



FAO-981-2021 (O&M)

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

FAO-981-2021 (O&M)

Reserved on : 27.11.2025

Date of Pronouncement : 10.12.2025

Uploaded on : 11.12.2025

Gagan Deep

.....Appellant

Vs.

Royal Sundram Alliance Insurance Company Limited and another

.....Respondents

CORAM: HON'BLE MRS. JUSTICE SUDEEPTI SHARMA

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

Mr. Nigam K. Bhardwaj, Advocate,
for respondent No.1-Insurance Company.

SUDEEPTI SHARMA J. (ORAL)

1. The present appeal has been preferred against the award dated 04.03.2020 passed in the claim petition filed under Section 166 of the Motor Vehicles Act, 1988 by the learned Motor Accident Claims Tribunal, S.A.S. Nagar (Mohali) (for short, 'the Tribunal') for enhancement of compensation, granted to the appellant/claimant to the tune of Rs.8,08,263/-, alongwith interest at the rate of 6% per annum on account of injuries sustained by the appellant in a Motor Vehicular Accident, occurred on 04.05.2011.

2. As sole issue for determination in the present appeal is confined to quantum of compensation awarded by the learned Tribunal, a detailed



narration of the facts of the case is not reproduced and is skipped herein for the sake of brevity.

SUBMISSIONS OF LEARNED COUNSEL FOR THE PARTIES

3. The learned counsel for the appellant/claimant contends that the compensation awarded by the learned Tribunal is on the lower side and deserves to be enhanced. Therefore, he prays that the present appeal be allowed and the compensation awarded to the appellant/claimant be enhanced, as per latest law.

4. *Per contra*, learned counsel for respondent No.1-Insurance Company, however, vehemently argue that the award has rightly been passed and the amount of compensation as assessed by the learned Tribunal has rightly been granted. Therefore, he prays for dismissal of the appeal.

5. I have heard learned counsel for the parties and perused the whole record of this case with their able assistance.

SETTLED LAW ON COMPENSATION

6. Hon'ble Supreme Court has settled the law regarding grant of compensation with respect to the disability. The Apex Court in the case of **Raj Kumar Vs. Ajay Kumar and Another (2011) 1 Supreme Court Cases 343**, has held as under:-

General principles relating to compensation in injury cases

5. The provision of the Motor Vehicles Act, 1988 ('Act' for short) makes it clear that the award must be just, which means that compensation should, to the extent possible, fully and adequately restore the claimant to the position prior to the accident. The object of awarding damages is to make good the loss suffered as a result of wrong done as far as money can do so, in a fair, reasonable and



equitable manner. The court or tribunal shall have to assess the damages objectively and exclude from consideration any speculation or fancy, though some conjecture with reference to the nature of disability and its consequences, is inevitable. A person is not only to be compensated for the physical injury, but also for the loss which he suffered as a result of such injury. This means that he is to be compensated for his inability to lead a full life, his inability to enjoy those normal amenities which he would have enjoyed but for the injuries, and his inability to earn as much as he used to earn or could have earned. (See C.K. Subramonia Iyer v. T. Kunhikuttan Nair, AIR 1970 Supreme Court 376, R.D. Hattangadi v. Pest Control (India) Ltd., 1995 (1) SCC 551 and Baker v. Willoughby, 1970 AC 467).

6. *The heads under which compensation is awarded in personal injury cases are the following :*

Pecuniary damages (Special Damages)

(i) Expenses relating to treatment, hospitalization, medicines, transportation, nourishing food, and miscellaneous expenditure.

(ii) Loss of earnings (and other gains) which the injured would have made had he not been injured, comprising :

(a) Loss of earning during the period of treatment;

(b) Loss of future earnings on account of permanent disability.

(iii) Future medical expenses. Non-pecuniary damages (General Damages)

(iv) Damages for pain, suffering and trauma as a consequence of the injuries.

(v) Loss of amenities (and/or loss of prospects of marriage).

(vi) Loss of expectation of life (shortening of normal longevity).

In routine personal injury cases, compensation will be awarded only under heads (i), (ii)(a) and (iv). It is only in serious cases of injury, where there is specific medical evidence corroborating the evidence of the claimant, that compensation will be granted under any of the heads (ii) (b), (iii), (v) and (vi) relating to loss of future earnings on account of permanent disability, future medical expenses, loss of amenities (and/or loss of prospects of marriage) and loss of expectation of life.

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19. We may now summarise the principles discussed above :

- (i) All injuries (or permanent disabilities arising from injuries), do not result in loss of earning capacity.*
- (ii) The percentage of permanent disability with reference to the whole body of a person, cannot be assumed to be the percentage of loss of earning capacity. To put it differently, the percentage of loss of earning capacity is not the same as the percentage of permanent disability (except in a few cases, where the Tribunal on the basis of evidence, concludes that percentage of loss of earning capacity is the same as percentage of permanent disability).*
- (iii) The doctor who treated an injured-claimant or who examined him subsequently to assess the extent of his permanent disability can give evidence only in regard the extent of permanent disability. The loss of earning capacity is something that will have to be assessed by the Tribunal with reference to the evidence in entirety.*
- (iv) The same permanent disability may result in different percentages of loss of earning capacity in different persons, depending upon the nature of profession, occupation or job, age, education and other factors.*

20. The assessment of loss of future earnings is explained below with reference to the following

Illustration 'A' : The injured, a workman, was aged 30 years and earning Rs. 3000/- per month at the time of accident. As per Doctor's evidence, the permanent disability of the limb as a consequence of the injury was 60% and the consequential permanent disability to the person was quantified at 30%. The loss of earning capacity is however assessed by the Tribunal as 15% on the basis of evidence, because the claimant is continued in employment, but in a lower grade. Calculation of compensation will be as follows:

- a) Annual income before the accident : Rs. 36,000/-.*
- b) Loss of future earning per annum
(15% of the prior annual income) : Rs. 5400/-.*
- c) Multiplier applicable with reference to age : 17*
- d) Loss of future earnings : (5400 x 17) : Rs. 91,800/-*

Illustration 'B' : The injured was a driver aged 30 years, earning Rs. 3000/- per month. His hand is amputated and



his permanent disability is assessed at 60%. He was terminated from his job as he could no longer drive. His chances of getting any other employment was bleak and even if he got any job, the salary was likely to be a pittance. The Tribunal therefore assessed his loss of future earning capacity as 75%. Calculation of compensation will be as follows :

- a) Annual income prior to the accident : Rs. 36,000/- .*
- b) Loss of future earning per annum (75% of the prior annual income) : Rs. 27000/-.*
- c) Multiplier applicable with reference to age : 17*
- d) Loss of future earnings : (27000 x 17) : Rs. 4,59,000/-*

Illustration 'C' : *The injured was 25 years and a final year Engineering student. As a result of the accident, he was in coma for two months, his right hand was amputated and vision was affected. The permanent disablement was assessed as 70%. As the injured was incapacitated to pursue his chosen career and as he required the assistance of a servant throughout his life, the loss of future earning capacity was also assessed as 70%. The calculation of compensation will be as follows :*

- a) Minimum annual income he would have got if had been employed as an Engineer : Rs. 60,000/-*
- b) Loss of future earning per annum (70% of the expected annual income) : Rs. 42000/-*
- c) Multiplier applicable (25 years) : 18*
- d) Loss of future earnings : (42000 x 18) : Rs. 7,56,000/-*

[Note : The figures adopted in illustrations (A) and (B) are hypothetical. The figures in Illustration (C) however are based on actuals taken from the decision in Arvind Kumar Mishra (supra)].

7. Hon'ble Supreme Court in the case of **National Insurance Company Ltd. Vs. Pranay Sethi & Ors.** [(2017) 16 SCC 680] has clarified the law under Sections 166, 163-A and 168 of the Motor Vehicles Act, 1988, on the following aspects:-



- (A) Deduction of personal and living expenses to determine multiplicand;
- (B) Selection of multiplier depending on age of deceased;
- (C) Age of deceased on basis for applying multiplier;
- (D) Reasonable figures on conventional heads, namely, loss of estate, loss of consortium and funeral expenses, with escalation;
- (E) Future prospects for all categories of persons and for different ages: with permanent job; self-employed or fixed salary.

The relevant portion of the judgment is reproduced as under:-

“Therefore, we think it seemly to fix reasonable sums. It seems to us that reasonable figures on conventional heads, namely, loss of estate, loss of consortium and funeral expenses should be Rs.15,000, Rs.40,000 and Rs.15,000 respectively. The principle of revisiting the said heads is an acceptable principle. But the revisit should not be fact-centric or quantum-centric. We think that it would be condign that the amount that we have quantified should be enhanced on percentage basis in every three years and the enhancement should be at the rate of 10% in a span of three years. We are disposed to hold so because that will bring in consistency in respect of those heads.”

8. Hon’ble Supreme Court in the case of **Erudhaya Priya Vs. State Express Tran. Corpn. Ltd. 2020 ACJ 2159**, has held as under:-

“7. There are three aspects which are required to be examined by us:

(a) the application of multiplier of '17' instead of '18';

The aforesaid increase of multiplier is sought on the basis of age of the appellant as 23 years relying on the judgment in National Insurance Company Limited v. Pranay Sethi and Others, 2017 ACJ 2700 (SC). In para 46 of the said judgment, the Constitution Bench effectively affirmed the multiplier method to be used as mentioned in the table in the case of Sarla Verma (Smt) and Others v. Delhi Transport Corporation and Another, 2009 ACJ 1298 (SC) . In the age group of 15-25 years, the multiplier has to be '18' along with factoring in the extent of disability.

The aforesaid position is not really disputed by learned counsel for the respondent State Corporation and, thus,



we come to the conclusion that the multiplier to be applied in the case of the appellant has to be '18' and not '17'.

(b) Loss of earning capacity of the appellant with permanent disability of 31.1%

In respect of the aforesaid, the appellant has claimed compensation on what is stated to be the settled principle set out in Jagdish v. Mohan & Others, 2018 ACJ 1011 (SC) and Sandeep Khanuja v. Atul Dande & Another, 2017 ACJ 979 (SC). We extract below the principle set out in the Jagdish (supra) in para 8:

"8. In assessing the compensation payable the settled principles need to be borne in mind. A victim who suffers a permanent or temporary disability occasioned by an accident is entitled to the award of compensation. The award of compensation must cover among others, the following aspects:

- (i) Pain, suffering and trauma resulting from the accident;*
- (ii) Loss of income including future income;*
- (iii) The inability of the victim to lead a normal life together with its amenities;*
- (iv) Medical expenses including those that the victim may be required to undertake in future; and*
- (v) Loss of expectation of life."*

[emphasis supplied]

The aforesaid principle has also been emphasized in an earlier judgment, i.e. the Sandeep Khanuja case (supra) opining that the multiplier method was logically sound and legally well established to quantify the loss of income as a result of death or permanent disability suffered in an accident.

In the factual contours of the present case, if we examine the disability certificate, it shows the admission/hospitalization on 8 occasions for various number of days over 1½ years from August 2011 to January 2013. The nature of injuries had been set out as under:

"Nature of injury:

- (i) compound fracture shaft left humerus*
- (ii) fracture both bones left forearm*



- (iii) *compound fracture both bones right forearm*
- (iv) *fracture 3rd, 4th & 5th metacarpals right hand*
- (v) *subtrochanteric fracture right femur*
- (vi) *fracture shaft femur*
- (vii) *fracture both bones left leg*

We have also perused the photographs annexed to the petition showing the current physical state of the appellant, though it is stated by learned counsel for the respondent State Corporation that the same was not on record in the trial court. Be that as it may, this is the position even after treatment and the nature of injuries itself show their extent. Further, it has been opined in para 13 of Sandeep Khanuja case (supra) that while applying the multiplier method, future prospects on advancement in life and career are also to be taken into consideration.

We are, thus, unequivocally of the view that there is merit in the contention of the appellant and the aforesaid principles with regard to future prospects must also be applied in the case of the appellant taking the permanent disability as 31.1%. The quantification of the same on the basis of the judgment in National Insurance Co. Ltd. case (supra), more specifically para 61(iii), considering the age of the appellant, would be 50% of the actual salary in the present case.

(c) The third and the last aspect is the interest rate claimed as 12%

In respect of the aforesaid, the appellant has watered down the interest rate during the course of hearing to 9% in view of the judicial pronouncements including in the Jagdish's case (supra). On this aspect, once again, there was no serious dispute raised by the learned counsel for the respondent once the claim was confined to 9% in line with the interest rates applied by this Court.

CONCLUSION

8. The result of the aforesaid is that relying on the settled principles, the calculation of compensation by the appellant, as set out in para 5 of the synopsis, would have to be adopted as follows:

<i>Heads</i>	<i>Awarded</i>
<i>Loss of earning power (Rs.14,648 x 12 x 31.1/100</i>	<i>Rs. 9,81,978/-</i>
<i>Future prospects (50 per cent addition)</i>	<i>Rs.4,90,989/-</i>
<i>Medical expenses including transport charges, nourishment, etc.</i>	<i>Rs.18,46,864/-</i>
<i>Loss of matrimonial prospects</i>	<i>Rs.5,00,000/-</i>
<i>Loss of comfort, loss of amenities and mental agony</i>	<i>Rs.1,50,000/-</i>
<i>Pain and suffering</i>	<i>Rs.2,00,000/-</i>
<i>Total</i>	<i>Rs.41,69,831/-</i>

The appellant would, thus, be entitled to the compensation of Rs. 41,69,831/- as claimed along with simple interest at the rate of 9% per annum from the date of application till the date of payment.

9. A perusal of the impugned award reveals that the appellant/claimant was 19 years old (as per Ex.P3), at the time of accident; was working as Customer Service Representative (CSR) with Bajaj Alliance Insurance Company; and was earning Rs.5,981/- per month (as per Ex.P5). Thus, the learned Tribunal has rightly assessed the monthly income of the appellant/claimant as Rs.6,000/-.

10. A perusal of the impugned award further reveals that the learned Tribunal has erred in assessing the functional disability of the appellant/claimant at 30%, despite the fact that he has suffered 50% permanent disability qua the whole body, as duly certified in the disability certificate (Ex. P-60). The learned Tribunal failed to appreciate that the



accident has resulted in substantial and major functional impairment. Moreover, the learned Tribunal has overlooked and failed to apply the recent judgments of Hon'ble the Supreme Court governing the principles for assessment of functional disability.

11. Reference at this stage can be made to the recent judgment passed by Hon'ble the Supreme Court in **Anoop Maheshwari vs Oriental insurance company Ltd. and others, 2025 INSC 1076**, wherein it has been held that while determining compensation under the motor vehicle act, the assessment of disability must be made with reference to the functional disability, namely, the extent to which injuries sustained have impaired the earning capacity of the appellant/claimant, rather than being confined to the percentage of medical disability as certified by the medical board. The relevant extracts of the same is reproduced as under:-

“7. Insofar as the disability is concerned, we have no doubt that the medical board's certificate can be accepted, even without a witness being examined. The disability certificate also indicates that the amputation suffered by the petitioner is of hemipelvectomy; which is the amputation of one leg and a portion of the pelvic bone on the same side. The disability to be assessed for the purpose of awarding compensation arising from a motor accident is the functional disability which reduces the earning capacity of the claimant and not strictly the medical disability. In the present case, admittedly the claimant was running a business, and the claimant has already been fitted with a prosthetic limb to ensure his



mobility. In the above circumstances, the order of the High Court holding the disability to be 50% for the purpose of computing loss of income as relatable to the loss of earning capacity is correct and within the parameters to be considered for assessing the loss of income arising from a motor accident which led to disability of the victim. The disability assessed at 50% is the functional disability and it is quite reasonable.

8. *As far as the income is concerned, we agree with the High Court that the Tribunal had entered into mere surmises and conjectures to decline adoption of the income as per the income tax returns. In this context, we have to notice that the registration of the firm of the claimant took place on 06.03.2006 and the income tax returns produced are also for the assessment years 2005-2006 and 2006-2007 relatable to the financial years 2004-2005 and 2005-2006 which are prior to the accident which occurred on 09.04.2007. It cannot be said that the claimant apprehended an accident and got registration of a firm and filed his income tax returns two years prior to the accident. Further, the claimant had also produced sales tax returns which was also rejected by the Tribunal on the ground that there was no taxable profits in the said year. Insofar as the levy of sales tax is concerned, the levy is on the sales and not on the profits. The finding of the Tribunal also is that in the first year, there was no tax payable and hence there was no profits or income. The exemption from tax is only because the purchase and sales did not exceed the taxable value. The sale proceeds being not within the taxable limit is not an indication of the profit accrued, or the income received*



from the business which is reflected in the income tax returns. On the above reasoning, we have to accept the income tax returns for the financial year 2007-2008 in which the total gross income is seen as Rs.1,96,000/- out of which the tax of Rs.4,641/- has to be deducted. The income, hence, has to be assessed at Rs.1,91,000/-. In assessing the loss of income, the multiplier of 18 is perfectly in order and the disability is 50% as determined by the High Court.”

12. Evidence on record establishes that the appellant/claimant was a matriculate and employed as a CSR with Bajaj Allianz Insurance Company. Furthermore, the injuries sustained in the accident were severe and debilitating, as a result of which the appellant/claimant remained admitted in the hospital for approximately three months, during which he underwent multiple surgeries pertaining to both forearms and the right leg.

13. Owing to the injuries sustained, the appellant/claimant has been rendered incapable of performing field duties and is now restricted to desk/clerical work. He continues to face significant difficulty in carrying out his routine day-to-day activities. This fact stands corroborated by the testimony of PW3, Dr. Sunny Singla, who, in his cross-examination, categorically stated that the appellant/claimant would face difficulty in writing due to flail injury of the right hand and would also have to ambulate with a limp. As Although the permanent physical disability of the appellant/claimant has been medically assessed at 50% qua whole body,



what is of paramount importance is the impact of such disability on his earning capacity. The loss of sensation and functional impairment in both forearms and right leg has, therefore, resulted in diminution of the income generating ability of the appellant/claimant.

14. Further, this Court is conscious of the fact that the courts should not adopt a stereotypical or myopic approach, but instead view the matter, taking realities of life in the assessment of the extent of disabilities and compensation under various heads. Functional disability must be valued, not in terms of physical impairment, but in relation to the profession of victim and it cannot be reduced to a rigid mathematical formula.

15. In the facts of the present case, considering the nature and extent of injuries sustained by the appellant/claimant, his earning capacity stands substantially impaired. Consequently, the learned Tribunal has committed a grave error in assessing the functional disability of the appellant/claimant at merely 30%.

16. Consequently, in view of the above discussion and authoritative judgments of the Hon'ble Apex Court, the functional disability of the appellant/ claimant, for the purpose of assessing compensation is hereby reassessed as 50% qua whole body.

17. A further perusal of the award shows that the amount granted under the head of 'Pain and Suffering' is on lower side. Reference at this stage can be made to the judgment passed by Hon'ble the Supreme Court in the case of **K.S. Muralidhar v. R. Subbulakshmi and another 2024 SCC**



Online SC 3385, has settled the law regarding grant of compensation under the head of “Pain and Suffering”. The relevant portion of the **K.S.Muralidhar’s** case is reproduced as under:-

“15. Keeping in view the above-referred judgments, the injuries suffered, the ‘pain and suffering’ caused, and the life-long nature of the disability afflicted upon the claimant-appellant, and the statement of the Doctor as reproduced above, we find the request of the claimant-appellant to be justified and as such, award Rs.15,00,000/- under the head ‘pain and suffering’, fully conscious of the fact that the prayer of the claimant-appellant for enhancement of compensation was by a sum of Rs.10,00,000/-, we find the compensation to be just, fair and reasonable at the amount so awarded.”

Therefore, in view of the above judgment and prolonged hospitalization and nature of injuries sustained by the appellant/claimant, this Court, in the interest of justice, deems it appropriate to grant a compensation of Rs.2,50,000/- under the head of ‘Pain and Suffering’.

18. A further perusal of the award shows that the learned Tribunal erred in awarding a meager amount of compensation under the head of ‘loss of marriage prospects’, despite the claimant being only 19 years old at the time of the accident and having his entire life before him. The learned Tribunal failed to consider the impact of his injury on his ability to marry, find a life partner, and enjoy normal matrimonial prospects. Hon’ble the Supreme Court, in its decision in **Rahul Ganpat Rao Sable Versus**



National Insurance Company, 2023 (3) RCR (Civil) 574 squarely addresses this omission and recognizes that such non-pecuniary loss arising from permanent disability including loss of marriage prospects deserves just compensation. The relevant portion of the judgment is reproduced as under:-

“Loss of Marriage prospects:-

No compensation has been awarded under the above head. Considering the nature of injuries duly approved and certified, the appellant would be entitled to compensation under loss of marriage prospects. Again, relying upon the judgment of this Court in the case of Chaus Tausif Almiya (supra), we award a fixed compensation of Rs.3 lakhs under the said head.”

In view of the above, this Court in the interest of justice is awarding Rs.2,00,000/- under the conventional head of ‘loss of marriage prospects’.

19. Further perusal of the record shows that the compensation awarded by the learned Tribunal under the heads of transportation, attendant charges, special diet, marriage prospects and future treatment is on lower side. Therefore, the award requires indulgence of this Court.

RELIEF

20. In view of the law laid down by the Hon’ble Supreme Court in the above referred to judgments, the present appeal is **allowed**. The award dated 04.03.2020 is modified accordingly. The appellant/claimant is entitled to enhanced compensation as per the calculations made here-under:-

<i>Sr. No.</i>	<i>Heads</i>	<i>Compensation Awarded</i>
1	Monthly Income	Rs.6,000/-
2	Loss of future prospects (40%)	Rs.2,400/- (40% of Rs.6,000/-)
3	Annual Income	Rs.1,00,800/- {(6,000 + 2,400) X 12)
4	Loss of earning due to disability (50%)	Rs.50,400/- (50% of Rs.1,00,800)
5	Multiplier	18
6	Loss of future earning per annum	Rs.9,07,200/- (Rs.50,400 X 18)
7	Loss of income during the period of treatment.	Rs.17,943/-
8	Medical Expenses	Rs.81,000/-
9	Pain and Suffering	Rs.2,50,000/-
10	Special Diet	Rs.50,000/-
11	Transportation charges	Rs.30,000/-
12	Attendant Charges	Rs.1,00,000/-
13	Medical Expenses for future treatment	Rs.1,00,000/-
14	Loss of amenities of life	Rs.1,00,000/-
15	Loss due to diminishing of marriage prospects	Rs.2,00,000/-
	Total Compensation	Rs.18,36,143/-
	<u>DEDUCTION</u> Compensation awarded by the Tribunal	Rs.8,08,263/-
	Enhanced Compensation	Rs.10,27,880/- (Rs. 18,36,143 – 8,08,263)

21. So far as the interest part is concerned, as held by Hon’ble Supreme Court in **Dara Singh @ Dhara Banjara Vs. Shyam Singh Varma** 2019 ACJ 3176 and **R. Valli and Others VS. Tamil Nadu State Transport Corporation** (2022) 5 Supreme Court Cases 107, the appellant/claimant is

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granted the interest @ 9% per annum on the enhanced amount from the date of filing of claim petition till the date of its realization.

22. Respondent No.1-Insurance Company is directed to deposit the enhanced amount of compensation along with interest with the Tribunal within a period of two months from the date of receipt of copy of this judgment. The Tribunal is further directed to disburse the enhanced amount of compensation along with interest in the account of the appellant/claimant. The appellant/claimant is directed to furnish his bank account details to the Tribunal.

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

(SUDEEPTI SHARMA)
JUDGE

10.12.2025

Virender

Whether speaking/non-speaking : Speaking

Whether reportable : Yes/No