



NC: 2026:KHC:30582-DB
MFA No.233 of 2021
C/W MFA No.5244 of 2020

IN THE HIGH COURT OF KARNATAKA AT BENGALURU

DATED THIS THE 22ND DAY OF JUNE, 2026

PRESENT

HON'BLE MR. JUSTICE JAYANT BANERJI

AND

HON'BLE MS. JUSTICE TARA VITASTA GANJU

MISCELLANEOUS FIRST APPEAL NO.233 OF 2021 (MV-D)

C/w

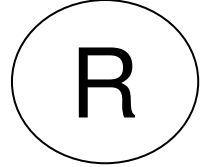
MISCELLANEOUS FIRST APPEAL NO.5244 OF 2020(MV-D)

MFA No.233/2021:

BETWEEN:

1. SMT. MANGALA S.Y.
W/O LATE S.B.YESHWANT
AGED ABOUT 47 YEARS.
2. SRI MANJUNATH S.Y.
S/O LATE S.B.YESHWANT
AGED ABOUT 29 YEARS
R/AT NO.253/C
TYPE-2, R.W.F. WEST COLONY
YELAHANKA TOWN
BANGALORE 560 064.
3. SRI BASAVARAJ S.Y.
S/O LATE S.B.YESHWANT
AGED ABOUT 23 YEARS
4. SMT. SATTAVVA
W/O LATE BHIMAPPA
AGED ABOUT 82 YEARS
AT POST BORGAL, TALUK HUKKERI
DISTRICT BELGAUM

AT PRESENT ALL ARE R/AT
NO.291/27, 2ND CROSS
SRIGANDHA LAYOUT



Digitally
signed by K S
RENUKAMBA
Location:
High Court of
Karnataka



NC: 2026:KHC:30582-DB
MFA No.233 of 2021
C/W MFA No.5244 of 2020

VEERSAGAR ROAD, ATTUR LAYOUT
YELAHANKA NEW TOWN
BANGALORE-560 064.

...APPELLANTS

(BY SMT.DAKSHAYANI D.H., ADVOCATE FOR
SRI SOMAPUR H.B., ADVOCATE)

AND:

1. M/S. TATA AIG GENERAL
INSURANCE CO. LTD.,
BY ITS MANAGER
NO.69, 2ND FLOOR, J.P. &
DEVI JAMBUKESWAR ARCADE
MILLER'S ROAD, NEAR CHANDRIKA HOTEL
VASANTH NAGAR, BANGALURU 560 052

2. MRS.DEEPTHI DANDA
W/O HARIPRADAS REDDY, MAJOR
NO.003, NEAR ELITE APARTMENTS
AMBALIPURA, OPP BANNERGHATTA ROAD
BANGALORE SOUTH, BANGALORE – 560 102

...RESPONDENTS

(BY SRI RAVI S. SAMPRATHI., ADVOCATE FOR R1;
NOTICE TO R2 DISPENSED WITH V/C/ORDER DTD:
22.06.2026)

THIS MISCELLANEOUS FIRST APPEAL IS FILED U/S 173(1) OF
MV ACT PRAYING TO MODIFY THE JUDGMENT AND AWARD
DATED 19.08.2020 PASSED IN MVC NO.2413/2018 ON THE
FILE OF THE X ADDITIONAL JUDGE, COURT OF SMALL CAUSES,
BENGALURU (SCCH-16) PARTLY ALLOWING THE CLAIM
PETITION FOR COMPENSATION AND SEEKING ENHANCEMENT
OF COMPENSATION.

MFA No.5244/2020:

BETWEEN:

M/S. TATA AIG GENERAL
INSURANCE CO. LTD.,
NO.69, 2ND FLOOR
JP & DEVI JAMBUKESWAR ARCADE



NC: 2026:KHC:30582-DB
MFA No.233 of 2021
C/W MFA No.5244 of 2020

MILLERS ROAD, NEAR CHANDRIKA HOTEL
VASANTH NAGAR, BENGALURU-560 052
REPRESENTED BY MANAGER.

...APPELLANT

(BY SRI RAVI S.SAMPRATHI, ADVOCATE)

AND:

1. SMT. MANGALA S.Y
W/O LATE S.B.YESHWANT
AGED ABOUT 47 YEARS.
2. SRI MANJUNATH S.Y.
S/O LATE S.B.YESHWANT
AGED ABOUT 29 YEARS
R/AT NO.253/C, TYPE-2
R.W.F. WEST COLONY
YELAHANKA TOWN
BENGALURU-560 064.
3. SRI BASAVARAJ S.Y.
S/O LATE S.B.YESHWANT
AGED ABOUT 23 YEARS.
4. SMT. SATTAVVA
W/O LATE BHIMAPPA
AGED ABOUT 82 YEARS
R/AT POST BORGAL
TALUK HUKKERI,
DISTRICT BELGAUM.

AT PRESENT ALL ARE R/AT:
NO.291/27, 2ND CROSS
SRIGANDHA LAYOUT
VEERSAGAR ROAD, ATTUR LAYOUT
YELAHANKA NEW TOWN
BENGALURU-560 064.

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W/O HARIPRADAS REDDY, MAJOR
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BANNERGHATTA ROAD



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C/W MFA No.5244 of 2020

BENGALURU SOUTH,
BENGALURU-560 102.

...RESPONDENTS

(BY SMT. DAKSHAYANI D.H., ADVOCATE FOR
SRI SOMAPUR H.B., ADVOCATE FOR R1 TO R4;
NOTICE TO R5 DISPENSED WITH V/C/O DATED 04.03.2021)

THIS MISCELLANEOUS FIRST APPEAL IS FILED U/S 173(1) OF
MV ACT PRAYING TO MODIFY THE JUDGMENT AND AWARD
DATED 19.08.2020 PASSED IN MVC NO.2413/2018 ON THE
FILE OF THE X ADDITIONAL JUDGE, COURT OF SMALL
CAUSES, MACT, BENGALURU (SCCH-16), AWARDING
COMPENSATION OF RS.70,47,500/- WITH INTEREST AT 9%
P.A. FROM THE DATE OF PETITION TILL REALIZATION.

THESE MISCELLANEOUS FIRST APPEALS, COMING ON FOR
ORDERS/ADMISSION, THIS DAY, JUDGMENT WAS DELIVERED
THEREIN AS UNDER:

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

ORAL JUDGMENT

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

1. The present appeals seek to challenge the common
Judgment and Award dated 19.08.2020 in
M.V.C.No.2413/2018 passed by the X Additional Judge,
Court of Small Causes, Bengaluru (hereinafter referred to
as the 'Impugned Award'). By the Impugned Award, the
learned Tribunal has awarded compensation to the



claimants in a sum of Rs.70,47,500/- along with interest at the rate of 9% per annum from the date of petition till its realisation.

2. The Appeals though listed for orders, with the consent of the learned Counsel for the parties are taken up for final hearing and disposal today itself.

3. M.F.A.No.233/2021 is filed by the claimants seeking enhancement of compensation and M.F.A.No.5244/2020 is filed by the Insurance Company seeking modification/reduction of the compensation.

4. Briefly the facts of the case are that on 21.02.2018 at about 9.30 a.m. when the deceased was going to factory from Yelahanka IV Stage by riding his Honda Activa Bearing No.KA-50-J-1997 and when he entered Bengaluru-Doddaballapura road and stopped the motorcycle near Puttenahalli junction, a car bearing Registration No.KA-51-MF-8410 driven by its driver rashly and negligently came to the extreme left side from the right side of the road leading towards Doddaballapura and collided with the motorcycle. Due to the impact, the



deceased sustained severe injuries. He was immediately taken to Yelahanka Railway Hospital. After first aid treatment, he was shifted to Ramaiah Memorial Hospital in which he was treated as inpatient and surgery was done. However, he succumbed to the injuries in the hospital.

5. A claim petition under Section 166 of the Motor Vehicles Act, 1988 (hereinafter referred to as 'M.V. Act') was filed by the wife, two children and a dependent mother of the deceased contending that prior to the accident, the deceased was working as a Senior Technician in Rail Wheel Factory, Yelahanka and getting salary of Rs.94,000/- per month.

6. The claim petition was contested by respondent No.1/Insurance Company by filing written statement and additional written statement. Respondent No.2 the owner of the car remained *exparte* before the learned Tribunal.

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

"(i) Whether the petitioners prove that deceased S.B.Yeshwant succumbed to the injuries sustained in vehicular accident alleged to have occurred on 21.02.2018



due to rash and negligent driving of the driver of the car bearing No.KA-51-MF-8410?

(ii) Whether the petitioners are entitled to compensation? If so, what is the quantum and from whom?

(iii) What order or award?"

6.2. In order to prove the case of the claimants, the claimant No.1/wife of the deceased was examined as PW.1, and three other witnesses Sri Prabhu Neelange, an eyewitness as PW.2, Sri A. Mohan, the employer as PW.3 and Dr. Basappa S. Hugar as PW.4 and got 32 documents marked as Exhibits P1 to P32 including Ex.P1/FIR, Ex.P3/spot mahazar, Ex.P5/IMV Report, Ex.P10/Charge sheet. In addition, medical documents were exhibited which included Ex.P6/Discharge Summary, Ex.P9/Postmortem Report, Ex.P17/Two medical bills and Ex.P18/Ambulance Bill. As proof of the income of the deceased, Ex.P15/Copy of the Identify Card and Ex.P16/Salary Certificate were marked.

6.3. No evidence was produced nor documents were marked on behalf of respondent No.1/Insurance Company.

6.4. The learned Tribunal, after examining the evidence produced, held that the deceased had sustained injuries



due to fall from the motorcycle that he was riding and there was no dispute as to the accident. In addition, the learned Tribunal found that the complaint was lodged at Yelahanka Traffic Police, in view of the negligence of the driver of the offending vehicle and based on which, a complaint was lodged and FIR was registered. Ex.P7/the death memo had also been sent to the police and Ex.P10/the charge sheet was filed by the police invoking Sections 279 and 304A of Indian Penal Code 1860.

6.5 In view of this corroborative evidence, the learned Tribunal found that negligence was caused due to the negligence of the driver to an extent of 90% and remaining negligence was attributed to the deceased at 10%. Thus, the learned Tribunal deducted 10% from the amounts of compensation awarded. After examining the salary certificate and deducting income tax of Rs.10,000/- and Rs.200/- towards professional tax, the monthly salary of the deceased was taken Rs.82,930/-.

6.6. Since the deceased was aged 56 years, respondent No.1/Insurance Company averred that the split multiplier



method be used to calculate loss of dependency. However, the learned Tribunal relied on the judgment in ***Puttamma Vs. K.L.Narayana Reddy***¹ where the Supreme Court held that in the absence of any specific reason and evidence on record, the split multiplier should not be applied in routine courses and the multiplier should be applied as per the settled law. The multiplier was taken at 9 and future prospects at 15%. Thus, the income of the deceased was taken at a sum of Rs.95,369/.

6.7. Accordingly, after considering the materials on record, the learned Tribunal awarded compensation under loss of estate and funeral and transportation. The total compensation awarded was as follows:

Sl. No.	Particulars	Amount (Rs.)
1	Loss of Dependency	77,24,916/-
2	Loss of Consortium	40,000/-
3	Loss of Estate	15,000/-
4	Funeral & Transportation Expenses	15,000/-
5	Medical Expenses	35,262/-
	TOTAL	78,30,178/-

¹ (2013) 15 SCC 45



6.8. However, the learned Tribunal awarded a sum of Rs.70,47,160/- after deducting 10% contributory negligence by the deceased and awarded interest at 9% awarded by the Tribunal from the date of petition till its realization.

7. As stated above, the Appeals have been filed by the claimants as well as the Insurance Company and has been contested by both the parties.

8. Learned Counsel for the claimants submits that the loss of dependency has been wrongly calculated. In addition she submits, that the amounts of compensation awarded on other heads including the loss of consortium has not been awarded in accordance with the judgment of the Supreme Court in the case of ***National Insurance Company Limited v. Pranay Sethi***².

9. Learned Counsel for respondent No.1/Insurance Company on the other hand refute these contentions. He further states that loss of dependency was correctly calculated as was the contributory negligence. In addition,

² (2017) 16 SCC 680



learned Counsel for the respondent No.1/Insurance Company submits that the split multiplier method should have been taken. He further contends that no additional amounts towards loss of consortium, loss of estate and funeral expenses ought to have been awarded by the learned Tribunal. He further submits that the interest awarded is too high.

10. Based on the evidence and the documents produced, the questions that arise for consideration before this Court are:

- (i) Whether the compensation awarded by the learned Tribunal is in accordance with law?
- (ii) Whether amounts required to be deducted on account of contributory negligence were in accordance with law?

11. From the examination of the award, there is no dispute that there was negligence on the part of the offending vehicle/the car. The learned Tribunal based on the evidence of the PW.2 /eyewitness as well as IMV Report held that there was some negligence on the part of



the rider of the motorcycle of the deceased. It was found that the deceased had entered into a main road from ancillary road and that he had not followed the 'halt and proceed' rule before entering the main road. In view thereof, since he came onto the road all of a sudden, the car would not have been able to avoid the impact. It is apposite to set out the relevant extract of the Impugned Award as under.

*"14. Here in this case, **the evidence of eyewitness, Prabhu (PW2) is available. During his cross-examination, he has admitted that at the time of accident the deceased had entered upon the main road from the cross road. Further he has stated that it may be true that the deceased has hit the front left wheel of the car. If this part of the evidence coupled with the admission given by him is taken into account, it becomes quite clear that at the time of accident the deceased had not stopped his scooter as pleaded, but he had already entered on the main road. Hence, it appears that for this reason the IMV report relating to the car is not produced deliberately. So therefore, I am of the view that the scenario of the accident as depicted in the sketch and projected by the petitioners is incorrect.***

*15. On the other hand, having regard to the place of occurrence, **I am of the humble opinion that the deceased should have tried to proceed to enter on the main road from the cross road after the car had gone ahead. If he had followed "halt and proceed" rule before entering on the main road seeing the car coming nearby, definitely the accident would not have occurred.** It is relevant to note that if any vehicle appears on the road all of a sudden, it is impossible for the other road users to avoid the impact. It seems to the tribunal that since the deceased had entered on the main*



road suddenly the driver of the car might have hit the scooter. **Thus it is clear that the accident has taken place because of the contributory negligence of the deceased.**

16. Neither it is the case of the insurance company nor is there contra evidence to show that the driver of the offending vehicle has tried his level best to avoid the accident by slowing down the speed or blowing the horn. According to my opinion, supposing he had slowed down the speed of his vehicle or blown the horn, perhaps the accident could have been avoided. But car driver has not been examined to indicate that he had done so. As such, it is held that the car driver is also responsible for the accident. **Having regard to the place of occurrence and the manner in which the accident has happened, 10% of the contributory negligence is attributed to the deceased and the remaining 90% to the driver of the offending vehicle. Accordingly, I answer issue No.1 partly in the affirmative."**

[Emphasis Supplied]

12. The analysis of above are based on the documents and evidence produced and does not suffer from any infirmity. Thus, this Court is not inclined to interfere with the same.

13. So far as concerns on the award of compensation, the learned Tribunal has taken into account the salary of the deceased as well as deducted professional and income tax from it. The learned Tribunal has also found that after deducting these two amounts the monthly income of the deceased has been taken at Rs.82,930/-. The learned



Tribunal has also found that since the deceased was 56 years of age, 15% future prospects have to be awarded and the multiplier of 9 has to be taken into consideration. Thus the income of the deceased has been calculated as follows:

$$\text{Rs.82,930/-} + 15\% + \text{of Rs.82,930/-} = \text{Rs.95,369/-}$$

14. The learned Tribunal also found that although the claimants stated that they were getting additional agricultural income, no documents or proof of such income was produced. Thus it was not taken into consideration. To this extent this Court finds that the calculation of income on the aspect of loss of dependency is in accordance with settled principles of law.

15. The only aspect of the compensation which requires to be enhanced in terms of the judgment of the Supreme Court in ***Pranay Sethi's*** case referred to supra, is the loss of consortium. Concededly the deceased had four family members. Thus the loss of consortium would be $\text{Rs.40,000/-} \times 4 = \text{Rs.1,60,000/-}$.



16. On the issue of split multiplier, the learned Tribunal has rightly found that in terms of the judgment of the Supreme Court in **Puttama** case, which has been subsequently followed in **N. Jayasree and Others v. Cholamandam Ms General Insurance Company Ltd.**³ wherein the applicability of the split multiplier has been done away with. The relevant paragraphs are extracted as under:

"28. In *Puttamma vs. K.L. Narayana Reddy*. [(2013) 15 SCC 45] this Court was again considering a case **where split multiplier for the purpose of calculation of dependency compensation was applied.** It was held thus:

"32. For determination of compensation in motor accident claims under Section 166 this Court always followed multiplier method. As there were inconsistencies in the selection of a multiplier, **this Court in *Sarla Verma* prepared a table for the selection of a multiplier based on the age group of the deceased/victim. The 1988 Act, does not envisage application of a split multiplier.**

33. In *K.R. Madhusudhan v. Administrative Officer*, this Court held as follows:

"14. In the appeal which was filed by the appellants before the High Court, the High Court instead of maintaining the amount of compensation granted by the Tribunal, reduced the same. In doing so, the High Court had not given any reason. The High Court introduced the concept of split multiplier and departed from the multiplier used by the Tribunal without disclosing any reason therefor. The High

³ (2022) 14 SCC 712



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Court has also not considered the clear and corroborative evidence about the prospect of future increment of the deceased. When the age of the deceased is between 51 and 55 years the multiplier is 11, which is specified in the 2nd column in the Second Schedule to the Motor Vehicles Act, and the Tribunal has not committed any error by accepting the said multiplier. This Court also fails to appreciate why the High Court chose to apply the multiplier of 6.

15. We are, thus, of the opinion that the judgment of the High Court deserves to be set aside for it is perverse and clearly contrary to the evidence on record, for having not considered the future prospects of the deceased and also for adopting a split multiplier method.

34. We, therefore, hold that in absence of any specific reason and evidence on record the tribunal or the court should not apply split multiplier in routine course and should apply multiplier as per decision of this Court in Sarla Verma as affirmed in Reshma Kumari."

[Emphasis Supplied]

16.1. Thus, this aspect does not require any further consideration by this Court.

17. 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***⁴, after analyzing the precedents of the Supreme Court and this

⁴ 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.



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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. 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

⁵ (2003) 3 SCC 148



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, 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

⁶ (2009) 4 SCC 513

⁷ (2018) 4 SCC 571



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 Others⁸** 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.**

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

⁹ (2020) 4 SCC 228



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 & Others¹⁰ 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.

xxx

xxx

xxx

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**

¹⁰ 2025 INSC 822 dated 14.07.2025



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

8. Further contention taken is the higher rate of interest of 9%, in challenge of which several precedents were placed before us. From the decisions perused what emanates is that in the 1980's, Courts were awarding 12% interest which stood reduced to 9% in the 1990's. With the advent of the 21st century and the economic recession world over, the interest rates fell considerably. But even now the rates offered by National Banks for long term deposits are 7% or more. Considering the over-all circumstances especially the long delay caused, we are of the opinion that 9% interest rate granted by the Tribunal is perfectly in order especially noticing the accident having occurred in the year 1995."

[Emphasis Supplied]

23. In another a recent decision the Supreme Court in **Nidhi Bhargava & Ors. v. National Insurance Company Limited And Others**¹¹ the issue of grant of

¹¹ 2025 INSC 526



interest in motor accident compensation claims was discussed and considered. In the accident in question, one of the claimants survived and suffered grievous injuries. **The Tribunal had awarded compensation together with interest at the rate of 9% per annum. Although the Delhi High Court reduced the compensation amount under certain heads, it maintained the award of interest at 9% per annum.** The Supreme Court ultimately restored the compensation awarded by the Tribunal and specifically directed that payment be made with interest at the rate of 9% per annum. Here again, the Supreme Court did not interfere with the rate of interest and, in fact, reinforced the obligation of timely payment by directing that in case of delay beyond two months, an additional 9% interest per annum would be payable on both the principal amount and accrued interest. The relevant extract is below:

15. The High Court interfered and reduced the compensation as awarded by the Tribunal only on the ground that Return for the Assessment Year 2008-2009 had to be excluded from consideration. It is not in dispute that the deceased was a businessman. The relevance of the Income Tax Return stems, in the context of the Act, for the period which it relates to i.e., the Financial Year concerned, and not on the date on which it is filed with the Income Tax Department. When faced with Returns for different Assessment Years, it would be upto the Tribunal concerned to adopt either the average income therefrom or choose an Assessment Year to rely upon. **There is good reason to leave judicial discretion on the Tribunal to adopt one of the afore-noted two courses of action, bearing in nature the social purpose and object behind the Act, which is a beneficial legislation.** It is quite unfortunate that the High Court in the present case has dealt with the matter in such a casual and superficial way where the rightful claim of the appellants under a welfare legislation has been drastically reduced without any cogent reason on a very tenuous ground, which we find to be totally unjustified. As pointed out in *Shivaleela v. Divisional Manager, United India Insurance Co. Ltd.*, 2025 SCC OnLine SC 563:

'13....In *K Ramya v. National Insurance Co. Ltd.*, 2022 SCC OnLine SC 1338, after taking note of, inter alia, *Ningamma v. United India Insurance Co.*



Ltd., (2009) 13 SCC 710, the Court held that the '... Motor Vehicles Act of 1988 is a beneficial and welfare legislation that seeks to provide compensation as per the contemporaneous position of an individual which is essentially forward-looking. Unlike tortious liability, which is chiefly concerned with making up for the past and reinstating a claimant to his original position, the compensation under the Act is concerned with providing stability and continuity in peoples' lives in the future. ...'

(underlined in original)

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

[Emphasis Supplied]

23.1 In ***S. Kumar v. United India Insurance Co. Ltd.***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.**

xxx

xxx

xxx

¹² (2019) INSC 217



29. An analysis of the foregoing discussions of the Supreme Court, **reflects that the Supreme Court has consistently held that the award of interest is intended to recompensate the claimant for being deprived of the use of money, which ought to have been paid at the time of occurrence of the accident.** The rate of interest, therefore, must be just, fair and reasonable, having regard to the prevailing economic conditions and bank rates.

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

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

29.3 The rate of interest 9% is more appropriate in case involving death and serious injury especially, where there is a long delay in the claimants receiving the compensation.

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

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

[Emphasis Supplied]



17.1 Accordingly, we are not inclined to interfere with the award of Interest by the Learned Tribunal.

18. The compensation is calculated after 10% is deducted due to contributory negligence of the deceased and the enhanced compensation is recalculated as follows:

Sl. No.	Particulars	Amount (Rs.)
1	Loss of Dependency	77,24,916/-
2	Loss of Consortium	1,60,000/-
3	Loss of Estate	15,000/-
4	Funeral Expenses	15,000/-
5	Medical Expenses	35,262/-
	TOTAL	79,50,178/-
	Less: Awarded by the Tribunal	78,30,178/-
	Enhanced compensation	1,20,000/-
	Enhanced compensation after deducting 10% (12,000/-) towards contributory negligence	1,08,000/-

19. Hence, the claimants are entitled to a total compensation of **Rs.79,50,178/-** along with interest as awarded by the learned Tribunal, from the date of petition till its realisation, after deduction of 10% contributory negligence to the claimants. Accordingly, this Court proceeds to pass the following:



ORDER

- (i) M.F.A.No.233/2021 is ***allowed in part;***
- (ii) M.F.A.No.5244/2020 is ***dismissed.***
- (iii) The Judgement and Award dated 19.08.2020 in M.V.C.No.2413/2018 passed by the X Additional Judge, Court of Small Causes, Bengaluru is modified, enhancing the compensation by **Rs.1,08,000/-** along with interest at the rate of 9% per annum as awarded by the learned Tribunal from the date of petition till realization.
- (iv) The remaining portion of the Impugned Award of the Tribunal remains undisturbed.
- (v) Respondent No.1 is directed to pay the enhanced compensation with interest as awarded by the Tribunal within eight weeks from today. Any amounts deposited with this Court will be forwarded to the Tribunal for onward transmission.
- (vi) On such deposit of compensation, the same shall be released in favour of the appellants/claimants on



filing of an appropriate application for withdrawal of the amount in the proportion as was set out in the Impugned Award.

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

(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