

**HIGH COURT OF JUDICATURE FOR RAJASTHAN
BENCH AT JAIPUR**



D.B. Special Appeal Writ No. 404/2024

In

S.B. Civil Writ Petition No.10678/2021

1. Chairman, Urban Improvement Trust, Sikar, District Sikar (Rajasthan).
2. Secretary, Urban Improvement Trust, Sikar, District Sikar (Rajasthan).

----Appellants/Writ Petitioners

Versus

Rajesh Bhuriya S/o. Shiv Bhagwan, R/o. Village Manasiya, Post Jasrasar, Tehsil Laxmangarh, District Sikar (Rajasthan).

----Non-Appellant/Respondent

Connected With

D.B. Special Appeal Writ No. 399/2024

In

S.B. Civil Writ Petition No.10665/2021

1. Chairman, Urban Improvement Trust, Sikar, District Sikar (Rajasthan).
2. Secretary, Urban Improvement Trust, Sikar, District Sikar (Rajasthan).

----Appellants/Writ Petitioners

Versus

Vikram Singh S/o Shiv Bhagwan, R/o. Village Manasiya, Post Jasrasar, Tehsil Laxmangarh, District Sikar (Raj.).

----Non-Appellant/Respondent

D.B. Special Appeal Writ No. 405/2024

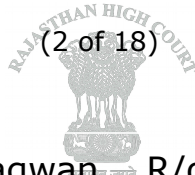
In

S.B. Civil Writ Petition No.10670/2021

1. Chairman, Urban Improvement Trust, Sikar, District Sikar (Rajasthan)
2. Secretary, Urban Improvement Trust Sikar, District Sikar (Rajasthan)

----Appellants/Writ Petitioners

Versus



Rajkumar S/o Shiv Bhagwan, R/o Village Manasiya, Post Jasrasar, Tehsil Laxmangarh, District Sikar (Rajasthan)

----Non-Appellant/Respondent

D.B. Special Appeal Writ No. 406/2024

In

S.B. Civil Writ Petition No.10673/2021

1. Chairman, Urban Improvement Trust, Sikar, District Sikar (Rajasthan)
2. Secretary, Urban Improvement Trust Sikar, District Sikar (Rajasthan)

----Appellants/Writ Petitioners

Versus

Mohara Ram Jat S/o Choturam, R/o Jhadli, Tehsil Shrimadhopur, District Sikar (Rajasthan)

----Non-Appellant/Respondent

D.B. Special Appeal Writ No. 409/2024

In

S.B. Civil Writ Petition No.10672/2021

1. Chairman, Urban Improvement Trust, Sikar, District Sikar (Rajasthan).
2. Secretary, Urban Improvement Trust, Sikar, District Sikar (Rajasthan).

----Appellants/Writ Petitioners

Versus

Smt. Jadav Devi W/o. Late Sitaram, Resident Of Vikas Nagar, Post Jhigar, Choti Tehsil Dhod, District Sikar (Rajasthan).

----Non-Appellant/Respondent

D.B. Special Appeal Writ No. 411/2024

In

S.B. Civil Writ Petition No.10675/2021

1. Chairman, Urban Improvement Trust, Sikar, District Sikar (Rajasthan).
2. Secretary, Urban Improvement Trust Sikar, District Sikar (Rajasthan)

----Appellants/Writ Petitioners

Gopichand Meena S/o Moolchand, R/o. Nangal, Post Abhyapura
Via Palsana, Tehsil Dantaramgarh, District Sikar (Rajasthan).

----Non-Appellant/Respondent

For Appellant(s)	:	Mr. Rajesh Kumar Mutha
For Respondent(s)	:	Mr. Rahul Agarwal Mr. Sanjay Khedar

HON'BLE MR. JUSTICE INDERJEET SINGH
HON'BLE MR. JUSTICE ASHOK KUMAR JAIN
Order

Reportable

23/04/2026

1. These special appeals (writ) were preferred by the appellants-writ petitioners aggrieved from judgment dated 08.05.2024 in S.B. Civil Writ Petition Nos.10665/2021, 10670/2021, 10672/2021, 10673/2021, 10675/2021 and 10678/2021, whereby the writ petitions preferred by the appellants-writ petitioners were dismissed.
2. Brief facts of the case are that the appellants-writ petitioners have launched a Scheme in the name of "Govind Nagar Residential Scheme" and to sell plots, invited offers/applications from general public. Pursuant to the advertisement about the Scheme, the respondent(s) have submitted application(s) with required deposited amount. The Scheme was challenged by third parties before this Court by filing S.B. Civil Writ Petition No. 3906/2014 and due to stay in said writ petition, no further proceeding would be possible at the end of the writ petitioners, and as a result, the scheme could not take off. The ground to challenge the proposed

Scheme was that the writ petitioners (UIT) have proposed development in charaghah land (pasture land) without conversion into a residential land. After some time, the writ petitioners-UIT have refunded the amount to the respondent(s), but without any interest. The respondent(s) have filed an application(s) before the Permanent Lok Adalat, Sikar, on the ground that knowing fully well a residential scheme was proposed in pasture land, despite that the land does not belong to UIT and on promise to allot a piece of developed land (plot) under the said Scheme, the money has been collected from the respondent(s). The respondent(s) have claimed interest and compensation on the money deposited by them and compensation for mental agony.

3. The writ petitioner(s) were served a notice and they have filed a detailed reply. After conciliation and negotiation between the parties, when the dispute was not resolved, the Permanent Lok Adalat, Sikar has decided the Public Utility Case (PUC) Nos. 49/2020, 50/2020, 51/2020, 71/2020, 77/2020 and 18/2021 by a common order dated 16.07.2021 and directed the writ petitioners to pay interest @ 9% per annum to the applicant(s)-respondent(s).

4. The non-applicant(s)-writ petitioner(s) have filed six separate Writ Petitions and same were dismissed by the learned Single Judge on 08.05.2024. Hence, these special appeals:

5. Learned counsel appearing on behalf of the appellants submits that the scope of Permanent Lok Adalat is very limited and it has no jurisdiction to decide a dispute between the UIT and the respondent(s) in relation to a housing Scheme proposed by

the appellant(s)-writ petitioner(s). He further submits that the appellant(s)-Trust was creation of a statute i.e. the Rajasthan Urban Improvement Act, 1959 and the object of the Trust is improvement of the area, which cannot be equated with Housing and Real Estate Services as defined under the Gazatte Notification dated 16.02.2016 under Section 22A of the Legal Services Authorities Act, 1987 (for short 'the Act of 1987'). He further submits that the proposed Scheme was launched in good faith and there was neither breach of any legal provision nor was there any false promise, and due to legal hurdle, the proposal of the Scheme could not be executed. He also submitted that the UIT, on its own decided to refund the amount deposited with the UIT from applicants or scheme. He further submits that the appellants/writ petitioner(s) are not a private-entity, engaged in work of real estate, rather it is a statutory body and same is not covered under the notification issued under Section 22A of the Act of 1987. He further submits that when the petitioner does not fall within definition of Public Utility Service (PUS), then the order passed by the Permanent Lok Adalat and further affirmed by learned Single Judge is contrary to the settled principles of law.

6. Aforesaid contentions were opposed by learned counsel appearing on behalf of the respondent(s) and submits that the notification issued under Section 22A of the Act of 1987 clearly indicate that "Housing and Real Estate Services" are declared as Public Utility Services (PUS). He also submits that there is no notification to exempt the writ petitioners (Government/statutory bodies) from the purview of that Act, therefore, the provision of

law is applicable upon the writ petitioners. He also submits that by a reasoned order, the learned Single Judge has considered the provision of law and on the basis of provision of law has held that the Permanent Lok Adalat has jurisdiction to entertain and decide applications of the respondents.

7. Heard learned counsel for the parties and perused the material placed on record.

8. The Permanent Lok Adalat is created under Chapter VI-A of the Legal Services Authorities Act, 1987 (hereinafter referred to as the Act of 1987). Section 22-A provides the definition of Permanent Lok Adalat and Public Utility Services, and the same is reproduced as under;

“(a) Permanent Lok Adalat” means a Permanent Lok Adalat established under sub-section (1) of section 22B:
(b) “public utility service” means any –
(i) transport service for the carriage of passengers or goods by air, road or water; or
(ii) postal, telegraph or telephone service; or
(iii) supply of power, light or water to the public by any establishment; or
(iv) system of public conservancy or sanitation; or
(v) service in hospital or dispensary; or
(vi) insurance service,
and includes any service which the Central Government or the State Government, as the case may be, may, in the public interest, by notification, declare to be a public utility service for the purpose of this Chapter.

9. Section 22B provides for the establishment of Permanent Lok Adalat and the issue was before the Hon’ble Supreme Court in the case of **Bar Council of India v. Union of India reported in A.I.R. 2012 S.C. 3246**, wherein the validity of setting up another

institutional mechanism with adjudicatory powers was challenged and it was held that the Permanent Lok Adalat is empowered to adjudicate upon failure of settlement. While referring to the Statement of Objects and Reasons of the Amendment Act of 2002, in particular the salient features of the proposed legislation, observed that Chapter VI-A provides for pre-litigation conciliation and settlement procedure. The disputes relating to public utility services like transport or carriage of passengers or goods by air, road or water, telegraph or telephone services, or supply of water, light or water, or public conservancy system or sanitation, or services in hospitals or dispensaries or insurance services, etc., in the very scheme deserve to be settled expeditiously. Prolonged disputes in respect of the above matters between the service provider and the aggrieved party may result in irretrievable damage to either party to the dispute. Today, with the increasing number of cases, the judicial courts have not been able to cope with the heavy burden of cases coming before them. The disputes in respect of public utility services need urgent attention with a focus on their resolution at the threshold by conciliation and settlement and, if for any reason such efforts fail, then to have such disputes adjudicated through an appropriate mechanism as early as may be possible. With large demands in the country and many public utility services being provided by various service providers, disputes in relation to these services are not infrequent between service providers and common persons. The slow-motion procedure in judicial courts is not conducive for adjudication of disputes relating to public utility services.

10. The objects and reasons as contained in the Amendment Act also indicate that the Permanent Lok Adalat has primarily an element of settlement which may be acceptable to the parties. It also makes it clear that the object of the Permanent Lok Adalat is to assist the parties in arriving at a settlement and it is the duty of the Permanent Lok Adalat to formulate the terms of settlement between the parties who are willing to settle the dispute.

11. Certain paragraphs from the judgment are required to be reproduced and the same are reproduced as under.

"15. Section 22-C provides for the procedure for raising dispute before the Permanent Lok Adalat. Sub-section (1) provides that any party to a dispute may make an application to the Permanent Lok Adalat for the settlement of dispute before the dispute is brought before any court. However, Permanent Lok Adalat has no jurisdiction to deal with any matter relating to an offence not compoundable under any law. The second proviso puts a cap on the pecuniary jurisdiction inasmuch as it provides that the Permanent Lok Adalat shall not have jurisdiction in a matter where the value of the property in dispute exceeds ten lakh rupees. The Central Government, however, may increase the limit of ten lakh rupees in consultation with the Central rupees in consultation with the Central Authority by notification.

16. Sub-section (2) of Section 22-C puts an embargo on the parties to a dispute after an application has been made by any one of them under sub-section (1) in invoking jurisdiction of any court in the same dispute.

16.1. Sub-section (3) of Section 22-C provides for the procedure to be followed by the Permanent Lok Adalat once an application is made before it by any party to a dispute under sub-section (1). This procedure includes filing of a written statement by each

party to the application stating therein the facts and nature of the dispute and highlighting the points or issues in such dispute and the documents and other evidence in support of their respective written statement and exchange of copy of such written statement together with copy of documents/other evidence. The Permanent Lok Adalat may require any party to the application to file additional statement before it at any to file additional statement before it at any stage of the conciliation proceedings. Any document or statement received by Permanent Lok Adalat from any party to the application is given to the other party. On completion of the above procedure, the Permanent Lok Adalat proceeds with conciliation proceedings between the parties to the application under sub-section (4) of Section 22-C. During conduct of the conciliation proceedings under sub-section (4) of Section 22-C, the Permanent Lok Adalat is obliged to assist the parties in their attempt to reach an amicable settlement of the dispute in an independent and impartial manner. Every party to the application has a duty to cooperate in good faith with the Permanent Lok Adalat in conciliation of the dispute relating to the application and to comply with the direction of the Permanent Lok Adalat to produce evidence and other related documents before it.

16.2. On satisfaction that there is16.2. On satisfaction that there is likelihood of settlement in the proceedings, the Permanent Lok Adalat may formulate the terms of possible settlement of the dispute and give to the parties for their observations and where the parties reach at an agreement on the settlement of the dispute, they shall sign the settlement/agreement and Permanent Lok Adalat then passes an award in terms thereof and furnishes a copy of the same to each of the parties concerned.

17. Upto the above pre-litigation conciliation and settlement procedure, there is no problem or issue. The petitioner is seriously aggrieved by the provision contained in Section 22-C(8) which provides that where the parties fail to reach at an agreement under sub- section (7), the Permanent Lok Adalat shall, if the dispute does not relate to any offence, decide the dispute. This provision followed by Section 22-D which, inter-alia, provides that while deciding while deciding a dispute on merit the Permanent Lok Adalat shall not be bound by the Code of Civil Procedure, 1908 and the Indian Evidence Act, 1872 and Section 22-E which accords finality to the award of Permanent Lok Adalat under subsection (1) and the provision made in sub-section (4) that every award made by the Permanent Lok Adalat shall be final and hence shall not be called in question in any original suit, application or execution proceedings form mainly bone of contention. Are these provisions violative of Article 14 of the Constitution of India and contrary to rule of

law, fairness and even- handed justice? are the questions to be considered.

20. Parliament can definitely set up effective alternative institutional mechanisms or make arrangements which may be more efficacious than the ordinary mechanism of adjudication of disputes through the judicial courts. Such institutional mechanisms or arrangements by no stretch of imagination can be said to be contrary to constitutional scheme or against the rule of law. The establishment of Permanent Lok Adalats and conferring them jurisdiction upto a specific pecuniary limit in respect of one or more public utility services as defined in Section 22-A(b) before the dispute is brought before any court by any party to the dispute is not anathema to the rule of law. Instead of ordinary civil courts, if other institutional mechanisms are

set up or arrangements are made by the Parliament with an adjudicatoryan adjudicatory power, in our view, such institutional mechanisms or arrangements cannot be faulted on the ground of arbitrariness or irrationality.

22. 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 and 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, the 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 upto a specific pecuniary limit, if they do not relate to any offence, as provided under Section 22-C(8), be said to be unconstitutional and irrational? We think not. It is settled law that an authority empowered to adjudicate the disputes between the parties and act as a tribunal may not necessarily have all the trappings of the court. What is essential is that it must be a creature of statute and should adjudicate the dispute between the

parties before it after giving reasonable opportunity to them consistent with the principles of fair play and natural justice. It is not a constitutional right of any person to have the dispute adjudicated by means of a court only. Chapter VI-A has been enacted to provide for an institutional mechanism, through the establishment of Permanent Lok Adalats for settlement of disputes concerning public utility service before the 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.

23. The difference between courts and tribunals has come up for consideration before this Court on more than one occasion. before this Court on more than one occasion. Almost five decades back, this Court in *M/s. Harinagar Sugar Mills Ltd. v. Shyam Sundar Jhunjhunwala and others* [1962 (2) SCR 339] stated that by courts the courts of civil judicature is meant and by tribunals those bodies of men who are appointed to decide controversies arising under certain special laws. All tribunals are not courts though all courts are tribunals. It was further observed that in the exercise of judicial power, a clear division was noticeable between courts and tribunals, particularly, certain special matters go before tribunals, and the residue goes before the ordinary Courts of Civil Judicature. Their procedures may differ, but the functions are not essentially different. Both courts and tribunals act judicially.

24. In ***Associated Cement Companies Ltd. v. P. N. Sharma & Anr.* [1965] 2 SCR 366**, the Constitution Bench of this Court observed that under our Constitution, the judicial functions under our Constitution, the judicial functions and powers of the State have been primarily conferred on the ordinary courts; the Constitution recognises a

hierarchy of courts and they are normally entrusted to adjudicate all disputes between citizens and citizens as well as between the citizens and the State. The powers which the courts exercise are judicial powers, the functions they discharge are judicial functions and the decisions they reach and pronounce are judicial decisions. The tribunals decide special matters entrusted to them for their decision. The procedure which the tribunals have to follow may not always be so strictly prescribed but the approach adopted by both the courts and tribunals is substantially the same; it is State : s inherent judicial function which they discharge.

28. Sine qua non of taking cognizance of a dispute concerning public utility service by the Permanent Lok Adalat is that neither party to a dispute has approached the civil court. There is no merit in the submission of the petitioner that the service provider may pre-empt the consideration of a dispute by a court or a forum under special statute by approaching the Permanent Lok Adalat established under Chapter VI-A of the 1987 Act and, thus, depriving the user or consumer of such public utility service of an opportunity to have the dispute adjudicated by a civil court or a forum created under special statute. In the first place, the jurisdiction of fora created under the Special Statutes has not been taken away in any manner whatsoever by the impugned provisions. As noted above, the Permanent Lok Adalats are in addition to and not in derogation of for a provided under Special Statutes. Secondly, not a single instance has been cited where a provider of service of public utility in a dispute with its service of public utility in a dispute with its user has approached the Permanent Lok Adalat first. The submission is unfounded and misplaced.

29. The alternative institutional mechanism in Chapter VI-A with regard to the disputes concerning

public utility service is intended to provide an affordable, speedy and efficient mechanism to secure justice. By not making applicable the Code of Civil Procedure and the statutory provisions of the Indian Evidence Act, there is no compromise on the quality of determination of dispute since the Permanent Lok Adalat has to be objective, decide the dispute with fairness and follow the principles of natural justice. Sense of justice and equity continue to guide the Permanent Lok Adalat while conducting conciliation proceedings or when the conciliation proceedings fail, in deciding a dispute on merit.”

12. Again, Sections 22B and 22C of the Act of 1987 came up before the Hon’ble Supreme Court in the case of **Canara Bank v. G. S. Jayarama, Civil Appeal No. 3072/2022** decided on 19-05-2022, and it was held that the Lok Adalat cannot perform any adjudicatory function in terms of Section 20 of the Legal Services Authorities Act, whereas the Permanent Lok Adalat is empowered to adjudicate and determine on merits only after attempting and failing to generate a settlement between the parties. While referring to the judgment in the case of **Interglobe Aviation Vs. N. Satchidanand, (2011) 7 SCC 493**, observed that the statement of objects and reasons behind the enactment of Chapter VI-A of the Act of 1987 clearly spells out that litigation concerning public utility services is sought to be nipped in the bud by first affording the parties to such dispute an opportunity to settle the dispute through the endeavours of the Permanent Lok Adalat and, if such efforts fail, then to have the dispute between the parties adjudicated by a decision of the Lok Adalat. The emphasis is on settlement in respect of disputes concerning public

utility services through the medium of the Permanent Lok Adalat.

In the case of **United India Assurance Ltd. v. Ajay Sinha, (2008) 7 SCC 454**, the Hon'ble Supreme Court has considered the adjudicatory role of the Permanent Lok Adalat if conciliation between the parties fails and observed that the Permanent Lok Adalat does not simply adopt the role of an arbitrator whose award could be the subject matter of challenge, but also performs the role of an adjudicator.

13. A Gazette Notification dated 16.02.2016 was issued by the Ministry of Law and Justice (Department of Justice), Government of India and included two Services namely (a) Education or Educational Institutions and (b) Housing and Real Estate Services, as Public Utility Services for the purpose of clause (b) of Section 22A of the Act of 1987. Both the counsels for the parties admit that "Housing and Real Estate Services", after inclusion is a Public Utility Service (PUS).

14. The appellant(s)-writ petitioner(s) is an Urban Improvement Trust established under Section 8 of the Rajasthan Urban Improvement Trust Act, 1959. Section 25 of the Legal Services Authorities Act clearly indicate that the Legal Authorities Act, 1987 shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in force. It means the Act of 1987 shall have overriding effect over the Act of 1959.

15. Section 25 of the Act of 1987 is reproduced as under:-

"25. Act to have overriding effect.—The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any other law for the time being in

force or in any instrument having effect by virtue of law other than this Act."

16. Learned Single Judge has considered the judgment in case of **A.P. Housing Board and Ors. Versus Yallu Eswara Reddy and Ors.** reported as **MANU/AP/0849/2021**, wherein a Division Bench of the Andhra Pradesh High Court at Amaravati while rejecting contention of the Housing Board held that the 'Housing Services' are within the definition of 'Public Utility Services' and the Permanent Lok Adalat has a jurisdiction to deal with the matter relating to services provided by the Housing Board.

17. Section 8 of the Act of 1959 empowers the UIT to acquire, hold or dispose of the property, both movable and immovable, and allot plots under the Rajasthan Urban Improvement Trust (Disposal of Urban Land) Rules, 1974. It hardly matters that the writ petitioner(s) is a non-profit generation entity, as the services of the writ petitioners in the instant case is disposal or sale of land after receipt of sale consideration.

18. The "Real Estate and Housing Services" primarily means professional activities in relation to housing and real estate sector and it includes residential and commercial development. Even the land sold after development is also part of real estate and housing services. The writ petitioners have invited application/offer from general public and collected money but refunded the money without payment of any interest. The facts mentioned in the writ petition indicate that the proposed Scheme could not be executed because the proposed Scheme was on a 'pasture land'. Any development activity or sale of residential plots on pasture land is impermissible and it is expected of the UIT first to verify the

nature of land before launching any Scheme. If action of the UIT is challenged and same was stayed by this Court while exercising its writ jurisdiction, then as a public authority, the writ petitioners are duty bound to compensate innocent applicants.

19. The writ petitioners were developing a residential scheme to allot/sell residential plots and when Scheme is withdrawn, then the money collected is required to be refunded with a reasonable rate of interest. The pleadings of the writ petitioners indicate that they have mentioned a fact that the interest earned by the writ petitioners was 3.5% to 4%, as it was a saving bank account.

20. The reason for cancellation/withdrawal of Scheme was that the Scheme was proposed on pasture land, thus the act of the officers, involved in preparing Scheme was challenged before the court of law. In such circumstances, when there was a false promise and non-execution of promise then the Permanent Lok Adalat has jurisdiction to entertain an application by the applicant(s)-respondent(s) for grant of compensation and interest. The Permanent Lok Adalat has not committed any error while invoking the jurisdiction and learned Single Judge has rightly held that the Permanent Lok Adalat has jurisdiction to entertain application as the action of the writ petitioners falls in "Real Estate and Housing Services" being 'public utility services'.

21. The writ petitioners have pleaded that the amount collected by them was deposited in saving bank account drawing an interest of 3.5% to 4% per annum. The writ petitioners have not paid interest on their own to the applicant(s)-respondent(s) rather the applicant(s)-respondent(s) have to approach the Permanent Lok

Adalat and ultimately the matter has travelled up to the Division Bench of this Court. The Permanent Lok Adalat has not awarded any compensation, except the interest @ 9% per annum for the period for which the money was held by the writ petitioners. The rate of interest cannot be disputed in a writ petition as 9% per annum interest is a reasonable rate of interest for the purpose of grant of compensation.

22. Therefore, there are no ground for interference in the order passed by the learned Single Judge and we are fully in agreement with the view of learned Single Judge. Hence, these special appeals (writ) sans merits and are liable to be dismissed.

23. In view of the discussion made herein above, the Special Appeals (writ) Nos.404/2024, 399/2024, 405/2024, 406/2024, 409/2024 & 411/2024 are hereby dismissed with the pending application, if any.

24. No order as to cost.

(ASHOK KUMAR JAIN),J

(INDERJEET SINGH),J