

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 29TH DAY OF SEPTEMBER, 2026

BEFORE

THE HON'BLE DR. JUSTICE K.MANMADHA RAO

MISCELLANEOUS FIRST APPEAL NO. 2922 OF 2021 (MV-D)

BETWEEN:

RELIANCE GENERAL INSURANCE
COMPANY LIMITED
EAST WING, 5TH FLOOR
NO.28, CENTENARY BUILDING
M.G. ROAD, BENGALURU – 560 001
NOW REPRESENTED BY
MANAGER LEGAL.

...APPELLANT

(BY SRI ASHOK N. PATIL, ADVOCATE)

AND:

1. YOGESH K
S/O KRISHNA K
AGED ABOUT 19 YEARS.
2. K. ISHWARAYA
D/O KRISHNA K.
AGED ABOUT 17 YEARS
(2ND RESPONDENT BEING MINOR
IS REPRESENTED BY HER
NATURAL GUARDIAN BROTHER
RESPONDENT NO.1 YOGESH K
S/O KRISHNA K)

BOTH ARE R/AT
KAVERIPURA (SANTHEMALA)
WARD NO.15, KASBA HOBLI
SRIRANGAPATTANA TOWN AND TALUK
MANDYA DISTRICT – 571 438.

3. RAJU K.N.
S/O NARAYANA
MAJOR, R/AT NO.148

Digitally signed
by G
SHREERAKSHA
Location: HIGH
COURT OF
KARNATAKA

8TH MAIN ROAD, JAYADEVA NAGARA
METAGALLI POST, MYSURU DISTRICT
MYSURU – 570 016.

...RESPONDENTS

(BY SRI PREREET B. JAIN, ADVOCATE FOR
SRI P. MAHESHA, ADVOCATE FOR R1;
R3 – DISPENSED WITH;
R2 MINOR REPRESENTED BY R1)

THIS MFA IS FILED U/S.173(1) OF MV ACT, AGAINST THE JUDGMENT AND AWARD DT.08.02.2021 PASSED IN MVC NO.710/2019 ON THE FILE OF THE PRL. SENIOR CIVIL JUDGE AND MEMBER, MACT, SRIRANGAPATNA, AWARDED COMPENSATION OF RS.35,80,000/- WITH INTEREST AT 9 PERCENT P.A. FROM THE DATE OF PETITION TILL THE DATE OF DEPOSIT.

THIS APPEAL HAVING BEEN HEARD AND RESERVED FOR JUDGMENT ON 19.09.2026 AND COMING ON FOR PRONOUNCEMENT THIS DAY, JUDGMENT WAS DELIVERED THEREIN AS UNDER:

CORAM: HON'BLE DR. JUSTICE K.MANMADHA RAO

CAV JUDGMENT

This appeal is preferred by the insurer challenging the judgment and award dated 08.02.2021 passed by the Prl. Senior Civil Judge and Member, MACT, Srirangapatana, in M.V.C. No.710/2019, whereby the Tribunal partly allowed the claim petition and awarded a total compensation of Rs.35,80,000/- with interest at 9% per annum from the date of petition till the date of deposit, fastening the liability on the appellant-insurer.

2. The accident occurred on 26.03.2019 at about 1.45 p.m. near Bus-stand Circle on Mysuru-Bengaluru Road, Srirangapatana Town, involving the Canter lorry bearing registration No.KA-09-B-2506 belonging to respondent No.3 and insured with the appellant. The deceased Smt. Sharada K. was riding her TVS moped bearing registration No.KA-11-EK-5933. The driver of the Canter lorry drove the vehicle in a rash and negligent manner and hit the backside of the two-wheeler. As a result, the deceased sustained grievous injuries and succumbed to the same on 31.03.2019 at St. Joseph's Hospital, Mysuru. The date of accident, involvement of the vehicle and the death of Sharada K. are not in serious dispute. The Tribunal has held that the accident occurred due to the actionable negligence of the driver of the offending vehicle and fastened the liability on the appellant-insurer. The only questions that arise for consideration are with regard to the quantum of compensation awarded by the Tribunal and the rate of interest.

3. Learned counsel for the appellant submits that the Tribunal erred in assessing the annual income of the deceased at Rs.2,46,000/- by placing reliance on Income Tax Returns filed only for two assessment years. It is contended that in the absence of bank transactions, invoices or examination of any witness connected with the beauty parlour, the Tribunal ought to have adopted notional income. It is further contended that interest at 9% per annum is excessive and contrary to the decision of a Division Bench of this Court in M.F.A. No.4659/2018 dated 24.08.2020, and that interest at 6% is appropriate.

4. Learned counsel for the respondents submitted that there is no illegality in the judgment of the Tribunal and that the compensation awarded is just and reasonable and does not call for interference, except that the rate of interest may be modified if this Court so deems fit.

5. Heard the learned counsel for the parties and perused the entire material on record.

6. It is not in dispute that the deceased Smt. Sharada K. died as a result of the injuries sustained in the accident that occurred on 26.03.2019 involving the Canter lorry bearing registration No.KA-09-B-2506. The Tribunal, on appreciation of the evidence of PW-2 (independent eye-witness) and the police papers (Exs.P-1, P-2 and P-9), has held that the accident occurred solely due to the rash and negligent driving of the driver of the insured vehicle. The respondents did not lead any evidence to the contrary. The finding on negligence and liability does not suffer from any perversity and is affirmed.

7. The Tribunal has assessed the annual income of the deceased at Rs.2,46,000/- on the basis of the Income Tax Returns for Assessment Years 2017-18 and 2018-19 (Exs.P-20 and P-21) after deducting the tax paid, and has applied the multiplier of 15. The deceased was a self-employed person running a beauty parlour under a licence issued by the Town Municipality, Srirangapatana (Ex.P-24).

8. The Hon'ble Supreme Court in ***Rashmirekha Tripathy and another v. The Branch Manager (Legal Claims), Sriram General Insurance Company Limited and Others (2026 INSC 661)*** has held that for self-employed persons, the average of the income specified in the ITRs of up to the previous three years may be taken as a reference point, and where only one or two ITRs are available, surrounding circumstances relating to the nature of the business may also be considered. ITRs being statutory documents constitute important prima facie evidence of income. The relevant portion of the judgment has been extracted below for easy reference:

"18. *We find force in the submission put forth by Mr. J.R Midha, learned senior counsel. There must be a bifurcation made between salaried individuals and self-employed individuals when it comes to assessment of annual income. In our view, for salaried individuals, only the ITR of the previous year will be sufficient for showcasing the annual income from salary. The reason for considering only the preceding year is that the financial impact of promotions is significant and may be reflected in the ITR for only that year. A situation may also arise whereby the deceased/claimant might not have completed a year in the promoted position before the accident or might not have filed ITR for such period. In such cases the Court concerned shall take reference to the promotion letter and other corroboratory financial statements.*

19. *When it comes to self-employed/individuals carrying out their own business, in our view, the average of the income specified in the ITRs of up to the previous three years is to be taken as a reference point for assessment of annual income from their business. There may also be a scenario where only one or two ITRs have been filed. Given such scenarios and the fluctuation of income in these professions, surrounding circumstances are also to be taken into consideration. These would include:*

- a) The nature of the business (including geographic location, category etc.);*
- b) Growth pattern of the business and impact of death on the business;*
- c) Potential growth of business (for instance certain businesses are capital intensive at the outset and are profitable at scale/in the future);*
- d) Negative income (certain businesses may require losses in the initial years, which may not reflect the true financial standing); and*
- e) Any other relevant factor relating to the business.*

20. *The date when the ITRs are filed would also become a relevant consideration, as there may be scenarios where inflated income is showcased after death/injury. In these circumstances, the surrounding factors of the business would become more relevant. However, if sufficiently supported by financial statements, such ITRs may also be taken into consideration.*

21. *Coming to the facts at hand, the claimant-appellants have brought on record two ITRs for AY 2017-18 and AY 2018-19, whereby the annual income of the deceased is Rs. 11,59,882/- and Rs. 15,06,571/- respectively."*

9. In the present case, the Tribunal has preferred the more recent Income Tax Return (Assessment Year 2018-19), which discloses a lower income as compared to the earlier return, and after deducting the tax paid has taken the annual income at Rs.2,46,000/-. This is a reasonable and conservative approach consistent with the principles laid down by the Apex Court. The assessment of income and the consequential calculation of loss of dependency do not call for interference.

10. The awards under the conventional heads and medical expenses are just and proper and are retained. The total compensation of Rs.35,80,000/- awarded by the Tribunal is therefore upheld.

11. The Tribunal has awarded interest at 9% per annum. Having regard to the consistent view taken by this Court and the decision of the Division Bench in M.F.A. No.4659/2018 dated 24.08.2020, interest at the rate of 6% per annum is just and reasonable. The rate of interest is accordingly reduced from 9% to 6% per annum from the date of petition till the date of deposit.

12. Thus, the claimants are entitled to the total compensation of Rs.35,80,000/- as awarded by the Tribunal, together with interest at the rate of 6% per annum from the date of petition till the date of deposit.

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

ORDER

(i) The appeal is ***disposed of***.

(ii) The judgment and award dated 08.02.2021 passed by the Court of the Prl. Senior Civil Judge and Member, MACT, Srirangapatana, in M.V.C. No.710/2019 is hereby modified only to the extent of the rate of interest.

(iii) The claimants are entitled to a total compensation of Rs.35,80,000/- (Rupees Thirty-Five Lakh Eighty Thousand only) with interest at the rate of 6% per annum from the date of petition till the date of deposit.

(iv) The appellant-insurer is directed to deposit the compensation amount together with accrued interest at the modified rate within a period of eight weeks from the date of receipt of a certified copy of this judgment, if not already deposited.

(v) On such deposit, the amount shall be disbursed to the claimants in the proportion and manner directed by the Tribunal.

(vi) The Registry is directed to transmit the Trial Court Records along with a copy of this judgment to the Tribunal forthwith.

(vii) No order as to costs.

**Sd/-
(DR.K.MANMADHA RAO)
JUDGE**

BNV