



CNR: KAHC010327182017

NC: 2026:KHC:40401-DB
MFA No. 4421 of 2017

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 3RD DAY OF AUGUST, 2026

PRESENT

HON'BLE MR. JUSTICE JAYANT BANERJI

AND

HON'BLE MS. JUSTICE TARA VITASTA GANJU

MISCELLANEOUS FIRST APPEAL NO.4421/2017 (MV-I)

BETWEEN:

THE ORIENTAL INSURANCE COMPANY LIMITED,
D.O 6, AT NO.20, 2ND FLOOR,
9TH MAIN, OPP.PAI VICEROY HOTEL,
JAYANAGAR, 2ND BLOCK, BENGALURU-560 011,
THROUGH ITS REGIONAL OFFICE,
LEO SHOPPING COMPLEX, NO.44/45,
RESIDENCY ROAD, BANGALORE-560 025,
REPRESENTED BY ITS REGIONAL MANAGER.

...APPELLANT

(BY SRI.B.S.UMESH, ADVOCATE)

AND:

1. SMT.KASTURI BAI,
W/O LATE RACHAIAH MELINMATH @ RAMESH,
AGED ABOUT 33 YEARS,
2. KUM. AMRUTHA,
D/O LATE RACHAIAH MELINMATH @ RAMESH,
AGED ABOUT 13 YEARS,
3. KUM. BHUVANESHWARI,
D/O LATE RACHAIAH MELINMATH @ RAMESH,
AGED ABOUT 11 YEARS,
4. MASTER KUMAR SWAMY,
S/O LATE RACHAIAH MELINMATH @ RAMESH,
AGED ABOUT 9 YEARS,

R2 TO R4 ARE MINORS
REP. BY THEIR NATURAL GUARDIAN,
MOTHER R1

Digitally signed by
SUMATHY KANNAN
Location: HIGH
COURT OF
KARNATAKA



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5. SMT BASAMMA,
W/O LATE RUDRAIAH PANCHIAIAH MELINMATH,
AGED ABOUT 58 YEARS,

R1 TO R5 ARE R/AT
VARAKANAHALLI VILLAGE,
KORAVAR POST, SINDAGI TALUK,
BIJAPUR DISTRICT-586 120.

6. SRI SARAVANA KUMAR AKULA,
S/O ANJIAIAH AKULA,
R/AT NO.42, C/O HANUMEGOWDA,
BRINDAVAN COLONY,
CHIKKA ADUGODI, 2ND CROSS,
3RD MAIN, TAVAREKERE,
BANGALORE-560 029.

...RESPONDENTS

(BY SRI.DAYANAND HIEMATH, ADVOCATE FOR R1 TO 5;
NOTICE TO R6 HELD SUFFICIENT V/O DTD 23.08.2021)

THIS MISCELLANEOUS FIRST APPEAL IS FILED U/S 173(1) OF MV ACT PRAYING TO MODIFY THE JUDGMENT AND AWARD DATED 08.11.2016 PASSED IN MVC NO.1501/2014 ON THE FILE OF THE VIII ADDITIONAL SMALL CAUSES JUDGE AND XXXIII ACMM, THE MOTOR ACCIDENT CLAIMS TRIBUNAL (SCCH-5) AT BENGALURU, AWARDED COMPENSATION OF RS.16,81,000/- WITH INTEREST AT THE RATE OF 6% P.A. FROM THE DATE OF PETITION TILL REALIZATION.

THIS MISCELLANEOUS FIRST 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 08.11.2016 in M.V.C.No.1501/2014 passed by the VIII Additional Small Causes Judge and the



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Motor Accident Claims Tribunal (SCCH-5) Bengaluru (hereinafter referred to as the 'Impugned Award'). By the Impugned Award, the learned Tribunal has awarded compensation to respondent Nos.1 to 5/claimants in a sum of Rs.16,81,000/- along with interest at the rate of 6% per annum from the date of petition till realisation from the respondents.

2. The Appeal has been filed by the appellant/Insurance company. Notice to respondent No.6/owner of the offending vehicle is held sufficient. The appeal has been contested by the appellant and learned Counsel for respondent Nos.1 to 5/Claimants.

3. Given the pendency of the appeal for more than nine years and with the consent of learned Counsel for the parties, this matter is taken up for final disposal at the stage of admission itself.

4. Briefly the facts are that the one Mr. Rachaiah Melinmath @ Ramesh met with a road traffic accident on 30.10.2013 at about 12.00 p.m. at that time, when the



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deceased was unloading cement bags from a vehicle, a motorcycle bearing Registration No. KA-01-HB-6185 came in a high speed in rash and negligent manner and hit the deceased. As a result of the accident, the deceased suffered injuries and he was shifted to NIMHANS Hospital. Later he was admitted to an Orthopaedic Hospital at Miraj for better treatment. He was discharged on 04.12.2013. However, he succumbed to the said injuries within three weeks thereafter on 14.01.2014.

5. A claim petition under Section 166 of the Motor Vehicles Act, 1988 (hereinafter referred to as 'M.V. Act') was filed by the legal representatives being the wife, three minor children of the deceased as well as the mother of the deceased. It was stated that they were dependant on the income of the deceased and he was healthy and doing coolie work earning between Rs.350/- and Rs.400/- per day.

6. Though the owner appeared through his Advocate, did not contest the case by filing any statement of



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objections. The claim petition was contested by the Insurance Company. The nexus between the accident was contested by the Insurance Company and it was also stated that the charge sheet was not filed.

7. Based on the pleadings of the parties, the following issues were framed by the learned Tribunal:

"1. Whether the Petitioners prove that deceased Sri. Rachaiah Melinmath @ Ramesh S/o. Rudraiah Panchaiah Melinmath, aged about 32 years, succumbed to the injuries sustained in the road traffic accident on 30.10.2013 at about 12.00 p.m., while deceased was unloading cement bags from vehicle near Thavarekere Main Road, Opp. to Sub-Registrar Office, near Yellamma Temple, due to rash and negligent riding of the Motor Cycle rider, bearing Reg. No.KA-01-HB- 6185, has alleged in the petition?

2. Whether the Petitioners prove that they are the legal representatives of deceased and they were depending on the income of the deceased?

3. Whether the Petitioners are entitled for compensation? If so, to what extent and from whom?

4. What order or award?"

8. The Claimant No.1 being the wife of the deceased examined herself as PW.1 and 11 documents were marked including the document of the NIMHANS Hospital, along with FIR [Ex.P1], mahazar with sketch [Ex.P2], Motor vehicle accident report [Ex.P3], medical bills [Ex.P4],



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prescriptions [Ex.P5], the certified copy of C.C.No.110/2014[Ex.P8], photocopy and certified copy of Charge Sheet [Exs.P9 & P18] and wound certificate [Ex.P10]. The case records were placed on record. In addition, the doctor was examined as PW.3 and four documents were marked by him, which were Ex.P14 and Ex.P17. The Medical Technician was examined as PW.2 and one witness was examined as PW.4. .

9. The Insurance Company examined their Assistant Manager as RW.1 and marked three documents being the authorisation letter, policy as well as the charge sheet as Exs.R1 to R3.

10. After examining the evidence produced before it, including the objections of the Insurance Company, the learned Tribunal found that at the time of the accident, the deceased was unloading cement bags from a vehicle while the rider of the motorcycle was driving in a rash and negligent manner. The learned Tribunal, after examining the evidence, found that the deceased was initially brought



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to the hospital with a history of pain of his cervical spine for 13 days and he had trauma due to a road traffic accident and he was suffering from spondylolisthesis C4, C5 with quadriparesis and unable to move his upper and lower limb because of which he was totally bedridden. He was also operated at the hospital at Miraj on 12.11.2013 i.e. Crutchfield tongs application was done for C4, C5 with quadriparesis and thereafter discharged for rehabilitation. Subsequently the learned Tribunal also examined the evidence of PW.3 who was the doctor and gave a finding that the deceased was suffering from heavy bleeding and the severity of the injuries made it clear that he died pursuant to the accident.

10.1 The wife of the deceased also deposed that her husband was unable to talk, move his limbs or even have food after the accident. After he returned to his village, he could not talk. Based on this evidence, the learned Tribunal found that there was a nexus between the injuries and the death.



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11. The other aspect which was raised before the learned Tribunal and which has been raised before this Court, is the delay in lodging the FIR. The learned Tribunal found that the delay was on account of the fact that the deceased was a villager belonging to Bijapur District and when the wife of the deceased came to know about the accident, from the NIMHANS Hospital she took her husband to their native village, as she did not know anybody in Bengaluru, after his discharge. Thus the delay was also not found to be of any consequence.

12. In order to calculate compensation, the learned Tribunal found that since the deceased was 32 years old and had 5 dependants, the multiplier would be taken at 16 and $1/4^{\text{th}}$ of the income would be deducted. The notional income of the deceased was considered at Rs.6,000/- and accordingly the following compensation was calculated.

Sl. No.	Particulars	Calculation	Total
(i)	Salary	Rs.6,000/- p.m.	
(ii)	50% of (i) above if added to the monthly income as future	Rs.6,000/- (+) Rs.3,000/- = Rs.9,000/-	



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	prospects		
(iii)	1/4th of (ii) of the same to be deducted towards personal and living expenses Monthly income	Rs.9,000/- (-) Rs.2,250/- = Rs.6,750/- p.m.	
(iv)	Compensation after multiplier of 16 is applied	Rs.6,750/- x 12 x 16	Rs.12,96,000/-

12.1 Based on this, the following compensation was awarded:

Sl.No.	Head of Compensation	Amount / Rs.
1.	Loss of dependency	12,96,000-00
2.	Loss of consortium (Petitioner No.1)	1,00,000-00
3.	Loss of love and affection (Rs.25,000/- to each Petitioner No.1 to 5)	1,25,000-00
4.	Loss of estate (Rs.25,000/- to each Petitioner No.1 to 5)	1,25,000-00
5.	Funeral expenses	25,000-00
6.	Medical expenses (Rs.9,996/- rounded of Rs.10,000/-)	10,000-00
	Total	16,81,000-00

12.2 The learned Tribunal thus awarded a sum of Rs.16,81,000/- along with interest at 6% per annum.



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13. As stated above, the challenge in the present case is by the Insurance Company. The grounds that have been raised before this Court are the same grounds that were raised before the learned Tribunal.

14. Learned Counsel for the appellant contends that the accident happened on 30.10.2013 at about 12.00 p.m. and the FIR was only lodged on 10.11.2013. Thus there was a delay of 11 days. In addition it is contended that there is no nexus between the accident and the death of the deceased since there is no MLC report furnished. As far as quantum of compensation is concerned, he submits that the claimants have not filed any appeal for enhancement of compensation and the same does not call for any interference.

15. Learned Counsel for respondent Nos.1 to 5/claimants on the other hand submits that the deceased belonged to a village in Bijapur and that they did not have any family in Bangalore. Since the deceased was injured, his family took him to his village and it is only thereafter the FIR was



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lodged. Secondly, he submits that so far as nexus between the accident and the death, the deceased was working as a mason and was unloading cement from the truck of his employer when the accident was caused. He was 32 years of age and the injuries sustained were grievous based on which the compensation was awarded. Learned Counsel for the claimants also submits that the driver of the offending motorcycle had admitted to the offence as could be seen from the order sheet Ex.P8. He further submits that while in response to the objections placed on record by learned Counsel for the appellant/Insurance Company, reliance is placed on the judgment of the Supreme Court in ***Ravi v. Badrinarayan and Others***¹ by the learned Counsel for the claimants.

16. An examination of the evidence of the wife of the deceased [PW1] reflects that the deceased was a resident of Bijapur Village. She has further stated that after the accident, she had discharged her husband from NIMHANS

¹ (2011) 4 SCC 693



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in Bangalore and taken him to an Orthopedic Hospital at Miraj for treatment. However, he succumbed to his injuries within three weeks from the date of discharge from Miraj Hospital. The relevant extract of her evidence in this behalf is reproduced below:

"2. I, came to know that on **30-10-2013 at about 12:00 p.m** my husband deceased Sri Rachaiah Meilnmath @ Ramesh, aged about 32 years **was unloading cement bags from vehicle near Thavarekare Main Road, Opp to Sub-Registrar Office, Near Yallamma Temple.** At that point of time **a Motor Cycle bearing Registration NO KA 01 HB 6185** being driven by its rider in a rash and negligent manne [sic: manner] endangering to human life came with high speed and dashed against the deceased Rachaiah Meilnmath @ Ramesh. **On account of this said Rachaiah Meilnmath @ Ramesh sustained grievous injuries and immediately he was shifted to NIMHANS HOSPITAL, Bangalore.**

3. I, **submit that since we hail from North Karnataka, since I do not had place of residence in Bangalore, hence I discharged my husband from above said Hospital and got him admitted 11-11-2013 to "Orthopedic Hospital and Post Graduate Institute of Swasthiyog Pratishthan" Miraj for better treatment. On clinical examination it was found my husband/deceased was sustained "Spondylolisthesis C4 C5 with quadri paresis" subsequently he was operated for the same problem on 12-11-2013 and discharged on 04-12-2013"**.

4. **I, Submit that in spite of the better treatment, my husband/deceased was succumbed to injuries on 14.01.2014.** It is pretient [sic:pertinent] to mention here that my husband was **treated as inpatient and he was under continuous treatment from the date of accident till his death.** I had spent more than 2,00,000/- towards purchase of medicines and hospital charges and I had lost some of the medical bills and I am



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submitting the medical bills which I have also spent 50,000/- towards funeral obsequies and Rs.50,000/- towards attendant charges, conveyance and Transportation of dead body.

[Emphasis Supplied]

16.1. The affidavit also sets out that since the wife of the deceased was illiterate, ignorant and residing in a remote area, she was not aware that the FIR would have to be lodged immediately in the following terms:

*"5. I, submit that since **I am illiterate, ignorant and was residing in remote area and was not knowing the procedures to be fallowed** in order to give complaint to concerned police station with regard of my husband. Further I submit that as per our family customs and traditions my husband's body was buried."*

[Emphasis Supplied]

17. On examination of Ex.P8, it reflects that the owner/driver had appeared before the Court of Metropolitan Magistrate Traffic Court-VI and by an order dated 15.10.2014 pleaded guilty and accepted that he had caused the accident. The certified copy of charge sheet is also being placed on record by both the parties as Ex.P18 and Ex.R3. Thus there is no dispute as to the factum of the accident having occurred.



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18. So far as concerns the aspect of delay in the matter, it is a settled position of law that mere delay will not defeat a claim. The Supreme Court has in the judgment in the case of **Ravi** (supra) held that it is well-settled that the delay in lodging an FIR cannot be a ground to doubt a claimant's case. The relevant extract is below:

"17. It is well settled that delay in lodging the FIR cannot be a ground to doubt the claimant's case. Knowing the Indian conditions as they are, we cannot expect a common man to first rush to the police station immediately after an accident. Human nature and family responsibilities occupy the mind of kith and kin to such an extent that they give more importance to get the victim treated rather than to rush to the police station. Under such circumstances, they are not expected to act mechanically with promptitude in lodging the FIR with the police. Delay in lodging the FIR thus, cannot be the ground to deny justice to the victim.

18. In cases of delay, the courts are required to examine the evidence with a closer scrutiny and in doing so the contents of the FIR should also be scrutinised more carefully. **If the court finds that there is no indication of fabrication or it has not been concocted or engineered to implicate innocent persons then, even if there is a delay in lodging the FIR, the claim case cannot be dismissed merely on that ground.** The purpose of lodging the FIR in such type of cases is primarily to intimate the police to initiate investigation of criminal offences.

[Emphasis Supplied]

19. Learned Tribunal also examined the documents, namely, FIR [Ex.P1], the mahazar [Ex.P2], Motor Accident



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Vehicle Report [Ex.P3], charge sheet [Ex.P9, Ex.P18 and Ex.R3] as well as the order sheet and found that all the aforesaid documents relate to the evidence to show that the accident was caused by an offending motorcycle. It has not been disputed that the deceased was present at the spot as can be referenced from the spot mahazar as well. It can be seen from the English translation of the FIR/complaint [Ex.P1], the complaint was lodged by one Mr. Mallikarjuna who was working at the same place with the deceased and was loading the vehicle. The translated copy of the complaint [Ex.P1] reads as under:

*"To,
Sub Inspector of Police,
Madiwala Traffic Police Station,
Bengaluru City.*

*From:
Mallikarjuna,
Son of Basavalingappa Pujari,
30 years, Koodlu village,
Anekal Taluk,
Bengaluru District.
Mobile No: 96634 90634.
Sir,*

Subject: Complaint about the road accident,

I am living in the above address and am earning my livelihood by doing labour work.

On 30-10-2013 myself and my friend Ramesh son of Rudraiah Malinamatha, 32 years, both were unloading Cement bags near Yallamma temple in



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front of Sub Registrar office, Tavarekere Road, and at that time the driver of a Bajaj Motor cycle bearing registration No: KA-01-6185, driving his vehicle with high speed and negligent manner came from Tavarekere Bannian tree and dashed against my friend resulting in my friend suffering grievous injuries on his neck and he was immediately taken to Nimhans Hospital for treatment and it was reported that he had suffered grievous injuries on his neck. But the bike driver had left the place. Therefore, I request you to take please suitable legal action against the said driver who caused the accident and had run away. **As I was busy in arranging treatment to my friend, there is delay in lodging this complaint.**

Sd/-
Mallikarjuna"

[Emphasis Supplied]

20. The report of NIMHANS Hospital [Ex.P13] when examined, clearly sets out that the deceased has been hit by a vehicle when brought in and with wounds as a result of a road traffic accident. The spot mahazar [Ex.P2] also reflects the accident as it has happened. Thus there can be no dispute as to the factum of the accident and the nexus between the accident as well as the offending vehicle. In any event and as stated above, this aspect was examined in detail by the learned Tribunal as well which is set out in paragraphs Nos.14 to 16. The same reads as under:

"14. Now only question that arises before this Court is, whether the death of the deceased was due to the injuries sustained by him because of the alleged accident and was



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there is any connectivity between the injuries sustained and his death. **In this connection, Petitioner has examined PW-2 and PW-3, out of them PW-2 being an Record Technician from NIMHANS Hospital has filed his affidavit and produced Ex.P.13, which is MLC Extract and the most important witness is PW-3, Dr. Shekar Prakash Malve, who is working as Orthopaedic Surgeon at Fracture and Orthopaedic Hospital, Swasthiyog Pratisthan, Miraj Maharastra, who in his affidavit has deposed that, he is working in the said hospital from 2007 and on 11.11.2013 injured Rachaiah Melinmath was brought to his hospital with history of pain over cervical spine since 13 days and then he had trauma due to road traffic accident at Bengaluru and on clinical examination, it was found that, Rachaiah Melinmath was suffering from spondylolisthesis C4, C5 with quadriparesis and deceased was unable to move upper lower limb and lower limb, because of which he was totally bed ridden and for that reason, he was operated in the hospital at Miraj on 12.11.2013 i.e., crutchfield tongs application was done for C4, C5 with quadriparesis and was discharged on 06.12.2013 and on discharge he was advised for proper rehabilitation for back care, urinary care, pulmonary care to prevent life threatening complications.**

15. This PW-3 has been cross-examined by the counsel for the Respondent No.2, wherein he clearly admitted that, he is treated Doctor of the Petitioner. But, he has not perused the earlier records of the Petitioner issued by NIMHANS. He admitted that, he has not produced any documents with regard to CT-Scan and other old records of the Petitioner prior to his admission to the Miraj Hospital. In this connection, PW-3 has produced Ex.P.14 to Ex.P.17, which are authorization letter, copies of pre and post-operative X-ray films, Discharge Summary and Inpatient Card, which clearly indicates the nature of the injuries suffered by the deceased, when he was taken to PW-3. Similarly, Ex.P.13 is the Outpatient Record issued by NIMHANS pertaining to this deceased, who was brought to that hospital immediately after the accident, which clearly shows MRI was conducted for cervical spine and in connection to that injuries Petitioner suffered heavy bleeding and pain over cervical region even on



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30.10.2013 when he was taken to Miraj Hospital. The severity of the injuries of the Petitioner makes it clear that, since from the date of the accident till he died, he was suffering from the injuries, though there is no proof regarding connectivity. It is also true that, no post mortem was conducted on the body of the deceased immediately after his death.

16. At this juncture I would like to make it clear that, Petitioner is a poor villager, being resident of Bijapur District and he left his wife and small children, who were villagers and have no better legal knowledge to inform the Police about the death of the deceased due to the injuries. The same could be gathered from the oral evidence of PW-1, who is none other than wife of the deceased, who in her cross-examination clearly deposed that, she is residing in Varakanahalli Village, Bijapur District and she came to know about the incident from somebody else and she saw her husband in NIMHANS on 30.10.2013 and after 2 days from the date of the accident, since she was not knowing anybody in Bengaluru, she took her husband to her native. She also deposed that, after discharge from Miraj Hospital, her husband suffered from bed sore and his body became weak and he could not move and he was unable to talk and he could not move his limbs and have food. This portion of evidence clearly shows that, being an ordinary prudent wife, PW-1 has taken all care and caution about her husband and being resident of village, which is far away from Bengaluru, it is obvious on the part of this PW-1 that, she is not knowing anyone in Bengaluru and for that reason, she took the deceased to her native place with hope of getting proper treatment. Hence, argument advanced by the counsel for the Respondents regarding delay in lodging FIR and no connectivity with the injuries and the death cannot be believed. For these reasons, I hold that death of the injured was due to the injuries sustained by him in the road traffic accident.

[Emphasis supplied]



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21. As far as compensation is concerned, looking at the gravity of the injuries, consequent death that has occurred due to the accident, and the present day scenario, we deem it apposite to examine the compensation awarded to the claimants as well.

22. The accident occurred in the year 2013 and the deceased was aged only 32 years at the time of the accident. The notional income for the year 2013 as per the chart prepared by the Karnataka State Legal Services Committee for that year was Rs.8,000/- per month. In terms of the principles laid down by the Supreme Court in ***Sarla Verma (Smt.) and others vs. Delhi Transport Corporation and another***², since the deceased has five dependants, 1/4th has to be deducted towards personal expenses and the applicable multiplier for the age of 32 years is '16'. In view of the law laid down by the Supreme Court in ***National Insurance Company Limited v. Pranay Sethi***³, the deceased was self employed and 40%

² (2009) 6 SCC 121

³ (2017) 16 SCC 680



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of the income should be added towards future prospects.
Hence, compensation under the **loss of dependency** is recomputed as follows:

Head	Amounts
Loss of dependency	Rs.8,000/- + 40% = Rs.11,200/- Rs.11,200/- (-) $\frac{1}{4}$ = 8,400/- Rs.8,400x12x16= Rs.16,12,800/-

23. In view of the law laid down by the Supreme Court in the ***Pranay Sethi***, loss of consortium is payable at Rs.40,000/- to the five claimants with escalation at 30%, amounting to **Rs.2,60,000/-**. As per the judgment of the Supreme Court in the ***Pranay Sethi*** the claimants are entitled to compensation of Rs.15,000/- on the head of **loss of estate** and Rs.15,000/- for **funeral expenses and transportation** each with escalation at 30%.

24. Accordingly, the award of the Tribunal requires to be recalculated in the following terms:

Sl. No.	Particulars	Amount (Rs.)
01.	Loss of Dependency	16,12,800-00
02.	Loss of Consortium (Rs.52,000x5)	2,60,000-00



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03.	Loss of Estate (15,000/- + 30%)	19,500-00
04.	Transportation of dead body, and funeral expenses charges (15,000/- + 30%)	19,500-00
05.	Medical Expenses	10,000-00
	Total	19,21,800-00
	Less: Awarded by the Tribunal	16,81,000-00
	Enhanced compensation	2,40,800-00

25. 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 Others⁴***, 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:***

⁴ 2026 SCC Online Kar 4090



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"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 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***⁵, 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.

⁵ (2003) 3 SCC 148



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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]

xxx

xxx

xxx

19. The Supreme Court in Supe Dei (Smt) and Others vs. National Insurance Company Limited and Another⁶ affirmed that 9% per annum is an appropriate and consistently applied rate of interest in motor accident compensation cases,

⁶ (2009) 4 SCC 513



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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]

20. However recently, **the Supreme Court in Jagadish vs. Mohan⁷ 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

⁷ (2018) 4 SCC 571



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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***⁸ relying on the judgment in the case of ***Malarvizhi & Ors. vs. United India Insurance Co. Ltd. & Ors.***⁹ 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**¹⁰ 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

⁸ CIVIL APPEAL NO.10053-10054/2024- order dated 02.09.2024.

⁹ (2020) 4 SCC 228

¹⁰ 2025 INSC 822 dated 14.07.2025



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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.



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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**¹¹ 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

¹¹ 2025 INSC 526



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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,**



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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.**¹², 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

¹² (2019) INSC 217



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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]

26. Accordingly, we are of the considered opinion that since the accident occurred in the year 2013, the deceased was aged 32 years and survived by his wife, mother and three minor children, all of whom were dependent on him, It is apposite to award interest at the rate of 9% per annum instead of 6% awarded by the learned Tribunal.

27. Hence, respondent Nos.1 to 5/claimants are entitled to a total compensation of **Rs.19,21,800/-** along with



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interest @ 9% per annum, from the date of petition till its realisation. Accordingly, this Court proceeds to pass the following:

ORDER

(i) The appeal of the Insurance Company is ***dismissed;***

(ii) The Impugned Judgment and Award dated 08.11.2016 in M.V.C.No.1501/2014 passed by the VIII Additional Small Causes Judge and the Motor Accident Claims Tribunal (SCCH-5) Bengaluru is modified, enhancing the compensation by **Rs.2,40,800/-** along with interest at the rate of 9% per annum from the date of petition till realization.

(iii) The remaining portion of the Impugned Award of the Tribunal remains undisturbed.

(iv) The Appellant/Insurance Company is directed to pay the enhanced compensation with interest as awarded by the Tribunal within eight weeks from today.



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(v) On such deposit of compensation, the same shall be released in favour of respondent Nos.1 to 5/claimants, on filing of an appropriate application for withdrawal of the enhanced amount in the proportion as was set out in the Impugned Award.

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

(vii) The amount in deposit and the statutory deposit, if any shall be transmitted to the Tribunal forthwith.

(viii) The Registry is directed transmit a copy of this judgment and the records to the concerned Tribunal.

(ix) Pending application(s), if any, stand closed. No order as to costs.

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

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

KSR/BMV*
List No.:1 SI No.: 9