**IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH**

235 **CWP No.8699 of 2021
Date of Decision: 21.08.2024**

Liberty General Insurance Company Ltd. **..... Petitioner**

Versus

Permanent Lok Adalat (PUS), Rupnagar and another **..... Respondents**

CORAM: HON'BLE MR. JUSTICE VINOD S. BHARDWAJ

Present: Mr. Sachin Ohri, Advocate
for the petitioner.

Mr. S.S. Sidhu, Advocate
for the respondents.

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VINOD S. BHARDWAJ, J (ORAL)

Challenge in the present petition is to the Award dated 03.03.2021 passed by the Permanent Lok Adalat (PUS), Rupnagar, whereby, the application preferred by the respondent-applicant under Section 22-C of the Legal Services Authorities Act, 1987, has been allowed and the petitioner-Insurance Company has been directed to pay a sum of Rs.5,64,075/- to the respondent-applicant for the loss suffered in the accident. A further cost of Rs.10,000/- has been ordered to be paid as litigation expenses.

2. Briefly summarized the facts in the present case are that the respondent-applicant had purchased a car make i-20 bearing Regd. No.PB-87-0036. It was insured with the petitioner-Insurance Company but met with an accident on 08.09.2019 while being driven by the respondent-

applicant on way from Chandigarh to Morinda. A DDR with respect to the incident was specifically lodged at Police Station and the matter was brought to the notice of the petitioner-Insurance Company. A surveyor was appointed who assessed the loss as Rs.5,64,075/-. The claim was however repudiated on the ground that the vehicle was not registered with the registering authority and that application for registration was submitted only on 14.09.2019 i.e. after six days of the accident.

3. Aggrieved by such repudiation, an application under Section 22-C of the Legal Services Authorities Act, 1987 was filed.

4. The petitioner-Insurance Company entered into appearance and raised various objections including as to the maintainability of the claim. It was specifically submitted that the vehicle in question was being plied in violation of Section 39 of the Motor Vehicle Act, 1988 and that in the light of the judgment of the Hon'ble Supreme Court of India in the matter of ***Narinder Singh Vs. New India Assurance Company Ltd. and others***, decided on 04.09.2014 and reported as ***(2014) 9 SCC 324***, the petitioner-Insurance Company is not liable to pay the said claim arising on account of breach of the essential terms and conditions of the policy document.

5. Permanent Lok Adalat (PUS) however placed reliance on the receipt for an amount of Rs.12,500/- i.e. a copy of the 'number reservation fee receipt' dated 19.08.2019 to hold that the respondent was entitled to the reimbursement of the loss suffered by him and as assessed by the surveyor, placing reliance on the judgment of this Court in the matter of ***National Insurance Company Limited Vs. Daya Chand and another***.

6. Learned counsel for the petitioner has argued that reliance on the 'number reservation fee receipt' for which the amount was deposited on 19.08.2019 was misplaced. Section 39 of the Motor Vehicles Act, 1988 mandates that no person shall drive any motor vehicle and no owner of a motor vehicle shall cause or permit the vehicle to be driven in any public place unless the vehicle is registered in accordance with that chapter and that the Certificate of Registration has not been suspended or cancelled and that the vehicle carries a registration mark displayed in the prescribed manner. He contends that the document relied upon by the respondent-applicant is a 'number reservation fee receipt' and not a proof of registration. A reference is also made to the details as availed from the office of the registering authority (Motor Vehicle), Morinda, Punjab (Annexure R-2) as per which the application for registration was submitted by the petitioner only on 13.09.2019 and the registration form was approved on 14.10.2019. He thus contends that the application having been submitted for the first time only on 13.09.2019, hence, the status of the vehicle was that it was not registered and it was being plied in violation of Section 39 of the Motor Vehicles Act, 1988 at the time of accident. It is also contended that the number reservation fee receipt relied upon by the Permanent Lok Adalat shows that the amount in question was furnished with respect to the number in question. The said receipt shows 'nil' in the column of 'vehicle already purchased' which establishes that a number can be purchased or booked by any person by paying the booking amount, without the mandate of even having a vehicle. A mere reservation of a number, hence cannot be deemed as satisfactory compliance of the mandate

of Section 39, which prescribes that the vehicle in question can be plied only after obtaining a valid registration certificate. Reliance is placed on the judgment in the matter of ***Narinder Singh Vs. New India Assurance Company Ltd. and others (supra)*** and the relevant extract of the same reads as under:-

> *"4. The petitioner-complainant had purchased a Mahindra Pick UP BS-II 4WD vehicle and got it insured for an amount of Rs. 4,30,037/- with respondent no.1–M/s. New India Assurance Company Ltd. for the period 12.12.2005 to 11.12.2006. The vehicle was temporarily registered for one month period, which expired on 11.1.2006. However, on 2.2.2006, the vehicle met with an accident and got damaged. The complainant lodged FIR and informed about it to the respondent-Company, which appointed a surveyor and assessed the loss at Rs.2,60,845/- on repair basis. The insurance claim was, however, repudiated by the opposite party on the ground that the person Rajeev Hetta, who was driving the vehicle at the time of the accident, did not possess a valid and effective driving licence and also the vehicle had not been registered after the expiry of the temporary registration. Consequently, the appellant filed a consumer complaint before the District Forum.*
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> *10. Per contra, respondent's case is that the vehicle can be driven only after proper registration and in the present case, the vehicle being driven without registration, which is in contravention to Section 192 of the Act. Further, there is no endorsement on the driving licence of Rajiv Hetta for driving HGV, which was valid up to 20.4.2002, and as such, there is violation of the terms and conditions of the insurance policy as the vehicle in question was being driven by a person who was not authorized to drive the same.*
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> *11. We have perused the order passed by the three Forums. The only issue for consideration is, as to whether the National Commission is correct in law in holding that the appellant is not*

entitled to claim compensation for damages in respect of the vehicle when admittedly the vehicle was being driven on the date of accident without any valid registration as contemplated under the provisions of Section 39 *and* Section 43 *of Motor Vehicles Act. For better appreciation,* Section 39 *and Section 43 which are relevant are quoted herein below:-*

> *"39. Necessity for registration.—No person shall drive any motor vehicle and no owner of a motor vehicle shall cause or permit the vehicle to be driven in any public place or in any other place unless the vehicle is registered in accordance with this Chapter and the certificate of registration of the vehicle has not been suspended or cancelled and the vehicle carries a registration mark displayed in the prescribed manner:*
>
> *Provided that nothing in this section shall apply to a motor vehicle in possession of a dealer subject to such conditions as may be prescribed by the Central Government.*
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> *"43. Temporary registration.—(1) Notwithstanding anything contained in section 40 the owner of a motor vehicle may apply to any registering authority or other prescribed authority to have the vehicle temporarily registered in the prescribed manner and for the issue in the prescribed manner of a temporary certificate of registration and a temporary registration mark."*
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> *(2) A registration made under this section shall be valid only for a period not exceeding one month, and shall not be renewable:*
>
> *Provided that where a motor vehicle so registered is a chassis to which a body has not been attached and the same is detained in a workshop beyond the said period of one month for being fitted with a body or any unforeseen circumstances beyond the control of the owner, the period may, on payment of such fees, if any, as may be prescribed, be extended by such further period or periods as the registering authority or other prescribed authority, as the*

case may be, may allow.

(3) In a case where the motor vehicle is held under hire-purchase agreement, lease or hypothecation, the registering authority or other prescribed authority shall issue a temporary certificate of registration of such vehicle, which shall incorporate legibly and prominently the full name and address of the person with whom such agreement has been entered into by the owner."

12. A bare perusal of Section 39 shows that no person shall drive the motor vehicle in any public place without any valid registration granted by the registering authority in accordance with the provisions of the Act.

13. However, according to Section 43, the owner of the vehicle may apply to the registering authority for temporary registration and a temporary registration mark. If such temporary registration is granted by the authority, the same shall be valid only for a period not exceeding one month. The proviso to Section 43 clarified that the period of one month may be extended for such a further period by the registering authority only in a case where a temporary registration is granted in respect of chassis to which body has not been attached and the same is detained in a workshop beyond the said period of one month for being fitted with a body or unforeseen circumstances beyond the control of the owner.

14. Indisputably, a temporary registration was granted in respect of the vehicle in question, which had expired on 11.1.2006 and the alleged accident took place on 2.2.2006 when the vehicle was without any registration. Nothing has been brought on record by the appellant to show that before or after 11.1.2006, when the period of temporary registration expired, the appellant, owner of the vehicle either applied for permanent registration as contemplated under Section 39 of the Act or made any application for extension of period as temporary registration on the ground of some special reasons. In our view, therefore, using a vehicle on the public road without any registration is not *only an offence punishable under Section 192 of the Motor Vehicles Act but also a fundamental breach of the terms and conditions of policy contract".*

7. He contends that the judgment in the matter of ***National Insurance Company Limited Vs. Daya Chand (supra)*** passed by a learned Single Judge of this Court would not be applicable in the present case since the same was in relation to a third party claim which are governed by the separate provisions under Section 149 of Motor Vehicles Act, 1988.

8. Learned counsel for the respondent-applicant on the other hand places reliance on the number reservation fee receipt, to contend that the above said number had been got reserved by the petitioner and eventually, the same number was got transferred and registered against the vehicle. He contends that at the relevant point of time, the registration was applied through a dealer as per the directions issued by the Government of Punjab and that he had deposited all necessary charges with the dealer. Any delay on the part of the dealer in submission of the requisite documents for registration of the vehicle with the registering authority should not be read to the prejudice of the owner. The lapse as such should still be deemed to be on the part of the registering authority and being the employer, it is bound by the acts of its agents.

9. He further argues that the requirement of Section 39 of the Motor Vehicles Act, 1988 that the vehicle must reflect the registration number and that since the vehicle was registered against the same number, hence, there was a valid display of the registration number.

10. Learned counsel for the respondent was asked a specific question as to who was the dealer with whom the requisite documents for

registration of the motor vehicle was submitted to which the reply was that the dealer engaged by the petitioner was working at Bhakra Service Station Pvt. Ltd.

11. Learned counsel for the respondent-applicant was also asked if there were any document/receipts or any proof that the requisite charges for registration of the motor vehicle with the registering authority was deposited by him with the dealer prior to the occurrence of the incident/accident, he contends that he is not in possession of any such documents that would establish that the requisite statutory charges for registration of the motor vehicle including the road tax etc. has been paid by him to the dealer prior to the date of accident.

12. He has also been confronted with the fact that there was no impleadment of the dealer in the present case and no submission of any documents reflecting that the fee and other documents had been submitted to the dealer for onward transmission to the registering authority for registration of the vehicle.

13. Learned counsel for the respondent fairly concedes that neither the dealer has been impleaded as a party nor such facts have been established by leading affirmative evidence before the Permanent Lok Adalat.

14. I have heard learned counsel for the parties at length and have gone through the documents available on the file.

15. A perusal of Section 39 of the Motor Vehicles Act, 1988 clearly shows that twin requirements provided in the said section necessitate registration and prohibits an owner to ply the vehicle on road

without a valid registration and mandate that certificate of registration of the vehicle has not been suspended or cancelled.

16. The display of registration marked on the vehicle is the second condition as Section 39 uses the expression "and". Hence, all the said conditions are required to be satisfied.

17. Undisputedly, there is no evidence that has been adduced by the respondent-applicant either before the Permanent Lok Adalat or by way of any admission by the dealer of having received the requisite money along with complete form for registration of the motor vehicle prior to the date of accident. The only document relied upon by the respondent is number reservation fee receipt. The said receipt is not sufficient to establish that the respondent-applicant had submitted an application for registration of the motor vehicle with either the registering authority or any person authorized by the registering authority for receipt of the documents. Additionally, it is noticed that the above said receipt was executed on 19.08.2019 but the documents for registration was submitted only on 13.09.2019. Thus, the submission of documents for registration, which have been uploaded on the portal of the licensing authority, clearly establish that there is a distinction between seeking a number reservation as against applying for registration of the motor vehicle. Had both the things been the same, the portal of the registering authority would have reflected the date of deposit of the fee for reservation of the number as the date also for submission of the application for registration of the motor vehicle.

18. The judgment in the matter of ***National Insurance Company Limited Vs. Daya Chand (supra)*** referred by Permanent Lok Adalat (PUS)

would not be applicable to the facts of the present case, was passed in the context of a third party claim and was not in relation to the first party claim where mandate of Section 39 and 43 of the Motor Vehicles Act, 1988 is attracted. The case in hand is rather covered by the judgment of the Hon'ble Supreme Court in the matter of ***Narinder Singh Vs. New India Assurance Company Ltd. and others (supra)*** relied upon by learned counsel for the petitioner.

19. In view of above, I find that the Award passed by the Permanent Lok Adalat (PUS) suffers from the mis-appreciation of the law as laid down by the Hon'ble Supreme Court as well as the statutory provisions enshrined under Section 39 of the Motor Vehicles Act, 1988 and by misplaced reliance on the judgment ***National Insurance Company Limited Vs. Daya Chand (supra)***.

20. The Award dated 03.03.2021 passed in Case No.371 titled 'Parampreet Singh Vs. Liberty General Insurance Co. Ltd.' is accordingly set aside and the present petition is allowed.

(VINOD S. BHARDWAJ)
JUDGE

21.08.2024
D.Bansal

Whether speaking/reasoned : Yes/No
Whether reportable : Yes/No