



NC: 2026:KHC:30405-DB
MFA No. 5406 of 2022

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 19TH DAY OF JUNE, 2026

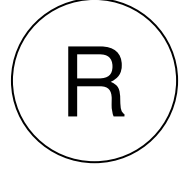
PRESENT

THE HON'BLE MR. JUSTICE JAYANT BANERJI

AND

THE HON'BLE MS. JUSTICE TARA VITASTA GANJU

MISCELLANEOUS FIRST APPEAL NO.5406 OF 2022(MV-D)



BETWEEN:

1. SRI. S.SRIDHARAN
AGED ABOUT 71 YEARS,
S/O SWAMINATHA IYER,
RESIDING AT FLAT NO.113,
1ST FLOOR, V.M.SERENITY,
2ND CROSS, BRINDAVAN LAYOUT,
NEAR GANDHI STATUE, HORAMAVU,
BANGALORE-560 043.
2. SMT.S.BHUVANESWARI
AGED ABOUT 68 YEARS,
W/O S.SRIDHARAN IYER,
FLAT NO.113, 1ST FLOOR,
V.M.SERENITY, 2ND CROSS,
BRINDAVAN LAYOUT,
NEAR GANDHI STATUE,
HORAMAVU, BANGALORE-560 043.

...APPELLANTS

(BY SMT. KUMARI ASHA & SRI. ASHOK MESTA., ADVOCATES)

AND:

1. VRL LOGISTICS LIMITED
NO.67/4, BYE PASS ROAD,
SIR SIVAGANAPATHY NAGAR,
VILLIANUR, PUDUCHERRY-605 110.
REPRESENTED BY ITS AUTHORIZED SIGNATORY.

Digitally signed by
SUMATHY KANNAN
Location: HIGH
COURT OF
KARNATAKA



2. UNITED INDIA INSURANCE COMPANY LIMITED,
DIVISION OFFICE AT L.NO.2,
ENKAY COMPLEX, KESHWAPOR,
HUMBLI-580 023.
REPRESENTED BY DIVISIONAL MANAGER.

...RESPONDENTS

(BY SRI. H.C.VRUSHABHENDRAIAH., ADVOCATE FOR R2;
V/O/DTD:06.08.2024- NOTICE TO R1-DISPENSED WITH)

THIS MFA FILED U/S 173(1) OF MV ACT AGAINST THE
JUDGMENT AND AWARD DATED 01.04.2022 PASSED IN MVC
NO.791/2020 ON THE FILE OF THE I ADDITIONAL SMALL
CAUSES JUDGE AND MACT, BENGALURU SCCH-11, PARTLY
ALLOWING THE CLAIM PETITION FOR COMPENSATION AND
SEEKING ENHANCEMENT OF COMPENSATION.

THIS APPEAL, COMING ON FOR FINAL HEARING, 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 01.04.2022 in MVC No.791/2020 passed
by the I Additional Small Causes Judge & ACMM,
Bengaluru (SCCH-11) (hereinafter referred to as the
"Impugned Award"). By the Impugned Award, the learned



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Tribunal has awarded a compensation of Rs.22,17,550/- along with interest at 6% per annum from the date of petition till its realization. The present appeal has been filed by the appellants/claimants seeking enhancement of the compensation awarded.

2. The brief facts are that one Mr. Bhaskaran S was travelling on 09.04.2019 at about 8.30 p.m. as a passenger in a bus bearing Registration No.PY-01-CG-6671 from Goa to Bangalore. The driver of the bus who is stated to have driven the bus in a rash and negligent manner, lost control over the vehicle and collided with a tree. Due to the injury, Mr. Bhaskaran S, deceased sustained grievous injuries including injuries to his head. He was shifted to a Hospital at Margoa and thereafter to Goa Medical College. While undergoing treatment, he succumbed to his injuries.

3. The claimants, being the parents of the deceased, filed a claim petition under Section 166 of the Motor Vehicles Act, 1988 (hereinafter referred to as 'the MV Act')



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seeking compensation before the learned Tribunal. It was contended in the claim petition that the deceased was working as a Technical Analyst in Oracle India Private Limited previously and thereafter started running his own Company and was earning Rs.1,00,000/- per month. It is further submitted that he was contributing his entire income towards the welfare of his family.

3.1 The petition was contested by the Respondent No.2/ Insurance Company. Although notice was issued to both the respondent No.1/owner of the offending vehicle as well as the Insurance Company, only the Insurance Company contested the petition.

3.2 Based on the pleadings filed by the parties, the following issues were framed by the learned Tribunal:

"ISSUES

"1. Whether petitioners prove that the son of 1st and 2nd petitioner namely Baskaran S succumbed to the injuries sustained in the accident that took place on 09.04.2019 at about 8.30 p.m. at near Valley View Restaurant Nayaband, Cuncolim Salcete, NH-17, South Goa, while he was travelling as passenger in a bus bearing Registration No.PY-01-CG-3371 from Goa to Bengaluru, due to the rash and negligent driving of the above said bus by the driver?



2. Whether the petitioners are entitled for compensation? If so, how much and from whom?

3. What order or award?"

4. The appellant No.1/claimant being the father of the deceased examined himself as PW-1 and marked several documents as Exhibits P1 to P24 which included DAR (Ex.P1), FIR (Ex.P2), Spot panchanama (Ex.P5), Inquest panchanama (Ex.P6), Post-mortem report (Ex.P7), Medical bill (Ex.P23) and charge-sheet (Ex.P24). In addition, reflecting the avocation and income of the deceased, documents such as Engineering Certificate (Ex.P12), Bank Passbook (Ex.P15), Income Tax Returns (Ex.P16) were produced. The respondent No.2/Insurance Company examined one witness Smt. R. Manjula as RW-1 and marked the Authorization letter (Ex.R1), copy of notice (Ex.R2) and copy of the Insurance Policy (Ex.R3).

4.1 On the basis of the evidence adduced by the parties, the learned Tribunal gave a finding that the rash and negligent driving of the bus was proved. While assessing the income, the learned Tribunal found the age of the



deceased to be 31 years and took the multiplier applicable as '16'. However, since a recent Income Tax Return was not available and as documents were not produced in support of the salary of the deceased, the learned Tribunal did not consider the Income Tax returns produced of the previous years namely Assessment years 2018-19, 2017-18 and 2016-17 and took the notional income of the deceased at Rs.15,000/- per month to arrive at the compensation to be awarded towards 'loss of dependency'. To the said income, future prospects at 40% was added to arrive at the income of the deceased. Since the deceased was a bachelor, 50% of his income was deducted towards his personal expenses and thus, the calculation for 'loss of dependency' was:

Loss of Dependency	Amount
$(15000 + 40\%) \times \frac{1}{2} \times 12 \times 16 = 10500 \times 12 \times 16$	Rs.20,16,000/-.

4.2 In addition, amounts towards 'filial consortium', 'loss of estate and funeral expenses' and 'medical expenses and travelling expenses' were also awarded. The learned



Tribunal thus awarded compensation in an amount of Rs.22,17,550/- along with interest at 6% per annum under the following heads:

Sl.No.	Particulars	Amount
A.	Towards dependency & loss of future earnings	Rs.20,16,000/-
B.	Towards filial consortium	Rs. 80,000/-
C.	Towards loss of estate and funeral expenses	Rs. 30,000/-
D.	Towards Medical expenses and travelling expenses	Rs. 91,550/-
	TOTAL COMPENSATION	Rs. 22,17,550/-

5. The learned counsel for the appellants/claimants raises two contentions before this Court. Firstly, she submits that the deceased was 30 years old as per the records produced and hence, the learned Tribunal ought to have taken the multiplier as '17' instead of '16' to arrive at the compensation towards 'loss of dependency'.

5.1 Secondly, learned counsel for the appellants/claimants submits that the deceased was qualified as a B.Tech. Engineer and was working as a Technical Analyst in the Company Oracle, till 02.01.2018. Subsequently, he resigned from this job and set up his own Trucking



business and that he was earning Rs.1,00,000/- per month. She submits that the Income Tax Returns were presented *albeit* for the Assessment Years 2016-17, 2017-18 and 2018-19. However, since no Income Tax Returns for the period prior to his death were placed on record, the learned Tribunal has wrongly taken his income as notional income and the compensation awarded thus is less. In addition, it is contended that the award of interest is not in accordance with the settled legal principles.

6. Learned counsel for the respondent No.2/Insurance Company submits that there is no dispute that the deceased was an Engineer and thus some additional amounts should have been awarded instead of taking notional income. He however contends that only an amount of Rs.20,000/- could be taken as the income of the deceased to calculate the compensation towards 'loss of dependency'. Lastly, it is contended that interest has been awarded in terms of the settled law.



7. The points that arise before this Court for determination are:

(i) Whether the income of the deceased should have been taken in terms of the notional income chart?

(ii) Given the recent pronouncements by the Supreme Court, should interest have been awarded at 6% in the present case?

8. At the outset, it is apposite to note that the date of birth of the deceased as is available in his Passport and other documents filed is, 19.07.1988. The accident took place on 09.04.2019. Thus, the deceased was 30 years and not 31 years as on the date of the accident. The appropriate multiplier to be taken as per the judgment of the Supreme Court in ***Sarla Verma (Smt.) and Others vs. Delhi Transport Corporation and another***¹ and ***National Insurance Co.Ltd. Vs. Pranay Sethi***², would be '17' and not '16' as adopted by the learned Tribunal.

¹ (2009) 6 SCC 121

² (2017) 16 SCC 680



8.1. On the aspect of monthly income, undisputedly, the deceased was an Engineer having completed his Bachelor of Technology in Computer Science and Engineering and was placed in the First Class. After his qualification, he started to work with Dell Company in Bangalore and thereafter he shifted to C.S.S. Company in Chennai and subsequently joined as a Technical Analyst in Oracle India Private Limited, Bangalore, where he worked from 2015 to 2018 and was drawing a salary of Rs.66,083/-. The record also reflects that the deceased resigned to set up his own business. This is also reflected from the evidence given by PW-1 in support of this case. The relevant extract is set out below:

"8. I state that the deceased was a Bachelor and born on 19.07.1988. Age proof produced as Exhibit 9. **He studied (BE) Bachelor of Technology in Computer Science and Engineering in Chennai in Bharath University.** Bharath Institute of Higher Education and Research during the academic year 2010 and he secure first class. BE certificate produced as Exhibit 10. **He also scored first class in tenth and 12th as well.** Also in science talented examination he scored 2nd rank in school level. SSLC and PUC marks cards and certificate issued by the school produced as Exhibit No.11 and 13.

9. I humbly state that, **immediately after the engineering he started to work with Dell Company at Bangalore from 2010 to 2012.** And



the said company issued outstanding certificate produced as Exhibit No.14 and 15. Thereafter he shifted to C.S.S. Company in Chennai there he worked from 2012 to 2015 **also he had got award and while he was working he sent to keynote Texas at United States of America** to prove the same letter written by the HR is produced as Exhibit 16. **Subsequently joined Oracle India Pvt. Ltd. Bangalore in the year 2015 April and was drawing salary of Rupees 61079/- per month and resigned on 2.1.2018 in order to run his own company, the proof of salary and resignation** details issued by the oracle company produced herewith as Exhibit 17. Income tax acknowledgement returns for the year 2016-17, 2017-18 and 2018-19 produced as Exhibit 18 to 20.

10. I state that before submitting returns for the financial year 2019-20 my son expired in the above accident. I am not able to file the returns.

11. I state that my son S. Bhaskaran was very much interest in trucking from his childhood and he was coordinating trucking to go to different places like Kedar, Dayar Bugiya, Roopkund Sandhuphu and other places. **Since he was interest in trucking business he resigned his job and opened his own company just one year back before his death i.e. 15.5.2018** company incorporation certificate produced as Exhibit 21. **He was arranging trucking for different places including foreign countries and charging each on head and was earning enough money.** In addition he also pursued to go Canada and on 19.04.2018 paid yaxis rupees 1,17,050/- and wrote IELTS exam and scored 7.5 grade online marks sheet and passport produced as Exhibit 22 and 23.

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14. I state that we had **no our own residence but during the year 2012 I obtained housing loan in State Bank of India thinking that my son will pay the EMI of rupees 10500/- and he was paying but untimely death made us to suffer with financial burden and I took bank loan out of my pension of Rs.22,000/- and now 18,000/-**



going for the loan. *The proof I produced as Exhibit 25."*

[Emphasis Supplied]

9. The learned Tribunal however after examining these documents, found that the Income Tax Returns produced were of a previous period and since there was no proof of annual income, the monthly income was taken as Rs.15,000/- per month. The evidence also reflects that the deceased graduated in the year 2010 and subsequently started working for Dell from 2010 to 2012, CSS in Chennai from 2012 to 2015 where he got an award and was sent to United States for his performance. Thereafter, he joined Oracle India Private Limited in the year 2015 drawing a salary of Rs.61,079/- per month.

9.1 The evidence of PW-1 sets out that the deceased resigned on 02.01.2018 to run his own business, since he was interested in the trucking business, and arrangement of trucking in different places including in foreign countries. He was also interested in settling in Canada.



9.2 The Bank statement of the deceased (Ex.P15) reflects that he had made a Fixed Deposit of Rs.7,00,000/- just prior to his death on 03.01.2019 in the joint names of himself and his mother. The deceased was also paying an equated monthly installment on a housing loan in a sum of Rs.10,500/- for a house purchased for his parents. The deceased was the only son of the claimants and was a bachelor. Thus, the claimants were entirely dependent on the income of the deceased.

10. Given the evidence placed before us, we are unable to agree with the finding of the learned Tribunal that the monthly income should be taken as Rs.15,000/- per month. The track record of the deceased reflects that he was a meritorious student who was working continuously from the time he graduated. He had also got awards. The deceased had also filed his tax returns and the claimants produced the last three years of Income tax returns of the deceased. The Income Tax returns showed a steady rise in the income of the deceased in the following manner:



Sl.No.	Assessment Year	Income	Income Tax
1	2016-17 (Ex.P16)	Rs.5,12,695/-	Rs.16,070/-
2	2017-18 (Ex.P16)	Rs.5,69,373/-	Rs.14,470/-
3	2018-19 (Ex.P16)	Rs.5,83,727/-	Rs.11,870/-

10.1 Thus, in the AY 2018-19, the income of Rs.5,83,757/- was shown in his income tax return. The Income Tax in a sum of Rs.11,870/- was also deducted on this.

11. Given the foregoing discussion, figures of the most recent Income Tax Returns of the deceased (AY 2018-2019) can certainly be taken to calculate the loss of dependency.

11.1 The gross income of the deceased in the year 2018-19 is Rs.5,83,727 less the tax deducted at Rs.11,870/-, comes to Rs.5,71,857/- per annum or Rs.47,655/- per month. Hence, taking Rs.47,655/- as the monthly income of the deceased and adding 40% towards future prospects, the monthly income is arrived at Rs. 47655 + 19062 = Rs.66,717/-. Out of the said amount of



Rs.66,717/- the deceased being a bachelor, deducting 50% towards his personal expenses, the monthly income comes to Rs.33,359/-. Hence, taking Rs.33,360/- as the monthly income and applying multiplier of '17' since he was aged 30 years old at the time of his death, the compensation towards 'loss of dependency' is calculated as under:

Loss of dependency	Amount
$47655 + 19062 = \text{Rs.}66,717/-$ $66717 \times 50\% = \text{Rs.}33,359/-$ $33360 \times 17 \times 12$	Rs.68,05,440/-

11.2 The amounts awarded for filial consortium, loss of estate and funeral expenses, medical expenses and other expenses, as awarded by the learned Tribunal however do not need to be interfered with.

12. 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

³ 2026 SCC Online Kar 4090



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 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***⁴, 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

⁴ (2003) 3 SCC 148



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 Another⁵ 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]

20. However recently, **the Supreme Court in Jagadish vs. Mohan⁶ 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

⁵ (2009) 4 SCC 513

⁶ (2018) 4 SCC 571



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**⁷ relying on the judgment in the case of **Malarvizhi & Ors. vs. United India Insurance Co. Ltd. & Ors.**⁸ **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%**

⁷ CIVIL APPEAL NO.10053-10054/2024- order dated 02.09.2024.

⁸ (2020) 4 SCC 228



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 & Others⁹ 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

⁹ 2025 INSC 822 dated 14.07.2025



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**



HC-KAR

Company Limited And Others¹⁰ 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:

¹⁰ 2025 INSC 526



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'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.*¹¹, 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**

¹¹ (2019) INSC 217



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.**



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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]

13. In the present case, the claim petition has been filed by the parents of the deceased who lost their 30 year old son who undoubtedly had a bright future. The claimants were saddled with a home loan as well as other expenses. Given these circumstances, this Court deems it apposite to enhance the interest awarded from 6% to 9%.

14. Accordingly, and in view of the foregoing discussions, the compensation awarded by the learned Tribunal is reassessed as follows:

Sl.No.	Heads	Compensation
1	Towards Loss of dependency	Rs.68,05,440/-
2	Towards Filial Consortium	Rs. 80,000/-
3	Towards loss of estate and funeral expenses	Rs. 30,000/-
4	Towards medical expenses and travelling expenses	Rs. 91,550/-
	Total	Rs.70,06,990/-
	Less awarded by Tribunal	Rs.22,17,550/-
	Enhanced compensation	Rs.47,89,440/-



14.1 Hence, the appellants/claimants are entitled to a total compensation of Rs.70,06,990/- along with interest at the rate of 9% per annum from the date of petition till the date of realization.

15. Accordingly, the Court proceeds to pass the following:

ORDER

(i) The appeal is ***allowed in part;***

(ii) The Impugned Judgment and Award dated 01.04.2022 in MVC No.791/2020 passed by the learned I Addl. Small Causes Judge & MACT, Bengaluru, is modified, to the extent that the appellants/claimants are entitled to enhanced compensation of **Rs.47,89,440/-** along with interest at the rate of 9% per annum in addition to Rs.22,17,550/- as awarded by the learned Tribunal.



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

(iv) The respondent No.2/Insurance Company shall deposit the enhanced compensation with interest applicable thereon, as awarded by the learned Tribunal, within a period of eight weeks from the date of receipt of a copy of this judgment;

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

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

(vii) The Registry is directed to transmit a copy of this judgment to the concerned Tribunal along with its records.



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(viii) All pending applications shall stand disposed
of No order as to costs.

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

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

KS/BMV*
List No.: 1 Sl No.: 15