

## AN OVERVIEW OF LOK ADALAT PROCESS IN INDIA<sup>1</sup>

### A. Concept

Lok Adalat is a method of alternate dispute resolution that is governed under Legal Services Authorities Act, 1987 (hereinafter referred to as “Act”). Lok Adalat or People’s Courts is one of the forums that plays a vital role in settling disputes amicably thereby minimizing the burden on Courts.

The main purpose of establishment of Lok Adalat as an alternate dispute resolution is, “to provide free and competent legal services to the weaker sections of the society to ensure that opportunities for securing justice are not denied to any citizen by reason of economic or other disabilities and to organize Lok Adalat to secure that the operation of the legal system promotes justice on a basis of equal opportunity”<sup>2</sup>. Lok Adalat has the statutory status under the said Act. Lok Adalat has many advantages such as low cost involved, less hassle and confidentiality of all proceedings<sup>3</sup>. It is important to note that the decree passed in Lok Adalat is final and binding as that of any civil court decree<sup>4</sup>.

The matters that can be settled in Lok Adalat are divided in two parts.

- (i) The Pre-litigation matters (means a dispute between the parties which is not filed before the Court/Authorities)<sup>5</sup> such as Negotiable Instrument Act Cases under Section 138, Bank Recovery Cases, Labour disputes cases, Electricity and water bills (excluding non-compoundable offences), other cases.
- (ii) The matters which are transferred by the Court to Lok Adalats.

However, Lok Adalat cannot grant any bail or divorce by mutual consent or take up any matter relating to an offence not compoundable under any law. Lok Adalat is organized at different levels by State Authorities or District Authorities or Supreme Court Legal

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<sup>1</sup> The article reflects the general work of the authors and the views expressed are personal. No reader should act on any statement contained herein without seeking detailed professional advice.

<sup>2</sup> Legal Services Authorities Act, 1987

<sup>3</sup> Rule 18 - The National Legal Services Authority (Lok Adalat) Regulations, 2009, (as amended vide notification F.No. L/28/09/NALSA dated 28.08.2019 published in the Gazette of India on 6.9.2019)

<sup>4</sup> Section 21 – The Legal Services Authority Act, 1987

<sup>5</sup> Definition - The National Legal Services Authority (Lok Adalat) Regulations, 2009, (as amended vide notification F.No. L/28/09/NALSA dated 28.08.2019 published in the Gazette of India on 6.9.2019)

Services Committee or High Court Legal Services Committee. 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—

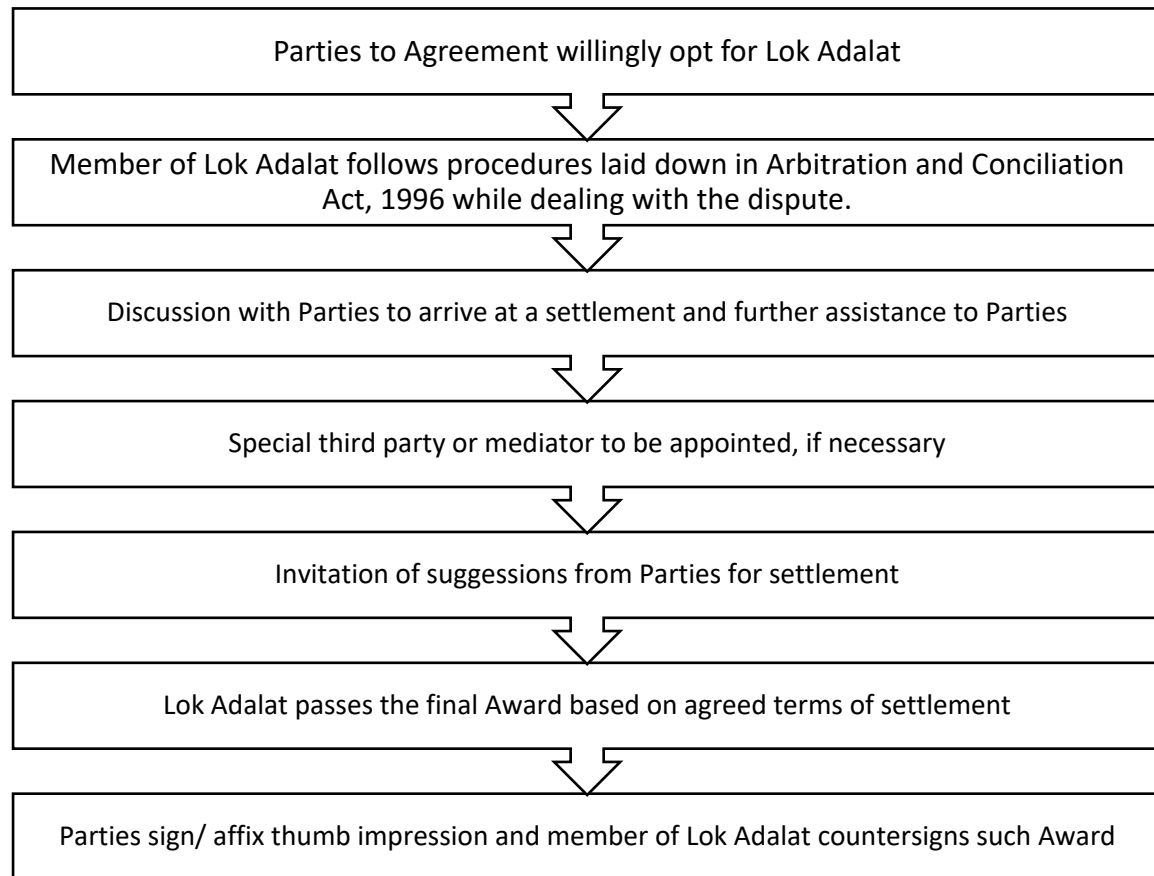
- (i) any case pending before the courts; or
- (ii) any matter which is falling within the jurisdiction of, and is not brought before, any Court for which the Lok Adalat is organised;

### ***B. Types of Lok Adalat***

- Permanent Lok Adalat - Permanent Lok Adalat can be established by Central or State Authority at such places and jurisdictions as specified in the notification. Permanent Lok Adalat consists of:
  - i. a Chairman who is current or ex-district or additional district judge or a person who is higher in rank as that of a district judge;
  - ii. two other persons of adequate experience in public utility services like transport service for the carriage of passengers or goods by air, road or water, postal, telegraph or telephone service, supply of power, light or water to the public by any establishment, system of public conservancy or sanitation, service in hospital or dispensary, insurance service. These officers are nominated by Central Government or by the State Government on recommendation of Central Authority.
- National Lok Adalat - Under National Lok Adalat, single day Lok Adalat is conducted on a particular day through out the Country (from Supreme Court to Taluk level courts). This method of allotting a single day specially for Lok Adalat matters has helped in disposing huge number of cases.

### C. Procedure for Lok Adalat

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 justice, equity, fair play and other legal principles.



### D. Landmark Judgements

In a recent judgement **New Okhla Industrial Development Authority (Noida) V. Yunus & Ors.**, the question before the Court was whether the Award passed by the Lok Adalat under section 20 of the Act can form the basis for redetermination of compensation as contemplated under Section 28A of the Land Acquisition Act, 1894?

The Supreme Court answered the question in negative and declared that an application under Section 28A of the Land Acquisition Act cannot be maintained based on an award passed by the Lok Adalat. An Award passed by Lok Adalat is the culmination of a non-adjudicatory process and a product of compromise as the Parties are persuaded to arrive at mutually *agreeable compromise*. The Hon'ble Supreme Court of India further held that, *"The Lok Adalat by virtue of the express provisions is only a facilitator of settlement and compromise in regard to matters which are referred to it. It has no adjudicatory role"*.<sup>6</sup>

In another recent Supreme Court Judgement of **Canara Bank v/s G.S. Jayarama**<sup>7</sup>, the dispute arose from an application filed by the Bank before the Permanent Lok Adalat at Mangalore under Section 22-C(1) of the Act. When notices were issued to the Respondent, the notices were allegedly not claimed by the respondent. Thereafter, no one participated in the proceedings on behalf of the respondent and the Permanent Lok Adalat passed an Award noting that the respondent —*appeared through an advocate, but did not participate in the proceedings, while his guarantor —though served with notices...did not participate in the proceedings*. Further, it also noted that no conciliation was reported. Hence, the Permanent Lok Adalat allowed the application filed by the appellant (exparte). After a round of litigation before the High Court, the Supreme Court set aside this award as the award of the Permanent Lok Adalat did not indicate any attempt made by it to propose terms of settlement to the parties and their rejection of such proposal and it also failed to follow the mandatory conciliation proceedings before adjudicating any dispute.

It was held that, a Permanent Lok Adalat established under Section 22B of the Act has the power to adjudicate a matter provided that any such adjudication is subject to the Permanent Lok Adalat following the mandatory conciliation proceedings as prescribed under the law.

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<sup>6</sup> CA No. 901/2022 arising out of SLP (C) No. 9927/2020

<sup>7</sup> Civil Appeal No. 3872 of 2022

## **E. Conclusion**

The concept of Lok Adalat invites disputing parties to settle their disputes in peaceful manner. It is necessary to educate people regarding Lok Adalat and advantages of the same. This method may help Courts and authorities for quick disposal of cases.

Though, generally every award made by a Lok Adalat is final and binding on all the parties to the dispute, and no appeal lies to any court against the award , it is also provided that an award based on settlement between the parties can be challenged on violation of procedure prescribed in section 20 of the Act by filing a petition under articles 226 and 227 of the Constitution of India.

The upcoming National Lok Adalat 2022 will be held on August 13, 2022.

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