



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

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CWP-15661-2026

Date of Decision: 19.05.2026

RAJ SINGH

...Petitioner

Vs.

PRESIDING OFFICER PERMANENT LOK ADALAT AND OTHERS

...Respondents

CORAM:- HON'BLE MR. JUSTICE JAGMOHAN BANSAL

Present:- Mr. Jai Singh Yadav, Advocate
for the petitioner

JAGMOHAN BANSAL, J. (ORAL)

1. The petitioner through instant petition under Article 226/227 of the Constitution of India is seeking setting aside of award dated 05.02.2026 whereby Ld. Permanent Lok Adalat (for short 'PLA') has rejected his claim for release of subsidy.

2. The petitioner applied to respondents for financial assistance of ₹8,50,000/- for construction of a tin shed and purchase of buffaloes to start a mini dairy. The respondent No.2-bank vide order dated 16.01.2010 sanctioned ₹1,55,000/- as first installment of the loan. The respondent on 30.03.2010 released subsidy of ₹1,50,000/-. The respondent vide order dated 03.08.2010 sanctioned ₹2,65,500/- as second installment. On account of non-release of third loan installment, the petitioner could not run his operations as a result of which his account became Non-Performing Asset (NPA). The outstanding loan was settled with respondent No.2 by way of one-time settlement (OTS) dated 31.08.2019.

The petitioner paid ₹5,37,200/- towards full and final settlement. He applied for No Objection Certificate. He preferred application dated 09.09.2020 to the respondent No.2 seeking release of subsidy but to no avail. He filed an application under Section 22C of 1987 Act before PLA which sought response of the respondent. The respondent No.2 submitted that on satisfactory servicing of the loan, the amount in subsidy Reserve Fund Account was to be adjusted against last few installments. Matter was tried to be reconciled, however, was finally adjudicated on merits. PLA has concluded that the loan account had been settled in 2019 and any grievance *qua* interest or subsidy could be raised at the time of OTS and further application is time barred.

3. Learned counsel for petitioner submits that PLA has wrongly rejected petitioner's claim. The petitioner was entitled to subsidy which could not be denied on the ground of settlement of loan account.

4. Heard the arguments and perused the record.

5. From the perusal of record, it is evident that petitioner finally settled loan account with respondent on 30.11.2019 whereas application before PLA was filed on 31.01.2023 i.e. after the expiry of three years. PLA has dismissed petitioner's claim not only on merit but also on the ground of limitation. The petitioner is claiming subsidy. He did not claim subsidy at the time of entering into one-time settlement. It was petitioner who paid a sum of ₹5,37,200/- towards full and final settlement. The findings recorded by PLA read as:-

“16. We have perused the case file very carefully. The applicant did not produce any documents to prove the fact that he had ever applied for releasing of the amount of third installment. Ex. R33 is an application filed by the

applicant to respondent No.1 on 14.11.2019 and in this application the applicant had made the request to the Branch Manager of respondent No.1 to settle the loan account of the applicant under one time settlement scheme. The request of the applicant was accepted by respondent No.1. The loan account of the applicant was settled and the applicant had deposited an amount of Rs.5,37,200/- under one time settlement scheme with the respondent No.1 on 30.11.2019. Thereafter the applicant had filed an application Ex.R.31 before the respondent No.1 with a request to issue the 'No Objection Certificate' as he had already deposited the amount of Rs.5,37,200/- with the respondent No.1 under one time settlement scheme. In the document Ex.R39 it is clearly mentioned that on satisfactory servicing of the loan obligation by the promoter, the subsidy amount in the Subsidy Reserve Fund Account would be adjusted against the last few repayments of the bank loan. Meaning thereby the applicant could claim the amount of subsidy at the time when the matter was settled between the applicant and respondent No.1 under one time settlement scheme. The applicant had the opportunity to make the request with the respondent No. 1 to adjust the subsidy amount in the loan account but no such request was ever made by the applicant with the respondent No.1 at the time of settlement under the one time settlement scheme. Meaning thereby the applicant was satisfied with the settlement under one time settlement scheme and he had deposited the amount of Rs.5,37,200/- out of his free will with the respondent No.1 to clear his loan account. In these circumstances now the applicant is estopped by his own act and conduct to claim the amount of subsidy because the loan account of the applicant had already been settled with the bank.

17. The argument of the learned counsel for the applicant that the respondent bank had charged excessive interest from the applicant, is not convincing. No documentary evidence whatsoever has been produced by

the applicant to prove the fact how much excessive amount of interest had been charged by the respondent No.1. Moreover the applicant could raise this issue when the applicant had arrived at a settlement with respondent No.1 bank under one time settlement scheme. But no such objection had ever been raised by the applicant with respondent No.1 at the time of one time settlement scheme. Now it does not lie in the mouth of the applicant to say that the respondent No.1 had charged excessive interest.

18. The argument of the learned counsel for the respondent No.1 that the present application is time barred, is also convincing. The applicant had deposited the amount of Rs.5,37,200/- under one time settlement scheme with the respondent No.1 on 30.11.2019 and the present application was filed by the applicant on 31.01.2023 i.e. after the expiry of three years. The applicant could challenge the amount deposited by him under one time settlement scheme within a period of three years before the Competent Court of Jurisdiction and not before this Court. The Legal Services Authority Act, 1987 has no overriding effect over the Limitation Act. In these circumstances we are of the considered opinion that the present application is also time barred.

19. In view of our above discussion and observations we are of the considered opinion that the applicant has failed to prove his case. There is no merit in the present application, therefore, the same is hereby dismissed. However, both the parties are left to bear their own costs. File be consigned to the record-room after due compliance.”

6. Section 22E of 1987 Act provides that award passed by PLA shall be final and binding on all the parties. The award cannot be called in question in any original suit, application or execution proceedings.

Section 22E reads as:

“22E. Award of Permanent Lok Adalat to be final. —(1) Every award of the Permanent Lok Adalat under this Act made either on merit or in terms of a settlement agreement shall be final and binding on all the parties thereto and on persons claiming under them.

(2) Every award of the Permanent Lok Adalat under this Act shall be deemed to be a decree of a civil court.

(3) The award made by the Permanent Lok Adalat under this Act shall be by a majority of the persons constituting the Permanent Lok Adalat.

(4) Every award made by the Permanent Lok Adalat under this Act shall be final and shall not be called in question in any original suit, application or execution proceeding.

(5) The Permanent Lok Adalat may transmit any award made by it to a civil court having local jurisdiction and such civil court shall execute the order as if it were a decree made by that court.”

7. It is factually and legally correct that award passed by PLA can be examined in writ jurisdiction, however, mandate of Section 22E cannot be ignored. The award can be examined in writ jurisdiction if there is manifest procedural or fundamental error or PLA has passed award beyond its jurisdiction. There is no such argument or allegation in the present case. PLA has passed impugned order after following prescribed procedure and granting opportunity of hearing.

8. In the wake of above discussion and findings, this Court does not find it appropriate to interfere with the impugned award.

9. Dismissed.

10. Pending application(s), if any, stands disposed of.

(JAGMOHAN BANSAL)
JUDGE

May 19, 2026
Deepak DPA

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