2026:AHC:159676-DB

HIGH COURT OF JUDICATURE AT ALLAHABAD

WRIT - C No. - 16530 of 2026

The Oriental Insurance Company Limited

…..Petitioner(s)

Versus

Smt Rachna Singh and 2 others

…..Respondent(s)

Counsel for Petitioner(s)	:	Ankur Mehrotra
Counsel for Respondent(s)	:	C.S.C., Sanjeev Kumar Saxena

A.F.R.

Reserved on April 30, 2026
Delivered on July 31, 2026

Court No. - 40

HON’BLE SARAL SRIVASTAVA, J.
HON'BLE GARIMA PRASHAD, J.

(Delivered by Hon’ble Garima Prashad. J.)

1. Heard Sri Ankur Mehrotra, learned counsel for the petitioner-Insurance Company, Sri Sanjeev Kumar Saxena, learned counsel for the private respondent and learned Standing Counsel for the State.

2. The present writ petition has been filed by the petitioner-Insurance Company challenging the order dated 29.11.2025 passed by the District

3. The facts, briefly stated, are that the husband of respondent no.1 died in a road accident on 29.11.2018, following which respondent no.1 submitted a claim under the Scheme seeking compensation on account of the accidental death of the earning member of the family. The claim, however, came to be repudiated by the petitioner-Insurance Company on the ground that the same had not been submitted within the prescribed limitation period contemplated under the Scheme. Aggrieved thereby, respondent no.1 approached this Court and pursuant to the directions issued therein, the District Magistrate reconsidered the matter and thereafter passed the impugned order directing payment of compensation to respondent no.1 under the Scheme.

4. Learned counsel for the petitioner Insurance Company submits that the Scheme is governed by the contractual terms and conditions contained in the Memorandum of Understanding executed between the State Government and the petitioner-Insurance Company and therefore compensation could not have been directed contrary to the contractual stipulations. It is further contended that the District Magistrate could not have travelled beyond the terms of the contract executed between the parties.

5. It has also been submitted that the issue relating to delayed claims and limitation under the Scheme, as considered by the Division Bench of this Court in ***Gautam Yadav v. State of U.P.,*** reported in ***2020 SCC Online All 1379*** presently remains pending consideration before the Hon'ble Supreme Court and the operation of the judgment has been stayed in interim proceedings arising therefrom.

6. In view of the submissions advanced, the principal issue which arises for consideration before this Court is:

> ***Yojna on the ground that such order is contrary to the terms and conditions of the Memorandum of Understanding governing the contractual arrangement between the petitioner and the State Government?"***

7. At the outset, it is necessary to notice the nature and character of the Scheme itself. The *Mukhyamantri Kisan Evam Sarvhit Bima Yojna* is not an ordinary commercial insurance arrangement between private parties. The Scheme has been framed by the State Government as a welfare and social security measure intended to provide immediate financial assistance to economically vulnerable families, including poor farmers and persons engaged in allied occupations, upon accidental death or disability of the sole earning member of the family.

8. At the same time, insofar as the petitioner-Insurance Company is concerned, the arrangement arises out of the Memorandum of Understanding (MoU) executed between it and the State Government pursuant to a negotiated contractual framework and against payment of substantial premium by the Government. The petitioner voluntarily undertook the risk under the Scheme after assessing its commercial viability and accepted the terms of the MoU to its satisfaction. Consequently, while the Scheme possesses a public welfare character vis-à-vis its beneficiaries, the rights asserted by the petitioner against the State Government remain essentially contractual and commercial in nature.

9. The beneficiaries under the Scheme are neither parties to the Memorandum of Understanding nor to the contractual arrangement between the petitioner and the State Government. Their entitlement arises from the welfare Scheme framed by the State and not from the

(i) a claim seeking enforcement of public law rights or welfare entitlements under a governmental scheme; and

(ii) a dispute arising substantially out of contractual liability and indemnification between the insurer and the State Government.

11. Where an eligible beneficiary seeks enforcement of welfare entitlements under a governmental scheme, proceedings under Article 226 seeking mandamus against the State authorities are clearly maintainable since the source of the entitlement arises under a governmental welfare scheme.

12. The position of the petitioner-Insurance Company, however, stands on an entirely different footing. The petitioner does not seek enforcement of any statutory or constitutional right in public law. Its grievance is essentially that compensation has been directed contrary to the contractual stipulations governing limitation, claim procedure and liability allocation under the Memorandum of Understanding executed with the State Government. The writ petition is, therefore, an attempt to enforce rights asserted under the MoU rather than any independent public law right.

13. Learned counsel for the petitioner has placed reliance upon ***ABL International Ltd. v. Export Credit Guarantee Corporation of India Ltd.*** reported in ***(2004) 3 SCC 553*** to contend that the existence of a contractual relationship does not, by itself, bar the exercise of writ jurisdiction where the action of the State or its instrumentality is arbitrary and the dispute involves a public law element. The said principle, however, has no application to the present case.

neither a party to the Memorandum of Understanding nor to the contractual arrangement between the petitioner and the State Government and cannot be compelled to defend disputes arising out of contractual terms to which she is a stranger.

15. On the contrary, the present case squarely falls within the principles laid down in ***State of Bihar v. Jain Plastics and Chemicals Ltd.,*** reported in ***(2002) 1 SCC 216, Kerala State Electricity Board v. Kurien E. Kalathil*** reported in ***(2000) 6 SCC 293*** and ***Joshi Technologies International Inc. v. Union of India*** reported in ***(2015) 7 SCC 728*** wherein the Hon'ble Supreme Court has consistently held that disputes concerning interpretation, enforcement and breach of contractual obligations ordinarily fall within the realm of private law and must be adjudicated before ordinary civil, commercial or arbitral forums rather than in writ jurisdiction.

16. The reliance placed upon the pendency of proceedings before the Hon'ble Supreme Court arising from the judgment in ***Gautam Yadav (supra)*** does not advance the case of the petitioner. In the said decision, the Division Bench examined the validity of the limitation prescribed under the Scheme, which also formed part of the agreement executed between the State Government and the Insurance Company. The Court held the prescribed period to be arbitrary and unreasonable and directed that claims made within three years from the date of death or rejection be treated as within limitation. The issue arising therein thus concerned the validity and interpretation of a term governing the Scheme generally and had the effect of modifying the contractual and legal framework governing claims under the Scheme, thereby directly affecting the obligations assumed by the insurer. It is in that context that the Insurance

claim by the District Magistrate, who has been designated as the competent authority under the Scheme. Once such authority has applied the Scheme and found a beneficiary eligible and entitled to compensation, the Insurance Company cannot invoke writ jurisdiction to assail that determination merely by alleging that the claim was dealt with contrary to the contractual conditions agreed upon with the State Government.

18. Thus, while a question concerning the validity or alteration of a term of the Scheme, having a general bearing upon the contractual obligations of the insurer, may stand on a different footing, the petitioner does not possess a corresponding locus to challenge the application of the Scheme in each individual case. In view of the distinction noticed above, the pendency of the proceedings arising from ***Gautam Yadav (supra)*** does not, in the considered view of this Court, affect the issue arising for consideration in the present writ petition.

19. The extraordinary jurisdiction under Article 226 cannot be permitted to become a routine remedy available to Insurance Companies for challenging compensation determinations under welfare schemes merely by alleging breach of the Memorandum of Understanding with the State Government. Entertaining such petitions would convert the writ jurisdiction into a parallel appellate forum for adjudicating inter se contractual disputes between the insurer and the State Government, thereby defeating the object of the Scheme.

20. The petitioner, having voluntarily undertaken the contractual obligations under the Memorandum of Understanding after assessing the commercial risks and accepting the premium payable by the State Government, cannot ordinarily invoke Article 226 to resist disbursement

members, already devastated by the accidental death of the sole breadwinner of the family, would be compelled to run from court to court defending constitutional proceedings initiated by the Insurance Company merely because the insurer disputes its contractual liabilities towards the State Government. Welfare compensation intended for immediate financial relief cannot be permitted to be indefinitely obstructed until the Insurance Company is fully satisfied regarding every contractual or procedural aspect of its arrangement with the Government.

22. Accordingly, for the reasons recorded above, this Court holds that the present writ petition, at the instance of the petitioner-Insurance Company, is not maintainable under Article 226 of the Constitution. The issue framed above is answered accordingly against the petitioner.

23. Even otherwise, this Court finds no ground to interfere with the impugned order. The District Magistrate has recorded a categorical finding that the claim was submitted within the prescribed period and that respondent no.1 was entitled to compensation under the Scheme. No perversity, jurisdictional error or manifest illegality in the said findings has been demonstrated so as to warrant interference under Article 226 of the Constitution.

24. Once the District Magistrate, being the competent authority, adjudicated the claim and held the beneficiary entitled to compensation under the Scheme, the petitioner-Insurance Company cannot deny payment on the basis of its own interpretation of the contractual stipulations governing the Memorandum of Understanding with the State Government. To hold otherwise would virtually permit the Insurance Company to sit in appeal over every determination made by the District

under the Scheme remains unpaid. Such delay is wholly inconsistent with the object and spirit of the Scheme, which is intended to provide timely financial relief to distressed families.

26. The writ petition is, accordingly, dismissed.

27. The petitioner-Insurance Company shall comply with the impugned order dated 29.11.2025 by releasing the compensation payable to respondent no.1 within a period of three months from the date of this order.

28. However, it is observed that dismissal of the present writ petition shall not preclude the petitioner from availing such remedies as may otherwise be available in law against the State Government before the appropriate civil, commercial, arbitral or other competent forum in relation to its alleged contractual grievances arising out of its Agreement / Memorandum of Understanding governing the Scheme.

(Garima Prashad, J.) **(Saral Srivastava, J.)**

July 31, 2026
Kuldeep