

IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

FAO No.9186 of 2014(O&M)
DATE OF DECISION:13.02.2015

Oriental Insurance Company Limited, Chandigarh

...Appellant

Vs.

Barinder Singh & ors.

...Respondents

CORAM:- HON'BLE MR. JUSTICE MAHAVIR S.CHAUHAN

Present: Mr. Ashwani Talwar, Advocate
for the appellant.

Mr. Vikram Bali, Advocate
for respondent No.1.

MAHAVIR S.CHAUHAN, J.(ORAL)

Heard.

Vide award dated 25.03.2014, Motor Accident Claims Tribunal, Chandigarh, (for short 'the tribunal'), while disposing of claim application No.514 of 2013/5.5.2011/7.2.2014, awarded compensation of Rs. 51,03,100/- to the applicants, alongwith interest at the rate of 6% per annum from the date of filing of the claim application till realization of awarded amount of compensation with a further stipulation that if the awarded amount of compensation is not paid within three months, it shall carry interest at the rate of 12% per annum for all this period. Challenge in this appeal brought by the insurer is only to this part of the award, i.e., with regard to penal interest @ 12% per annum.

In **National Insurance Co. Ltd. Vs. Keshav Bahadur & Ors., 2004(2) SCC 370**, a similar situation arose before the Hon'ble Supreme Court and it was held that the Tribunal is not empowered to grant penal

interest even for the purpose of compelling the insurer to pay the awarded amount of compensation within a stipulated period. Learned counsel for respondent No.1 is not able to show anything to the contrary.

In view of the above, I allow this appeal and delete the stipulation with regard to payment of interest at the rate of 12% per annum if the amount awarded as compensation is not paid within three months from the date of impugned award.

No costs.

13.02.2015
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(MAHAVIR S.CHAUHAN)
JUDGE