
petitioner can be afforded an opportunity to correct the verification and the affidavit upon such terms as to costs or otherwise, it is considered inappropriate in view of the eventual conclusion which drawn in the instant case of delineate the terms on which the petitioner should be permitted to make up the deficiency in the verification and the affidavit.

(32) In furtherance of the plea raised in issue No. 5, it is held that the respondent was not furnished with a true copy of the election petition. In view of the aforesaid defect, the prayer of the respondent that the election petition deserves to be dismissed at this stage is upheld.

(33) In view of the aforesaid conclusion the instant election petition is dismissed.

S.C.K.

Before G.S. Singhvi & M.M. Kumar, JJ

SHAM LAL SHARMA,—*Petititioner*

versus

STATE OF HARYANA & OTHERS,—*Respondents*

C.W.P.. No. 7305 of 2002

22nd November, 2001

Constitution of India, 1950—Arts. 39-A & 226—Legal Services Authorities Act, 1987—Chapter VI, Ss. 19 to 22—Petitioner filing a writ petition claiming interest on delayed payment of the dues of his service and retiral benefits—Case referred to the Lok Adalat—Parties failing to arrive at a settlement / compromise—Lok Adalat,, however, deciding the matter on merits—Whether the Lok Adalats can assume the role of regular Courts and decide cases de hors compromise or settlement—Held, no—Order of the Lok Adalat liable to be set aside—Jurisdiction and powers of the Lok Adalats to dispose of the cases—Ambit and scope, stated.

Held, that the survey of the relevant provisions of the Constituion and the Legal Services Authorities Act, 1987 shows that

the jurisdiction and power to decide cases by adjudicating upon the issues of fact and law exclusively vest in the regular Courts. Lok Adalats play an important complementary role by assisting the Courts in expeditious disposal of cases by way of compromise or settlement. However,, they cannot assume the role of regular Courts and decide the cases de hors compromise and settlement. The powers conferred upon Lok Adalats under Section 22 of the 1987 Act are meant for achieving the main object of disposing of the cases by way of compromise or settlement, but the same cannot be used for deciding the cases in which the parties have failed to arrive at a settlement or compromise.

(Para 7)

Harsh Aggarwal, Advocate *for the petitioner.*

Surya Kant, Advocate General, Haryana with. Ritu Bahri,
Deputy Advocate-General, Haryana.

H.S. Mattewal, Advocate General, Punjab with H.S. Sidhu,
Deputy Advocate-Genreral, Punjab *for the respondents.*

JUDGMENT

G.S. Singhvi, J

(1) Whether the Lok Adalat organised under Chapter VI of the Legal Services Authorities Act, 1987 (for short, the 1987 Act) have the jurisdiction to decide cases otherwise than by way of settlement or compromise is the question which arises for determination in this petition filed by Shri Sham Lal Sharma for quashing order dated 14th January, 2000 passed by the permanent Lok Adalat (1) functioning in the High Court.

(2) Briefly stated, the facts of the case are that after his retirement from service on 31st May, 1988 as Deputy Labour Commissioner, Haryana the petitioner filed C.W.P. No. 5296 of 1995 for directing the respondents to pay interest on the delayed payment of service and retrial benefits. The same was disposed by a Division Bench of this Court on 19th December, 1995 with a direction for payment of interest in accordance with the instructions issued by the

State Government. After sometime, the petitioner filed a contempt petition with the complaint that the direction given by the Court had not been complied with. The same was registered as C.O.C.P. No. 332 of 1997. During the pendency of the contempt petition, the respondents paid a sum of Rs. 5,813.00 to the petitioner towards interest on the delayed payment of gratuity. After taking note of this, the learned Single Judge disposed of the contempt petition on 26th May, 1997 with liberty to the petitioner to seek further remedy for claiming interest on other items. Thereafter, he filed C.W.P. No. 2753 of 1999 claiming interest at the rate of 18% per annum on the delayed payment of the dues. The same was referred to Lok Adalat (I) of the High Court. The parties did not agree to settle the matter before Lok Adalat by way of compromise. Notwithstanding this, Lok Adalat (I) disposed of the writ petition on 14th January, 2000 with the direction to the respondent to pay interest at the rate of 12%. The relevant extract of the order passed by the Lok Adalat reads as under :—

“We feel that it is a fit case where the following directions should be issued and this will meet the ends of justice :—

- (i) the petitioner is not entitled to any interest on the delayed payment of the amount of arrears of salary of Rs. 8,6757.00 so the petitioner is not entitled to any interest on that account.
- (ii) The respondents shall pay interest @ 12% P.A. on the amount of Rs. 32096.00 in respect of encashment of unavailed of earned leave of with effect from 1st December, 1988 to 12th October, 1991 when the payment was actually made. Similarly the respondents shall pay interest at the same rate on the amount of gratuity Rs. 5,6100.00 from 1st December, 1988 till the date of actual payment in the month of April, 1992 within a period of three months from today. Any interest already paid on the amount of gratuity shall be deducted out of the interest calculated @ 12% P.A. as mentioned above before making the payment.

It is made clear that in a number of cases which we have settled till today, we are not allowing any interest on retiral benefits for a period of six months from the date of retirement because we consider that the period of six months is quite reasonable to enable the government to work out sanction and make payment of the retiral benefits and we are allowing 12% interest if there is delay beyond six months for the period beyond it, we are not allowing any interest on the amount of arrears of salary as it is not covered by any settled precedent and we have followed the same principal here also.”

(3) The petitioner has challenged the order passed by Lok Adalat on the ground that it did not have the jurisdiction to decide the matter ignoring the fact that the parties had not entered into a settlement or compromised the matter on the petitioner's claim for award of interest at the rate of 18% per annum.

(4) Shri Harsh Aggarwal referred to the averments made in the writ petition to show that the petitioner had claimed interest at the rate of 18% per annum on the dues of services as well as retiral benefits. He submitted that his client had never agreed to settle the matter by accepting the payment of interest at the rate of 12% per annum on account of delayed payment of some of the dues and, therefore, the Lok Adalat did not have the jurisdiction to dispose of the case by directing payment of interest at the rate of 12% per annum and that too only on some of the amounts which were not paid on due dates. He referred to the provisions of Sections 19(5) and 20(3), (4), (5) and (6) and argued that Lok Adalat organised by the High Court Legal Services Committee did not have the jurisdiction to dispose of the case on merits because the limited power vested in it is to determine and decide the matters in terms of the compromise or settlement and his client had not agreed to accept interest at the rate of 12% per annum and that too on the limited amount for a period shorter than the one claimed by him. He further argued that the Lok Adalat cannot assume the role of regular Courts and decide the case on merits because that would be subversive of the basic structure of the Constitution.

(5) Shri H.S. Mattewal, Advocate General, Punjab and Shri Surya Kant, Advocate General, Haryana to whom we had requested to address the Court looking to the importance of the issue raised by

the petitioner, supported the counsel for the petitioner and argued that Lok Adalats organised under Chapter VI of the 1987 Act do not have the jurisdiction to dispose of the cases referred to them on merits and the only power vested in them is to determine and to arrive at a compromise or settlement between the parties to a dispute. Shri Mattewal also referred to a Division Bench judgment of Gujarat High Court in *Union Bank of India, Bhavnagar versus M/s Narendra Plastics, Bhavnagar and others*, (1).

(6) We have given serious thought to the entire matter. There cannot be any doubt that Lok Adalats which were being organised before the enforcement of the 1987 Act had done great service to the society by getting the disputes and cases decided through the mechanism of compromise and settlement. The Lok Adalats organised under the auspices of Legal Services Authorities and Committees constituted under the 1987 Act have also done commendable work. However on the pretext of rendering yeoman service to the society, Lok Adalats cannot assume the role of regular Courts and decide cases de hors compromise or settlement. The system of administration of justice envisaged under our Constitution consists of hierarchy of Courts i.e. Supreme Court of India, High Courts and Subordinate Courts. The Supreme Court exercises original, exclusive, appellate and special jurisdiction to decide various types of cases. Likewise, the High Courts exercise original, appellate and revisional jurisdiction for adjudicating different types of cases. At the grass-root level, this jurisdiction vests in the Subordinate Courts. Article 39-A, which finds place in Chapter-IV of the Constitution, enjoins upon the State to ensure that operation of the legal system promotes justice on the basis of equal opportunity and also provide free legal aid by suitable legislation or scheme or otherwise so that opportunity of seeking justice is not denied by reason of economic or other disability. It was under this Article that the States had constituted Legal Aid Boards/ Authorities for spreading legal education among masses and organise Lok Adalats for settlement of disputes by agreement or compromise. In order to confer statutory status upon these bodies, the Parliament enacted the 1987 Act. Chapter VI thereof which deals with Lok Adalats consists of four sections. Section 19 is the first section in this chapter. Sub-section (1) thereof empowers the State Authorities or

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District Authorities or the Supreme Court Legal Services Committee or High Legal Services Committee to organise Lok Adalats. Sub-section (5) of Section 19 lays down the parameters of the jurisdiction of Lok Adalats. It declares that a Lok Adalat shall have the jurisdiction to determine and to arrive at a compromise or settlement between the parties to a dispute in respect of (i) any case pending before or : (ii) any matter which is falling within the jurisdiction of, and is not brought before, any court for which the Lok Adalat is organised. Proviso to this sub-section declares that the Lok Adalat shall have no jurisdiction in respect of any case or matter relating to an offence not compoundable under any law. Section 20(1) (2) provides for reference of the case to the Lok Adalat on the agreement of the parties or otherwise. Section 20(3) lays down that where any case is referred to a Lok Adalat under sub-section (1) or where a reference has been made to it under sub-section (2) the Lok Adalat shall proceed to dispose of the case or matter and arrive at a compromise or settlement between the parties. Section 20 (5) provides that where no award is made by the Lok Adalat on the ground that no compromise or settlement could be arrived at between the parties, the record of the case shall be returned by it to the Court from where reference has been received under sub-section (1) for disposal in accordance with law. Section 21(1) declares that every award of the Lok Adalat shall be deemed to be a decree of a civil court or as the case may be, an order of any other court or where a compromise or settlement has been arrived at, by a Lok Adalat in a case referred to it under sub-section (1) of Section 20, the court-fee paid in such case shall be refunded in the manner provided under the Court Fees Act, 1870. Section 21(2) confers finality on the award made by the Lok Adalat and lays down that no appeal shall lie to any court against the award. Section 22(1) lay down that the Lok Adalat shall, for the purposes of holding any determination under the 1987 Act, have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 while trying a suit in respect of the matter enumerated in clauses (a) to (e). Section 22(2) lays down that apart from the power vested in it under sub-section (1), every Lok Adalat shall have the requisite powers to specify its own procedure for the determination of any dispute coming before it.

(7) The above survey of the relevant provisions of the Constitution and the 1987 Act shows that the jurisdiction and power to decide cases by adjudicating upon the issues of fact and law

exclusively vest in regular Courts. Lok Adalats play an important complementary role by assisting the Courts in expeditious disposal of cases by way of compromise or settlement. However, they cannot assume the role of regular Courts and decide the cases *de hors* compromise and settlement. The powers conferred upon Lok Adalats under Section 22 of the 1987 Act are meant for achieving the main object of disposing of the case by way of compromise or settlement, but the same cannot be used for deciding the cases in which the parties have failed to arrive at a settlement or compromise.

(8) In *Union Bank of India, Bhavnagar versus M/s. Narendra Plastics, Bhavnagar and others (supra)*, a Division Bench of Gujarat High Court considered the scope of Section 19 of the 1987 Act and held that the Lok Adalat cannot decide a matter except by way of compromise between the parties.

(9) If the order under challenge is considered in the light of the above discussion, we do not find any difficulty in accepting the plea of the petitioner that the Lok Adalat did not have the jurisdiction to dispose of the writ petition by awarding interest at the rate of 12% per annum because he had not agreed to accept interest at the said rate or entered into a compromise or settlement with the respondents.

(10) Before concluding, we deem it proper to observe that the view taken by us on the ambit and scope of the jurisdiction of Lok Adalats must not be treated as an averse reflection on their functioning which, as already mentioned above, have rendered commendable services to the system of administration of justice and the society and this order will only help them in avoiding decisions on contentious issues which may, instead of resolving the controversy, lead to further litigation, as has happened in the present case.

(11) For the reasons mentioned above, the writ petition is allowed. Order dated 14th January, 2000 passed by Lok Adalat is declared illegal and quashed. C.W.P. No. 2753 of 1999 may now be listed before appropriate Bench after obtaining orders from Hon'ble the Chief Justice.