

IN THE HIGH COURT OF JHARKHAND AT RANCHI
W.P. (C) No. 6066 of 2010

1. The Chairman-cum-Managing Director,
National Insurance Co., Ltd. 3, Middletone Street, Kolkatta
 2. The Senior Divisional Manager, National Insurance Co. Ltd.,
Division III, National Insurance Building, B, Indian Exchange
Place, Kolkata
 3. The Branch Manager, National Insurance Co. Ltd., J.N. Roy
Road, P.O. & P.S. & District: Sahibganj
- **Opposite Party Nos. 1 to 3/ Petitioners**

Versus

1. Kisha Devi w/o late Rajeshwar Prasad Singh, village : Gonghatt,
P.O. Buddu Chak, P.S. Kahalgaon, District: Bhagalpur, Bihar
- **Claimant / Respondent**
2. The Manager, Global Trust Financial Services, 16, R.N.
Mukherjee Road, Kolkatta
 3. The Branch Manager, M/s Global Trust Financial Services,
Dahla (Near Girls High School), Sahibganj

... .. **Opposite Party Nos. 4 & 5 / Proforma Respondents**

CORAM : HON'BLE MR. JUSTICE NAVNEET KUMAR

For the Petitioners : Mr. Pratyush Kumar, Advocate
For the Respondents : None

Order No. 06 / Dated 26th April, 2024

Heard learned counsel for the petitioners. No one appears on behalf of the respondents.

2. The instant writ application W.P. (C) No. 6066 of 2010 has been filed for quashing the judgment dated 03.08.2010 passed by the Permanent Lok Adalat, Sahibganj in C. Case no. 171 of 2008.

3. The brief facts of the case in nut shell is that the husband of claimant-respondent No.1 namely Rajeshwar Prasad Singh obtained a personal accident insurance Bearing No.100300 / 47 / 01 / 9600022 / 02 / 95 / 30442 dated 31.03.2003 for the period from 31.03.2003 to

30.03.2018 midnight from the writ petitioner No. 2, the Senior Divisional Manager, National Insurance Company Limited for a sum insured of Rs.3,00,000/- (Rupees Three Lakhs) through Golden Multi Service Club of G.T.F.S Sahibganj of the aforesaid policy. Unfortunately, the husband of the claimant-Rajeshwar Prasad Singh was gunned to death on 19.11.2003, where-after, an FIR was lodged and post-mortem of the deceased was conducted. On a sudden murder of the deceased the claimant-respondent No. 1 remained under deep trauma and took time to recover from the trauma and besides this she was suffering from different diseases and got her medically treated under guidance of the doctor. After recovering from trauma and other diseases she sent information regarding the death of her husband to the Insurance Company on 30.01.2004, thereafter, she also sent a claim form duly filled by her to the Branch Manager of Insurance Company on 10.07.2004 and on demand she sent again the relevant documents relating to the policy to the Branch Manager, M/s. Global Trust Financial Services, Dahla, Sahibganj, opposite party No. 5 of C. Case No. 171 of 2008 on 12.07.2005. Thereafter the Senior Divisional Manager, National Insurance Company Limited (writ petitioner No. 2) informed the claimant that since the intimation of death of her husband was beyond time limit as per policy condition No. 1, hence the claim of the claimant-respondent No. 1 is closed as "No Claim". On being aggrieved with this order the claimant-respondent No. 1 had filed C. Case No. 171 of 2008 before the Permanent Lok Adalat, Sahibganj.

4. The Permanent Lok Adalat, Sahibganj, vide judgement dated 03.08.2010 had allowed the claim of the claimant-respondent No. 1 and ordered opposite party Nos. 1, 2 & 3 (writ petitioner herein) that they must pay a sum of Rs.3,00,000/- with interest @ 9% accrued from the date of 30.01.2004 till realization of entire proceeds with cost of Rs.5,000/- to the claimant-respondent No. 1 within a

period of one month from the date of receipt of the order.

5. Being aggrieved from the judgement dated 03.08.2010 passed by the Permanent Lok Adalat, Sahibganj in C. Case No. 171 of 2008 the writ petitioner has filed the instant writ petition for quashing the judgment dated 03.08.2010 passed by the Permanent Lok Adalat, Sahibganj in C. Case No. 171 of 2008.

6. The main contention of the learned counsel appearing on behalf of the petitioner is that Permanent Lok Adalat has acted completely without power, authority and jurisdiction by drawing a judicial proceeding and thereby adjudicated respective rights and liabilities on merits without the written consent of the petitioner-Insurance Company. Learned counsel appearing on behalf of the petitioner has further argued that the Permanent Lok Adalat Constituted under the provisions of the Legal Services Authority Act, 1987 has no power, authority and jurisdiction to initiate any judicial proceeding under the scheme of the Act, and Permanent Lok Adalat had gravely erred in law as it failed to follow the procedure for conciliation and settlement as envisaged under provisions of Chapter VI under section 22 C of the Act.

7. Having heard the petitioners, perused the records of the case.

8. From perusal of the case record it appears that the claimant-respondent Smt. Kisha Devi had filed C. Case No. 171 of 2010 in the Court of Permanent Lok Adalat, Sahibganj against the refusal of claim as "No Claim" passed by the Sr. Divisional Manager, National Insurance Company Limited (the petitioner No. 2 herein) wherein the Permanent Lok Adalat had directed the writ petitioners to pay a sum of Rs.3,00,000/- with interest @ 9% accrued from the date of 30.01.2004 till the realization of entire proceeds with cost of Rs.5,000/- to the claimant. The issue, that Permanent Lok Adalat has no jurisdiction to decide the case, was raised before Permanent Lok

Adalat and the Permanent Lok Adalat has answered this issue. The Relevant portion of the findings of the judgement dated 03.08.2010 passed by the Permanent Lok Adalat, Sahibganj, in C. Case No. 171 of 2008 reads as under:

“11. During the argument, the learned lawyer for the O.P. No. 1, 2 & 3 has submitted that this Adalat has got no Jurisdiction to decide the case and relied on decision reported in 2009(2) J.L.J.R. page 648. On the other hand the learned lawyer for the Petitioner has contended that this Adalat has got Jurisdiction to decide the case on merit and relied on the decisions reported in 2005(3) JCR 86 (Raj) (D.B.) in which Hon’ble High Court held that the PLA is competent to decide the disputes relating to Public utility services including insurance services besides this he also relied on the decision reported in AIR 2009 Gauhati, 39 in which Hon’ble High Court held that Permanent Lok Adalat has jurisdiction to decide dispute by virtue of Section 22c (8) of LSA Act 1987.

12. Perused the decisions cited on behalf of both the parties. From perusal of 1st decision cited on behalf of the O.P. No. 1, 2 & 3, the Hon’ble Court held “... then only Permanent Lok Adalat can decide the dispute on merits – consent of all parties to dispute before adjudication on merits- is a condition precedent”) In this case all parties have given consent to proceed with to try and the Opposite Party No. 1, 2 and 3 and Opposite Party No. 4 & 5 contested the case till the final argument by making proper pairvy. From perusal of other decisions cited by on behalf of the Petitioner it appears that High Court (Rajasthan) (Double Bench) and High Court (Gauhati) held that PLA has jurisdiction to decide the case under Section 22 c (8) of LSA Act. In view of what we considered above in the light of decision cited on behalf of both the parties. We find and hold that this Adalat has jurisdiction to decide the case under such circumstances of the case and the order dated 12.07.2005 passed by Sr. Divisional Manager is not justified and correct. Thus the Opposite Party No. 1, 2 & 3 are liable to satisfy the claim compensation to the petitioner with interest and cost.”

9. It is relevant to mention herein that the Hon’ble Supreme Court in the case of ***Interglobe Aviation limited vs. N. Satchidanand*** reported in ***(2011) 7 SCC 463*** has observed as under:

“27. The nature of proceedings before the Permanent Lok Adalat is initially a conciliation which is non-adjudicatory in nature. Only if the parties fail to reach an agreement by conciliation, the Permanent Lok Adalat mutates into an adjudicatory body, by deciding the dispute. In short, the procedure adopted by the Permanent Lok Adalat is what is popularly known as “CON-ARB” (that is, “conciliation-cum-arbitration”) in the United States, where the parties can approach a neutral third party or authority for conciliation and if the conciliation fails, authorize such neutral third party or authority to decide the dispute itself, such decision being final and binding. The concept of “CON-ARB” before a Permanent Lok Adalat is completely different from the concept of judicial adjudication by the courts governed by the code of Civil Procedure. The Permanent Lok Adalat not being a “court”, the provision in the contract relating to exclusivity of jurisdiction of courts at Delhi will not apply.”

10. It is further relevant to mention herein that the Hon’ble Supreme Court in number of cases has decided the issue that Permanent Lok Adalat has power to deal with the disputes relating to public utility services. In the case of ***Bar Council of India vs. Union of India*** reported in **(2012) 8 SCC 243** has observed as under:

“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.
“27. Can the power conferred on Permanent Lok Adalats to adjudicate the disputes between the parties

concerning public utility service up to a specific pecuniary limit, if they do not relate to any offence, as provided under Section 22-C(8), be said to be unconstitutional and irrational? “We think not. It is settled law that an authority empowered to adjudicate the disputes between the parties and act as a tribunal may not necessarily have all the trappings of the Court. What is essential is that it must be a creature of statute and should adjudicate the dispute between the parties before it after giving reasonable opportunity to them consistent with the principles of fair play and natural justice. It is not a constitutional right of any person to have the dispute adjudicated by means of a Court only. Chapter VI-A has been enacted to provide for an institutional mechanism, through the establishment of Permanent Lok Adalats for settlement of disputes concerning public utility service before the matters if brought to the court and in the event of failure to reach any settlement, empowering the Permanent Lok Adalat to adjudicate such dispute if it does not relate to any offence.”

11. In the case of **Canara Bank vs. G.S. Jayarama** reported in **(2022) 7 SCC 776** the Hon’ble Supreme Court has observed as under:

“26. Sub-section (7) of Section 22-C empowers the Permanent Lok Adalat, when it is of the opinion that a settlement exists between the parties, to formulate the terms of such settlement and present it to the parties. If the parties are agreeable to the terms of the settlement, the Permanent Lok Adalat shall pass an award incorporating those terms and provide a copy to each party. Finally, if the parties fail to reach an agreement under sub-section (7), the Permanent Lok Adalat can decide the dispute on merits under sub-section (8) of Section 22-C, if the dispute does not relate to any offence.

27. Section 22-D stipulates that while conducting conciliation proceedings or deciding the dispute on its merits, the Permanent Lok Adalat shall “be guided by the principles of natural justice, objectivity, fair play, equity and other principles of justice” and shall not be bound by the CPC and the Evidence Act, 1872.”

12. From the above observation of the Hon’ble Apex Court it appears that the Permanent Lok Adalat, Sahibganj has rightly decided the claim of the claimant in C. Case No. 171 of 2008.

13. It is well settled from the aforesaid observations of Hon'ble Supreme Court with respect to the jurisdiction and power of Permanent Lok Adalat that a Permanent Lok Adalat constituted under Chapter VI –A of the Legal Services Authorities Act, 1987 vide the Legal Services Authorities (Amendment Act, 2002), has right to decide the dispute which could not be settled by a settlement agreement between the parties and the dispute does not relate to any offence. Such right has been vested in Permanent Lok Adalat with respect to the cases which arise in relation to Public Utility Services such as transport service for the carriage of passenger or goods by air, road or water; postal telegraph or telephone services; supply of power, light or water to the public by any establishment; system of public conservancy or sanitation; service in hospital or dispensary; or insurance service etc. need to be settled urgently so that people get justice without delay. At a pre-litigation stage, such power has been vested in Permanent Lok Adalat. Apparently, such power and jurisdiction has been vested in Permanent Lok Adalat with an object that most of the petty cases which ought not to go to the regular Courts would be settled at the pre-litigation stage itself which would result in reducing the workload of the regular Courts to a great extent. Provisions of Section 22-C provides 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 whereupon it appears to the Permanent Lok Adalat that there exists elements of a settlement, which may be acceptable to the parties, it shall formulate the terms of a possible settlement and submit them to the parties for their observations and in case the parties reach an agreement, the Permanent Lok Adalat shall pass an award in terms thereof. In case the parties to the dispute fail to reach an agreement the Permanent Lok Adalat shall decide the dispute on merits if the dispute is not related to any offence. The Permanent Lok Adalat shall

be guided by the principles of natural justice, objectivity, fair play equity and other principles of natural justice in exercise of its jurisdiction either in the process of conciliation and settlement or in deciding a dispute on merit under the Legal Services Authorities Act, 1987 and shall not be bound by the Code of Civil Procedure, 1908 and Indian Evidence Act, 1872.

14. In the present case, it is found that the Permanent Lok Adalat has decided the dispute on merit when the conciliation and settlement between the parties has failed and therefore the Permanent Lok Adalat has rightly exercised its jurisdiction and this Court does not find any illegality in the Impugned Order dated 03.08.2010 passed by the Permanent Lok Adalat in C. Case No. 171 of 2008. In the backdrop, this Writ Application is dismissed being devoid of merit.

D.S.

(Navneet Kumar, J.)