IN THE HIGH COURT OF PUNJAB AND HARYANA
AT CHANDIGARH

Reserved on 22nd of July, 2025
Pronounced on 15th of October, 2025

FAO No.2463 of 1995

Laxmi Narain and another ....Appellants

Versus

Bhagu Ram and others ...Respondents

FAO No.86 of 1996

Bhagu Ram and others ....Appellants

Versus

Ram Kishan and others ...Respondents

CORAM: HON'BLE MR. JUSTICE PANKAJ JAIN

Present : Mr. Ravi Kumar Gupta, Advocate (Amicus Curiae)
for the appellants in FAO No.2463 of 1995.

Mr. Deep Inder Singh Walia, Advocate
for the appellants in FAO No.86 of 1996.

Mr. Suman Jain, Advocate and
Mr. Man Mohan, Advocate
for the respondent/Insurance Co.

PANKAJ JAIN, J.

These two appeals are directed against award dated 4th of August, 1995 passed by Motor Accident Claims Tribunal, Hisar.

2. FAO No.2463 of 1995 is at the behest of the owner and driver of the offending vehicle i.e., Tractor. The owner is aggrieved of findings recorded by Tribunal on Issue No.2 whereby the insurer stands exonerated

from the liability to pay the compensation and the insured i.e., owner and driver have been held liable to shoulder the same

3. FAO No.86 of 1996 is at the behest of claimants, who seek enhancement of compensation. The claimants are disputing the salary as assessed by the Tribunal, the multiplier. They claim future prospects. Further grievance is against the denial of loss of consortium and the compensation under conventional heads. Reliance is being placed upon ratio of law laid down by Supreme Court in **Smt. Sarla Verma and others vs. Delhi Transport Corporation and another, (2009) 6 SCC 121, National Insurance Company Limited vs. Pranay Sethi and others, (2017) 16 SCC 680** and **Magma General Insurance Company Limited vs. Nanu Ram alias Chuhru Ram and others – Civil Appeal No.9581 of 2018,** ***decided on*** **18.09.2018**.

4. As per the record, on the fateful day, Darshna along with her major son Wazir Chand and wife of Wazir Chand were going to the fields on the Tractor. Darshna along with her husband was working as *Siri* (Farm Labourer) in the fields of Wasdev Mehta. All three were sitting on the mudguard of Tractor. They were lifting manure. Driver of the vehicle negotiated a turn in a rash and negligent manner. Darshna fell down and was crushed by the trolley attached to the Tractor. She died on the spot.

5. Insurance Company disputed its liability on the ground that the Tractor was not meant for transporting passengers. Darshna was a gratuitous

passenger and the insurance company is not liable to pay the compensation on account of death of Darshna. More so, when trolley was not insured.

6. Tribunal while deciding Issue No.2, observed as under:

> "18. As regards the liability of the insurance company to pay the amount of compensation, it must be borne in mind that the tractor is meant for agricultural purposes. That may include transportation of agricultural produce but it is not the case that some agricultural produce was being transported and the injured was travelling under a contract of labour. She was merely going to the fields. In a reported case New India Assurance Co. Ltd. Vs. Tarawati and others, 1995(1) Latest Judicial Reports 157, Hon'ble Mr. Justice Amarjeet Chaudhary held that a tractor is not meant for carrying passengers. Death of a person travelling on the tractor had taken place. It was held that the driver nor its owner can be held liable and the Insurance Company is also not liable."

7. Evidently, from the record Darshna died after she was run over by the trolley. At the time of accident, the same was being pulled by the Tractor. The issue regarding accident having been caused by trolley and the consequential liability to be borne by the insurer of the Tractor, has been dealt by Supreme Court in the case of '**The Royal Sundaram Alliance Insurance Company Limited vs. Smt. Honnamma and others' Special Leave Petition (Civil) No.2135 of 2023**, *decided on* 05.05.2025 as under:

> "11. Therefore, the undisputed position is that the trailer was being pulled by/attached to the tractor and then the trailer on which the deceased was present, turned turtle/upturned, resulting in his death. From the above, it is clear that the tractor which was insured was the reason for the accident. It is not the case that only because

> of some fault on the part of the trailer stand-alone, the accident happened. To explain, we may give an example: that had the trailer been stationary at a place and due to some reason, it overturned or a mishap happened, then without the trailer being specifically insured the Appellant would not be liable to pay, but here the main cause of the accident was the tractor which was pulling/driving/moving the trailer and in such sequence of events, the trailer upturned. Thus, the accident was caused by the tractor, as during the course of being driven/pulled by the tractor, the accident occurred."

8. In view of above, it can be safely inferred that the accident was caused by Tractor and thus the plea raised by Insurance Company w.r.t. trolley being not insured, cannot be accepted. It is held that the accident was caused by Tractor.

9. The issue that now needs consideration is :

> *"Whether the Insurance Company can be exonerated holding that the Tractor being not a vehicle meant for carrying passengers and only for agricultural purposes, was being driven in violation of the insurance policy?"*

10. Section 2(44) of the Motor Vehicles Act, 1988 (hereinafter refers to as '1988 Act' defines 'tractor' as under:

> **2(44)** "tractor" means a motor vehicle which is not itself constructed to carry any load (other than equipment used for the purpose of propulsion); but excludes a road-roller;

11. ‘Motor vehicle’ is defined under Section 2(28) as under:

> **2(28)** “motor vehicle” or “vehicle” means any mechanically propelled vehicle adapted for use upon roads whether the power of propulsion is transmitted thereto from an external or internal source and includes a chassis to which a body has not been attached and a trailer; but does not include a vehicle running upon fixed rails or a vehicle of a special type adapted for use only in a factory or in any other enclosed premises or a vehicle having less than four wheels fitted with engine capacity of not exceeding1 [twenty-five cubic centimetres];

12. Thus, ‘tractor’ is a ‘motor vehicle’. The exclusion is not to carry any load apart from the equipment used for the purpose of propulsion.

13. In the present case, there is no denial to the fact that the tractor was being used for agricultural purpose. Same was carrying farm labourers.

14. Division Bench of this Court in **‘Oriental Insurance Company Limited vs. Vijay Singh, ACJ 588 (P&H),** observed as under:

> “4. ....In our opinion, the Tribunal has rightly relied upon the judgment of the Apex Court in *M/S National Insurance Co. Ltd. v. Baljit Kaur and Ors. 2004(1) R.C.R. 722*. As noticed above, the tractor in question was being used for agricultural purposes and if the owner of the goods was sitting thereon, it cannot be said that the same was not being used for agricultural purposes or that the person travelling to watch the interest of the goods was a passenger on it. A learned Single Judge of Madhya Pradesh High Court in *Malkibai and Others Vs. Badriprasad and Others,* in almost identical facts, held as under:
>
> 13. The next point that arises for determination in the case is as to whether the insurance company is liable to make good the loss. It

> is not in dispute that the motor tractor was insured for agricultural purpose and carrying the straw load even on hire would be a work for agricultural purposes. Nowadays after coming into force of the ceiling law in the country an owner of the tractor cannot sustain tractor only by working for himself, he can use that tractor for cultivating the land of others and for assisting in the agricultural operations of other cultivators and that would also be deemed to be an agricultural purpose.
>
> 14. If a tractor was being used for agricultural purposes in assistance even for hire of other cultivators, the insurance company cannot be allowed to say that the same was being used not for agricultural purpose.
>
> 15. Deceased Narsingh had gone along with the tractor for putting the load of maize-straw on the trolley. His presence in the trolley was necessary for loading and unloading the maize-straw and, therefore, it will be further deemed that Narsingh was working in the aid of agricultural purposes.
>
> 5. In view of the above discussion, we hold that the claimant-injured, who was merely accompanying his goods, cannot be termed to be a passenger on the tractor in question.

15. In the present case, deceased was working as farm worker and the tractor was being used for lifting manure. Her presence on tractor was necessary for loading and unloading the manure.

16. In order to escape the liability, the insurer is required to prove that the case falls within the exclusion clause of the policy. Nothing has been shown from the record that can lead to the inference that the farm labourer travelling on the tractor is excluded from the ambit of the policy in the present case.

17. Judgement relied upon by the Tribunal was delivered considering the provisions of 1939 Act and not 1988 Act in which provisions as contained under Sections 146 and 147 of the Motor Vehicles Act, 1988, were not considered.

18. In view of discussion held in the preceding paragraphs, this Court finds that the Insurance Company cannot escape its liability to indemnify the insured in the case of third party loss in a motor-vehicular accident until and unless it is able to prove that the case falls within the exclusionary clause of a contract of insurance and the policy meets requirement of Section 147 of the 1988 Act. There is neither any dispute w.r.t. the validity of insurance policy nor any dispute w.r.t. the validity of driving licence.

19. In view thereof, this Court finds that the finding recorded by the Tribunal on Issue No.2 needs to be modified. The Insurance Company cannot be exonerated of its liability to shoulder the payment of compensation to the claimants and is accordingly, jointly and severalty liable along with the appellant/owner.

20. Coming on to the issue regarding quantum of compensation, counsel for the respondents are not in position to dispute that on the relevant date, minimum wages notified by the State, are Rs.972/- per month for an unskilled labourer. It having gone undisputed that the deceased was working on farm as labourer, she is entitled to be assessed at least as an unskilled worker. Accordingly, her monthly salary is taken to be Rs.972/-. Deduction

of 1/3rd needs to be applied. Darshna lost her life at the age of 43 years. Thus, the multiplier of 14 needs to be applied. As per ***Pranay Sethi's*** case (supra), 25% future prospects need to be added to the income. There are three claimants. Each of them would be entitled for loss of consortium @ Rs.48,400/-. An amount of Rs.18,000/- is awarded for loss of estate. Claimants are also entitled for Rs.18,000/- as funeral expenses. Out of the compensation as awarded hereinabove, all the claimants shall be entitled to 1/3rd each. They shall be entitled for interest @ 7.5% per annum from the date of filing of the claim petition till the date of actual realization.

21. Needless to say anything paid pursuant to the award, shall be adjusted and set off.

22. In view of above, it is ordered as under:

(i) FAO No.2463 of 1995, is allowed.

(ii) FAO No.86 of 1996 is disposed off with the modification in the award by enhancing compensation.

23. Pending application, if any, shall also stands disposed off.

October 15, 2025 **(Pankaj Jain)**
Dpr **Judge**

Whether speaking/reasoned : Yes

Whether reportable : Yes