



CWP-23786-2022 (O & M)

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IN THE HIGH COURT OF PUNJAB AND HARYANA AT
CHANDIGARH

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CWP-23786-2022 (O & M)

Date of decision:09.02.2026

PNB METLIFE INDIA INSURANCE COMPANY LTD ...PETITIONER

VERSUS

SUKH NARAIN AND OTHERS

...RESPONDENTS

CORAM: HON'BLE MR. JUSTICE SUVIR SEHGAL

Present: Mr. Nitin Thatai, Advocate
for the petitioner.

Mr. Manu Loona, Advocate
for respondent No.1.

Respondent No.3 already deleted
from array of parties.

SUVIR SEHGAL, J.

1. Petitioner has assailed *ex parte* award dated 25.03.2022, Annexure P-1, passed by Permanent Lok Adalat, Public Utility Services, Fazilka (for short "Lok Adalat").

2. Respondent No.1 approached the Lok Adalat by filing a petition under Section 22-C of the Legal Services Authorities Act, 1987 (for short "1987 Act") alleging that he was induced into purchasing an insurance policy for a period of 100 years by giving an impression that policy is for 10



years. Respondent No.1 claims that he paid Rs.52,250/- by way of a premium through a cheque and a temporary receipt was issued to him on 29.06.2021. When he came to know of the deceit, he requested the petitioner vide email dated 09.07.2021 to cancel the policy and return the premium. It has been claimed that despite accepting the request for cancellation and submission of all the requisite documents to the insurance company, premium amount has not been refunded, forcing him to approach the Lok Adalat.

3. Notice of the petition was issued to the insurance company and the agent, but despite service, they did not appear before the Lok Adalat. Impugned award, Annexure P-1, has been passed by Lok Adalat, whereby petitioner has been directed to pay Rs.52,250/- to respondent No.1 alongwith interest besides compensation and cost.

4. Primary argument raised by Mr. Nitin Thatai, counsel for the petitioner, is that Lok Adalat has adjudicated the dispute without making any attempt to bring about a conciliation between the parties and provisions of 1987 Act have been breached.

5. Per contra, counsel for respondent No.1, who has filed a reply, asserts that petitioner deliberately did not appear before the Lok Adalat despite being served and was proceeded against *ex parte*. It is his argument that instant petition has been filed with the sole intention to harass the contesting respondent.

6. I have heard counsel for the parties and considered their respective submissions.



7. From a perusal of impugned award, it is evident that Lok Adalat has not made any effort to bring about a settlement between the parties as per the mandate of Section 22-C of 1987 Act. Lok Adalat gets the power to decide the dispute on merits only after the conciliation process between the parties does not fructify into a settlement. It is obligatory for the Lok Adalat to take recourse to the conciliation process even in case respondents have been proceeded against *ex parte*. Reliance in this regard can be placed upon the observations of the Hon'ble Supreme Court in **Canara Bank Vs. G.S. Jayarama (2022) 7 SCC 776**. The relevant extract of judgment is reproduced hereunder:-

“36. 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.

37. 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 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.”

8. As Lok Adalat has failed to adhere to the binding procedure prescribed under 1987 Act, impugned award cannot be sustained.

9. For the afore-going reasons, impugned award dated 25.03.2022 Annexure P-1, is set aside. Matter is remitted to the Lok Adalat, Fazilka, for adjudication afresh after following the procedure prescribed under the statute.

10. Writ petition is disposed of.

11. Pending miscellaneous application shall also stand disposed of.

12. Parties are directed to appear before Lok Adalat, Fazilka on 16.03.2026 at 10.00 AM for further proceedings in accordance with law.

Liberty is also given to parties to move an appropriate application(s) for



production of any additional material they deem appropriate in order to assist the Lok Adalat in bringing an end to this *lis*.

13. Amount of Rs.52,250/- deposited by petitioner before this Court, shall be retained in a fixed deposit. The proceeds of fixed deposit, alongwith accrued interest shall be disbursed to the party who is found entitled to it subject to outcome of the proceeding before the Lok Adalat.

09.02.2026
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(SUVIR SEHGAL)
JUDGE

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