

LEGAL AND PRACTICAL ASPECTS TOUCHING THE LEGAL SERVICES AUTHORITIES ACT, 1987 AND THE SAFEGAURDS TO BE TAKEN WHILE DISPOSING CASES THROUGH LOK ADALAT

I. INTRODUCTION

The institution of Lok Adalat; “the People's Court”, is among the most impact bearing innovations in India's judicial reforms. Born from the Gandhian philosophy of consensual resolution and communal harmony, it was conceived not merely as a procedural alternative to courtroom litigation but as a socio-legal movement designed to democratize justice and to carry it beyond the marble columns of the Courts and into the lanes of the village, the doorstep of the widow, the workshop of the artisan.

The first Lok Adalats were convened experimentally in Gujarat in 1982, followed by a landmark initiative in Chennai in 1986. These pilot efforts were a direct response to three compounding crises: an ever-mounting docket of pending cases, the prohibitive cost of litigation, and a widespread perception that the formal justice machinery was remote, opaque, and slow. The success of these pilots prompted Parliament to confer statutory recognition upon the institution through the Legal Services Authorities Act, 1987, embedding Lok Adalat within the constitutional architecture of India's justice system.

Chapter VI of the Act, Sections 19 through 22, provides the operative framework: Section 19 empowers the State, Central, and District Legal Services Authorities to convene Lok Adalats; Section 20 defines their jurisdiction; Section 21 declares every award to carry the force of a civil decree, final and non-appealable; and Section 22

invests the body with the procedural powers of a civil court. This legislative framework, read alongside the directive principle in Article 39A of the Constitution, makes plain that Lok Adalat is not a peripheral concession to informality, it is a constitutionally mandated instrument of equal access to justice.

Since inception, Lok Adalats have resolved over fifty million disputes. National Lok Adalats, conducted simultaneously across the country on designated days under the aegis of the National Legal Services Authority (NALSA), dispose of cases in volumes that the regular court system cannot match.

Yet honest reflection demands acknowledgment that this institution, like all human instruments of justice, carries within it contradictions. The very features that make Lok Adalat powerful and effective; informality, speed, finality; also create conditions in which justice can, if left unsafeguarded, be subordinated to expedience. It is the judicial officer's singular responsibility to prevent that subordination.

II. STATUTORY ARCHITECTURE AND PRACTICAL OPERATION

A. The Legislative Framework

The Legal Services Authorities Act, 1987 constitutes the bedrock of Lok Adalat's legal identity. Section 19 empowers the three tiers of legal services authorities, i.e., State, Central, and District to organise Lok Adalats at such intervals and in such manner as they may deem fit, whether to address cases pending before courts or disputes at the pre-litigation stage. This dual mandate of pending cases and pre-litigation disputes is a design choice of considerable

wisdom, for it allows the institution to intercept conflict before it hardens into litigation as much as to resolve conflict.

Section 20 specifies that a Lok Adalat may exercise jurisdiction over any matter pending before a court, as well as any matter not yet brought before a court but suitable for settlement in the form of pre-litigation cases. The qualifier 'suitable for settlement' is not empty verbiage. It is a substantive gate through which the presiding officer must exercise genuine judicial judgment. Not every dispute is amenable to consensual resolution, and the failure to apply this standard rigorously has been a source of avoidable dysfunction in practice.

Section 21 is the provision that gives Lok Adalat its legal teeth: every award is a decree of a civil court, final and binding, executable without further proceedings, and not appealable.

Section 22 deals with powers of lok adalat or permanent lok adalat empowering them with the powers of a civil court for summoning witnesses, receiving affidavit evidence, directing production of documents, and issuing commissions. These powers are infrequently exercised in practice because the emphasis lies on facilitation rather than adjudication, but their existence signals that the legislature did not intend Lok Adalat to be an informal affair devoid of procedural authority. In general day to day activity such a recourse is being followed in permanent lok adalat only as you all know that adjudictory power cannot be exercised by the lok adalat bench.

B. Jurisdiction: What Lok Adalat Can and Cannot Resolve

The jurisdiction of Lok Adalat, while broad, is not unlimited. An accurate understanding of its scope is essential to proper case referral and to managing litigant expectations.

Cases well-suited to Lok Adalat include civil disputes over property and partition; matrimonial matters concerning maintenance, custody, and settlement excluding divorce petitions; motor accident compensation claims; bank and financial institution recovery cases; disputes arising from electricity, water, and other public utility services; and compoundable criminal offences under the Indian Penal Code, such as minor assault, defamation, or criminal trespass, where the parties are permitted by law to compound the offence.

Cases that must not be referred to Lok Adalat include non-compoundable criminal offences such as murder, rape, offences against the State, and serious bodily harm which involve public interest that cannot be made subject to private settlement. Complex civil matters requiring extensive evidentiary inquiry, constitutional questions, and matrimonial offences involving cruelty or dowry harassment are similarly unsuitable.

C. Composition, Procedure, and Practical Advantages

The procedure is deliberately informal. Cases are assigned to the bench either through court referral or voluntary pre-litigation application. On the day of the Lok Adalat, parties are received in a setting stripped of the formalism and hierarchy of a regular courtroom. The proceedings begin by explaining the process, the voluntariness requirement, the parties' right to withdraw, and the legal consequences of an award. Negotiations follow, often assisted by caucus sessions with each party separately, reality-testing exercises

that invite parties to assess their litigation risks honestly and interest-based discussions that move beyond stated positions toward underlying needs.

When a settlement is reached, its terms are recorded in writing, signed by both parties and all members of the bench, and an award is passed. The award is transmitted to the relevant court for its records and, if necessary, for enforcement.

The practical advantages of this process are well-documented, disputes that would occupy a civil court for three to seven years are resolved in a single day. The financial burden on the litigant is minimal: there is no court fee and in fact the court fee already paid is refunded, there is no elaborate documentation, and often no need for private legal representation. The informal atmosphere reduces the intimidation that the formal court system routinely generates, particularly for first-generation litigants who have no prior experience of judicial proceedings and the preservation of relationships between neighbours, business partners, family members that the adversarial model routinely destroys is here actively pursued, leading to a “WIN - WIN” situation.

From the judicial vantage point, there is also an often underappreciated institutional benefit: by disposing of large volumes of relatively straightforward cases efficiently, Lok Adalat frees the regular court's calendar for the complex, contested, and constitutionally significant matters that truly require adversarial adjudication. The two mechanisms are not in competition; they are complementary.

IV. SYSTEMIC FLAWS AND INSTITUTIONAL VULNERABILITIES

A. The Erosion of Voluntariness

The cornerstone of Lok Adalat is the principle of mutual consent. When that consent is less than genuine, when it reflects exhaustion, desperation, or institutional pressure rather than free and informed agreement, the award that results carries the legal force of a civil decree without the moral legitimacy that should underpin it. This is not merely a procedural irregularity; it is a subversion of the institution's foundational rationale.

Power asymmetry is the most pervasive source of this erosion. In employer-employee disputes, the employee knows that an unresolved case means continued economic vulnerability. In bank recovery proceedings, the borrower may accept an inadequate settlement because foreclosure looms as the alternative. In matrimonial matters, a spouse — frequently the wife — may settle for less than she is entitled to because prolonged litigation carries social costs that the other party does not share equally. These are not hypothetical scenarios; they are recurring features of Lok Adalat practice that every presiding officer need to be cautious while passing of the award.

B. The Absence of Appellate Correction

Section 21(2) of the Act bars any appeal against a Lok Adalat award. This provision serves a legitimate purpose: finality prevents the abuse of litigation to delay compliance, and it gives the settlement its practical value as a closure mechanism. But the absolute nature of this bar creates a gap in the protection of litigant rights that must be openly acknowledged.

A party who consented under duress, who was misled about the nature of the proceedings, or who reached a settlement based on a fundamental error of fact or law has, in theory, the remedy of a constitutional writ under Articles 226 or 32 on grounds of natural justice violation, fraud, or jurisdictional excess. In practice, these avenues are difficult to navigate, especially for the very litigants poor, unrepresented, geographically remote whom Lok Adalat was designed to serve. The absence of a simpler, statutory correction mechanism remains a genuine lacunae.

V. SAFEGUARDS: STATUTORY, JUDICIAL, AND SUPREME COURT-DIRECTED

The law does not leave Lok Adalat unguarded. There is a substantial body of statutory safeguards, procedural protections, and judicial guidance, much of it authored by the Supreme Court of India that, when conscientiously applied, can address the vulnerabilities identified above. This chapter surveys these safeguards comprehensively, because their practical effectiveness depends entirely on the presiding officer's willingness to apply them without compromise.

A. Statutory Safeguards Under the 1987 Act

The Act itself embeds several foundational protections:

- Voluntariness as a Jurisdictional Condition (Section 20): A Lok Adalat has no jurisdiction to make an award unless all parties have given their consent to the settlement. This is not a procedural formality — it is a substantive jurisdictional requirement. An award made without genuine consent is void ab initio.

- **Tripartite Composition:** The requirement that every bench include a judicial officer, an advocate, and a social worker reflects a structural commitment to balance deliberation. The social worker's presence is not ornamental; it serves as a check on purely legalistic thinking and a reminder that the parties before the bench are human beings with lives, vulnerabilities, and legitimate interests beyond the legal merits of their case.
- **No Court Fee :** The complete waiver of court fees — and the refund of court fees paid in suits that were referred to and settled by Lok Adalat — ensures that the financial architecture of the process is genuinely accessible.

B. Supreme Court Directions and Judicial Guidelines

The Supreme Court of India has, through a series of judgments and guidelines, significantly enriched the protective architecture of Lok Adalat. These directions are not merely persuasive; they are binding upon all courts and legal services authorities. The following represent the most significant of these judicial contributions:

- **Informed Consent as a Pre-Condition:** The Court has consistently emphasised that consent to a Lok Adalat settlement must be informed — that parties must understand what they are agreeing to, what rights they are relinquishing, and what remedies they forgo by accepting a final award. The presiding officer must ensure that the parties have this understanding before any settlement is recorded.
- **Prohibition on All Forms of Pressure:** The Court has been explicit that coercion, whether overt or subtle, direct or indirect, vitiates the settlement. This prohibition extends to institutional pressure from disposal targets, implicit signals from presiding officers, and economic or social pressure from the other party.

Where any indication of pressure exists, the settlement must not be recorded.

- **Mandatory Fairness Review:** Before recording a compromise, the presiding officer must conduct an independent assessment of whether the terms are fair and equitable. It is clear that a settlement that is manifestly one-sided — particularly in cases involving power asymmetry — must be refused and the matter referred back for adjudication. The presiding officer is not a mere scribe, but a judicial officer, whose imprimatur on the award carries constitutional weight.
- **Protection of Vulnerable Parties:** In cases involving women, children, persons with disabilities, borrowers, employees, and other structurally disadvantaged litigants, the Court has directed that enhanced scrutiny must be applied. The presiding officer must affirmatively inquire into whether the settlement adequately protects the interests of the vulnerable party, and must not rely solely on that party's stated assent.
- **Principles of Natural Justice in Permanent Lok Adalats:** In relation to Permanent Lok Adalats, which exercise a different and more adjudicative jurisdiction over public utility service disputes, the Court has held that the entire process must be conducted in conformity with the principles of natural justice — the right to be heard, the right to present evidence, and the right to an impartial decision-maker.
- **State of Punjab and another Vs. Jalour Singh and others** reported in AIR 2008 SUPREME COURT 1209 : In this landmark decision, the Hon'ble Supreme Court held that the primary purpose of Lok Adalat is to deliver justice and not merely to dispose of cases. The Court cautioned against the subordination of substantive fairness to procedural expediency and reinforced the judicial officer's obligation to reject settlements that compromise the quality of justice even when

both parties nominally consent. The award of the Lok Adalat does not mean any independent verdict or opinion arrived at by any decision making process. The making of an award is merely an administrative act of incorporating the terms of settlement or compromise agreed by parties in the presence of the lok adalat in the form of an executable order under the signature and the seal of the lok adalat. Lok Adalats should resist their temptation to play the part of Judges and constantly strive to function as conciliators.

C. Best Practices for the Presiding Officer

Beyond the formal safeguards, effective conduct of Lok Adalat requires the presiding officer to adopt practices that give those safeguards operational content. The following represent the distilled experience of practitioners who have engaged deeply with the process:

1. **Opening Briefing Without Exception:** Every Lok Adalat sitting should begin with a clear, unhurried explanation to the parties of the process, their right to withdraw at any point, the meaning of finality, and the right to legal assistance. This is not bureaucratic overhead — it is the foundation of informed consent.
2. **Independent Assessment of Power Dynamics:** Before negotiations begin in any matter, the presiding officer should form an independent view of whether a power imbalance exists. If it does, independent legal aid must be arranged for the weaker party, and the bench must exercise heightened vigilance throughout.
3. **Reality Testing with Both Parties:** Effective facilitation involves helping each party understand the realistic range of outcomes in regular litigation. This serves both parties and produces more

durable settlements, as parties who understand what they are accepting are less likely to feel aggrieved afterward.

4. **Written, Voluntary Consent Recorded Before the Award:** The parties' consent should be separately recorded in writing before the terms of the settlement are recorded, as a distinct step in the process. This creates a documentary record and makes it substantially harder for a later challenge to succeed on grounds of coercion.
5. **Rejection of Manifestly Unjust Settlements:** The presiding officer must be prepared to decline a proposed settlement even where both parties formally agree to it, if the terms are manifestly unjust.
6. **Explicit Communication of the Right to Return to Court:** Every party must be told, clearly and in terms they understand, that declining to settle in Lok Adalat will not prejudice their case in the regular court, that no adverse inference will be drawn from their withdrawal. This ensures that consent is not manufactured by the absence of a perceived alternative.
7. **Documentation as Institutional Memory:** Full records of proceedings — not merely the award, but the process by which it was reached — must be maintained. This enables accountability, supports any subsequent writ jurisdiction, and creates an institutional learning record that can inform training and policy.
8. **Ongoing Training and Peer Review:** District Legal Services authority should engage regularly with training programmes on negotiation, mediation technique, and the recognition of power imbalances and coercion. Peer review of Lok Adalat outcomes — not only for number of settlements but for quality and fairness — should be a feature of every legal services authority's oversight function.

Now before concluding, I would like to refresh with the settled case laws which has thrown light upon the manner in which the cases need to be settled and the safe guards to be followed :

1. Justice Praveen Kumar in Yalamarthi Narasimha Rao vs The District Legal Services Authority (Lok Adalath) at Vijayawada, Krishna District, rep. by its Secretary & two others in judgment delivered on 6 January, 2022 observed that though the award passed in lok adalat is not appealable, however that the recourse available to the effected party is to challenge the same by invoking writ jurisdiction of the Hon'ble High Court of AP in light of the provisions of Article 226 and 32 of the Indian Constitution. Whether the said award is really effected by fraud, coercion, undue influence etc., can be only appreciated on hearing the petitioner and that it is not just and appropriate to refer the parties to file any other separate civil suit.

To avoid such disparities of identification or fraud, further observed as under :-

17. At this stage, we intend to refer Regulation No.5 of National Legal Services Authority (Lok Adalats) Regulations, 2009, which reads as under :

(5) Member of the Lok Adalat shall ensure that the parties affix their signatures only after fully understanding the terms of settlement arrived at and recorded. The members of the Lok Adalat shall also satisfy themselves about the following before affixing their signatures:

(a) that the terms of settlement are not unreasonable or illegal or one-sided; and

(b) that the parties have entered into the settlement voluntarily and not on account of any threat, coercion or undue influence.

The said regulations came to be issued exercising power conferred under Section 29 of the Legal Services Authorities Act, 1987. The regulation No.17 deals with 'Award', which reads as under :

(1) Drawing up of the award is merely an administrative act by incorporating the terms of settlement or compromise agreed by parties under the guidance and assistance from Lok Adalat.

(2) When both parties sign or affix their thumb impression and the members of the Lok Adalat countersign it, it becomes an award. (see a specimen at Appendix-I) Every award of the Lok Adalat shall be categorical and lucid and shall be written in regional language used in the local courts or in English. It shall also contain particulars of the case viz., case number, name of court and names of parties, date of receipt, register number assigned to the case in the permanent Register (maintained as provided under Regulation-20) and date of settlement. Wherever the parties are represented by counsel, they should also be required to sign the settlement or award before the members of the Lok Adalat affix their signature.

(3) In cases referred to Lok Adalat from a court, it shall be mentioned in the award that the plaintiff or petitioner is entitled to refund of the court fees remitted.

(4) Where the parties are not accompanied or represented by counsel, the members of the Lok Adalat shall also verify the identity of parties, before recording the settlement.

(5) Member of the Lok Adalat shall ensure that the parties affix their signatures only after fully understanding the terms of settlement arrived at and recorded. The members of the Lok Adalat shall also satisfy themselves about the following before affixing their signatures :

(a) that the terms of settlement are not unreasonable or illegal or one-sided; and

(b) that the parties have entered into the settlement voluntarily and not on account of any threat, coercion or undue influence.

(6) Members of the Lok Adalat should affix their signatures only in settlement reached before them and should avoid affixing signatures to settlement reached by the parties outside the Lok Adalat with the assistance of some third parties, to ensure that the Lok Adalats are not used by unscrupulous parties to commit fraud, forgery, etc.

(7) Lok Adalat shall not grant any bail or a divorce by mutual consent.

(8) The original award shall form part of the judicial records (in pre-litigation matter, the original award may be kept with the Legal Services Authority or committee, concerned) and a copy of the award shall be given to each of the parties duly certifying them to be true by the officer designated by the Member- Secretary or Secretary of the High Court Legal Services Committee or District Legal Services Authority or, as the case may be, the Chairman of Taluk Legal Services Committees free of cost and the official seal of the Authority concerned or Committee shall be affixed on all awards.

18. As seen from the above, Regulation 17(2) postulates that when both the parties signed or affixed thumb impression and when Members of Lok Adalat countersign, it becomes an award and whenever the parties are represented by their counsel, they should also be required to sign on settlement of award before the members of Lok Adalat affix their signatures.

19. Regulation 17(4) states that when parties are not accompanied or represented by counsel, the members of the Lok Adalat shall verify the identity of the parties before recording the settlement. Various other clauses in regulation 17 came to be framed to protect the interests of the parties who settle the dispute.

20. Regulation No.38 of the Andhra Pradesh State Legal Services Authority Regulations, 1996 deals with the "procedure for effecting compromise settlement at Lok Adalat, which is as under :

(1) Every Award of the Lok Adalat shall be signed by the panel constituting the Lok Adalat.

(2) The original award shall form part of the judicial records and a copy of the Award shall be given to each of the parties [duly certifying them to be true by the Secretary of the High Court Legal Services Committee or the District Legal Services Authority or the Chairman of Mandal Legal Services Committees, as the case may be are authorized to sign the true copies of the Award.

These regulations, as observed earlier, are brought into effect to give authenticity to the award of the Lok Adalat, which is treated as decree passed by a Civil Court. But, off late, we have come across cases where parties are either impersonated or at times signatures of the parties being forged or parties before the Civil Court are not made

parties before the Lok Adalat. Without verifying the same, awards are passed in terms of compromise. This is leading to multiplicity of litigations as the parties are either approaching this Hon'ble Court under Article 226 of Constitution of India or again filing suits for cancellation of sale deed etc. The instances mentioned by us are only illustrative and not exhaustive. In other words, the purpose of the Act is getting defeated. Under those circumstances, we intend to issue certain directions :

(a) we, hereby direct the members of Lok Adalat, more particularly, the Sub-ordinate Officers dealing with the Lok Adalat cases to verify the documents of the suit or atleast the plaint copy to find out as to whether all the parties before the Civil Court are made parties before the Lok Adalat.

(b) Photographs of the parties may also be taken at the time of passing of the award, with signature of the parties on the photographs, so as to avoid impersonation.

(c) Legal Services authorities, at all levels, are directed to maintain the record of disposed off cases, namely the applications filed, photographs along with the application, documents, if any, filed along with the application and the award passed, atleast for a period of three years from the date of award.

(d) The members or member of the Lok Adalat shall find out from the parties as to pendency of any other proceedings in respect of the subject property between the parties in any other Court and orders if any passed. The same shall also be recorded in the order/award.

(e) The members of the Lok Adalat shall verify if the compromise/settlement is between all the parties and if it finds that it is not between all but some of the parties, it shall consider if such compromise may have adverse affect on the party who has not entered into compromise. If it so affects award shall not be passed based on such compromise.

(f) If all the parties before the civil court are parties before the Lok Adalat, but during the pendency of the proceedings before the Lok Adalat, any application is filed or request is made to delete the name of any of the parties as not being necessary or proper party or being a

formal party and non contesting party, the Lok Adalat shall before acceding to such request shall provide opportunity to such party before deletion of his/her name and shall also consider the impact of the award based on compromise/settlement between the parties other than the party sought to be deleted on the rights of the party sought to be deleted or alleged as proforma and non-contesting party (excerpt) (In their own words).

2. In case of Canara Bank vs G.S. Jayarama Civil Appeal No. 3872 of 2022 on 19 May, 2022 Justice D.Y. Chandrachud while appreciating the scope and powers to be exercised by the Lok Adalat and Permanent Lok Adalat in light of the provisions of Sections 19 to 22 of Legal Services Authority Act, while discussing at length observed as under :

“In Bar Council of India (supra), this Court held that the power of the Permanent Lok Adalat to adjudicate disputes at a pre-litigation stage in terms of Section 22-C (8) is constitutional. This Court observed thus:

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.

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 PART D 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 matter is 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. (emphasis supplied)

We reiterate that the powers of the Lok Adalat constituted under Section 19 of the LSA Act are to be distinguished from the nature of powers granted to a Permanent Lok Adalat established under Section 22-B of the LSA Act. It is in the context of interpreting the jurisdiction of Lok Adalats constituted under Section 19 of the LSA Act, that this Court has held that the Lok Adalat cannot perform any adjudicatory function in terms of Section 20 of the LSA Act.

Finally it was observed as :-

The Single Judge of the Karnataka High Court in the order dated 3 July 2019 observed that the Permanent Lok Adalat has no adjudicatory function. This finding of the Single Judge was upheld by

the Division Bench of the Karnataka High Court in its impugned judgement dated 6 March 2021 where it observed that the Permanent Lok Adalat cannot act as a regular civil court in adjudicating the dispute between the parties. Based on our analysis of the LSA Act and precedents of this Court, such as *Life Insurance Corporation of India v. Suresh Kumar* (2011) 7 SCC 491; *State of Punjab v. Jalour Singh & Ors.* (2008) 2 SCC 660; *Estate Officer v. Colonel HV Mankotia* (2021) SCC OnLine SC 898; and *New Okhla Industrial Development Authority v. Yunus and Ors.* (2022) SCC OnLine SC 138 PART D understanding is clearly incorrect. Therefore, we hold that these observations of the Single Judge and Division Bench of the Karnataka High Court were incorrect. At the same time, the Division Bench in its impugned judgement also noted that the Permanent Lok Adalat failed to follow the mandatory conciliation proceedings in the present case. This observation is correct since the award of the Permanent Lok Adalat does not indicate any attempt made by it to propose terms of settlement to the parties and their rejection. It states that once the respondent and his guarantor did not appear, it adjudicated the dispute on merits in favour of the respondent. For the reasons mentioned earlier in this judgment, the Permanent Lok Adalat could not have done so. Therefore, on this point only, we uphold the final judgment of the Division Bench setting aside the award dated 19 November 2014 of the Permanent Lok Adalat.

The legal permissibility of referring a complaint cases under Section 138 of the NI Act for amicable settlement through mediation; procedure to be followed upon settlement and the legal implications of breach of the mediation settlement is the subject matter of judgment in *Dayawati vs Yogesh Kumar Gosain* on 17 October, 2017 wherein His Lordship Anu Malhotra IN THE HIGH COURT OF DELHI AT NEW DELHI in CRL.REF.No.1/2016 observed :

In (2010) 8 SCC 24, *Afcons Infrastructure Ltd. & Anr. v. Cherian Varkey Constructions Co. Pvt. Ltd.*, the Supreme Court was called

upon to consider the scope of Section 89 of the CPC. Certain errors by the draftsman were noted in Section 89 of the CPC. In this judgment, the court further interpreted the statute to implement the spirit, object and intendment of the provisions. We may usefully refer to para 25 of the judgment in this regard, which reads as follows:

"25. In view of the foregoing, it has to be concluded that proper interpretation of Section 89 of the Code requires two changes from a plain and literal reading of the section. Firstly, it is not necessary for the court, before referring the parties to an ADR process to formulate or reformulate the terms of a possible settlement. It is sufficient if the court merely describes the nature of dispute (in a sentence or two) and makes the reference. Secondly, the definitions of "judicial settlement" and "mediation" in clauses (c) and (d) of Section 89 (2) shall have to be interchanged to correct the draftsman's error. Clauses (c) and (d) of Section 89 (2) of the Code will read as under when the two terms are interchanged :

(c) for "mediation", the court shall refer the same to a suitable institution or person and such institution or person shall be deemed to be a Lok Adalat and all the provisions of the Legal Services Authorities Act, 1987 (39 of 1987) shall apply as if the dispute were referred to a Lok Adalat under the provisions of that Act;

(d) for "judicial settlement", the court shall effect a compromise between the parties and shall follow such procedure as may be prescribed.

The above changes made by interpretative process shall remain in force till the legislature corrects the mistakes, so that Section 89 is not rendered meaningless and infructuous." (Emphasis supplied)

"With regard to anomalies in Section 89 of the CPC, the Supreme Court has thus held that where the court has referred the matter to mediation, the mediator shall be deemed to be a Lok Adalat under the Legal Services Act. For cases covered under Section 89 of

the CPC, it is thus abundantly clear that the mediated settlement and settlement before "another Judge", would have the same efficacy and binding status as an award of the Lok Adalat which is deemed to be a decree."

Where the reference is to a neutral third party ("mediation" as defined above) on a court reference, though it will be deemed to be reference to Lok Adalat, as the court retains its control and jurisdiction over the matter, the mediation settlement will have to be placed before the court for recording the settlement and disposal. Where the matter is referred to another Judge and settlement is arrived at before him, such settlement agreement will also have to be placed before the court which referred the matter and that court will make a decree in terms of it." (Emphasis supplied)

So far as the procedure to be adopted by a court upon reference of the disputes in a civil case to an ADR mechanism is concerned, the same stands further considered in Afcons. The relevant portion of the judgment is reproduced as under :

We may summarise the procedure to be adopted by a court under Section 89 of the Code as under:

- (a) When the pleadings are complete, before framing issues, the court shall fix a preliminary hearing for appearance of parties. The court should acquaint itself with the facts of the case and the nature of the dispute between the parties.
- (b) The court should first consider whether the case falls under any of the category of the cases which are required to be tried by courts and not fit to be referred to any ADR processes. If it finds that the case falls under any excluded category, it should record a brief order referring to the nature of the case and why it is not fit for reference to ADR processes. It will then proceed with the framing of issues and trial.

(c) In other cases (that is, in cases which can be referred to ADR processes) the court should explain the choice of five ADR processes to the parties to enable them to exercise their option.

(d) The court should first ascertain whether the parties are willing for arbitration. The court should inform the parties that arbitration is an adjudicatory process by a chosen private forum and reference to arbitration will permanently take the suit outside the ambit of the court. The parties should also be informed that the cost of arbitration will have to be borne by them. Only if both parties agree for arbitration, and also agree upon the arbitrator, the matter should be referred to arbitration.

(e) If the parties are not agreeable for arbitration, the court should ascertain whether the parties are agreeable for reference to conciliation which will be governed by the provisions of the AC Act. If all the parties agree for reference to conciliation and agree upon the conciliator(s), the court can refer the matter to conciliation in accordance with Section 64 of the AC Act.

(f) If the parties are not agreeable for arbitration and conciliation, which is likely to happen in most of the cases for want of consensus, the court should, keeping in view the preferences/options of parties, refer the matter to any one of the other three ADR processes: (a) Lok Adalat; (b) mediation by a neutral third-party facilitator or mediator; and (c) a judicial settlement, where a Judge assists the parties to arrive at a settlement.

(g) If the case is simple which may be completed in a single sitting, or cases relating to a matter where the legal principles are clearly settled and there is no personal animosity between the parties (as in the case of motor accident claims), the court may refer the matter to Lok Adalat. In case where the questions are complicated or cases which may require several rounds of negotiations, the court may refer the matter to mediation. Where the facility of mediation is not available or where the parties opt for the guidance of a Judge to arrive at a

settlement, the court may refer the matter to another Judge for attempting settlement.

(h) If the reference to the ADR process fails, on receipt of the report of the ADR forum, the court shall proceed with hearing of the suit. If there is a settlement, the court shall examine the settlement and make a decree in terms of it, keeping the principles of Order 23 Rule 3 of the Code in mind.

(i) If the settlement includes disputes which are not the subject-matter of the suit, the court may direct that the same will be governed by Section 74 of the AC Act (if it is a conciliation settlement) or Section 21 of the Legal Services Authorities Act, 1987 (if it is a settlement by a Lok Adalat or by mediation which is a deemed Lok Adalat). If the settlement is through mediation and it relates not only to disputes which are the subject-matter of the suit, but also other disputes involving persons other than the parties to the suit, the court may adopt the principle underlying Order 23 Rule 3 of the Code. This will be necessary as many settlement agreements deal with not only the disputes which are the subject-matter of the suit or proceeding in which the reference is made, but also other disputes which are not the subject-matter of the suit.

(j) If any term of the settlement is ex facie illegal or unenforceable, the court should draw the attention of parties thereto to avoid further litigations and disputes about executability." (Emphasis)

3. The facts, which lead to filing of the Writ Petition No.15777 of 2022 in Katepogu Danamaiah vs The Chairman (Judgment dated 12 July, 2022) are as under :-

(a) The petitioner herein filed a suit against respondent nos.2 to 5 for recovery of suit amount of Rs.1,21,233/- before the Court of Junior Civil Judge, Nandikotkur. The petitioner has to pay a Court Fee of Rs.3726/-. As the petitioner has no capacity to pay the Court Fee,

filed a petition to send the plaint to Mandal Legal Services Authority, Nandikotkur, for exemption in payment of Court Fee.

Before proceeding further, it would be appropriate to refer to Section 12 of the Act, which reads as under:-

12. Criteria for giving legal services.--Every person who has to file or defend a case shall be entitled to legal services under this Act if that person is--

- (a) a member of a Scheduled Caste or Scheduled Tribe;
- (b) a victim of trafficking in human beings or begar as referred to in article 23 of the Constitution;
- (c) a woman or a child;
- (d) a person with disability as defined in clause (i) of section 2 of the Persons With Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995 (1 of 1996);
- (e) a person under circumstances of underserved want such as being a victim of a mass disaster, ethnic, violence, caste atrocity, flood, drought, earthquake or industrial disaster; or
- (f) an industrial workman; or
- (g) in custody, including custody in a protective home within the meaning of clause (g) of section 2 of the Immoral Traffic (Prevention) Act, 1956 (104 of 1956), or in a juvenile home within the meaning of clause (j) of section 2 of the Juvenile Justice Act, 1986 (53 of 1986), or in a psychiatric hospital or psychiatric nursing home within the meaning of clause (g) of section 2 of the Mental Health Act, 1987 (14 of 1987); or
- (h) in receipt of annual income less than rupees nine thousand 2018(2) ALD 678 or such other higher amount as may be prescribed by the State Government, if the case is before a court other than the Supreme Court, and less than rupees twelve thousand or such other

higher amount as may be prescribed by the Central Government, if the case is before the Supreme Court.

Hon'ble Supreme Court in *Manoharan vs. Sivarajan and others* in Civil Appeal No.10581 of 2013, arising out of SLP(C) No.23918 of 2012 made clear that a person is not entitled to claim exemption of Court Fee under Section 12 (a) or under Section 12(g) of the Act, on a mere representation that he belongs to Scheduled Caste or Scheduled Tribe or is not meeting the financial requirements as contemplated under Section 12(h) of the Act. What all has to be done by the said person is that he should approach the Legal Services Authority and seek help under the provisions of Legal Services Authorities Act. If the concerned Legal Services Authority is satisfied that such a person satisfies the criteria specified in Section 12 of the Act, then it may be open to the concerned authority to invoke the stipulations contained in the Government Order in G.O.Ms.No.73 Law dated 19.06.2007 issued in exercise of the powers conferred by Section 68 of the A.P. Court Fees and Suits Valuation Act, 1956, subject to the stipulations contained in the said G.O. In the instant case, the petitioner sought exemption from payment of Court mainly on the ground that he belongs to Scheduled Caste.

After the advent of the Legal Services Authorities Act, 1987, the Government issued a notification in G.O.Ms.No.73 Law dated 19.06.2007, exempting persons entitled and provided with Legal Services under Sections 12 and 13 of the 1987 Act, from payment of Court Fees. This Government order was issued again in exercise of the powers conferred by Section 68 of the A.P. Court Fees and Suits Valuation Act, 1956. But this Government Order also made it clear that in the event of the persons provided with legal services succeeding in the proceedings, the amount of Court Fees shall be recovered by the State Government from the party ordered by the Court in the decree to pay the same.

But without understanding the scope and effect of such notifications, the District Legal Services Authorities were issuing certificates of exemption, in terms of 1980 Rules. This necessitated the Member Secretary of the Andhra Pradesh State Legal Services Authority to issue a circular bearing Roc.No.5772/APSLSA/LSW/2010, dated 21.08.2010. It was made clear in the said circular that the Legal Services institutions such as the Mandal/District/State Legal Services Authorities have no power or authority to issue a certificate of exemption from payment of court fees. Therefore, all that could be done by a person is to approach the concerned Legal Services Authority and seek the provision of legal services. If the concerned Legal Services Authority is satisfied that such a person satisfies the criteria specified in Section 12 of the Legal Services Authority Act, 1987, then it may be open to the concerned authority to invoke the stipulations contained in the Government order G.O.Ms.No.73 Law dated 19.06.2007 issued in exercise of the powers conferred by Section 68 of the Court Fees and Suits Valuation Act, 1956, subject, however, to the conditions stipulated in the said Government Order. With the above clarification, the Writ Petition is dismissed as devoid of merits."

In fact Nandikotkur Mandal Legal Services Authority has rejected the application of the concerned holding that he is having the financial capacity to pay the court fee and his Lordship held the same valid.

It is further apt to mention here that in any case referred by the court under section 89 of CPC to anyone of the mode of settlement of dispute referred to any section 89 CPC, the plaintiff shall be entitled to a certificate from the court authorising him to receive back from the collector the full amount of the fee paid in respect of the said plaint and the said amendment was also circulated by our **Hon'ble High Court of AP in ROC No-1013/SO-1/2005, dt. 19. 11. 2008.**

4. In case of A Shanmugam Vs Sriya K. R. K. M. N. P. Sangam in civil appeal number-4012-1013 dt 27 April 2012 the Honourable Lordship of Supreme Court has observed that:-

A judge should not remain silent spectators under the guise of remaining neutral, he opts to remain passive to the proceedings before him. He has to always keep in mind that every trial is a voyage of discovery in which truth is the quest. In order to bring on record the relevant fact, he has to play an active role, no doubt within the bounds of the statutory defined procedural law. In civil cases adherence to section 30 CPC would also help in ascertaining the truth.

5. In Sivan vs Raju. P.V on 22 September, 2025 in MFA (ECC) NO. 27 OF 2024 before the Hon'ble HIGH COURT OF KERALA AT ERNAKULAM the Appellants in this appeal are the Applicants before the Employee's Compensation Commissioner. They are the parents of Sri. Ambady, who died in an accident on 05.01.2015 while working as a hydraulic lift operator in the quarry belonging to the First Respondent/First Opposite Party. The hydraulic lift belonged to the First Opposite Party and was insured with the Second Respondent/Second Opposite Party - Insurance Company.

The Commissioner found that there is an employer - employee relationship between the deceased employee and the First Opposite Party and that Rs.8,61,120/- is the compensation payable for the death of the deceased employee. But the Applicants were non-suited, finding that the Applicants had filed MFA (ECC) NO. 27 OF 2024 2025:KER:70744 P.L.P. No.4/2015 before the Lok Adalat held on 14.02.2015, conducted by the Muvattupuzha Taluk Legal Services Authority and settled the matter for Rs.10 lakhs as per Ext.X1 and that the Applicants admitted that they have received Rs.10 lakhs from the First Opposite Party in the proceedings conducted before the Lok Adalat. Hence, the Applicants have filed this Appeal challenging the

Order of the Commissioner and claiming the compensation fixed by the Commissioner.

The substantial questions of law in the Appeal was “Whether a claim for compensation under the Employee's Compensation Act, 1923 can be settled by filing Pre- Litigation Petition under Section 22C of the Legal Services Authorities Act, 1987 and the compensation can be MFA (ECC) NO. 27 OF 2024 2025:KER:70744 received by the dependents of the deceased employee in view of the bar Section 8(1) of the Employees' Compensation Act, 1923 ?

It was observed that “When the dispute with respect to the compensation for death between the employer and the dependents of the deceased employee is settled in the mediation/adjudication of the Permanent Lok Adalat, which is also a judicial body, there is no question of any undue influence, duress, defrauding, misrepresentation or exploitation on the part of the employer. The interests of the weaker party would be taken care of by the Permanent Lok Adalat. Even in the absence of Section 8 of the EC Act, its purpose would be well served in the proceedings under Section 22C of the Legal Services Authorities Act. The interests of the dependents of the deceased employee would be protected in the proceedings under Section 22C of the Legal Services Authorities Act. Hence, the bar under Section 8(1) of the EC Act will not be applicable to the proceedings under Section 22C of the Legal Services Authorities Act. A claim for compensation for the death of an employee can be settled/adjudicated under Section 22C of the Legal Services Authorities Act.

It was further observed that “in National Insurance Co. Ltd. v. Mastan and Another [(2006) 2 SCC 641], the Hon'ble Supreme Court considered the remedies available under the Motor Vehicles Act, 1988 and the Workmen's Compensation Act, 1923, and following the principle laid down in R. v. Evans [118 ER 1178] that "where, either of

the two alternative Tribunals are open to a litigant, each having jurisdiction over the matters in dispute, and he resorts for his remedy to one of such Tribunals in preference to the other, he is precluded, as against his opponent, from any subsequent recourse to the latter", held that a claimant who becomes entitled to claim compensation under both the Motor Vehicles Act, 1988 and the Workmen's Compensation Act, because of a motor vehicle accident has the choice of proceeding under either of the Acts before the forum concerned; that by confining the claim to the authority or the Tribunal under either of the Acts, the legislature has incorporated the concept of election of remedies, insofar as the claimant is concerned; that he has to elect whether to make his claim under the Motor Vehicles Act, 1988 or under the Workmen's Compensation Act, 1923; and that the emphasis in the section that a claim cannot be made under both the enactments, is a further reiteration of the doctrine of election incorporated in the scheme for claiming compensation. Once compensation for the death of the employee is received by his dependents by resorting to the proceedings under Section 22C of the Legal Services Authorities Act, they cannot resort to the provisions of the EC Act, taking shelter under Section 8(1) of the EC Act in view of the doctrine of election.

In the decision of the Hon'ble Supreme Court in *K.N. Govindan Kutty Menon v. C.D. Shaji* [(2012) 2 SCC 51], after referring to the objects of the Legal Services Authorities Act, it is specifically stated that those entitled to free services are members of the Scheduled Castes and Scheduled Tribes, women, children, persons with disability, victims of ethnic violence, industrial workmen, persons in custody, and those whose income does not exceed a level set by the government. It is pertinent to note that industrial workmen are also included. Further by placing reliance on Hon'ble Supreme Court in *P.T. Thomas v. Thomas Job* [(2005) 6 SCC 478], and *Madhya Pradesh State Legal Services Authority v. Prateek Jain and Another*

[(2014) 10 SCC 690] to enlighten the object of the Legal Services Authorities Act and in observed that if the benefits under the Legal Services Authorities Act are not extended to the dependents of the deceased employee, it would amount to a negation of their fundamental rights guaranteed under Article 14 of the Constitution of India.

6. Only compoundable cases can be settled before lok adalat. In case where a case is filed consisting of offences which are compoundable and non compoundable in nature, then when the parties have entered into compromise, then there is every possibility of withdrawal of the case which may lead the parties for amicable settlement resolving the disputes between them, in such circumstances, it was held that the prosecution may, in suitable cases, withdraw the non compoundable cases so that an award may be passed in the said matter concerning the compoundable cases. But in such matters not only the referral court, but even the presiding officer of the lok adalat need to be cautious.

7. The charge sheet content, nature of offences of which cognizance has been taken, the details of the complainant and the victims in the case, the number of accused involved, etc., all has to be carefully scrutinized.

That is, when the main offence is compoundable, the ancillary offence is automatically follows as observed in *B.Vinod Kumar Vs State of A.P* in criminal Appeal no.4868 of 2003 dated 25.03.2003.

8. You all are aware that a criminal case can be permitted to be compounded even when NBW is pending against the accused. In such cases, two recourses can be followed. (1) is that the NBW can be recalled and matter referred to lok adalat for settlement. (2) even if NBW is pending, since the complainant and the victim being the effected parties are having right to decide whether such case can be prosecuted or not, it was observed that they are having the liberty to

compound the case and close the same as settled out of court or that they are not interested to prosecute the matter. In either case, award can be passed and matter settled as compounded.(Y.P.Baiju Vs State of Kerala and others reported in 2008 CrILJ 928.)

9. While recording compromise in cheque bounce cases under section 138 of NI Act, the court can waive the percentage of penalty amount as directed in Damodar S.Prabhu Vs Sayed Babulal (2010(5) SCC 663).

10. The Hon'ble Supreme Court in M.P.State Legal Services Authority Vs Prateek Jain and another reported in (2014) 10 SCC 690 held that "therefore in matters where the cases had to be decided / settled in the lok adalat, if the court finds that it is a result of positive attitude of the parties, in such appropriate cases, the court by imposing minimal costs or even waive the same".

11. In such cases falling under section 138 NI Act, where the trial court is referring the matter to lok adalat bench, the referral court must in clear terms mention if the compounding fee is being waived or not and if so, the reasons for such waiver and then refer the matter to lok adalat.

12. The Hon'ble Supreme Court in K.N.Govindan Kutty Menon Vs C.D.Shaji reported in (2012)2 SCC 51 observed that while recording compromise in cheque bounce cases, the court can permit the agreed amounts to be paid in installments. But such conditions or time stipulation has to be specifically mentioned in clear terms and it is to be taken note of that the default clause need to be incorporated to deter the opposite party from taking undue advantage of such lapse of time stipulation.

13. Lok adalat award was passed in a case pending before DRT for payment of amount towards one time settlement within stipulated period failing which the petitioner would be entitled for recovery of the

entire principal amount together with interest. Despite the said settlement, the respondents 1 and 2 failed to pay the amounts and sought for extension of time. The same was granted but even failed to pay the entire settled amounts. When the petitioner moved application and obtained recovery certificate and was taking steps for recovery of the said amounts, the respondents moved application to stay the said proceedings, for extension of time and for depositing the settled amounts. The said petition was however allowed by the Debt recovery appellate tribunal. Aggrieved by the same, the petitioners moved the Hon'ble High Court of Madras and on considering the facts on record, it noted that no cause for the delay was explained and there is no plausible circumstances appearing to condone the delay. While holding that the time cannot be extended mechanically reversed the order of the appellate tribunal and allowed the writ petition. Thus it is to be noted that it is noted that fixing of time stipulation is a must and the parties must abide to the terms and the time fixed in the said award and extension of time cannot be sought for mechanically (The Hon'ble Madras High Court in *Indian Bank vs P.Vijayakumari* on 10 October, 2007 reported in AIR 2008 MADRAS 45).

14. In *Komallapalli Rama Venkata Dandapani and others Vs State of AP and others* reported in 2004 92) ALT (crl) 532 it was held by his lordship C.Y.Somayajulu garu that when all the offences are compoundable, then even if charge sheet is not filed, then too in the pre cognizance stage that the matter can be referred to lok adalat and compounded.

15. *B.Srinatha Reddy Vs District Legal Services Authority, Kadapa*, rep by its Secretary, Kadapa District and others reported in 2020 (2) ALT 65 (DB) : This Writ Petition under Article 226 of the Constitution of India is filed seeking a writ of certiorari to declare the award dated 03.12.2016 passed by the Lok Adalat Bench, Kadapa in O.S.No.192

of 2011 on the file of the Additional Senior Civil Judge, Kadapa, as illegal, arbitrary and obtained by playing fraud on Court and it is violative of principles of natural justice and consequently to quash the said award.

This is a suit filed against the defendants 1 and 2 / brothers of plaintiff seeking the relief of partition. Summons addressed to 2nd defendant were returned with the endorsement as refused and hence taking note of the fact of his non appearance that the trial court set him *ex parte*. However the 1st defendant filed his written statement admitting that the schedule property is ancestral property and that all three of them are having share in it. Later the plaintiff sought for amendment of the plaint for including items 2 to 4, alleging that they came to his knowledge recently. The 1st defendant reported no objection and since 2nd defendant was set *ex parte* no notice was issued to him. Later after the amendment, the plaintiff sought for the matter to be referred to lok adalat and the matter was settled dividing the property into three equal shares and allotting one such share to the plaintiff and the defendants 1 and 2 for the times 1 to 4. Later the plaintiff filed petition seeking to pass final decree wherein notices were sent to the 2nd defendant, who marked his presence and contended that the items 2 to 4 are his self acquired properties and that no summons were served upon him at any point of time and challenged the lok adalat award passed in his absence to be declared as null and void and preferred the writ.

While appreciating the facts on record it was observed that “... it is relevant to note that after including Item II to IV properties in the suit schedule behind the back of the 2nd defendant without his knowledge, the plaintiff and the 1st defendant got the said Suit referred to Lok Adalat for settlement in terms of the compromise arrived at between both of them. The Lok Adalat Bench, Kadapa, passed the award dated 03.12.2016 in terms of the compromise

arrived at by the plaintiff and the 1st defendant. Significantly, the Lok Adalat Bench also before settling the matter did not issue any notice to the 2nd defendant, who is admittedly a party to the Suit. Presumably on the assumption that the 2nd defendant was set ex parte in the Suit, no notice was issued to him by the Lok Adalat Bench, Kadapa also. The same can be inferred from the fact that it is recorded in the impugned award by the Lok Adalat Bench that the 2nd defendant was set ex parte. So, undoubtedly, the impugned award was also passed by the Lok Adalat Bench, Kadapa behind the back of the 2nd defendant, who is a party to the Suit and the award was passed without his consent.

So, the paramount question to be considered is whether the award passed by the Lok Adalat without issuing notice to the 2nd defendant is valid under law and whether it is legally sustainable or not. In order to test the validity of the said award on the said ground, it is appropriate to consider the relevant provisions in the Legal Services Authority Act, 1987 and the Regulations framed thereunder. As per Section 19(5) of the 1987 Act, a Lok Adalat shall have 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 the Court or (ii) any matter which is falling within the jurisdiction of and is not brought before any Court for which the Lok Adalat is organized. In the instant case clause (i) applies as it is a matter pending before the Court. The words used in the above Section 19(5) "parties to dispute" are significant to note which means all the parties to the dispute. So, the Lok Adalat has to make an endeavour to arrive at a compromise or settlement between all the parties to the dispute. Section 20 of the 1987 Act deals with cognizance of cases by Lok Adalats. It postulates that where any case is referred to as per clause (i) of sub-section (5) of Section 19, if the parties thereof agree or if one of the parties thereof makes an application to the Court for referring the case to the Lok Adalat for

settlement and if the Court is prima facie satisfied that the matter is an appropriate one to be taken cognizance by the Lok Adalat, the Court shall refer the case to the Lok Adalat. Now, it is relevant to consider the proviso to Section 20 of the Act which says that no case shall be referred to the Lok Adalat under sub-clause (b) of clause (i) or clause (ii) by such Court except after giving a reasonable opportunity of being heard to the parties. In view of settled legal position as already discussed supra, it is held that the 2nd defendant continues to be a party to the Suit despite the order setting him ex parte. So, his consent is essential to refer the Suit to Lok Adalat for settlement. He is entitled to be heard as per proviso to Section 20 of 1987 Act. So, without affording him an opportunity of being heard, Suit was referred to Lok Adalat for settlement.

Now it is important to note clauses (3) and (4) of Section 20 of the 1987 Act. Clause (3) of Section 20 mandates that when a case is referred to Lok Adalat under sub-section (1) by the Court, the Lok Adalat shall proceed to dispose of the case and arrive at a compromise or settlement between the "parties". Here again the word "parties" is consciously used by the Legislature which means all parties to the Suit. So, it should make an endeavour to secure the presence of all parties to the Suit for the settlement. The Lok Adalat did not secure the presence of the petitioner herein, who is the 2nd defendant in the Suit, even though he is a co-sharer according to the admitted case of the plaintiff. Clause (4) of Section 20 envisages that every Lok Adalat shall, while determining any reference before it under this Act, act with utmost expedition to arrive at a compromise or settlement between the parties and shall be guided by the principles of natural justice, equity, fair play and other legal principles. Here also the word "parties" is used. So, while determining the reference, the Lok Adalat is under an obligation to follow the principles of justice, equity, fair play and other legal principles.

Regulation 31 of the A.P. State Legal Services Authority Regulations, framed in exercise of the powers conferred under Section 29-A of the Act also mandates that the Secretary of the District Legal Services Authority, who is convening and organizing Lok Adalat shall inform every litigant whose case is referred to the Lok Adalat well in time so as to afford him an opportunity to prepare himself for the Lok Adalat. The words "every litigant" referred above shall be construed as "every party to the Suit". Thus, the above referred provisions in the 1987 Act and the Regulation 31 in the A.P. State Legal Services Authority Regulations clearly indicate that a notice to a party to the Suit or the litigant is to be issued before referring the Suit to the Lok Adalat by the Court and also before settling the matter in the Lok Adalat. The mere fact that the 2nd defendant was set ex parte in the Suit by itself is not a valid ground to construe that he is not a party to the Suit or a litigant so as to hold that he is not entitled to any notice before the matter is settled in the Lok Adalat. Despite the order setting him ex parte in the Suit on account of his non-appearance, he continues to be a party to the Suit and a litigant relating to the said proceeding for all practical purposes. As held supra, the law is well settled that even if the defendant is set ex parte, still he is entitled to participate in the trial of the Suit. When that is the settled legal position, it cannot be said under any stretch of reasoning or any imagination that he ceased to be a party to the Suit and not entitled to notice before settlement of the dispute in the Lok Adalat. Therefore, we hold that the 2nd defendant continues to be a party to the Suit even after the order dated 10.06.2011 setting him ex parte in the Suit. When once the 2nd defendant is found to be a party to the Suit, despite the fact that he was set ex parte in the Suit, he is entitled to a notice before referring the matter to the Lok Adalat by the trial Court and also after referring the matter to the Lok Adalat. Regulation No.31 of the A.P. State Legal Services Authority Regulations, 1996 (for short, the "1996 Regulations") clearly

mandates that notice is to be given by the Secretary of the District Legal Services Authority to every litigant when the matter was referred to it for settlement.

In utter violation of the procedure prescribed under the 1987 Act and the 1996 Regulations, the District Legal Services Authority did not issue any notice to the 2nd defendant after taking cognizance of the matter for settlement in terms of the compromise arrived at between the plaintiff and the 1st defendant. The impugned award was, therefore, passed without notice to the 2nd defendant who is a party to the Suit and who is a litigant to the said proceeding and it is also passed behind his back in the Lok Adalat. It is simply noted in the award that the 2nd defendant was set ex parte. It is to be noticed here that even in the impugned award a share was allotted to the 2nd defendant as the Suit was decreed in terms of the compromise granting 1/3rd share in the suit schedule property to the plaintiff and also to defendant Nos.1 and 2 each. So, it also indicates that even the Lok Adalat Bench treated the 2nd defendant as a party to the Suit. If it has not treated the 2nd defendant also as a party to the Suit, it could not have passed an award allotting 1/3rd share to him also. So, at the time of settlement of the dispute in the Lok Adalat, when the Lok Adalat Bench has considered and treated the 2nd defendant also as a party to the Suit, it ought to have issued notice to him before passing the impugned award. So, the facts and circumstances of the case show that the award under challenge was passed casually and mechanically without considering the legal implications of the said award. It smacks of complete non-application of mind by the Lok Adalat Bench to the facts and circumstances of the case.

At this juncture it is relevant to note that Section 20(4) of the 1987 Act imposes an obligation on the Lok Adalat that it shall be guided by the principles of justice, equity, fair play and other legal principles at the time of determining any reference made to it to arrive

at a compromise or settlement between the parties. Therefore, the Lok Adalat cannot mechanically and casually pass awards in a routine manner. It has to apply its mind to the facts and circumstances of the case and the legal implications involved in the litigation to see that the legal rights of the parties are not jeopardized while passing awards as per the settlement arrived at by the parties. It should also ensure that all parties, whose presence is essential to resolve the controversy involved in the lis, are present before it at the time of determining any reference made to it to arrive at a compromise or settlement. It is a legal responsibility cast on it by the statute and the Lok Adalat cannot abrogate its duty imposed on it under Section 20(4) of the 1987 Act and other provisions of Act and Regulations as discussed above. While passing the impugned award, the Lok Adalat has completely given a go-by to these mandatory requirements of being guided by the principles of justice, equity, fair play and other legal principles. The award was passed in a casual and routine manner without properly applying its mind to the facts of the case.

The High Court of Karnataka had an occasion to deal with a similar case. In the case of *Krishna Rao v. Bidar District Legal Services Authority* it is held after elaborate discussion with reference to the provisions of the 1987 Act, that the award passed against defendants 1 and 3 therein to whom notices were not given is not binding on them and it is not effective and the same is illegal, null and void and inoperative to determine the dispute between the parties.

Punjab-Haryana High Court in *Sewa Singh vs Daily Lok Adalat & Ors* on 14 October, 2015 observed that though the counsel on record can be said to have been duly authorised to be acting in accordance with the directions of their client. In *State of Punjab vs. Ganpat Raj* 2006(4) RCR (Civil) 497 while reiterating the earlier view taken in *State of Punjab vs. Phulan Rani* 2004 (3) RCR(Civil) 729, the

Hon'ble Supreme Court has held that no order can be passed by the Lok Adalat, if there is no compromise or settlement between the parties. It has also been held that such compromise or settlement has to be arrived at by taking consent of the parties to the litigation and the Lok Adalat has to verify about the genuineness of the consent so given by the parties. However, in the present case, the aforesaid material aspects appear to be totally lacking as parties were never called and statements of parties were never recorded, rather statements of learned counsel for the parties were recorded. It is expected of the lawyers to obtain necessary instructions from the clients or the authorized agent before making any concession/statement before the Court for and on behalf of the client. Lok Adalat can only pass an award if consent is given by the parties. Regulation No.13 (5) of the NLSA, Regulations, 2009 provides that Lok Adalat may conduct the proceedings in such a manner as it considers appropriate taking into account the circumstances of the case, wishes of the parties including any request by a party to the Lok Adalat to hear oral statements, and the need for a speedy settlement of the dispute. The words "compromise" or "settlement" arrived at between the parties as envisaged in Section 20 of the 1987 Act clearly indicate that the parties shall appear before the Court and get their statements recorded and thereafter award should be passed. This has not been followed by respondent No.1-Daily Lok Adalat, Bench No.1 of this Court in the case in hand. In the present case, parties did not appear and get their individual statements recorded before passing the award by the Lok Adalat, which is the basic requirement of law. Hence held that such award passed in not in accordance with law and set aside the same.

Orissa High Court in Sukant Kumar Narendra vs The Chairman-Cum-Managing Director in judgment dated 16 October, 2015 in WP(C) No.1239 of 2003 The petitioner had availed a term loan amounting to Rs.80,000/- from opposite party no.2 - Bank to

purchase a tractor. He became defaulter. Thereafter, opposite party no.2-Bank laid Money in Suit No.87 of 1996 in the court of learned Civil Judge (Senior Division), Khurda for realization of Rs.2,44,539/- along with interest. While the matter stood thus, the matter was placed before the Lok Adalat held on 7.5.2000. A joint compromise petition was filed by the parties on certain terms and conditions, vide Annexure-7. The contents of the petition had been read over and explained to the parties. They admitted to be correct. Learned trial court accepted the compromise petition and decreed the suit in terms of the compromise. Learned trial court observed that the compromise petition will form part of the decree. Thereafter, the petitioner deposited the entire amount in terms of the compromise and the same was accepted by the Bank. While the matter stood thus, the plaintiff filed an application under Order 47 Rule 1 CPC to review the order dated 7.5.2000 passed by the learned court below in the Lok Adalat. It is stated that the suit was originally filed for recovery of Rs.2,44,539/- and subsequently the same was increased to Rs.3,09,722/- by way of amendment. The suit was placed before the Lok Adalat on 7.5.2000 and decreed for Rs.1,15,000/- on the compromise petition signed by defendant no.1 and Assistant Manager of the Bank. While signing the compromise petition, the Assistant Manager put the seal of the Bank and signed the same as if he was an agent of the Bank without any authority to act as a Bank Manager in the Lok Adalat. Further, advocate for the plaintiff had not signed the compromise petition and unaware of the same. The Branch Manager has alone the authority to file a suit, sign the plaint, petition, appoint lawyers and has no authority to transfer power to any other officer/employee. It is further stated that the compromise made in the Lok Adalat was not lawful and the court acted beyond his jurisdiction and accepted the petition for compromise between the Bank and the defendants. To substantiate the case, the Assistant Manager of the Bank, who signed the compromise petition, was

examined as P.W.1. By order dated 15.1.2003, learned trial court allowed the application and set aside the order dated 7.5.2000 passed in the Lok Adalat.

The present writ came up to be filed challenging the said review order of the trial court. While considering the specific language used in sub-section (1) of Section 21 of the Act makes it clear that every award of the Lok Adalat shall be deemed to be a decree of the Civil Court and, as such, executable by that court. Sub-section (2) of Section 21 of the Act provides that every award made by a Lok Adalat shall be final and binding on all the parties to the disputes, and no appeal shall lie to any Court against the award. The decree can be reviewed under Order 47 Rule 1 CPC provided the same satisfies the pre-conditions enumerated under Order 47 Rule 1 CPC. Further held that there cannot be any review of the lok award passed and further that there is no suitable material adduced to show that assistant manager was not competent to act on behalf of the plaintiff bank or that he acted beyond his authority, allowed the writ petition confirming the lok adalat award.

Here it is to be taken note of that when any award is being passed in cases where any one of the party is a legal entity like bank, company or association, it must be ensured that any authorised party is entering into the said settlement and that it must duly bear the stamp or seal of that bank, company or association.

In case of death of any party, in civil suits, it must be ensured that the legal representatives are duly brought onto the record. The nature of suit, rights and liabilities of the parties on the record need to be scrutinised and it will not suffice if only the parties on record enter into compromise. It shall not bind the other parties.

16. In case where any of the party is a minor, it must be ensured that any terms of compromise entered into is in the best interest of the child. He must be duly represented by any guardian, who shall also sign the said award on his behalf. (Renuka Vs Ramanand, writ petition no.103766 of 2018 in judgment dated 31.03.2022)

17. In case of award passed in suit for partition, it must be ensured that the said family arrangement if consists of allotment of shares in immovable property is duly registered. (K.Raghunandan Vs Ali Hussain Sabir)

18. In matrimonial matters settled before Lok Adalat, not that of divorce, usually it is noticed that they mention having received certain sum of amounts towards full and final settlement. Till that extent it is permissible. But in some cases, it is noticed to have been mentioned as that in future that no maintenance will be claimed by the concerned wife on behalf of herself and also on behalf of her children. That clause is objectionable. Even parents are not having any right to enter into compromise regarding the maintenance or property rights of the child unless there is specific arrangement made in the form of amounts specified to be paid to the child or any property transferred to his/her name.

19. In cases of passing of lok adalat awards in criminal cases, where case property is involved, for instance in theft case, hurt, etc., it is to be borne in mind that the presiding officer of the lok adalat does not have any authority to pass any order regarding disposal of the case property. When the record is returned to the trial court, after passing of the lok adalat award, office note is to be placed on the docket by the concerned clerk regarding the case property and that in view of the settlement of the case before lok adalat that necessary order be passed. It is the duty of the presiding officer to pass order thereon. Don't be under impression that since the matter is settled before lok adalat that the case is closed and that no order can be

passed. It is the duty of the trial court to pass appropriate order regarding disposal of the case property and ensure that the same is carried out also. Without any such order the staff cannot take any steps for destruction or otherwise of the case property.

For instance “in view of matter been settled before the lok adalat, the unmarked case property i.e., stick is directed to be destroyed forthwith”.

20. So also, in civil matters, order regarding raising of attachment has to be passed by the trial court only either while referring the matter to lok adalat bench or after the matter is settled before the lok adalat.

21. In certain suits filed for recovery of amounts based on mortgage, where the original title deeds of the defendants are filed along with the mortgage deed in support of the plaintiff's case; when any settlement is arrived at and lok adalat award is passed, there shall be a specific mention as to who shall be authorised to receive the said documents. The usual practice is that the party who filed the said documents before the court will be authorised to seek return of the said documents. In case, when the debt is repaid and there is no clause mentioned regarding the title deeds, then the defendant would not have any recourse to seek return of his documents. Hence it is imperative that there shall be specific terms authorising the defendant to seek for return of the title deeds which are filed before the court, so as to protect his interests and curtail any further frivolous litigation which might arise.

22. Another trite safeguard which needs to be followed while passing an Lok Adalat Award in hybrid / virtual mode is that to make sure that the signature and identification of the parties tally with that of the parties on record and ascertain if the person appearing online is aware with regard to the terms of compromise. So rather than mere ascertaining if the matter is settled and if the terms of settlement are

agreeable, the specific terms have to be read over and ascertain the propriety and consent of the parties by the presiding officer before passing any such award.

23. If the signatures of the parties are obtained on terms of settlement or award copies during pre lok adalat sittings, and the parties are not in a position to appear personally on the day of lok adalat, ensure that they appear online or virtually on the scheduled date.

24. Even in cases of prelitigation matters / PLCs, the settlement of terms must not be recorded mechanically. Whenever there is an agreement with regard to transfer of property of any such family arrangement, the property documents must necessarily be ascertained and suitable cases, it must be advised to be registered, to avoid any fraudulent transactions or transfer of property covered under prohibited list or patta lands, etc.,

25. The relevant circulars issued by the Hon'ble AP State Legal Services Authority from time to time concerning the settlement of cases before the lok adalat and guide lines are :-

1. ROC No. APSLSA/LSW/90-corres-2007, dated 26.03.2007
2. Circular 01/2019, ROC no.100/APSLSA/2019, dated 18.10.2019
3. ROC.No. 135/APSLSA/LSW/2017, dated 31.08.2017
4. ROC No.78/APSLSA/LSW/2018

VI. CONCLUSION

Lok Adalat occupies a singular position in India's constitutional and institutional landscape. It is, at once, a directive of the Constitution (Article 39A), a statutory creation of Parliament (the 1987 Act), a direction of the Supreme Court, and most importantly a lived experience for millions of litigants who encounter the Indian state

through its proceedings rather than through any other institutional channel.

From the perspective of a judicial officer who has presided over this institution, its achievements are genuine and significant. Millions of disputes that would have consumed years of adversarial litigation have been resolved in hours. Families have received compensation without the ordeal of execution proceedings. Neighbours have departed the bench having preserved relationships that the regular court system would have severed permanently. The constitutional aspiration of equal access to justice has, in Lok Adalat, a mechanism capable when properly operated of real fulfilment.

But the same experience compels candour about the institution's vulnerabilities. The erosion of voluntariness through power imbalance and institutional pressure; the absence of a statutory correction mechanism for unjust awards; the culture of volume over quality; the uneven infrastructure and legal aid quality; and the limited awareness among the populations it was designed to serve these are real problems, not hypothetical concerns, and they deserve the sustained attention of policymakers, legal services authorities, and the judiciary alike.

The safeguards that exist statutory, judicial, and those directed by the Supreme Court are adequate, if applied with rigour and integrity. The burden of that application falls, ultimately, on the judicial officer who presides. She is, in Lok Adalat, not a passive recorder of agreements reached by parties who have found their own way. She is an active guardian of the process responsible for ensuring that the consent recorded before her is genuine, that the settlement that bears her imprimatur is fair, that the weaker party has not been

overwhelmed, and that the award, though non-appealable, represents a result that can withstand the scrutiny of conscience.

The future of Lok Adalat lies not in maximising the number of settlements per sitting, but in ensuring that each settlement represents genuine justice arrived at freely, understood fully, and durable because it is fair. Permanent Lok Adalats must be strengthened. Public awareness must be systematically expanded, with particular attention to rural and marginalised communities. Legal aid must be resourced adequately and staffed competently and the institutional culture must shift: from counting settlements to measuring their quality.

Lok Adalat, at its best, is the embodiment of what the Constitution of India promised its people a justice system that is speedy, accessible, and just; that speaks in the language of the litigant, not the language of the law report; and that resolves disputes not by imposing a verdict but by facilitating an agreement that the parties themselves own. Maintaining that aspiration, against the daily pressures of volume and administration, is the responsibility and the privilege of every judicial officer who takes the chair at a Lok Adalat bench.

Smt.K.V.L.Hima Bindu,
Principal Civil Judge (Senior Division),
Machilipatnam.