REPORTABLE

IN THE SUPREME COURT OF INDIA

CIVIL APPELLATE JURISDICTION

CIVIL APPEAL NO. 3486-3488 OF 2022

K. SRINIVASAPPA & ORS. ……..APPELLANT(S)

VS.

M. MALLAMMA & ORS. …….RESPONDENT(S)

J U D G M E N T

NAGARATHNA J.

These appeals assail the judgment and order dated 17th April, 2015, passed by the High Court of Karnataka at Bengaluru in Writ Petition nos.20607, 20608 and 20609 of 2013, whereby the High Court disposed of the Writ Petitions filed by plaintiff nos. 4 to 6 and has recalled order dated 7th July, 2012 by which the compromise had been recorded by the Lok Adalat, between the parties to Original Suit No. 876 of 2004, being a suit for partition and separate possession instituted by plaintiff nos. 1 to 6 on the file of the Court of the Civil Judge (Junior Division), Rural District, Bangalore.

For the sake of convenience, the parties shall be referred to in terms of their rank and status in O.S. No. 876 of 2004.

3. Briefly stated, the facts giving rise to the present appeal are that plaintiff nos. 1, 4, 5, 6 and defendant nos. 2 to 5 are children of M. Krishnappa and M. Mallamma, defendant no. 1. Plaintiff nos. 2 and 3 are the sons of plaintiff no. 1, namely, K. Devraj. The Plaintiffs filed a suit for partition and separate possession, being O.S. 876 of 2004 on the file of the Court of the Civil Judge, Junior Division, Rural District Bangalore stating that the suit schedule properties were acquired by M. Krishnappa and were in joint possession and enjoyment of the plaintiffs and defendants, until the demise of M. Krishnappa. That following the death of M. Krishnappa, defendant no. 1 was in possession of the suit schedule properties and was acting in a manner detrimental to the interests of the plaintiffs and had attempted to alienate the properties without effecting a partition so as to crystallise the rights of each of the parties to the suit. That requests of the plaintiffs to effect a partition of the property, were met with threats by the defendants to alienate the same.

With the aforesaid averments the plaintiffs had sought partition and separate possession of their shares in the suit schedule properties.

4. During the pendency of the suit, on 30th June, 2012, a compromise petition was filed jointly by the plaintiffs and the

defendants under Order XXIII Rule 3 of the Code of Civil Procedure, 1908 (hereinafter “CPC”, for short), before the Trial Court stating therein that the parties to the suit had, on intervention of relatives and well-wishers there was a mediation of their disputes as to partition and settled their disputes inter-se, in the following manner:

i. That the plaintiffs would relinquish their right, title, interest and claim in respect of the suit schedule properties, and in consideration for the same, the defendants had paid to the plaintiffs the following amounts:
   a) Rs. 1,10,00,000/- (rupees one crore, ten lakhs) paid in favour of K. Devaraj, plaintiff no. 1.
   b) Rs. 30,00,000/- (rupees thirty lakhs) paid in favour of K. Sugunamma, plaintiff no. 4, by way of two cheques for amounts of Rs. 2,50,000/- (rupees two lakhs and fifty thousands) and Rs. 27,50,000/- (rupees twenty seven lakhs and fifty thousands), respectively.
   c) Rs. 30,00,000/- (rupees thirty lakhs) paid in favour of K. Shanthamma, plaintiff no. 5 by way of two cheques for amounts of Rs. 2,50,000/- (rupees two lakhs and fifty thousands) and Rs. 27,50,000/- (rupees twenty seven lakhs and fifty thousands), respectively.
   d) Rs. 30,00,000/- (rupees thirty lakhs) paid in favour of K. Geetha, plaintiff no. 6, by way of two cheques for amounts of Rs. 2,50,000/- (rupees two lakhs and fifty thousands) and

Rs. 27,50,000/- (rupees twenty seven lakhs and fifty thousands), respectively.

e) Rs. 4,00,000/- (rupees four lakhs) paid in favour of Mallamma, defendant no. 1.

ii. That the defendants would be entitled, jointly and severally, to enjoy absolute right, title and interest over the suit schedule properties.

iii. That defendant nos. 2 to 5 would be entitled to get the khata, mutation and record of rights transferred in their names, in respect of the suit schedule properties.

iv. That the suit schedule properties would be retained by defendant nos. 2 to 5, who shall hold the same as joint owners thereof, until a division is effected inter-se between the said defendants. That the said property would not be available for partition, so far as the plaintiffs were concerned as their right over the suit property was conveyed in favour of defendant nos. 2 to 5, for consideration.

v. That the plaintiffs undertake not to initiate any action or proceedings by themselves or through their successors-in-interest or heirs, as regards their right, title and interest over the suit schedule properties.

vi. That the compromise was entered into by plaintiff no. 1, on behalf of, and for the benefit of his two minor children, in order to protect their shares.

5. On 26th June, 2012, plaintiff no. 4 encashed two cheques received by her as a part of the compromise entered into between the plaintiffs and the defendants, as detailed above.

6. In view of the inter-se compromise between the parties, the matter was referred by the Trial Court to the Lok Adalat. After hearing the parties, the Lok Adalat passed an order dated 07th July, 2012, decreeing the suit for partition and separate possession, in terms of the memo of compromise presented before it. The Lok Adalat recorded the following findings:

i. That all the parties to the dispute had agreed to amicably settle the dispute as regards the partition of the suit schedule property, in terms of the memo of compromise;
ii. That the terms of compromise had been read over and explained to the parties in a language known and understood by them, in the presence of their Advocates and the parties had admitted the same to be true and correct;
iii. That since the compromise was in favour of the minor children of plaintiff no. 1, he was permitted to enter into the compromise on their behalf.

In view of the aforestated findings, the application filed by the parties under Order XXXII Rule 3 of the CPC, was allowed and accepted.

7. Two days later, on 09th July, 2012, only plaintiff nos.4-6 filed an affidavit before the Lok Adalat stating that the defendants had played fraud on them and misled them in order to obtain their consent to the terms of compromise.

8. The Lok Adalat considered the affidavit submitted by plaintiff nos.4-6 and by an order dated 13th July, 2012, rejected the prayer made therein, to set aside the order recording compromise of the parties. The Lok Adalat noted that the order recording compromise was passed after duly recording the consent of all parties to the compromise and therefore, the prayer to set aside the compromise could not be entertained.

9. Aggrieved by the order of the Lok Adalat dated 13th July, 2012, plaintiff no. 4 filed a Writ Petition, being W.P. No. 25989 of 2012, before the High Court of Karnataka, praying, *inter-alia,* that the order of the Lok Adalat dated 07th July, 2012 whereby compromise of the parties was recorded, be set aside. Plaintiff no. 4 submitted before the learned Single Judge of the High Court that although she had signed the compromise petition presented before the Trial Court and thereafter referred to referred to the Lok Adalat, the order sheet dated 07th July, 2012, which was drawn up in terms of the compromise petition was not signed by her. That the compromise

petition was signed by plaintiff no. 4 as a result of fraud practiced by the defendants.

10. In light of the allegation of fraud on the part of the defendants, the High Court, by an order dated 24th January, 2013 disposed of W.P. No. 25989 of 2012, by remanding the matter to the Civil Judge (Junior Division), Bangalore, to refer the matter to the Lok Adalat to hold an enquiry and record a finding on the allegation of fraud levelled against the defendants. The High Court directed that such an exercise ought to be completed by the Lok Adalat within a period of three months.

11. In accordance with the directions issued by the High Court *vide* order dated 24th January, 2013, the matter was referred by the Trial Court to the Lok Adalat, Rural District, Bangalore. Plaintiff nos. 4-6 filed their objections to the compromise stating that their signatures on the compromise petition were obtained by fraud on the part of the defendants. It was stated that during the pendency of O.S. No. 876 of 2004, one property included in the schedule of properties to be partitioned, was sold in favour of M/s. Trishul Buildtech and Infrastructure Pvt. Ltd., by way of a registered sale deed dated 23rd June, 2012 for a consideration of Rs. 2,70,00,000/- (rupees two crores and seventy lakhs. That the amount of Rs. 30,00,000/- (rupees thirty lakhs), paid to plaintiff nos. 4-6, was their share of

consideration for the said sale. That on the date of sale of the said property, several papers were signed by plaintiff nos. 4-6, at the behest of the defendants, under the guise that the same were required to be submitted to the tax authorities. That plaintiff no. 1 and the defendants had conspired together and engaged the services of advocates to represent plaintiff nos. 4-6, without their knowledge. It was further alleged that the defendants had caused plaintiff nos.4-6 to believe that they were appearing before the tax authorities, in relation to the sale carried out on 23rd June, 2012, when in fact, they were appearing before the Lok Adalat in connection with the compromise petition. Plaintiff no. 4 stated that on realising before the Lok Adalat that the proceedings related to a compromise petition, she refused to sign the order sheet dated 07th July, 2012, wherein the terms of compromise had been recorded by the Lok Adalat. Plaintiff nos.5 and 6 stated that they were misled into signing both, the compromise petition, as well as the order sheet dated 07th July, 2012.

12. On hearing the parties, the Lok Adalat, by an order date 27th April, 2013, rejected the objections filed by plaintiff nos.4-6 and the order of the Lok Adalat dated 07th July, 2012, wherein the terms of compromise had been recorded, was confirmed.

13. Aggrieved by the order of the Lok Adalat dated 27th April, 2013, plaintiff nos. 4-6 filed Writ Petitions, being W.P. Nos. 20607-20609 of 2013, before the High Court of Karnataka, praying, *inter-alia,* that the entire records pertaining to O.S. No. 876 of 2004 be called for and the orders of the Lok Adalat dated 07th July, 2012 and 27th April, 2013, be quashed.

14. By the impugned judgment dated 17th April, 2015, the learned Single Judge of the High Court of Karnataka, Bengaluru disposed of the Writ Petition filed by plaintiff nos.4-6 by recalling the order of compromise passed by the Lok Adalat on 07th July, 2012. The High Court remanded the matter to the Civil Judge (Junior Division), Bengaluru, to dispose of the matter in accordance with law, as if no compromise was entered into between the parties. Aggrieved by the judgment of the High Court whereby the order of the Lok Adalat recording compromise, was set aside, defendant nos. 2-5 have preferred the present appeals.

15. We have heard Mr. Anirudh Gotety, learned counsel for the appellants and Ms. Manju Jetly, learned counsel for the respondents, and perused the material on record.

16. Learned counsel for the appellants at the outset contended that the High Court was not right in setting aside the order of the Lok Adalat dated 07th July, 2012, whereby the compromise of the

parties was recorded. Elaborating the said contention, it was submitted that the Lok Adalat had, in its order dated 07th July, 2012 noted that every party to the compromise had consented to the terms thereof, and had admitted that the contents of the compromise petition were true and correct, when the same had been read over and explained to them in Kannada language. That the Lok Adalat in its order dated 27th April, 2013 had upheld the validity of the compromise between the parties, after considering, in detail the objections raised by plaintiff nos. 4-6 and rejecting the same. It was urged that the Lok Adalat's order dated 27th April, 2013 had been passed after detailed examination of the contentions of the parties and the Lok Adalat had rightly rejected the objections raised by plaintiff nos. 4-6. However, the learned Single Judge of the High Court, in the absence of any reasoning, and in a casual and cryptic manner, had reversed the order of the Lok Adalat wherein the compromise of the parties was recorded.

17. It was next contended that every award of a Lok Adalat is deemed to be a decree of a Civil Court as provided under Section 21 of the Legal Services Authorities Act, 1987 and cannot therefore be set aside by a cryptic order of the High Court sans reasons. Learned counsel for the appellants relied on ***Smt. Sawarni vs. Smt. Inder Kaur and Ors*****. – [1996 (6) SCC 223]** to contend that when a Civil Court had come to a conclusion after elaborate discussion of the

evidence on record, an Appellate Court could not set aside the decree of the Civil Court without a reasoned decision to reverse the findings of the Civil Court. In that context, it was further submitted that the award of the Lok Adalat, dated 07th July, 2012, being in the nature of a decree of the Civil Court, could not have been set aside by the High Court, without a reasoned decision to reverse the findings of the Lok Adalat.

18. Learned counsel for the appellants submitted that plaintiff nos.4-6 having taken advantage of the terms of the compromise by accepting a sum of Rs. 30,00,000/- (rupees thirty lakhs) each, as consideration for relinquishing all their rights of title and interest in the suit schedule properties in favour of the defendants, could not, at a later juncture rescind from the terms of the compromise, after encashing the cheques issued to them. That these objectors could not approbate and reprobate at the same time. That the High Court had erred in setting aside the compromise, without issuing any direction requiring plaintiff nos.4-6 to return the amounts paid to them in terms of the compromise.

19. It was averred that the Lok Adalat, had, in its orders dated 07th July, 2012 and 27th April, 2013 recorded several findings of fact which ought not to have been interfered with by the High Court in

exercise of its writ jurisdiction under Article 227 of the Constitution of India.

20. That plaintiff nos. 4-6 had not made any effort to explain why they did not state before the Lok Adalat on 07th July, 2012 that their signatures were obtained by fraud. That this aspect of the matter was rightly recognised by the Lok Adalat in rejecting the allegations of fraud raised against the defendants. However, the High Court, made no reference to any of the findings of the Lok Adalat, in passing the impugned judgment.

With the aforesaid contentions, it was prayed that the impugned judgment of the High Court may be set aside and the order of the Lok Adalat, dated 07th July, 2012, whereby the compromise between the parties was recorded, be restored.

21. Per contra, Ms. Manju Jetly, learned counsel for the respondents submitted that the impugned judgment of the High Court does not suffer from any infirmity warranting interference by this Court. That the High Court rightly set aside the Order dated 07th July, 2012, passed by the Lok Adalat, after appreciating that the consent of plaintiff nos.4-6 to the terms of compromise had been obtained by practicing fraud.

22. It was submitted that the High Court passed the impugned judgment after taking note of the fact that plaintiff no. 4 had not signed the order sheet dated 07th July, 2012, wherein the Lok Adalat had recorded the compromise of the parties, although she had signed the compromise petition presented before the Lok Adalat.

23. It was next contended by learned counsel for the respondents that the amount of Rs.30,00,000/- (rupees thirty lakhs), paid to plaintiff nos. 4-6, was their share of consideration for the sale of one property which was included in the schedule of the properties to be divided between the parties. That such amount was not received in relation to the compromise between the parties and therefore, could not form the basis for rejecting their objections to the order recording comprise.

24. Ms. Manju Jetly further submitted that the fact that plaintiff no.4 had refused to sign the order sheet dated 07th July, 2012, having signed the compromise petition, would establish that she realised at that juncture that the defendants had fraudulently obtained her signature on the compromise petition, under the guise that such signatures were being taken on documents to be submitted to the tax authorities.

As regards plaintiff nos.5 and 6, it was submitted that they were misled into signing both, the compromise petition, as well as the order sheet dated 07th July, 2012.

25. It was averred that plaintiff nos.4-6, on 09th July, 2012 had submitted an affidavit before the Lok Adalat, stating therein that the defendants had played fraud on them and misled them in order to obtain their consent to the terms of compromise. The fact that such an affidavit was submitted within a short span of two days after the order of the Lok Adalat dated 07th July, 2012 would establish that plaintiff nos. 4-6 took immediate steps to bring to the notice of the Lok Adalat, the fraud on the part of the defendants. Therefore, the fact that plaintiff nos. 4-6 did not state before the Lok Adalat on 07th July, 2012 that their signatures were obtained by fraud, could not form the basis for rejecting their allegations of fraud on the part of the defendants.

With the aforesaid contentions, it was submitted that the impugned order of the High Court, whereby the order of the Lok Adalat dated 07th July, 2012 was set aside, did not call for interference by this Court.

26. Having regard to the contention of the learned counsel for appellant that the impugned judgment of the High Court set aside the order of the Lok Adalat dated 07th July, 2012, in a very cursory

and cryptic manner, without assigning any reasons for doing so, the impugned judgment dated 17th April, 2015 in its entirety has been extracted hereinunder:

"O R D E R

> In these writ petitions, petitioners have challenged the order sheet of the Lok Adalath, dated 7.7.2012. Being aggrieved by the rejection of the objections to the compromise petition raised by the petitioners and orders passed by the Learned Judicial and non Judicial Members of the Lok Adalath, Bangalore Rural, Bangalore on 27.04.2013 passed in O.S. No. 876/2004, petitioners are before this Court. The learned counsel requests the court, under the facts and circumstances of the case, order of compromise passed is to be set aside.
>
> 2. As against this, learned counsel appearing for the respondents support the order passed by the Lok Adalat and prays to dismiss these writ petitions.
>
> Petitioners are the defendants no. 6 to 9 and it is submitted by the learned counsel for the petitioners that by playing fraud compromise petition was filed. Petitioner No. 1 submits that she has not at all signed the compromise petition entered into between the parties.
>
> 3. Under the facts and circumstances of the case, I deem it proper to recall the order of the compromise. Order dated 7.7.2012 passed by the Lok Adalat is set aside. The matter is referred to the learned Civil Judge (Jr.Dn.) Bengaluru and is hereby directed to dispose of the matter in accordance with law, as if no compromise is entered into between the parties.
>
> Accordingly, these petitions are disposed of."

27. At the outset, we observe that we do not find any reason forthcoming from the judgment of the High court while setting aside the order of the Lok Adalat dated 07th July, 2012 whereby the terms of the compromise were recorded. To recall a compromise that has been recorded would call for strong reasons. This is because a

compromise would result ultimately into a decree of a Court which can be enforced just as a decree passed on an adjudication of a case. This is also true in the case of a compromise recorded before a Lok Adalat. In this regard, it may be apposite to refer to Section 21 of the Legal Services Authorities Act, 1987, which is extracted as under:

> **"21. Award of Lok Adalat.—** (*1*) Every award of the Lok Adalat shall be deemed to be a decree of a civil court or, as the case may be, an order of any other court and where a compromise or settlement has been arrived at, by a Lok Adalat in a case referred to it under sub-section (*1*) of section 20, the court-fee paid in such case shall be refunded in the manner provided under the Court-fees Act, 1870 (7 of 1870).
> (*2*) Every award made by a Lok Adalat shall be final and binding on all the parties to the dispute, and no appeal shall lie to any court against the award."

28. Section 21 of the Legal Services Authorities Act, 1987 equates an award of the Lok Adalat, to a decree of a Civil Court and imputes an element of finality to an award of compromise passed by the Lok Adalat. When the Lok Adalat disposes cases in terms of a compromise arrived at between the parties to a suit, after following principles of equity and natural justice, every such award of the Lok Adalat shall be deemed to be a decree of a Civil Court and such decree shall be final and binding upon the parties. Given the element of finality attached to an award of the Lok Adalat, it also follows that no appeal would lie, under Section 96 of the CPC against such award, *vide* ***P.T. Thomas vs. Thomas Job*** **- [(2005) 6 SCC 478]**.

29. While we recognise that a Writ Petition would be maintainable against an award of the Lok Adalat, especially when such writ petition has been filed alleging fraud in the manner of obtaining the award of compromise, a writ court cannot, in a casual manner, *de hors* any reasoning, set aside the order of the Lok Adalat. The award of a Lok Adalat cannot be reversed or set aside without setting aside the facts recorded in such award as being fraudulent arrived at.

30. The Latin maxim "*cessante ratione legis cessat ipsa lex*" meaning "reason is the soul of the law, and when the reason of any particular law ceases, so does the law itself" vide ***H H Sri Swamiji of Sri Admar Mutt vs. the Commissioner, Hindu Religious and Charitable Endowments Dept.*– [(1979) 4 SCC 642]**, is also apposite.

31. On the aspect of the duty to accord reasons for a decision arrived at by a court, or for that matter, even a quasi-judicial authority, it would be useful to refer to a judgment of this Court in ***Kranti Associates Private Limited & Anr. Vs. Masood Ahmed Khan & Ors.* – (2010) 9 SCC 496**, wherein after referring to a number of judgments, this Court summarised at paragraph 47 of the judgment the law on the point. The relevant principles for the purpose of this case are extracted as under:

(a) Insistence on recording of reasons is meant to serve the wider principle of justice that justice must not only be done it must also appear to be done as well.

(b) Recording of reasons also operates as a valid restraint on any possible arbitrary exercise of judicial and quasi-judicial or even administrative power.

(c) Reasons reassure that discretion has been exercised by the decision-maker on relevant grounds and by disregarding extraneous considerations.

(d) Reasons have virtually become as indispensable a component of a decision-making process as observing principles of natural justice by judicial, quasi-judicial and even by administrative bodies.

(e) Reasons facilitate the process of judicial review by superior courts.

(f) The ongoing judicial trend in all countries committed to rule of law and constitutional governance is in favour of reasoned decisions based on relevant facts. This is virtually the lifeblood of judicial decision-making justifying the principle that reason is the soul of justice.

(g) Judicial or even quasi-judicial opinions these days can be as different as the judges and authorities who deliver them. All these decisions serve one common purpose which is to demonstrate by reason that the relevant factors have been objectively considered. This is important for sustaining the litigants' faith in the justice delivery system.

(h) Insistence on reason is a requirement for both judicial accountability and transparency.

(i) If a judge or a quasi-judicial authority is not candid enough about his/her decision-making process then it is impossible to know whether the person deciding is faithful to the doctrine of precedent or to principles of incrementalism.

(j) Reasons in support of decisions must be cogent, clear and succinct. A pretence of reasons or “rubber-stamp

reasons" is not to be equated with a valid decision-making process.

(k) It cannot be doubted that transparency is the sine qua non of restraint on abuse of judicial powers. Transparency in decision-making not only makes the judges and decision-makers less prone to errors but also makes them subject to broader scrutiny. (See David Shapiro in *Defence of Judicial Candor* [(1987) 100 Harvard Law Review 731-37)

(l) In all common law jurisdictions judgments play a vital role in setting up precedents for the future. Therefore, for development of law, requirement of giving reasons for the decision is of the essence and is virtually a part of "due process".

(m) The requirement to record reasons emanates from the broad doctrine of fairness in decision-making i.e. adequate and intelligible reasons must be given for judicial decisions

Though the aforesaid judgment was rendered in the context of a dismissal of a revision petition by a cryptic order by the National Consumer Disputes Redressal Commission, reliance could be placed on the said judgment on the need to give reasons while deciding a matter particularly as it arises in the instant case.

32. In view of the aforesaid discussion, we shall now consider the facts of the present case. The details as to the terms of the compromise as well as the contentions raised at the Bar have been narrated above. On a consideration of the same, the following aspects would emerge:

(a) The Lok Adalat, in its award dated 07th July, 2012 recorded that the parties had admitted that the contents of the compromise petition were true and correct, after the terms thereof had been read over and explained to them in Kannada language. Further, it was also noted that the compromise was entered into by plaintiff no. 1, on behalf of, and for the benefit of his two minor children, in order to protect their shares. The same was allowed by the Lok Adalat on recognising the terms of the compromise, would protect the interests plaintiff no. 1's minor children. There is no objection raised on behalf of plaintiff no. 1 in the instant case.

(b) The Lok Adalat, in its order dated 27th April, 2013, rejected the allegations of fraud raised by plaintiff nos. 4-6, against the defendants and recorded that plaintiff nos. 4-6 had offered no explanation as to why no objection was raised by any of them on 07th July, 2012 before the Lok Adalat. It was further observed that plaintiff nos. 4-6, could not, after having accepted huge sums of money in terms of the compromise, rescind from the terms thereof.

(c) It is not the case of plaintiff nos. 4-6 that they had not received an amount of Rs. 30,00,000/- (rupees thirty lakhs) each, in terms of the compromise. Further, it is not their case that such sum has been returned, in whole or in part, to the defendants.

(d) That although plaintiff no. 4, stated that on learning that the proceedings conducted on 07th July, 2012 before the Lok Adalat were

in relation to a compromise, she had not signed the order sheet, she failed to provide any explanation as to why she did not inform the Lok Adalat on the said date that her signature on the compromise petition was obtained by fraud.

(e) That plaintiff nos. 4-6 had admitted before the Lok Adalat on 07th July, 2012 that the contents of the compromise petition were true and correct, when the same had been read over and explained to them in Kannada.

(f) That plaintiff nos. 4-6 specifically admitted that they had received a sum of Rs. 30,00,000/- (rupees thirty lakhs) each, as mentioned in the compromise petition in lieu of relinquishing their rights, title and interest in the other suit schedule properties.

(g) That if, in fact, the signatures of plaintiff nos. 4-6 had been obtained by fraud, they ought to have returned the amount of Rs. 30,00,000/- (rupees thirty lakhs) each, paid to them in accordance with the terms of the compromise. Having not done so, plaintiff nos. 4-6 had failed to establish that any fraud was practiced upon them, by the defendants, with a view to obtain their signatures on the compromise petition.

(h) On a perusal of the plaint, it is noted that there were 13 items of the suit schedule property having different valuation and therefore, the plaintiffs would have had their respective shares in the suit schedule properties taken together. However, plaintiff nos.4-6

accepted a sum of Rs.30 lakhs each by relinquishing their right, title and interest in all the suit schedule properties. Having received a monetary share in respect of the suit items, the plaintiffs had decided to relinquish their right, title and interest in respect of all the suit items.

The learned Single Judge of the High Court in the impugned judgment has not considered the aforesaid facts of the case in the context of setting aside the award of the Lok Adalat dated 07th July, 2012. Learned Single Judge has also not considered the reasoning given in the order dated 27th April, 2013 by which the objections raised by plaintiff nos.4-6 to the decree of the Lok Adalat had been rejected.

33. This Court in ***Ruby Sales and Services Pvt. Ltd. vs. State of Maharashtra*- [(1994) 1 SCC 531]** observed that a consent decree is a creature of an agreement and is liable to be set aside on any of the grounds which will invalidate an agreement. Therefore, it would follow that the level of circumspection, which a Court of law ought to exercise while setting aside a consent decree or a decree based on a memo of compromise, would be atleast of the same degree, which is to be observed while declaring an agreement as invalid.

34. In ***Pushpa Devi Bhagat (dead) through LR. Sadhna Rai vs. Rajinder Singh and Ors.*** **– [(2006) 5 SCC 566]**, this Court held that since no appeal would lie against a compromise decree, the only option available to a party seeking to avoid such a decree would be to challenge the consent decree before the Court that passed the same and to prove that the agreement forming the basis for the decree was invalid. It is therefore imperative that a party seeking to avoid the terms of a consent decree has to establish, before the Court that passed the same, that the agreement on which the consent decree is based, is invalid or illegal.

35. It is a settled position of law that where an allegation of fraud is made against a party to an agreement, the said allegation would have to be proved strictly, in order to avoid the agreement on the ground that fraud was practiced on a party in order to induce such party to enter into the agreement. Similarly, the terms of a compromise decree, cannot be avoided, unless the allegation of fraud has been proved. In the absence of any conclusive proof as to fraud on the part of the objectors, the High Court could not have set aside the compromise decree in the instant case.

36. Having considered the aforesaid facts of the present case, we are of the view that no ground was made out warranting the decision of the High Court to set aside the order of the Lok Adalat dated 07th

July, 2012, wherein compromise was recorded between the parties. The High Court's decision to set aside the order of the Lok Adalat, without entering into a discussion as to the findings in such order, cannot be sustained. Such decision of the High Court runs contrary to established principles of law which seek to protect the sanctity and finality of orders based on a compromise or consent between parties.

37. Hence the impugned judgment of the High Court of Karnataka, dated 17th April, 2015 is set aside and the order of the Lok Adalat, dated 07th July, 2012 whereby the compromise between the parties to O.S. No. 876 of 2004 was recorded, is restored. The appeals are allowed.

38. Having regard to the relationship between the parties, the parties are directed to bear their respective costs.

.....J.
(M.R. SHAH)

.....J.
(B.V. NAGARATHNA)

NEW DELHI;
18th MAY, 2022.