



NC: 2026:KHC:32036-DB
MFA No. 3059 of 2022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 29TH DAY OF JUNE, 2026

PRESENT

HON'BLE MR. JUSTICE JAYANT BANERJI

AND

HON'BLE MS. JUSTICE TARA VITASTA GANJU

MISCELLANEOUS FIRST APPEAL NO. 3059 OF 2022 (MV-D)

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BETWEEN:

THE MANAGING DIRECTOR,
MOTOR CLAIMS HUB
BMTC, SHANTHINAGAR,
K.H.ROAD, BENGALURU-560 027.
REPRESENTED BY ITS CHIEF LAW OFFICER.

...APPELLANT

(BY SRI. DABALI FAKKIRAPPA SHIDRAMAPPA.,ADVOCATE)

AND:

Digitally signed
by SUMATHY
KANNAN
Local
HIGH COURT
OF KARNATAKA

1. SMT. SARASWATHI SATHYAGALLA
W/O LATE SURESH.V.,
AGED ABOUT 34 YEARS,
2. KUM.S.DIVYA SHREE PRIYA,
D/O LATE SURESH.V.,
AGED ABOUT 6 YEARS,

RESPONDENT NO.2 IS MINOR
REPRESENTED BY HER MOTHER AND
NATURALGUARDIAN SMT. SARASWATHI
SATHYAGALLA,
RESPONDENT NO.1



3. SRI. VENKATESH
S/O LATE MUNEPPA,
AGED ABOUT 61 YEARS,
4. SMT. MANGAMMA
W/O VENKATESH,
AGED ABOUT 56 YEARS,

ALL ARE R/O 2-13,
GANDARAJU PALLI,
GANGAVARAM, CHITTOR,
ANDHRA PRADESH,
PIN:517 001,
AND ALSO RESIDING AT:
NO.1-82/1, KONGATAM,
VENKATAGIRIKOTA,
CHITTOR, ANDHRA PRADESH,
PIN:517 424.

...RESPONDENTS

(BY SRI. GURUDEV PRASAD.K.T., ADVOCATE)

THIS MFA FILED U/S 173(1) OF MV ACT AGAINST THE
JUDGMENT AND AWARD DATED 01.01.2022, PASSED IN MVC
NO.7856/2019 ON THE FILE OF THE XIV ADDITIONAL SMALL
CAUSES JUDGE AND ACMM AND MEMBER-MACT, BENGALURU
(SCCH-10), AWARDING COMPENSATION OF RS.52,95,952/-
WITH INTEREST AT 6 PERCENT P.A. FROM THE DATE OF
PETITION TILL THE DATE OF DEPOSIT.

THIS APPEAL, COMING ON FOR ADMISSION, THIS DAY,
JUDGMENT WAS DELIVERED THEREIN AS UNDER:



CORAM: HON'BLE MR. JUSTICE JAYANT BANERJI
&
HON'BLE MS. JUSTICE TARA VITASTA GANJU

ORAL JUDGMENT

(PER: HON'BLE MS.JUSTICE TARA VITASTA GANJU)

1. The present appeal seeks to challenge the judgment and award dated 01.01.2022, in MVC No.7856/2019, passed by the XIV Additional Small Causes Judge and ACMM and Member-MACT, Bengaluru (hereinafter referred to as the 'Impugned Award'). By the Impugned Award, the learned Tribunal has awarded compensation to the claimants in a sum of Rs.52,95,952/-, along with interest at 6% per annum from the date of the petition till its realisation.
2. The challenge in the present case has been made by the appellant/BMTC.
3. Although the matter was listed for Admission, with the consent of the parties, the matter is taken up for hearing and final disposal at this stage.



4. The brief facts of the case are that on 12.09.2019 at about 8.25 p.m., the deceased V.Suresh was riding on his motorcycle bearing registration No.KA-53-EY-1957, on Varthur Main Road. At that time, when he reached Tulasi Junction, Bengaluru City, a Driver of BMTC bus bearing registration No.KA-57-F-2571, stated to be driving the bus in a rash and negligent manner hit the motorcycle from the rear side. As a result of the accident, the deceased sustained grievous injuries and was initially shifted to Jeevika Hospital and thereafter to Vydehi Hospital, wherein he took treatment as an inpatient. The deceased succumbed to his injuries during his treatment on 13.09.2019, the next day in the Hospital.

5. A claim petition under Section 166 of the Motor Vehicles Act, 1988 (hereinafter referred to as the 'MV Act') was filed by the wife, minor daughter and the parents of the deceased. It was stated that the deceased was employed as an Assistant Sales Officer in ICICI Bank, Koramangala and earning a sum of Rs.30,000/- per



month. The respondent/BMTC appeared before the learned Tribunal and filed its statement of objections and contested the matter. The averments in the claim petition were denied.

6. On the basis of the pleadings of the parties, the following issues were framed:

"1. Whether the petitioner proves that, deceased Suresh.V was died on account of road traffic accident took place on Varthur Main Road, Near Marathahalli Thulasi Junction, Bengaluru, due to rash and negligent driving of the driver of the BMTC bus bearing Reg.No.KA-57-F-2571 dated 12.09.2019 at about 08.30 p.m.?"

2. Whether the petitioners are entitled for compensation? If so, what is the quantum? From whom?"

3. What order or award?"

7. The wife of the deceased examined herself as PW-1, the Manager of the ICICI Bank was examined as PW-2; and an eye-witness was examined as PW-3. Several documents were filed and exhibited as Exhibits P1 to P24 by the claimants including the FIR (Exhibit-P1), Spot Mahazar (Exhibit-P4), Inquest Panchanama (Exhibit-P5), IMV Report (Exhibit-P7), Charge-sheet (Exhibit-P8). In



addition, the salary slip, appointment letter and the bank account of the deceased was also placed on record as Exhibits-P16 to P22, Exhibit-P23 and Exhibit-P24 respectively. The Driver of the offending BMTC bus was examined as RW-1.

8. The learned Tribunal after examining the spot mahazar, inquest panchanama and IMV report and based on the FIR and charge-sheet found that an offence punishable under Sections 279 and 304(A) of the Indian Penal Code was made out against the driver of the offending BMTC. The driver of the offending bus (RW-1), who admitted to a criminal case pending against him. The learned Tribunal thus found that the negligence to be proved.

9. On the aspect of the compensation, since the deceased was aged 31 years and was employed at ICICI Bank, the learned Tribunal after examining Exhibit-P22, which is the salary slip for the month August'2019 and the testimony of PW-2 his employer, found that the salary of



the deceased was Rs.23,639/- per month and the appropriate multiplier of '16' was adopted. In addition, future prospects at 50% was also added. The learned Tribunal also held that since there were four dependants, i.e., wife, minor daughter and parents, 1/4th of the income was to be deducted. Accordingly, the loss of dependency was calculated as follows:

$$\begin{aligned} \text{Rs.23,639} + 50\% &= \text{Rs.35,458/-} \\ (\text{Rs.35,458} \times 12 \times 16) - 1/4^{\text{th}} &= \text{Rs.51,05,952/-} \end{aligned}$$

10. In addition, the learned Tribunal also awarded amounts towards loss of consortium, loss of estate, funeral expenses in the following manner:

Sl.No.	Particulars	Amount (Rs.)
1	Loss of Dependency	51,05,952/-
2	Loss of Consortium to petitioner No.1	40,000/-
3	Loss of Estate	15,000/-
4	Transportation and Funeral Expenses	15,000/-
5	Parental Consortium to petitioner No.2	40,000/-
6	Filial consortium to petitioner Nos.3 and 4 (Rs.40,000 each)	80,000/-
	TOTAL	52,95,952/-



10.1 Thus, it was held that the claimants were entitled to a sum of Rs.52,95,952/- along with 6% interest per annum.

11. As stated above, the challenge in the present appeal is by the appellant/BMTC. The learned counsel for the appellant has raised three contentions. Firstly, he submits that the salary taken by the learned Tribunal could not be taken at Rs.23,639/- per month, since the allowances had to be deducted. Relying on Exhibit-P22, he submits that the transport allowance, performance-based pay, should have been deducted. Secondly, the learned counsel for the appellant submits that the future prospects could not have been calculated at 50% since the deceased was not a Government employee. Lastly, he submits that the loss of dependency was also wrongly calculated, as the father of the deceased was not dependent on him.

12. The learned counsel for the respondents/claimants on the other hand, contends that so far as the salary slips concerned, no amounts can be deducted from the same as



they all form part of his salary component. On the aspect of the loss of dependency, the learned counsel contends that the claim petition was filed by all the four claimants and the father of the deceased being 58 years old and was not working and dependent on the income of the deceased. In addition, it is contended that no question was put to the witness nor was any cross-examination conducted by the respondent/BMTC to show that the father of the deceased was earning. On the aspect of future prospects, the learned counsel for the respondent states that the deceased was employed in ICICI bank and given the age of the deceased future prospects were correctly calculated at 50%.

13. Based on the averments of the parties, the point for determination that arises is whether the amounts as awarded by the learned Tribunal ought to be interfered with by this Court?

14. An examination of the evidence produced before us shows that the claim petition was filed by the wife, minor



daughter and parents of the deceased. The father is stated to be 58 years old and his Aadhar card (Exhibit-P11) in this regard is also produced. The claim petition states that the deceased son was the only person earning and supporting the entire family. The relevant extract of the claim petition is set out below:

*"At the time of accident **deceased was aged about 31 years and enjoying good health, deceased was a working as an Assistant Sales Officer at ICICI Bank Koramangala Branch and earning a sum of Rs.30,000/- per month. The deceased was contributing his entire earnings to the petitioners for the family maintenance.** The deceased was bread winner in the family. **Due to the sudden death of their only bread winner, petitioners are thrown on the street.** They are lost love and affection and entire life is in darkness. The petitioners are undergoing great mental shock and mental agony and petitioners are also facing great financial difficulties."*

[Emphasis Supplied]

14.1. In addition, the deposition of the wife of the deceased, PW-1, also adverts to the same, which is set out as follows:

4. "I state that at the time of Accident my deceased husband was working as **a Senior Officer at ICICI Bank, Koramangala Branch, Bangalore on a monthly salary of Rs.23,639/-. If my deceased husband was alive he would have earned Rs.50,000/- per month in future.** Due to the unfortunate accident, my deceased husband was lost bright future prospectus.



5. *I state that, my deceased husband was maintaining the entire family **and he was the sole bread earning member in the family and we are solely depending upon the earnings of the deceased.** Due to the unfortunate accident, we will be put to great hardship, mental shock and starvation.”*

[Emphasis Supplied]

14.2. The cross-examination that was conducted by the appellant/BMTC does not reveal any admission to the contrary. Thus, there is no ground to interfere with on the issue of ‘Loss of dependency’.

15. On the other two issues raised by the appellants/BMTC, firstly on the future prospects and the deductions to be made, it is not disputed that the deceased was an official of the ICICI Bank. The respondents/claimants had produced the payslip of February’2019 till August’2019 was also produced as Exhibits-P16 to P22. The latest payslip provided for an earning of Rs.23,639/-. The respondents/claimants also produced the appointment letter from the bank dated 22.04.2016 as Exhibit-P23.



16. PW-2 who is the Manager at ICICI Bank, was examined as a witness by the claimants. He deposed that the deceased joined the bank on 25.04.2016 and was promoted to Assistant Sales Officer and was earning a sum of Rs.23,639/- per month. He further stated that the deceased was a permanent employee in the bank. The relevant extract of the deposition of PW-2 is set out below:

*"2. I state that, **the deceased Suresh was joined in our company on 25-04-2016 as a Senior Officer at ICICI Bank Ltd.,** at No.584, 80 feet Road, Opp: Bethany High School, Bangalore-560 095. **Later, the deceased was promoted as a Assistant Manager and he was a Permanent Employee in our company.***

*3. I state that, the deceased Suresh was working as a Assistant Manager **in our company, on a monthly salary of Rs.23,639/-.**"*

[Emphasis Supplied]

16.1 The cross-examination of PW-2 was conducted by the appellant/BMTC, which revealed that the deceased was promoted as an Assistant Manager in the year 2019 and confirmed that the last salary of the deceased was Rs.23,639/- per month. The relevant extract of the deposition of PW-2 cross-examination is set out below:

"The deceased Suresh was appointed as a sales officer April 2016 and he got promoted as an assistant manager in the year 2019. I have not produced document to show



*that the deceased suresh was promoted as assistant manager. The Suresh was using sale the ICICI products. It is true that there was a target to the said officer of our company. It is false to suggest that the salary has been fixed on the basis of target reached by the employee. It is true that there is no seal and signature of our bank officers on Ex.P23. Witness says that there is a signature of bank officer in the last page. **The last salary of the deceased was Rs.23,639/-.** The deceased had drawn 1st salary of Rs.17,105/-. It is false to suggest that I am giving false evidence by creating the false documents with intention to help the petitioner to get more compensation."*

[Emphasis Supplied]

17. The Supreme Court in the case of ***National Insurance Co. Ltd. Vs. Pranay Sethi***¹, while discussing the award of future prospects has held that where the deceased had a permanent job and was below the age of 40 years, future prospects should be awarded at 50% in the following terms:

*"57. Having bestowed our anxious consideration, we are disposed to think when we accept the principle of standardisation, there is really no rationale not to apply the said principle to the self-employed or a person who is on a fixed salary. To follow the doctrine of actual income at the time of death and not to add any amount with regard to future prospects to the income for the purpose of determination of multiplicand would be unjust. **The determination of income while computing compensation has to include future prospects so that the method will come within the ambit and sweep of just compensation as postulated under Section 168 of the Act. In case of a deceased who***

¹(2017) 16 SCC 680



had held a permanent job with inbuilt grant of annual increment, there is an acceptable certainty. But to state that the legal representatives of a deceased who was on a fixed salary would not be entitled to the benefit of future prospects for the purpose of computation of compensation would be inapposite. It is because the criterion of distinction between the two in that event would be certainty on the one hand and staticness on the other. One may perceive that the comparative measure is certainty on the one hand and uncertainty on the other but such a perception is fallacious. It is because the price rise does affect a self-employed person; and that apart there is always an incessant effort to enhance one's income for sustenance. **The purchasing capacity of a salaried person on permanent job when increases because of grant of increments and pay revision or for some other change in service conditions, there is always a competing attitude in the private sector to enhance the salary to get better efficiency from the employees.** Similarly, a person who is self-employed is bound to garner his resources and raise his charges/fees so that he can live with same facilities. To have the perception that he is likely to remain static and his income to remain stagnant is contrary to the fundamental concept of human attitude which always intends to live with dynamism and move and change with the time. Though it may seem appropriate that there cannot be certainty in addition of future prospects to the existing income unlike in the case of a person having a permanent job, yet the said perception does not really deserve acceptance. We are inclined to think that there can be some degree of difference as regards the percentage that is meant for or applied to in respect of the legal representatives who claim on behalf of the deceased who had a permanent job than a person who is self-employed or on a fixed salary. But not to apply the principle of standardization on the foundation of perceived lack of certainty would tantamount to remaining oblivious to the marrows of ground reality. And, therefore, degree-testis imperative. Unless the degree-test is applied and left to the parties to adduce evidence to establish, it would be unfair and inequitable. The degree-test has to have the inbuilt concept of percentage. **Taking into consideration the cumulative factors, namely, passage of time, the**



changing society, escalation of price, the change in price index, the human attitude to follow a particular pattern of life, etc., an addition of 40% of the established income of the deceased towards future prospects and where the deceased was below 40 years an addition of 25% where the deceased was between the age of 40 to 50 years would be reasonable.

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59.3. While determining the income, an addition of 50% of actual salary to the income of the deceased towards future prospects, where the deceased had a permanent job and was below the age of 40 years, should be made. The addition should be 30%, if the age of the deceased was between 40 to 50 years. In case the deceased was between the age of 50 to 60 years, the addition should be 15%. Actual salary should be read as actual salary less tax.

59.4. In case the deceased was self-employed or on a fixed salary, an addition of 40% of the established income should be the warrant where the deceased was below the age of 40 years. An addition of 25% where the deceased was between the age of 40 to 50 years and 10% where the deceased was between the age of 50 to 60 years should be regarded as the necessary method of computation. **The established income means the income minus the tax component."**

[Emphasis Supplied]

17.1 On the aspect of future prospects, the Supreme Court in the ***Meena Palaia Vs. Ashraf Ali***² case has expanded the judgment in ***Pranay Sethi*** case to include future prospects even to those cases where the deceased was not employed. The relevant extract is set out below:

²(2021) 17 SCC 148



"13. We see no reason why the aforesaid principle may not be applied, **which apply to the salaried person and/or deceased self-employed and/or a fixed salaried deceased, to the deceased who was not serving and/or was not having any income at the time of accident/death.** In case of a deceased, who was not earning and/or not doing any job and/or self-employed at the time of accident/death, as observed herein above his income is to be determined on the guesswork looking to the circumstances narrated hereinabove. **Once such an amount is arrived at he shall be entitled to the addition over the future prospect/future rise in income. It cannot be disputed that the rise in cost of living would also affect such a person.**

14. As observed by this Court in *Pranay Sethi [National Insurance Co. Ltd. v. Pranay Sethi, (2017) 16 SCC 680 : (2018) 3 SCC (Civ) 248 : (2018) 2 SCC (Cri) 205]*, the determination of income while computing compensation has to include future prospects so that the method will come within the ambit and sweep of just compensation as postulated under Section 168 of the Motor Vehicles Act. **In case of a deceased who had held a permanent job with inbuilt grant of annual increment and/or in case of a deceased who was on a fixed salary and/or self-employed would only get the benefit of future prospects and the legal representatives of the deceased who was not serving** at the relevant time as he died at a young age and was studying, could not be entitled to the benefit of the future prospects for the purpose of computation of compensation would be inapposite. Because the price rise does affect them also and there is always an incessant effort to enhance one's income for sustenance.

15. **It is not expected that the deceased who was not serving at all, his income is likely to remain static and his income would remain stagnant.** As observed in *Pranay Sethi [National Insurance Co. Ltd. v. Pranay Sethi, (2017) 16 SCC 680 : (2018) 3 SCC (Civ) 248 : (2018) 2 SCC (Cri) 205]* to have the perception that he is likely to remain static and his income to remain stagnant is contrary to the



*fundamental concept of human attitude which always intends to live with dynamism and move and change with the time. **Therefore we are of the opinion that even in case of a deceased who was not serving at the time of death and had no income at the time of death, their legal heirs shall also be entitled to future prospects by adding future rise in income as held by this Court in Pranay Sethi [National Insurance Co. Ltd. v. Pranay Sethi, (2017) 16 SCC 680 : (2018) 3 SCC (Civ) 248 : (2018) 2 SCC (Cri) 205]** i.e. addition of 40% of the income determined on guesswork considering the educational qualification, family background, etc. where the deceased was below the age of 40 years."*

[Emphasis Supplied]

18. In view of the law as laid down by the Supreme Court, since the deceased had a permanent job and had also received a promotion in his short tenure of three years there, the future prospects awarded are in accordance with settled legal principles. However, the deduction of 1/4th made prior to the calculation of compensation, in view of the fact that the deceased was survived by three dependents

19. An examination of the salary slip of the deceased, Exhibit-P22 shows that it is made up of several components and includes deductions towards Professional



Tax, as well as for provident fund. It is the contention of the respondents that the salary of the deceased for the month August'2019 was Rs.23,639/- which was divided into several components and professional tax was deducted at source at Rs.200/-. After adding 50% future prospects and taking the multiplier as 16 since the deceased was 31 years, the amounts towards loss of dependency is recalculated as follows:

$$\begin{aligned} &\text{Rs.23,639} - \text{Rs.200 (professional tax)} = \text{Rs.23,439/-} \\ &(\text{Rs.23,439} + 50\%) \times 12 \times 16 - 1/4^{\text{th}} = \text{Rs.50,62,828/-} \end{aligned}$$

20. Further, in view of the law laid down by the Supreme Court in the ***Pranay Sethi*** case, loss of consortium is payable at Rs.40,000/- to four claimants, amounting to **Rs.1,60,000/-**. The respondents/claimants are also entitled to compensation under the conventional heads. Accordingly, **loss of estate** and **funeral expenses** are awarded at Rs.15,000/- each.

21. Since the accident was of the year 2019 and although the judgment of the learned Tribunal was passed



in the year 2022, no escalation has been awarded on the 'conventional heads'. The Supreme Court in its judgment in the case of ***Pranay Sethi*** has upheld the aforesaid principle of law. The relevant paragraph is set out below:

"59.8. Reasonable figures *on conventional heads, namely, loss of estate, loss of consortium and funeral expenses should be Rs 15,000, Rs 40,000 and Rs 15,000 respectively. The aforesaid amounts should be enhanced at the rate of 10% in every three years.*"

[Emphasis Supplied]

21.1 Accordingly, escalation at the rate of 10% is also awarded on the conventional heads.

22. To this extent, the award of the learned Tribunal requires to be recalculated in the following terms:

Sl.No.	Particulars	Amount (Rs.)
1	Loss of Dependency (Rs.23,439 + 50%) x 12 x 16) - 1/4 th	50,62,828/-
2	Loss of Consortium (Rs.40,000x4 + 10%)	1,76,000/-
3	Loss of Estate	16,500/-
4	Funeral Expenses	16,500/-
	Total	52,71,824/-



23. On the said aspect of the interest to be awarded by the Tribunal, one of us, Justice Tara Vitasta Ganju, has in a recent judgment captioned ***United India Insurance Co. Ltd. vs. Sri. Malyadri. M And Others***³, after analyzing the precedents of the Supreme Court and this Court, has found that an award of 9% interest is in accordance with the settled provisions in the present day scenario, especially in cases of death and permanent disability. It was held that the award of 9% interest has been regularly upheld by the Supreme Court. It is apposite to extract the relevant portion of the judgment below:

*"15. The other issue raised is on interest awarded. It is apposite to set out the applicable provision. **Section 171 of the Motor Vehicles Act, 1988 [hereinafter referred to as 'the MV Act'] provides for the award of interest in the following manner:***

"171. Award of interest where any claim is allowed. - Where any Claims Tribunal allows a claim for compensation made under this Act, such Tribunal may direct that in addition to the amount of compensation simple interest shall also be paid at such rate and from such date not earlier than the date of making the claim as it may specify in this behalf."

15.1 A plain reading of the said provision shows that Section 171 of the MV Act does not prescribe

³ 2026 SCC Online Kar 4090



any rate of interest and gives the discretion to the learned Tribunal to do so. It further sets out that the Tribunal shall award simple interest from the date of filing the claim.

16. Interest is the compensation for the factum of money being held back from the family of a deceased or the injured. The Courts have from time to time while discussing the principles for award of interest, held **that the interest is awarded not because of any contractual obligation but because of the delay in claimants receiving compensation after the occurrence of the accident.**

16.1 In **Abati Bezbaruah vs. Geological Survey of India [See: (2003) 3 SCC 148]**, the Supreme Court has held that the interest rate must be fixed by taking all relevant factors including inflation, change of economy, policy being adopted by RBI from time to time, how long the case is pending, permanent injuries suffered by the victim, enormity of suffering, loss of future income, loss of enjoyment of life etc., into consideration. **It was further held that Section 34 of the Code of Civil Procedure, 1908 nor Section 4A(3) of Workmen Compensation Act, 1923 are applicable in fixing the rate of interest.** The relevant extract is below:

"18. Three decisions were cited before us by Mr. A.P. Mohanty, learned counsel appearing on behalf of the appellant, in support of his contentions. No ratio has been laid down in any of the decisions in regard to the rate of interest and the rate of interest was awarded on the amount of compensation as a matter of judicial discretion. The rate of interest must be just and reasonable depending upon the facts and circumstances of each case and taking all relevant factors including inflation, change of economy, policy being adopted by Reserve Bank of India from time to time, how long the case is pending, permanent injuries suffered by the victim, enormity of suffering, loss of future income, loss of enjoyment of life etc., into consideration. No rate of interest is fixed under Section 171 of the Motor Vehicles Act, 1988. Varying rates of



interest are being awarded by Tribunals, High Courts and the Supreme Court. Interest can be granted even if a claimant does not specifically plead for the same as it is consequential in the eye of law. Interest is compensation for forbearance or detention of money and that interest being awarded to a party only for being kept out of the money which ought to have been paid to him. No principle could be deduced nor can any rate of interest be fixed to have a general application in motor accident claim cases having regard to the nature of provision under Section 171 giving discretion to the Tribunal in such matter. In other matters, awarding of interest depends upon the statutory provisions, mercantile usage and doctrine of equity. Neither Section 34 CPC nor Section 4-A(3) of the Workmen's Compensation Act are applicable in the matter of fixing rate of interest in a claim under the Motor Vehicles Act. The Motor Vehicles Act. The courts have awarded the interest at different rates depending upon the facts and circumstances of each case. Therefore, in my opinion, there cannot be any hard-and-fast rule in awarding interest and the award of interest is solely on the discretion of the Tribunal or the High Court as indicated above."

[Emphasis Supplied]

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19. The Supreme Court in Supe Dei (Smt) and Others vs. National Insurance Company Limited and Another[See: (2009) 4 SCC 513] affirmed that 9% per annum is an appropriate and consistently applied rate of interest in motor accident compensation cases, reinforcing uniformity in such awards. The relevant extract of the judgment is set out below:

"11. Coming to the question of interest this Court in Kaushnuma Begum v. New India Assurance Co. Ltd. observed that 9% is the appropriate rate of interest to be awarded and that rate is being applied in motor accident compensation cases."

[Emphasis Supplied]



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20. However recently, **the Supreme Court in Jagadish vs. Mohan [See:(2018) 4 SCC 571] awarded interest at 9% per annum on compensation, reaffirming that such rate is appropriate in cases involving death, serious injury and substantial loss.** The relevant extract of the judgment is set out below:

"15. The Tribunal has noted that the appellant is unable to even eat or to attend to a visit to the toilet without the assistance of an attendant. In this background, it would be a denial of justice to compute the disability at 90%. The disability is indeed total. Having regard to the age of the appellant, the Tribunal applied a multiplier of 18. In the circumstances, the compensation payable to the appellant on account of the loss of income, including future prospects, would be Rs 18,14,400. In addition to this amount, the appellant should be granted an amount of Rs 2 lakhs on account of pain, suffering and loss of amenities. The amount awarded by the Tribunal towards medical expenses (Rs 98,908); for extra nourishment (Rs 25,000) and for attendant's expenses (Rs 1 lakh) is maintained. The Tribunal has declined to award any amount towards future treatment. **The appellant should be allowed an amount of Rs 3 lakhs towards future medical expenses. The appellant is thus awarded a total sum of Rs.25,38,308 by way of compensation. The appellant would be entitled to interest at the rate of 9% p.a. on the compensation from the date of the filing of the claim petition.** The liability to pay compensation has been fastened by the Tribunal and by the High Court on the insurer, owner and driver jointly and severally which is affirmed. The amount shall be deposited before the Tribunal within a period of 6 weeks from today and shall be paid over to the appellant upon proper identification."

[Emphasis Supplied]

21. The Supreme Court in **Savita Devi & Ors. vs SBI General Insurance Company Limited and Others**[See: CIVIL APPEAL NO.10053-10054/2024-order dated 02.09.2024.] relying on the judgment in



*the case of **Malarvizhi & Ors. vs. United India Insurance Co. Ltd. & Ors. [See: (2020) 4 SCC 228]** has enhanced the rate of interest from 6% to 9%, holding that "just compensation" must be determined on principles of fairness, reasonableness, and equitability, and that lower rates may not adequately compensate claimants.* The relevant extract of the judgment is set out below:

"9. In view of the aforesaid, the present appeals succeed and the impugned order(s) by the High Court are set aside and that of the Tribunal is restored. **Furthermore, the rate of interest awarded @ 6% per annum by the Tribunal is enhanced to 9% per annum as has been held in Malarvizhi & Ors. vs. United India Insurance Co. Ltd. & Ors. and in the interest of determining 'just compensation' based fairness, reasonableness, and equitability.**"

[Emphasis Supplied]

22. **A similar view has been taken by the Supreme Court in The Oriental Insurance Company Ltd. vs. Niru @ Niharika & Others[See: 2025 INSC 822 dated 14.07.2025] wherein 9% interest awarded was upheld noting that despite fluctuations in economic conditions, such rate remains justified, especially in cases involving prolonged delay. It emphasized that interest should ordinarily run from the date of filing unless delay is clearly attributable to claimants. The relevant extract of the judgment is set out thus:**

"3. The Insurance Company filed an appeal before the High Court against the award amounts raising multifarious contentions. It was first contended that the accident occurred only due to the rashness and negligence of the car driver. On the quantum, it was submitted that admittedly the wife married in the year 2002 and the multiplier should have been only 7, taken from the death of the first husband. **The exchange rate as adopted by the Tribunal, was also assailed together with the interest granted at the rate of 9%, which it was contended was against the existing interest rates. Specific**



contention was taken against the long delay in disposing of the claim petition, which was filed in the year 1995 and disposed of in the year 2017. The allegation was that the claimants who were residing in the U.K. were solely responsible for the delay occasioned. We see the said contention having been taken relying on Annexure A-4 produced in the memorandum of SLP filed.

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7. Yet another contention taken up is the interest granted at the rate of 9%. The Insurance Company relies on Annexure P-1 history of the case to contend that there was undue delay caused by reason of the claimants having not entered their evidence. From Annexure P-1, we see that the claim petition was filed on 28.12.1995 and it first came up for hearing on 11.09.2012. It is seen from Annexure P-1 that the case was posted for applicants' evidence on various dates from 2012 to 2016. However, there is nothing to indicate that it was only by reason of the claimants' absence that the consideration was delayed. Merely because, on various dates, for 4 years, the case was posted for the claimants' evidence, it does not necessarily mean that the claimants were responsible for the delay. Long delays cannot, without proper substantiation, be cast upon the shoulders of one or other party to the lis. We hence do not find any reason to find the delay to be the sole responsibility of the claimants and in that circumstance necessarily interest must run from the date of filing of the claim petition, to the date of payment; for which precedents are legion, and we need not refer to them.

8. Further contention taken is the higher rate of interest of 9%, in challenge of which several precedents were placed before us. From the decisions perused what emanates is that in the 1980's, Courts were awarding 12% interest which stood reduced to 9% in the 1990's. With the advent of the 21st



century and the economic recession world over, the interest rates fell considerably. But even now the rates offered by National Banks for long term deposits are 7% or more. Considering the over-all circumstances especially the long delay caused, we are of the opinion that 9% interest rate granted by the Tribunal is perfectly in order especially noticing the accident having occurred in the year 1995."

[Emphasis Supplied]

23. In another a recent decision the Supreme Court in **Nidhi Bhargava & Ors. v. National Insurance Company Limited And Others** [See: 2025 INSC 526] the issue of grant of interest in motor accident compensation claims was discussed and considered. In the accident in question, one of the claimants survived and suffered grievous injuries. **The Tribunal had awarded compensation together with interest at the rate of 9% per annum. Although the Delhi High Court reduced the compensation amount under certain heads, it maintained the award of interest at 9% per annum.** The Supreme Court ultimately restored the compensation awarded by the Tribunal and specifically directed that payment be made with interest at the rate of 9% per annum. Here again, the Supreme Court did not interfere with the rate of interest and, in fact, reinforced the obligation of timely payment by directing that in case of delay beyond two months, an additional 9% interest per annum would be payable on both the principal amount and accrued interest. The relevant extract is below:

15. The High Court interfered and reduced the compensation as awarded by the Tribunal only on the ground that Return for the Assessment Year 2008-2009 had to be excluded from consideration. It is not in dispute that the deceased was a businessman. The relevance of the Income Tax Return stems, in the context of the Act, for the period which it relates to i.e., the Financial Year concerned, and not on the date on which it is filed with the Income Tax Department. When faced with Returns for different Assessment Years, it would be upto the Tribunal concerned to



adopt either the average income therefrom or choose an Assessment Year to rely upon. **There is good reason to leave judicial discretion on the Tribunal to adopt one of the afore-noted two courses of action, bearing in nature the social purpose and object behind the Act, which is a beneficial legislation.** It is quite unfortunate that the High Court in the present case has dealt with the matter in such a casual and superficial way where the rightful claim of the appellants under a welfare legislation has been drastically reduced without any cogent reason on a very tenuous ground, which we find to be totally unjustified. As pointed out in *Shivaleela v. Divisional Manager, United India Insurance Co. Ltd.*, 2025 SCC OnLine SC 563:

'13....In *K Ramya v. National Insurance Co. Ltd.*, 2022 SCC OnLine SC 1338, after taking note of, *inter alia*, *Ningamma v. United India Insurance Co. Ltd.*, (2009) 13 SCC 710, the Court held that the '... Motor Vehicles Act of 1988 is a beneficial and welfare legislation that seeks to provide compensation as per the contemporaneous position of an individual which is essentially forward-looking. Unlike tortious liability, which is chiefly concerned with making up for the past and reinstating a claimant to his original position, the compensation under the Act is concerned with providing stability and continuity in peoples' lives in the future. ...'

(underlined in original)

16. On the strength of the reasons afore-indicated, the Impugned Order is modified to the extent that the original amount [Rs. 31,41,000/- (Rupees Thirty-One Lakhs Forty-One Thousand)] awarded by the Tribunal in MACT No. 357515/2016 as compensation is restored. **Payment be made to the Appellants by the Respondent No. 1 at the rate of 9% interest per annum after adjusting amount(s), if any, that may have been paid during the interregnum. The exercise be completed within two months from today, failing which an additional 9% interest per annum shall be payable for the period of delay, both on the**



principal amount as well as on the interest component, till the date of actual payment. No order as to costs, in the circumstances.

[Emphasis Supplied]

23.1 In **S. Kumar v. United India Insurance Co. Ltd** [See: (2019) INSC 217], case a similar view was taken where the Supreme **Court approved the award of interest at 9% per annum, observing that the learned Tribunal's grant of 15% interest was 'exorbitant' but that the High Court had still allowed a 'comparatively higher' rate of interest at 9% p.a.**

24. Thus, an analysis of the precedents shows that the award of interest **over the last 5-10 years has infact consistently been awarded @ 9% p.a. or upholding such an award.**

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29. An analysis of the foregoing discussions of the Supreme Court, **reflects that the Supreme Court has consistently held that the award of interest is intended to recompensate the claimant for being deprived of the use of money, which ought to have been paid at the time of occurrence of the accident.**

The rate of interest, therefore, must be just, fair and reasonable, having regard to the prevailing economic conditions and bank rates.

29.1. **The award of interest is usually determined at the prevailing bank rate of interest on a case-to-case basis and at the rate which is just and fair and reasonable.**

29.2 **There cannot be any 'straitjacket formula' in determining the rate of interest and that the same must depend on the facts and circumstances of each case. The guiding principle remains that the rate must neither be punitive nor non-existent but must strike a balance between fairness to the claimant and reasonableness to the insurer.**

29.3 **The rate of interest 9% is more appropriate in case involving death and serious injury especially,**



where there is a long delay in the claimants receiving the compensation.

30. In the present case, the accident occurred in the year 2016 leading to the death of the wife of respondent No.1 and mother of respondent Nos.2 and 3. **The award came to be passed in the year 2018. The learned Tribunal has deemed it apposite to award interest on the compensation @ 9% per annum. The award of interest is not punitive as is fair considering the prevailing economic condition and bank rates. In addition, it is now 10 years since the date of the accident.**

31. The learned Trial Court has awarded interest at the rate of 9% per annum. This Court finds no infirmity with the Impugned Award of 9% interest in the circumstances of the present case..."

[Emphasis Supplied]

24. In the present case, the claimants have lost their husband, father and son. The deceased was 31 years old and the only breadwinner of the family. He was employed in a permanent position with a Bank. The claimants have waited for several years for the compensation. Thus, this Court deems it apposite to enhance the interest awarded on the compensation to 9% per annum.

25. Accordingly, the respondents/claimants are entitled to a total compensation of **Rs.52,71,824/-** along with



interest at 9% per annum, from the date of petition till its realization.

26. Accordingly, this Court proceeds to pass the following:

ORDER

- (i) The appeal is ***allowed in part;***
- (ii) The Judgment and Award dated 01.01.2022, in MVC No.7856/2019, passed by the XIV Additional Small Causes Judge and ACMM and Member-MACT, Bengaluru is modified, the respondents/claimants are entitled to a total compensation of **Rs.52,71,824/-** instead of **Rs.52,95,952/-** as awarded by the learned Tribunal along with interest at 9% per annum, from the date of petition till its realization.
- (iii) The remaining portion of the Impugned Award of the Tribunal remains undisturbed.
- (iv) The appellant/BMTC is directed to pay the compensation along with interest as awarded by the Tribunal within eight weeks from today.



(v) On such deposit of compensation, the same shall be released in favour of the claimants, on filing of an appropriate application for withdrawal of the enhanced amount.

(vi) The Registry is directed to draw the modified Award accordingly.

(vii) The Registry is directed transmit the amount in deposit along with a copy of this judgment to the concerned Tribunal, along with its records for disbursal.

(viii) No order as to costs.

**Sd/-
(JAYANT BANERJI)
JUDGE**

**Sd/-
(TARA VITASTA GANJU)
JUDGE**