IN THE HIGH COURT OF PUNJAB AND HARYANA AT CHANDIGARH

FAO-3334-2002 (O&M)
Reserved on : 29.10.2025
Date of decision: 07.11 .2025

Punjab Bus Service Regd. Mansa through its Partner namely Amarjit Singh

..Appellant

Versus

Kewal Singh and others

..Respondents

CORAM: HON'BLE MS. JUSTICE MANDEEP PANNU

Present: Mr.Kuldeep Singh,
Ms. Jaspreet Kaur,
Mr. Deepak Kumar and
Ms. Jasjot Kaur, Advocates for the appellants

Mr. Tarun Chawla, Advocate
for respondent No.1

None for respondent No.2

Mr. Lalit Garg, Advocate for
respondent No.3-Insurance Company

MANDEEP PANNU, J.

CM-20122-CII-2025

1. Allowed as prayed for. Amended memo of parties is taken on record.

CM-20123-CII-2025

2. Allowed as prayed for. Sh. Amarjit Singh s/o Sh.Ved Raj is taken on record as Appellant, being partner of the Firm namely Punjab Bus Service in place of late Sh.Teja Singh s/o Sh.Chetain Singh, through whom appeal was filed.

CM-20124-CII-2025

3. Allowed as prayed for. Annexures A-1 and A-2 are taken on record.

Main appeal

4. This appeal is filed by the owner of the offending Bus against the award dated 06.05.2002 passed by the Motor Accident Claims Tribunal, Mansa (hereinafter referred to as 'Tribunal') whereby compensation of Rs.2,51,884/- has been awarded in favour of claimant/respondent no.1, on account of injuries sustained by him in the vehicular accident, which took place on 02.09.2000 and liability to satisfy the same has been fastened upon both owner(appellant herein) and driver of the offending vehicle. The claimant-injured has filed cross objections by way of reply to the appeal praying for enhancement of the awarded compensation.

Contentions on behalf of the Appellant (Punjab Bus Service)

5. In so far as appeal by Punjab Bus Service-appellant (owner) is concerned, learned counsel for the appellant contended that the learned Tribunal has gravely erred in exonerating the respondent–Insurance Company from its liability to indemnify the insured. It was submitted that the offending bus was duly insured and the driver was holding a valid and effective driving licence at the time of the accident. The only ground on which the Insurance Company was absolved of liability was that the bus did not possess a route permit to ply from Mansa to Pakho, where the accident occurred.

6. Learned counsel argued that the evidence of RW–1 Jasdev Singh and RW–2 Jagjit Singh clearly established that the Head Office of the Punjab Bus Service was situated at Mansa and that the bus had been brought to Mansa for mechanical check-up and greasing on the morning of 02.09.2000. It was further contended that while proceeding for such repairs, a few passengers boarded the bus, but this by itself could not be construed as a deliberate or material breach of the route permit conditions. The deviation, if any, was purely technical and without any *mens rea* or profit motive.

<u>Contentions on behalf of the Respondent – Insurance Company</u>

7. Per contra, learned counsel for the respondent–Insurance Company supported the award of the learned Tribunal and submitted that the vehicle was being plied on a route for which it had no valid permit. It was urged that the evidence of the conductor and mechanic shows that the bus was not on an empty run for mechanical repair but was carrying about 25–30 passengers from Mansa towards Pakho. Such carriage of passengers for hire and reward, on a route not covered by the permit, constituted a clear violation of the permit conditions and a breach of the terms of the insurance policy.

8. It was further argued that once the insured has used the vehicle for a commercial purpose beyond the territorial and route limits authorised under the permit, the insurer's contractual obligation ceases. The Insurance Company, therefore, cannot be saddled with liability to indemnify an illegal act, and the learned Tribunal rightly fastened the liability exclusively upon the owner.

Findings and Decision of this Court

9. I have considered the rival submissions and perused the evidence**.**

10. It is an admitted position that on the date of accident, the offending bus did not possess a valid route permit for Mansa–Pakho. The evidence of AW–2 Kewal Singh indicates that the bus was carrying about 25–30 passengers at the time of the accident. The case of the appellants, however, is that the bus had been brought to Mansa for mechanical check-up and greasing, and it was while proceeding towards Pakho for such purpose that the accident took place.

11. The plea that the bus was proceeding for minor repairs, though supported to some extent by RW–2 Jagjit Singh, loses force when viewed in light of the undisputed fact that the bus was carrying a large number of passengers on a route for which there was no valid permit. The carriage of passengers for hire and reward cannot be treated as a mere technical or inadvertent deviation. The same amounts to using the vehicle for a purpose, not authorised by the permit and hence, constitutes a breach of the permit condition.

12. Recent judgment of the Hon'ble Supreme Court in **K. Nagendra v. The New India Insurance Co. Ltd. & Ors.** 2025 INSC 1270 decided on 29.10.2025, governs the present controversy. The Apex Court, while dealing with a similar situation where the bus had entered a route beyond its permit limits, held that though such use may technically amount to a breach of the permit condition, the insurer cannot be completely exonerated. The Court reiterated that the

purpose of third-party insurance is to ensure compensation to victims of motor accidents, and therefore, the insurer must satisfy the award in the first instance. The insurer's remedy lies in recovering the paid amount from the owner, if a breach is proved. Hence, even if there was a deviation from the permitted route, the principle of "pay and recover" should be applied, directing the Insurance Company to first satisfy the award and then recover the amount from the owner, if so advised.

13. The Supreme Court has lucidly observed that "to deny the victim compensation merely because the accident took place outside the bounds of the permit, would be offensive to the sense of justice, for the accident itself is for no fault of the victim." At the same time, it balanced the contractual rights of the insurer by upholding the pay and recover mechanism.

14. Applying the above dictum, this Court holds that while the carriage of passengers on an un-permitted route by the offending bus constitutes a breach of the route permit and consequently, a violation of the policy condition, however, the Insurance Company cannot be wholly exonerated. The appropriate course is to direct the insurer to pay the awarded amount to the claimant and thereafter, recover the same from the owner of the bus, in accordance with law.

Conclusion

15. In view of the foregoing discussion and in the light of the ratio laid down by the Hon'ble Supreme Court in **K. Nagendra's case (supra)**, the finding of the learned Tribunal absolving the Insurance

Company of its liability cannot be sustained. The award of the Tribunal is, accordingly, modified to the limited extent that the Insurance Company shall satisfy the awarded amount in the first instance and shall be entitled to recover the same from the owner of the vehicle. Accordingly, appeal stands disposed of.

16. Now coming to the cross objections filed by the claimant/respondent no.1, learned counsel for claimant/respondent no.1 submits that Tribunal has awarded a meagre amount of Rs.2,51,884/- on account of grievous injuries sustained by the claimant in the accident.

17. The Tribunal, after going through the entire evidence produced by the claimant, awarded the following compensation to him:-

Sr. No.	**Heads**	**Compensation awarded**
1.	Compensation on account of permanent disability to the extent of 50%	75,000/-
2.	Medical bills	1,63,994/-
3.	Pain & sufferings	5,000/-
4.	Monthly income @ 2000/- thereby loss of income for one and half months	3000/-
5.	Attendant charges	2000/-
6.	Special diet	3000/-
	Total	**Rs. 2,51,884/-**

18. Learned counsel for the claimant-appellant submits the claimant was 25 years old at the time of accident and has suffered disability to the extent of 50% (Ex.A1) as per certificate issued by

Civil Surgeon, Mansa. He had to be operated 3-4 times and even his leg was grafted and steel rod was inserted in his leg. He used to agricultural work before the accident, however, now, he is unable to do such work and needs assistance of other person for his day to day activities. Even at the time of recording his evidence before the Tribunal, the claimant has submitted that that he still has to undergo one more operation. He had already remained hospitalized for a period of 1-½ months and availed services of two attendants during period of treatment. He produced medical bills amounting to Rs. 1,63,994/- incurred on his treatment. Learned counsel further submitted that Tribunal has awarded a sum of Rs.75,000/- on account of disability, without assessing income of the claimant, granting future prospects thereupon and also applying proper multiplier. Furthermore, he submits that amounts awarded under Heads 'Pain & sufferings', 'Special Diet' and 'Attendant charges' are inadequate.

19. Per contra, learned counsel for appellant(owner) and Insurance Company have vehemently argued that sufficient amount towards compensation has already been awarded by the Tribunal and there is no scope for enhancement.

20. Now, let us examine the extent of disability suffered by the claimant/injured. He has been issued disability certificate (Ex.A1) by Civil Surgeon, Mansa indicating disability to the extent of 50%. He used to do agricultural work before the accident. Therefore, there is no doubt that after suffering grievous injuries in the accident, resulting in insertion of steel rod in his leg, undergoing 2-3 operations

and hospitalization for a period of 1-½ months, the claimant would not be having similar physical strength and ability to do agricultural work, which he was having earlier to earn his livelihood. Therefore, in view of Ex.A1 issued by Civil Surgeon, Mansa, his functional disability is assessed as 50%.

21. Furthermore, in view of law laid down by the Hon'ble Supreme Court in **National Insurance Company Ltd. vs. Pranay Sethi & Ors. [(2017) 16 SCC 680]** , the claimant/injured will also be entitled to future prospects. The claimant's monthly income at the rate of Rs.2000/- as assessed by the Tribunal is maintained. He was 25 years old at the time of accident. Therefore, he is held entitled to future prospects at rate of 40% (40% of 2000 = 800/-, monthly income = 2000+800 = 2800/-) and in view of **Sarla Verma vs. Delhi Transport Corporation and Another (2009) 6 SCC 121**, multiplier of 18 will be applied. The claimant/injured remained under treatment for a period of 1-½ months . Therefore, he is held entitled to Rs.2800/- (2800+1400 = 4200/-) towards loss of income for this period. Amount of Rs. 5,000/- awarded under Head 'Pain & Suffering' is highly inadequate and the same is enhanced to Rs.50,000/-. An amount of Rs.5,000/- each is awarded under Head 'Special Diet' and 'attendant charges'.

22. Accordingly, the compensation is re-assessed as under :

Sr.No.	**Heads**	**Compensation awarded**
1.	Monthly Income	2000/-
2.	Future prospects @ 40%	2800

	2000x40% = 800	[2000+800=2800]
3.	Annual income 2800x12=33,600	33,600/-
4.	Multiplier 18 18x33600=6,04,800/-	6,04,800/-
5.	Functional disability @ 50% 604800x50% =3,02,400/-	3,02,400/-
6.	Loss of income during period of treatment i.e 1 and half months 2800+1400=4200	4200/-
7.	Medical bills	1,63,994/-
8.	Special diet	5,000/-
9.	Attendant charges	5,000/-
10.	Pain & suffering	50,000/-
	Total Compensation	**Rs.5,30,594/-**

23. The claimant-appellant shall be entitled to difference in amount of compensation alongwith interest at the rate of 7.5% per annum from the date of filing of the claim petition till its realization. Rest of the award needs no modification. Accordingly, the cross objections stand partly allowed.

24. Consequently, FAO-3334-2002 stands disposed of whereas cross objections filed by claimant/respondent no.1 stands partly allowed.

25. All the pending miscellaneous applications, if any, are also disposed of.

(MANDEEP PANNU)
JUDGE

07.11.2025
rekha
Whether speaking/reasoned Yes/No
Whether reportable Yes/No