

**NATIONAL CONSUMER DISPUTES REDRESSAL COMMISSION
NEW DELHI**

REVISION PETITION NO. 689 OF 2023

(Against the Order dated 01/12/2022 in Appeal No. 325/2022 of the State Commission
Haryana)

1. SARVA HARYANA GRAMIN BANKPetitioner(s)

Versus

1. RAJINDER SINGH & 3 ORS.

I-1/201, MAYA GARDEN CITY ZIRAKPUR

MOHALI-140603

.....Respondent(s)

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.....Respondent(s)

BEFORE:

HON'BLE MR. SUBHASH CHANDRA, PRESIDING MEMBER

HON'BLE AVM J. RAJENDRA, AVSM VSM (Retd.), MEMBER

FOR THE PETITIONER :

Dated : 22 November 2024

ORDER

BEFORE

HON'BLE MR SUBHASH CHANDRA, PRESIDING MEMBER

HON'BLE AVM J RAJENDRA, AVSM VSM (RETD.), MEMBER

For the Petitioners Mr Rohan Bhambri, Advocate (VC)

For the Respondent Mr Raghav Sharma, Advocate for R 1 (VC)

Ms Aishwarya Mishra, Advocate for R 2 & 3 (VC)

Mr Amit Kumar Sharma, Proxy Counsel for R 4

ORDER

PER MR SUBHASH CHANDRA

1. This revision petition under section 21 (b) of the Consumer Protection Act, 1986 (in short, 'the Act') assails the order dated 01.12.2022 passed by the Haryana State Consumer Disputes Redressal Commission, Panchkula (in short, 'the State Commission') in Appeal no. 325 of 2022 disallowing the Appeal and upholding the order of the District Forum in complaint no. 155 of 2018 dated 12.05.2022. As the facts of the case are common in all the revision petitions, hence, it is proposed to pass a common order with facts being taken from Revision Petition no.689 of 2023 as the lead case.
2. The relevant facts of the case, in brief, are that under the Prime Minister Fasal Bima Yojna (in short, 'the PMFBY'), the appellant Bank had been authorised to provide the details of farmer beneficiaries to respondent nos.2 and 3 of (insurance company) who were insured under the said scheme. Respondent no.1, who was an agriculturist owning 7 acres of land and was a resident of village Siana Saidan, held a KCC account with the appellant herein. In the 2016-2017 Kharif season he had sown paddy crop and applied for insurance cover under the PMFBY from respondent nos.2 and 3. As per the scheme, the uploading of details of the farmers and their agricultural holding, crop sown etc., in the government portal was the responsibility of the appellant bank which is a Rural Bank. A sum of Rs.2695/- was deducted by the appellant from the Bank account of respondent no.1 on 27.07.2016 towards the premium for the PMFBY Group Insurance Policy of the crop sown for the year 2016-2017 season in respect of respondent no.1. Due to heavy rain in August and September 2019, the paddy crop was destroyed, which was certified by the concerned authority such as Block Development Officer, Pehowa and DDA, Kurukshetra. However, the insurance claim was not paid on the grounds that while the respondent was a resident of Siana Saidan village, the

claim of insurance pertained to village Zulmat, details for which had not been entered on the portal by the appellant bank. The finding of the District Forum, which was approached by way of complaint, was that appellant had wrongly declared the village of the complainant to respondent nos.1 and 2 (Insurance Company). It was not disputed that it was the primary duty of the appellant to upload the data of the farmers in the Government Portal regarding PMFBY. Hence, it was contended by respondent nos.2 and 3 that the appellant herein (Bank) was liable to pay the amount of the claim as per the operational guidelines in paragraph XVII of the Guidelines of the scheme as per which financial institutions were to be responsible for all the omissions and commissions committed by them. As it was evident that, *prima facie*, an error had been committed by the Bank in remitting the amount of premium recovered from the agriculturists in the name of the village incorrectly, the Bank was held to be liable to reimburse the loss. Accordingly, the District Forum held that the appellant liable for reimbursement of Rs.92,527/- to respondent no.1/ complainant along with Rs.10,000/- as compensation for mental agony and physical harassment and Rs.5000/- as litigation expenses to be paid within 45 days of the order.

3. The appeal filed by the appellant herein before the State Commission also similarly held, in terms of the liability of the Bank, and with the finding that the amount of Rs.92,527/- be paid by the Bank based on the revenue records of the Jamabandi for the years 2015-2016 and 2016-2017 in respect of village Zulmat. It was therefore, held that there was no case made out for interference in the impugned order of the District Forum.

4. These orders are impugned before us by way of the present Revision Petition praying for the relief of setting aside and quashing the same with any further order(s) as may be deemed fit and proper.

5. We have heard the learned counsel for the parties and have carefully considered the material on record.

6. In a nutshell, the case of the complainant is that the petitioner Bank is merely a facilitator on behalf of the farmers and the Insurance Company and had not received any premium for which they can be held liable for loss to the farmers under the PMFBY. According to the appellant, the Bank cannot be held liable for the loss to the farmers on account of the fault of the insurance companies which had not complied with its duty of verification under the operational guidelines of PMFBY. Since it was the insurance company which had received the premium, according to the appellant, it was liable to compensate the farmers for any loss of crop merely on account of incorrect details being recorded since the insurance premium had been received and retained by the insurance company. Reliance was placed on the judgment of the Hon'ble Supreme Court in ***Gurmel Singh vs Branch Manager, National Insurance Co. Ltd.***, 2002 SCC Online SC 666 decided on 20.05.2022 and reliance was also placed on the order in PIL No. 64 of 2021 before the Hon'ble High Court of Judicature of Bombay at Aurangabad.

7. The contention of respondent no.1 was that the requisite premium had been deducted by the petitioner Bank and there was no dispute with regard to the loss incurred by him on account of un-seasonal rains and the quantum of loss as determined by the Agriculture Department and Revenue authorities. It was contended that on account of incorred uploading of the details in the Government portal with regard to his village and agricultural holding

which was actually in village Zulmat having been shown as Siana Saidan, he is entitled for compensation which cannot be denied. It was therefore, prayed that the order of District Forum and the State Commission be upheld.

8. The insurance company did not deny the receipt of premium but argued that the responsibility of uploading the details in the Government portal was that of the appellant Bank and therefore in the absence of correct details of the village not being uploaded, the insurance company should not be held liable for the liability on account of compensation to respondent no.1 as was being contended by the appellant.

9. From the foregoing it is evident that as per the PMFBY scheme, the appellant Bank was required to deduct the premium in respect of eligible farmers and upload the details of the farmers and agricultural holding in the designated Government portal and to remit the same to respondent nos.1 and 2 – Insurance Companies. There is no dispute that respondent no.1 was an agriculturist on whose behalf the insurance premium had been deducted and paid by the appellant to respondent nos.1 and 2. There is also no dispute that claim of Rs.92,527/- towards the loss of paddy crop sown in 7 acres in village Zulmat had been certified by the Agricultural department and BDO. In view of the admitted crop loss under the PMFBY scheme being eligible for compensation, the only dispute is that the details of respondent no.1's village in the Government portal was incorrectly shown and therefore, the insurance company/respondent nos.1 and 2 are contesting the claim. The case of the appellant is that it was only an intermediary which transmitted the insurance premium to respondent nos.1 and 2/Insurance Company from the account of respondent no.1 with its approval. The liability of any claim arising out of this lies with the insurance company and not with the Bank. Hence, the District Forum and the State Commission were stated to have incorrectly held that the Bank was liable for the compensation since it had not uploaded the correct details on the portal of PMFBY.

10. Under the scheme of insurance, the privity of contract is between the insured and the insurer. Admittedly, in this case, the premium had been paid on behalf of the insured (respondent no.1) to insurer (respondent nos.2 and 3). While there has been an admitted error on the part of the appellant in the uploading of relevant details of the insured in the portal, it is not denied that the premium was received by respondent nos.2 and 3 insurance company. The issue which falls for consideration is whether the District Forum and the State Commission have erred in holding the Bank liable for the liability arising out of the crop loss under the scheme.

11. While the appellant Bank may have erred in uploading the details of respondent no.1, it cannot be denied that, in view of the receipt of the premium of Rs.2695/- by the Insurance Company, there was a privity of contract between respondent no.1 and the opposite parties no.2 and 3, insurance company. This liability is sought to be contested by the insurance company on the grounds that the premium was paid for the policy in respect of a village that was not covered under the PMFBY scheme. In a scheme which has a national foot print and covers large number of eligible farmers, compensation should not be denied on the ground that there was discrepancy regarding certain factual details when admittedly the premium in respect of the farmers had been received by the insurance company and there is no dispute regarding crop loss in the village that should have been indicated. The District Forum and the State Commission have fixed the liability on the appellant Bank which was only an

intermediary for payment of the premium which is a material irregularity. The lower fora have erred in transferring the liability of the insured to the Bank which was only an intermediary and did not have a privity of contract with respondent no.1 farmer. While it is for the respondent nos.2 and 3 and the appellant to set their houses in order to resolve the issue of liability, the liability for insurance cover in respect of damage to the crop must necessarily lie with the insurance company which had extended the insurance cover and had received the requisite premium on behalf of the insured through the medium of the appellant bank.

12. In view of the discussion above, we find merit in the revision petition which is accordingly allowed with the direction that the sum of Rs.92,527/- be paid by respondent nos.2 and 3 jointly and severally to the appellant with interest @ 9% per annum from the date of the loss along with litigation cost of Rs.25,000/-. The said order shall be complied with within 45 days, failing which the amount of Rs.92,527/- shall be paid with interest @ 12% per annum.

13. RP nos. 690 and 691 of 2023 are also disposed of in the above terms.

14. All pending IAs, if any, stand disposed of by this order.

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SUBHASH CHANDRA
PRESIDING MEMBER

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AVM J. RAJENDRA, AVSM VSM (Retd.)
MEMBER