the petitioner-Bank in the year 1992 vide letter dated 13/14.05.1993, Annexure P-1. Respondent No.2 could not start the unit and he defaulted in repayment of loan. Land mortgaged by him was auctioned by the Bank. Respondent No.2 deposited



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Rs.6,87,861/- with the Bank on 23.01.2006 under protest to save the land from auction. Asserting that the Bank had charged interest at rate higher than the agreed rate, respondent No.2 filed an application, Annexure P-6, under Section 22-C of the Legal Services Authorities Act, 1987 (for short '1987 Act'), claiming compensation for pain and suffering as well as litigation charges. Petitioner filed written statement, Annexure P-7, opposing the application on various grounds and took a plea that Lok Adalat did not have the jurisdiction to decide the dispute. Petitioner admitted disbursal of the loan and submitted that a hypothecation deed was executed by respondent No.2 while mortgaging his land. It was submitted that the loan was repayable with interest @ 17% p.a. and in case of default, penal interest @ 3% p.a. was to be charged. Petitioner stated that when respondent No.2 failed to deposit the installments, Bank recovered the outstanding amount as per the terms and conditions of the hypothecation deed as well as promissory note executed by respondent No.2. After the conciliation proceedings failed, Lok Adalat adjudicated the dispute on merits. Petitioner was directed to re-calculate interest @ 4% p.a. and was pay compensation of Rs.40,000/- for harassment and Rs.11,000/- towards litigation expenses.

3. Counsel for the petitioner has raised numerous arguments. Her primary contention is that the Lok Adalat does not have the jurisdiction to entertain the application as respondent No.2 had approached the District Consumer Disputes Redressal Forum prior to approaching the Lok Adalat. By making a reference to orders dated 19.08.2008 and 17.03.2011, Annexures P-4 & P-5, respectively, she has argued that the District Forum



interest on the overdue loan amount and refund the excess amount to respondent No.2. She submits that petitioner remained unsuccessful before the State Consumer Disputes Redressal Commission, Haryana and appeal filed by it was dismissed on 17.03.2011. It is her argument that as respondent No.2 had already approached the Consumer Forum and had been granted some relief, application under Section 22-C of the Act of 1987 should not have been entertained by the Lok Adalat.

4. Per contra, counsel for respondent No.2 has argued that the proceedings before the Consumer Court pertained to a different dispute and matter before the Lok Adalat is distinguishable. He has asserted that after the decision of the consumer complaint, respondent No.2 became aware of a fraud having committed with him, which gave a fresh cause of action to him to institute the application before the Lok Adalat.

5. I have considered the arguments addressed by counsel for the parties and have also examined the documents relied upon by them.

6. Section 22-C (1) of the 1987 Act stipulates that before an aggrieved party approaches any Court, it may make an application to the Lok Adalat for settlement of a dispute pertaining to public utility services. In other words, the statute provides for a pre-litigation process for disputes relating to public utility services, which have been defined under Section 22-A (b) of the 1987 Act. There is a clear bar from entertainment of an application under the 1987 Act, in case the applicant has approached any other Court before invoking Section 22-C of the 1987 Act. Dealing with a similar issue, a Co-ordinate Bench of this Court in **Syndicate Bank Versus**



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Permanent Lok Adalat and others (CWP-26019-2017 decided on 11.03.2024), held as under:-

“15. Even otherwise, once various alternative remedies are available under different statutory regimes and a litigant exercises his discretion and elects to pursue his remedy in a particular forum, he is required under judicial sanctity and discipline to exhaust his remedies under the said statutory forum alone. It should not ordinarily be permitted or be rule of law that a person be allowed to switch from one statutory forum to a forum under different statute when such litigation, elected to be pursued before a particular forum, does not yield the desired result. Such an attempt, if permissible, will lead to an anarchy and propagate and promote forum shopping at the hands of mischievous litigant. The limitation imposed on the jurisdiction of the Permanent Lok Adalat (Public Utility Services) under the statute was thus conscious and only as a first option towards seeking settlement of dispute and not in the event where a litigant had already approached any other Court/forum for seeking redressal of the said grievance.”

XXXXX XXXXX XXXXXX

“18. Further, even though the above said issue may not have been agitated before the Permanent Lok Adalat (Public Utility Services), however, once the fact had been brought to the notice of such authority, the same being a legal issue, it was required to be determined by the competent Court. The aspect of jurisdiction is fundamental and would travel to the very foundation of the case. Defect of jurisdiction, being fundamental,



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cannot be cured at any later stage as per the settled position in law.”

7. Coming to the facts of the present case, it is evident that respondent No.2 had approached the Consumer Court by filing a complaint under Section 12 of the Consumer Protection Act, 1986, and an award dated 19.08.2008, Annexure P-4, had been passed in his favour. An appeal filed by petitioner was dismissed by the State Consumer Disputes Redressal Commission on 17.03.2011, Annexure P-5. As respondent No.2 had approached the consumer fora before filing an application under Section 22-C of the 1987 Act, proceedings before the Lok Adalat were barred. Lok Adalat has clearly erred in entertaining the application and passing the impugned award, which cannot be sustained.

8. For the afore-going reasons, writ petition is allowed. Impugned award dated 20.10.2015, Annexure P-8, passed by the Lok Adalat is set aside.

14.10.2025
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(SUVIR SEHGAL)
JUDGE

Whether Speaking/reasoned	Yes/No
Whether Reportable	Yes/No