IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

CR No.1129 of 2016 (O&M)
Reserved on: 06.11.2025.
Pronounced on: 22.12.2025.
Uploaded on: 22.12.2025.

Bajaj Allianz General Insurance Company Ltd.

….Petitioner

Versus

Manish Kumar Gupta and others

….Respondents

CORAM: HON'BLE MR. JUSTICE VIKRAM AGGARWAL

Argued by: Mr. Vishal Aggarwal, Advocate
for the petitioner.

None for respondent No.1.

Mr. Raghav Bali, Advocate
for respondents No.2 and 3.

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VIKRAM AGGARWAL, J

The instant petition, preferred under Article 227 of the Constitution of India, assails order dated 22.12.2015 (Annexure P-6) passed by the Motor Accident Claims MACT, Ambala (for short the 'MACT').

2. The facts, as emanating from the revision petition, are that the respondent/claimant (Manish Kumar Gupta) met with an accident on 12.05.2007. He instituted a petition under Section 166 of the Motor Vehicles Act, 1988 (hereinafter referred to as the 'MV Act') for the grant of compensation. The MACT disposed of the said petition vide award dated 18.08.2010. Compensation of ₹24,42,000/- was awarded to the respondent/claimant.

3. Aggrieved by the award, the petitioner-Insurance Company instituted FAO No.7028 of 2010 titled as Bajaj Allianz General Insurance Company Ltd. Vs. Manish Kumar Gupta. Vide order dated 08.12.2010 (Annexure P-1), notice of motion was issued and disbursal of amount beyond ₹10,00,000/- was stayed with the condition that the entire amount would be deposited (in terms of the award) within a period of eight weeks.

4. It is the admitted case of the parties that pursuant to the aforesaid order, the entire amount inclusive of interest (₹28,10,781/-) was deposited by the Insurance Company with the MACT.

5. Subsequently, FAO No.4674 of 2011 was instituted by the claimants seeking enhancement in compensation.

6. Both appeals *vis* FAO No.7028 of 2010 and FAO No.4674 of 2011 were dismissed vide judgment/order dated 06.10.2012 (Annexure P-2).

7. Thereafter, execution application (Annexure P-3) was instituted by the respondent-claimant stating that on account of the stay order having been passed, the balance amount could not be received by the respondent-claimant till 18.05.2013 when ₹16,85,781/- was paid to him (after ₹11,25,000/- having been disbursed on 01.02.2011). Under the circumstances, interest on the amount beyond ₹11,25,000/- was claimed from 01.02.2011 till 18.05.2013 at the rate of 27.5% per annum which as per the respondent-claimant came to ₹3,80,000/-.

8. An objection application (Annexure P-4) was filed by the respondent-Insurance Company stating that no interest was payable by the Insurance Company since it had deposited the entire amount before the MACT and the same could not be disbursed on account of a stay order

having been passed by the High Court. Reply to the objection application (Annexure P-5) was submitted opposing the objections.

9. Vide the impugned order dated 22.12.2015, the MACT ordered the Insurance Company to pay the interest for the period in question, leading to the filing of the instant revision petition.

10. Learned counsel for the parties were heard.

11. Sh. Vishal Aggarwal, learned counsel representing the petitioner submitted that the impugned order is not sustainable. He submitted that the entire amount, inclusive of interest, as awarded by the MACT was duly deposited by the petitioner with the MACT and, therefore, under the circumstances, the Insurance Company would not be liable to pay any further interest.

12. *Per contra*, it was submitted by learned counsel for the respondents that there is no illegality in the impugned order. It was submitted that the stay was granted by the High Court at the instance of the Insurance Company in the appeal filed by it and, therefore, now, it would not be open for the Insurance Company to turn around and say that it is not liable to pay interest.

13. I have considered the submissions made by learned counsel for the parties.

14. Facts are largely admitted. Award dated 18.08.2010 was passed by the MACT, ordering compensation of ₹24,42,000/- along with interest at the rate of 7.5% per annum. Initially the Insurance Company instituted FAO No. 708 of 2010 which came up for preliminary hearing before a Coordinate Bench on 08.12.2010 when the following order was passed:-

"Notice of motion for 3. 03. 2011.

> ***Interim stay for the amount in excess of Rs. 10,00,000/- with interest on condition that the entire amount is deposited as ordered by the Tribunal within a period of eight weeks, failing which the interim stay which is granted shall stand vacated automatically without any further reference to this court."***

15. In compliance with the aforesaid order, the Insurance Company duly deposited a sum of ₹28,10,781/- with the MACT and ₹11,25,000/- was released to the respondent-claimant on 01.02.2011. The balance amount deposited with the MACT was ₹16,85,781/-. In the meantime, claimant also instituted FAO No. 4674 of 2011 seeking enhancement in compensation.

16. Both appeals came to be dismissed by a Coordinate Bench on 06.10.2012.

17. The question which arises before this Court is as to whether for the period from 01.02.2011 (when ₹11,25,000/- was released) to 18.05.2013 (when the balance amount of ₹16,85,781/- was released), the Insurance Company would be liable to pay interest.

18. Before adverting to the said question, it would be apposite to examine the statutory provisions as regards payment of interest during execution proceedings. Order 21 Rule 1 of the Code of Civil Procedure, 1908 (for short 'CPC') deals with modes of payment under decree and lays down as under:-

> ***"1. Modes of paying money under decree.— (1) All money, payable under a decree shall be paid as follows, namely:—***
>
> ***(a) by deposit into the court whose duty it is to execute the decree, or sent to that Court by postal money order or through a bank; or***
>
> ***(b) out of Court, to the decree-holder by postal money order or through a bank or by any other mode wherein payment is evidenced in writing; or***

(c) otherwise, as the Court which made the decree, directs.

(2) Where any payments is made under clause (a) or clause (c) of sub-rule (1), the judgment-debtor shall give notice thereof to the decree-holder either through the Court or directly to him by registered post, acknowledgment due.

(3) Where money is paid by postal money order or through a bank under clause (a) or clause (b) of sub-rule (1), the money order or payment through bank, as the case may be, shall accurately state the following particulars, namely:—

(a) the number of the original suit;

(b) the names of the parties or where there are more than two plaintiffs or more than two defendants, as the case may be, the names of the first two plaintiffs and the first two defendants;

(c) how the money remitted is to be adjusted, that is to say, whether it is towards the principal, interest or costs;

(d) the number of the execution case of the Court, where such case is pending; and

(e) the name and address of the payer.

(4) On any amount paid under clause (a) or clause (c) of sub-rule (1), interest, if any, shall cease to run from the date of service of the notice referred to in sub-rule (2).

(5) On any amount paid under clause (b) of sub-rule (1), interest, if any, shall cease to run from the date of such payment:

Provided that, where the decree-holder refuses to accept the postal money order or payment through a bank, interest shall cease to run from the date on which the money was tendered to him, or where he avoids acceptance of the postal money order or payment through bank, interest shall cease to run from the date on which the money would have been tendered to him in the ordinary course of business of the postal authorities or the bank, as the case may be."

19. If one closely goes through the said provisions, it emerges that the amount was deposited with the MACT in terms of the provisions of Rule 1 (1)(a) or Rule 1 (1)(c). Rule 1 (1)(c) would also be applicable as the amount was directed under the orders of the High Court. Appeal is of-course a continuation of the suit/claim petition. As per Rule 1(4), once an amount is paid under Clause (a) or Clause (c) of Sub Rule 1, interest, if any would cease to run from the date of service of the notice referred to in Sub Rule 2. Here, the respondent claimant duly had noticed of the deposit since the amount was withdrawn by him. Under the circumstances, firstly, in terms of the provisions of Order 41 (1) (4), interest would cease to run. Further, it would have been for the respondent-claimant to move an application before the MACT to keep the amount in an FDR so that it would keep on fetching interest. No doubt, the MACT could have done the same on its own as well. However, it has to be borne in mind that there was no such direction from the High Court also. Be that as it may, nothing prevented the respondent-claimant from moving an application before the MACT for ordering deposit of the balance amount in an FDR. The Insurance Company had satisfied the award by depositing the entire amount including the interest with the MACT. No doubt, the stay was also granted in an appeal filed by the Insurance Company, but still, this would not *ipso facto* make the Insurance Company liable to pay the interest for the subsequent period.

20. In the considered opinion of this Court, the executing Court failed to take note of the statutory provisions as also the factual aspect of the matter.

21. I have gone through the judgments, reliance upon which has been placed by the executing Court. However, in the said judgments,

payment of interest had been ordered in different facts. Still further, the statutory provisions had not been taken note of in the said cases.

22. That being so, the impugned order is clearly found to be unsustainable. Accordingly, the instant revision petition is allowed and the impugned order dated 22.12.2015 passed by the MACT directing the petitioner-Insurance Company to pay interest for the period from 01.02.2011 till 18.05.2013 is set aside.

Pending application(s), if any, shall also stand disposed of.

(VIKRAM AGGARWAL)
JUDGE

Pronounced on : 22.12.2025.
Rekha

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