

**(2008) 01 PAT CK 0002**  
**In the Patna High Court**

Suggi Devi and Others

APPELLANT

Vs

State of Bihar and Others

RESPONDENT

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**Date of Decision :** 21-01-2008

**Acts Referred:**

**Citation :** AIR 2008 Patna 75 : (2008) 2 PLJR 140

**Hon'ble Judges :** Navaniti Prasad Singh, J

**Bench :** Single Bench

**Final Decision :** Allowed

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## **Judgement**

Navaniti Prasad Singh, J.—The thirty four writ petitioners have filed the writ petition originally for a direction to the respondent-General Insurance Company Limited for paying the insurance dues to the petitioners on failure of their agricultural crop. Petitioners are agriculturists. They had taken loans from the Siwan Central Cooperative Bank, Tarwana Branch, Siwan. The Bank was required to take a crop insurance policy in favour of the petitioners. The respondent-Insurance Company filed a counter affidavit stating that the crops of the petitioners were never insured with them as no premium whatsoever was deposited by the Bank in their account. They submit that accordingly they have no liability in the matter. The petitioners then pray that the Cooperative Bank was under an obligation to get the insurance done. Having failed to do so, they are now liable to compensate the petitioners by writing off the loans to the extent of insurance liability which they would have otherwise got on failure of their crop. On behalf of the Cooperative Bank, an attempt to wriggle out was initially made but then it was admitted that it had duly charged the insurance premium from the petitioners but did not proceed further to take policies of insurance. Thus, from the facts stated above, it is clear that the Bank accepts its liability to take the insurance cover and also accepts that it had charged the premium to the petitioners' account but for some unexplained reason, it failed to deposit the same with the Insurance Company and take proper policies in this regard.

2. In my view, this is sufficient to saddle the Cooperative Bank with the liability which would otherwise be of the Insurance Company. Once the Cooperative Bank charged the insurance premium to the account of the petitioners, the duty of petitioners was over. It then became the responsibility and the duty of the Bank to get the insurance policies in favour of the petitioners. The petitioners had no way of knowing that even though they had paid the due premium, they were not covered with the policy. This was clearly an act of omission on the part of the Cooperative Bank to protect not only its interest but also the interest of its constituents, the farmers. Once the crops were damaged in ordinary course if the policy had been operative the farmers would have been entitled to compensation from the Insurance Company under the Crops Insurance Scheme. Now they are deprived of the same and they are now liable to liquidate the loans which they had taken. This cannot be permitted. Once it is established that the Cooperative Bank failed to discharge its duty then it must pay for the consequences thereof. In such a situation, I direct that to the extent to which the petitioners would have been entitled to compensation from the Insurance Company if the policy had been taken, to that extent the liabilities of the petitioners with the Bank would stand extinguished. In other words, the loans taken by the petitioners from the respondent Co-operative Bank would be reduced by the amount of compensation which they would ordinarily have been entitled to if the crops were insured under the Crops Insurance Scheme. This I direct accordingly.

3. In order to shorten the process, I direct respondent-General Insurance Company (now Agricultural Insurance Company Limited, a Government of India Undertaking) to calculate the amount of compensation that would be payable to the petitioners as if the policy was in force and inform the figures to the petitioners and the Central Cooperative Bank within six weeks from today. On such calculation being received, the Siwan Central Cooperative Bank, Tarwana Branch would then give credit of that amount to the petitioners individually on and from the date when claims would otherwise be due.

4. With these directions, this writ petition stands allowed.